

FOUNDERS ACADEMY LAS VEGAS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018

**FOUNDERS ACADEMY LAS VEGAS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Founders Academy Las Vegas
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Founders Academy of Las Vegas (the School) and its discretely presented component unit Founders Education Legacy (a nonprofit organization) (collectively, the Organization) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 Founders Academy of Las Vegas and Founders Education Legacy as of June 30, 2018, and the changes in financial position and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the School's proportionate share of the net pension liability, and schedule of School pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Budgetary Comparison and Financial Framework Information, as required by the *Nevada Department of Education Charter School Audit Guide, April 2018* are presented for purposes of additional analysis and are 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 a report dated November 27, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
November 27, 2018

FOUNDERS ACADEMY OF LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

The following discussion and analysis of the Founders Academy Las Vegas (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the School's general purpose financial statements and the related notes to the financial statements, which begin on page 14.

The School as a Whole

Founders Academy of Las Vegas was established on January 28, 2014 after receiving their charter from the Nevada State Public Charter School Authority (the Authority). The School's charter is awarded in six year increments and is subject to renewal at the discretion of the Authority. The charter for the School expires on June 30, 2020. The School receives most of its funding per pupil reimbursements and Federal and State grants. The School currently serves approximately 614 students in kindergarten through twelfth grade. At capacity the School will serve 714 students.

Using This Annual Report

This annual report consists of a series of financial statements. In accordance with *Governmental Accounting Standards Board Statement No. 34 Basic Financial Statement – Management's Discussion and Analysis – for State and Local Governments* (GASB 34), the School is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 34 and GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School issues a *Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position* and a *Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements which provide additional information that is essential to the full understanding of the information provided in the basic financial statements.

Financial Statements

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the School as a whole, as of the end of the fiscal year. The *Statement of Net Position* is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the School to the readers of the financial statements. Assets are resources with present service capacity that the School presently controls. Liabilities are present obligations to sacrifice resources that the School has little or no discretion to avoid. A deferred outflow of resources is a consumption of net position by the School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the School that is applicable to a future reporting period. Net position represents the difference between all other elements in a statement of financial position and is displayed in three components-*net investment in capital assets; restricted* (distinguishing between major categories of restrictions); and *unrestricted*.

**FOUNDERS ACADEMY LAS VEGAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Statements

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Over time, readers of the financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Statement of Revenues, Expenses and Changes in Net Position* reports the financial (revenue and expenses) activities of the School and divides it into two categories: *Operating activities* and *Non-operating activities*. Operating activities include all financial activities associated with the operation of the School and its related programs. Consequently, all non-operating activities include all financial activities not related to the operation of the charter school. Changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in this statement. This statement helps to determine whether the Schools had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The *Statement of Cash Flows* provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations, investing, and capital and noncapital financing activities* and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?" This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the School's financial statements.

**FOUNDERS ACADEMY LAS VEGAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Highlights

The Statement of Net Position as of June 30, 2018 and 2017 is summarized below:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets			
Capital Assets	\$ 323,045	\$ 225,975	\$ 97,070
Other Assets	982,109	712,911	269,198
Total Assets	<u>1,305,154</u>	<u>938,886</u>	<u>366,268</u>
Deferred Outflows of Resources			
Pensions	<u>2,300,970</u>	<u>2,784,152</u>	<u>(483,182)</u>
Total Deferred Outflows of Resources	<u>2,300,970</u>	<u>2,784,152</u>	<u>(483,182)</u>
Liabilities			
Noncurrent Liabilities	3,043,196	3,233,281	(190,085)
Other Liabilities	<u>436,397</u>	<u>400,907</u>	<u>35,490</u>
Total Liabilities	<u>3,479,593</u>	<u>3,634,188</u>	<u>(154,595)</u>
Deferred Inflows of Resources			
Pensions	<u>223,599</u>	<u>358,602</u>	<u>(135,003)</u>
Total Deferred Inflows of Resources	<u>223,599</u>	<u>358,602</u>	<u>(135,003)</u>
Net Position			
Net Investment in Capital Assets	323,045	225,975	97,070
Unrestricted	<u>(420,113)</u>	<u>(495,727)</u>	<u>75,614</u>
Total Net Position	<u>\$ (97,068)</u>	<u>\$ (269,752)</u>	<u>\$ 172,684</u>

The following financial highlights are for the year ended June 30, 2018 with comparative information from the year ended June 30, 2017:

- The School held total assets of \$1,305,154 and \$938,886 at June 30, 2018 and 2017, of which \$323,045 and \$225,975 were net capital assets, respectively and the majority of the remaining assets consisted of cash, accounts receivable and prepaid expenses. The increase in assets was primarily due to an increase in state funding which resulted from an increase in enrollment.
- At June 30, 2018 and 2017, the School held total deferred outflows of resources of \$2,300,970 and \$2,784,152, respectively.
- The School held total liabilities of \$3,479,593 and \$3,634,188 at June 30, 2018 and 2017, respectively. As of June 30, 2018, \$436,397 was current and \$0 was non-current portions of notes payable. As of June 30, 2017, \$400,907 was current and \$125,000 was non-current portions of notes payable. The decrease in long term liabilities is due to a decrease in the net pension liability and the repayment of notes payable. The increase in other liabilities is a result of increased salaries payable and additional accounts payable resulting from a new lease.

**FOUNDERS ACADEMY LAS VEGAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Highlights

- At June 30, 2018 and 2017, the School held total deferred inflows of resources of \$223,599 and \$358,602, respectively.
- Total net position for the School was (\$97,068) and (\$269,752) at June 30, 2018 and 2017, respectively. As of June 30, 2018, (\$420,113) was unrestricted and \$323,045 was net investments in capital assets. As of June 30, 2017, (\$495,727) was unrestricted and \$225,975 was net investments in capital assets. The deficit is primarily a result of the recording of the School's net pension liability.

The Statement of Activities for the year ended June 30, 2018 and 2017 are summarized below:

	2018	2017	Change
Revenues			
Program Revenues:			
DSA State Aid	\$ 4,300,236	\$ 3,676,050	\$ 624,186
Federal Grants	53,106	56,277	(3,171)
Other	27,776	300,532	(272,756)
General Revenues:			
Contributions	38,810	174,197	(135,387)
Rental Income	6,366	94,141	(87,775)
Interest Income	1,958	513	1,445
Other	167,873	17,145	150,728
Total Revenues	<u>4,596,125</u>	<u>4,318,855</u>	<u>277,270</u>
Expenses			
Instruction	3,223,499	3,274,223	(50,724)
Instruction - Related Services	435,374	250,062	185,312
General Administration	8,423	16,252	(7,829)
Plant Services	698,535	770,074	(71,539)
Depreciation (Unallocated)	57,610	59,213	(1,603)
Total Expenses	<u>4,423,441</u>	<u>4,369,824</u>	<u>53,617</u>
Change in Net Position	<u>\$ 172,684</u>	<u>\$ (50,969)</u>	<u>\$ 223,653</u>

- The School earned total revenues of \$4,596,125 and \$4,318,855 for the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, 98% were operating revenues and 2% was from non-operating revenues (private grants, contributions, etc.). For the year ended June 30, 2017, 93%, were operating revenues and 7%, was from non-operating revenues (private grants, contributions, etc.). The increase in program revenues was primarily due to increased state and federal grants due to an increase in enrollment of about 9%. The decrease in contribution revenue is primarily due to decreases in donations \$135,387 and rental income of \$87,775.
- The School had total expenses of \$4,423,441 and \$4,369,824 for the years ended June 30, 2018 and 2017, respectively.

**FOUNDERS ACADEMY LAS VEGAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Highlights

- The School earned net income of \$172,684 and (\$50,969) for the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2018 the net income was comprised of operating income of (\$42,323) and non-operating income of \$215,007. For the year ended June 30, 2017 the net loss was comprised of operating income of (\$336,965) and non-operating income of \$285,996.
- The factor that lead to the net loss for the year ended June 30, 2017 is the recording of the changes in the net pension liability, deferred outflows/inflows and net pension expense. This is required under Government Accounting Standards Board Statement 68.

Capital Assets

The School had \$154,680 of expenditures for capital during the year ended June 30, 2018. As of June 30, 2018, the School had capital assets net of depreciation of \$323,045. See additional information in Note 4.

Long-Term Debt

The School repaid \$260,998 during the year ended June 30, 2018. As of June 30, 2018 and 2017 the School had \$0 and \$260,998 in long-term debt outstanding, respectively. See additional information in Note 6.

Budgetary Highlights

The School's annual budget was amended as the year progressed. For the fiscal year ended June 30, 2018 the School incurred \$4,572,828 in actual expenditures (inclusive of capitalized purchases) compared to budgeted expenditures of \$4,027,348. The major reason for the unfavorable variance between the budgeted and actual expenses was due to recording of the non-cash net pension expense relating to GASB 68. This net pension expense adjustment reflects the difference between what the School paid for its pension contributions and its calculated expenses resulting from its share of the unfunded pension liability for the Nevada PERS plan. The difference for the current year was \$283,094. If it were not for this adjustment the School would have had a favorable variance in budgeted versus actual total expenditures. Actual revenue for the School was \$4,596,125 compared to budgeted revenue of \$4,575,452.

School's Financial Activities

The majority of the School's funding is received from the State of Nevada Department of Education and is based on a standard rate per pupil. The School received \$4,300,236 in per pupil funding in fiscal year 2018. This represents 94% of the School's revenue for the year ended June 30, 2018. In addition, the School received various federal, State of Nevada and private grants, which totaled \$91,916 for the year ended June 30, 2018.

**FOUNDERS ACADEMY LAS VEGAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Other Financial Factors

In May, the School entered into an operating lease agreement for a term of thirty years. The lease requires monthly payments per a payment schedule included in the lease agreement.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the School's budget for fiscal year 2017-2018:

- During the year ended June 30, 2017, the School experienced a decrease in net position of (\$50,969). As of June 30, 2017, the School's current assets exceeded its current liabilities by \$273,462 and its total liabilities exceeded its total assets by \$2,695,302. The deficit is principally the result of recording the net pension liability.
- The School will be adding kindergarten, first and second grades effective in fiscal year 2019. Additional grades will be added each year beginning in fiscal year 2020.

Contacting the Organization's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of the School.

**FOUNDERS ACADEMY LAS VEGAS
STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Founders Academy of Las Vegas</u>	<u>Component Unit - Founders Education Legacy, Inc.</u>	<u>Memorandum Only - Financial Reporting Entity Total</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 871,438	\$ 10,758	\$ 882,196
Accounts Receivable - Other	35,081	-	35,081
Prepaid Expenses	75,590	-	75,590
Total Current Assets	<u>982,109</u>	<u>10,758</u>	<u>992,867</u>
NONCURRENT ASSETS			
Property, Plant, and Equipment, Net	<u>323,045</u>	-	<u>323,045</u>
Total Noncurrent Assets	<u>323,045</u>	<u>-</u>	<u>323,045</u>
Total Assets	1,305,154	10,758	1,315,912
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	2,300,970	-	2,300,970
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	181,914	-	181,914
Accrued Expenses	<u>254,483</u>	-	<u>254,483</u>
Total Current Liabilities	436,397	-	436,397
NONCURRENT LIABILITIES			
Net Pension Liability	<u>3,043,196</u>	-	<u>3,043,196</u>
Total Noncurrent Liabilities	<u>3,043,196</u>	<u>-</u>	<u>3,043,196</u>
Total Liabilities	3,479,593	-	3,479,593
DEFERRED INFLOWS OF RESOURCES			
Pensions	223,599	-	223,599
NET POSITION			
Net Investment in Capital Assets	323,045	-	323,045
Unrestricted	<u>(420,113)</u>	<u>10,758</u>	<u>(409,355)</u>
Total Net Position	<u>\$ (97,068)</u>	<u>\$ 10,758</u>	<u>\$ (86,310)</u>

See accompanying Notes to Financial Statements.

FOUNDERS ACADEMY LAS VEGAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018

	Founders Academy of Las Vegas	Component Unit - Founders Education Legacy, Inc.	Memorandum Only - Financial Reporting Entity Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
State Aid - DSA - Basic Support	\$ 4,148,314	\$ -	\$ 4,148,314
State Aid - DSA - Special Education	151,922	-	151,922
Federal Grants	53,106	-	53,106
Other	27,776	310,732	338,508
Total Operating Revenues	<u>4,381,118</u>	<u>310,732</u>	<u>4,691,850</u>
OPERATING EXPENSES			
Salaries	1,776,045	261,774	2,037,819
Retirement Benefits	621,395	-	621,395
Other Employee Benefits	184,370	16,645	201,015
Payroll Taxes	35,109	19,135	54,244
Office Expenses	159,966	-	159,966
Advertising and Promotion	7,059	-	7,059
Travel	16,516	-	16,516
Contracted Services	533,482	3,345	536,827
Information Technology	43,799	-	43,799
Instructional Materials	73,098	-	73,098
Depreciation	57,610	-	57,610
Occupancy	698,535	-	698,535
Interest Expense	1,364	-	1,364
Insurance	26,618	-	26,618
Other Expenses	188,475	49,938	238,413
Total Operating Expenses	<u>4,423,441</u>	<u>350,837</u>	<u>4,774,278</u>
OPERATING INCOME (LOSS)	(42,323)	(40,105)	(82,428)
NON OPERATING REVENUES AND EXPENSES			
Contributions	38,810	72,591	111,401
Rental Income	6,366	-	6,366
Interest Income	1,958	-	1,958
Other Income and Expense	167,873	-	167,873
Total Nonoperating Revenues and Expenses	<u>215,007</u>	<u>72,591</u>	<u>287,598</u>
CHANGE IN NET POSITION	172,684	32,486	205,170
Net Position - Beginning of Year	<u>(269,752)</u>	<u>(21,728)</u>	<u>(291,480)</u>
NET POSITION - END OF YEAR	<u>\$ (97,068)</u>	<u>\$ 10,758</u>	<u>\$ (86,310)</u>

See accompanying Notes to Financial Statements.

**FOUNDERS ACADEMY LAS VEGAS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	Founders Academy of Las Vegas	Component Unit - Founders Education Legacy, Inc.	Memorandum Only - Financial Reporting Entity Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Sate Aid	\$ 4,413,776	\$ -	\$ 4,413,776
Receipts from Federal Grants	53,106	-	53,106
Other Receipts	27,776	310,732	338,508
Payments for Salaries, Wages, Benefits, and Payroll Taxes	(2,277,423)	(297,554)	(2,574,977)
Payments to Suppliers and Vendors	(1,670,874)	(53,485)	(1,724,359)
Net Cash Provided (Used) by Operating Activities	546,361	(40,307)	506,054
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating Receipts	215,007	72,591	287,598
Nonoperating Disbursements	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	215,007	72,591	287,598
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES			
Purchase of Property and Equipment, Net	(154,680)	-	(154,680)
Payments of Due to Component Unit	(125,000)	125,000	-
Payments of Notes Payable	(135,998)	(150,000)	(285,998)
Net Cash Provided (Used) by Capital and Financing Activities	(415,678)	(25,000)	(440,678)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
	345,690	7,284	352,974
Cash and Cash Equivalents - Beginning of Year	525,748	3,474	529,222
CASH AND CASH EQUIVALENTS - END OF YEAR			
	<u>\$ 871,438</u>	<u>\$ 10,758</u>	<u>\$ 882,196</u>

See accompanying Notes to Financial Statements.

**FOUNDERS ACADEMY LAS VEGAS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	<u>Founders Academy of Las Vegas</u>	<u>Component Unit - Founders Education Legacy, Inc.</u>	<u>Memorandum Only - Financial Reporting Entity Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ (42,323)	\$ (40,105)	\$ (82,428)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	57,610	-	57,610
Changes in Pension Liabilities and Related Deferrals	283,094	-	283,094
(Increase) Decrease in Assets:			
Accounts Receivable	113,540	-	113,540
Prepaid Expenses	(75,590)	-	(75,590)
Security Deposit	38,542	-	38,542
Increase (Decrease) in Liabilities:			
Accounts Payable	115,086	(202)	114,884
Accrued Expenses	56,402	-	56,402
Unearned Revenue	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 546,361</u>	<u>\$ (40,307)</u>	<u>\$ 506,054</u>

See accompanying Notes to Financial Statements.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 NATURE OF ORGANIZATION

Founders Academy Las Vegas (the School) was established on January 28, 2014 after receiving their charter from the Nevada State Public Charter School Authority (the Authority). The School's charter is awarded in six-year increments and is subject to renewal at the discretion of the Authority. The charter for the School expires on June 30, 2020. The School receives most of its funding per pupil reimbursements and Federal and State grants.

The School has one location in Las Vegas, Nevada and offers children in Kindergarten through 12th grade a public supported academic education based on proven curricula and instruction practices.

The School's mission is to train the minds and improve the hearts of young people through a rigorous, classical education in the liberal arts and sciences, with instruction in the principles of moral character and civic virtue.

The Organization consists of the following:

Primary Government

Founders Academy of Las Vegas – Operates as an elementary, middle, and high school in Las Vegas, Nevada and serves approximately 614 students. At capacity the School will serve approximately 714 students.

Discretely Presented Component Unit

Founders Education Legacy, Inc. (Legacy) – Legacy is a legally separate, tax-exempt organization that acts primarily as a fund-raising organization to supplement the resources of the School. Legacy is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Because these restricted resources can only be used by or for the benefit of the School, Legacy is considered a component unit of the School and is discretely presented in the School's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School conform to accounting principles generally accepted in the United States as applicable to government units. The following is a summary of the School's significant accounting policies:

Financial Reporting Entity

As required by generally accepted accounting principles as prescribed by the Government Accounting Standards Board (GASB) the School evaluated its potential component units to determine the reporting entity.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

The reporting entity consists of the School and its discretely presented component unit. Component units are legally separate organizations for which the board is financially accountable for or other organizations whose nature and significant relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. The School is financially accountable if it appoints a majority of Legacy's board and (1) is able to impose its will on Legacy, or (2) there is a potential to provide specific financial benefit or to impose a burden on the school.

The basic financial statements include a discretely presented component unit, Founders Education Legacy, Inc. The discretely presented component unit, although not part of the primary government, is reported in a separate column to emphasize it is legally separate from the government and included in the memorandum only total of the financial statements.

For the year ended June 30, 2018, the School entered into an agreement with Legacy wherein Legacy provides certain educational services to the School. Employees of Legacy provide these services to the students of the School and the School reimburses Legacy for the costs related to providing the services accordingly. For the fiscal year ending June 30, 2018, Legacy charged the School \$310,732 for these services and as of June 30, 2018.

Legacy is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) accounting standards. As such, certain revenue recognition criteria and financial presentation features are different from GASB revenue recognition and financial presentation features.

Complete financial statements for Founders Education Legacy, Inc. can be obtained from the School's business office located at 5730 W. Alexander Road, Las Vegas, NV 89130.

Financial Statement Presentation

The School, in accordance with Governmental Accounting Standards Board (GASB) Accounting Standards the School is considered a special purpose governmental entity that engages in only business type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared using the accrual basis of accounting and all the activity is recorded in the enterprise fund. Additionally, Legacy is considered a component unit of the School and is presented in the basic financial statements as a discretely presented component unit of the School. The component unit has a June 30 fiscal year end.

Basis of Accounting

The accrual basis of accounting is used for all governmental entities that operate as business type entities. Accordingly revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred respectively.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The School was established under a charter granted by The Nevada Charter Authority and operates as part of the state of Nevada and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Legacy is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position and the Statement of Cash Flows, the School considers all short-term investments with an original maturity of three months or less to be cash equivalents. At June 30, 2018 the School held no cash equivalents.

Grants and Accounts Receivable

Grant and accounts receivables are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are written off when deemed uncollectible. At June 30, 2018, no allowance for doubtful accounts has been recorded, as management considers all accounts receivable to be fully collectible.

Deferred Outflow of Resources

Deferred outflow of resources represent a consumption of net position or fund balance that applied to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Outflow – Pension Contributions

The deferred outflow of resources related to pensions resulted from School contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans. The deferred outflow – pension contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

All other deferred outflows will be amortized to pension expense over the estimated average remaining service lifetime of plan participants (EARSL) over closed periods. The EARSL is 6.39 years for NVPERS. The first year of amortization is recognized in pension expense in the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow of Resources

Deferred inflows of resources represent an acquisition of net assets by the School that is applicable to a future reporting period. The deferred inflows of resources related to pensions results from the following and are amortized to pension expense as follows:

- The net differences between projected and actual earnings on plan investments is amortized over a 5-year period on a straight-line basis.
- All other deferred inflows will be amortized to pension expense over the estimated average remaining service lifetime of plan participants (EARSL) over closed periods. The EARSL is 6.39 years for NVPERS. The first year of amortization is recognized in pension expense in the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Nevada Public Employee's Retirement System (NVPERS) plan for schools (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by NVPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Operating Revenue and Expenses

Operating revenue and expenses generally result from providing educational and instructional services in connection with the School's principal ongoing operations. The principal operating revenues include tuition and Federal and State grants. Operating expenses include educational cost, administrative expenses, and depreciation on capital assets. All other revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital Assets

Property and equipment are recorded at cost, if purchased or at acquisition value at the date of donation. Capital assets with a cost or value greater than \$5,000 are capitalized. Depreciation is computed on the straight-line basis using estimated useful lives of 30 years for buildings, five years for equipment, five years for furniture and fixtures and 30 years, or the remaining life of the lease for leasehold improvements, whichever is shorter.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Position

Unrestricted Net Position

Portion of funds to support operations

Investment in Capital Assets, Net

Book value of capital assets net of any related debt

Restricted

Funds received or committed to specific uses or programs

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Employees of the School are entitled to paid vacations and paid holidays, depending on the job classification, length of service, and other factors. The School accrues for these compensated absences.

Fair Value of Financial Instruments

The School's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and accounts receivable. The School estimates that the fair value of all financial instruments at June 30, 2018 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

Memorandum Only – Financial Reporting Entity

The financial statements include Memorandum Only totals for the year ended June 30, 2018. These totals include all the activity of the financial reporting entity as described above and do not take into consideration any eliminating entries that would be prepared if the entities were consolidated.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS

The School maintains its cash accounts at one financial institution. The balances at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. Balances over \$250,000 are insured through the Nevada Collateral Pool. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk. As required by GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$870,938 of the School's deposits as of June 30, 2018 were fully insured.

NOTE 4 CAPITAL ASSETS

Changes in capital assets during fiscal year ended June 30, 2018 are as follows:

	Founders Academy of Las Vegas			
	Balance June 30, 2017	Additions and Transfers	Disposals	Balance June 30, 2018
Furniture, Fixtures, and Equipment	\$ 25,295	\$ 11,354	\$ (20,786)	\$ 15,863
Leasehold Improvements	270,771	196,966	-	467,737
Less: Accumulated Depreciation	(161,341)	(57,610)	11,686	(207,265)
Total	134,725	150,710	(9,100)	276,335
Nondepreciable Assets:				
Construction in Progress	91,250	150,002	(194,542)	46,710
Property and Equipment, Net	\$ 225,975	\$ 300,712	\$ (203,642)	\$ 323,045

	Component Unit - Founders Education Legacy, Inc.			
	Balance June 30, 2017	Additions and Transfers	Disposals	Balance June 30, 2018
Nondepreciable Assets:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Property and Equipment, Net	\$ -	\$ -	\$ -	\$ -

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2018 are as follows:

	Founders Academy of Las Vegas	Component Unit - Founders Education Legacy, Inc.
Payables to Vendors	\$ 181,914	\$ -
Accrued Salaries and Benefits	254,483	-
Total	\$ 436,397	\$ -

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 NOTES PAYABLE

The following summarizes long-term debt activity of the Organization for the year ended June 30, 2018:

Founders Academy of Las Vegas					
	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Revolving Loan	\$ 89,629	\$ -	\$ (89,629)	\$ -	\$ -
Notes Payable	46,369	-	(46,369)	-	-
Total	\$ 135,998	\$ -	\$ (135,998)	\$ -	\$ -

Component Unit - Founders Education Legacy, Inc.					
	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Notes Payable	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ -
Total	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ -

NOTE 7 CONCENTRATION – REVENUE

For the year ended June 30, 2018, the state of Nevada provided 94% of the School's total revenue.

NOTE 8 LEASE COMMITMENTS

The School entered into a leases agreement in May 2018 for facilities beginning in July 2018. The lease expires in June 2038 and requires monthly rental payments based on a schedule included in the agreement.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2019	\$ 1,018,241
2020	1,115,362
2021	1,137,669
2022	1,160,422
2023	1,183,631
2024-2029	7,615,815
2030-2035	8,576,645
2036-2038	4,685,940
Total	\$ 26,493,725

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 RETIREMENT PLAN

Qualified employees are covered under a cost sharing multiple-employer defined benefit pension plan maintained by agencies of the state of Nevada.

As of June 30, 2018, the School's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for the retirement plan are as follows:

	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
NVPERS	\$ 3,043,196	\$ 2,300,970	\$ 223,599	\$ 621,395

Plan Description

Qualified employees are eligible to participate in the Nevada Public Employees' Retirement System (NVPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by NVPERS. The plan provides pension benefits, disability benefits, and survivor benefits to public employees and beneficiaries. Benefit provisions are established by the Nevada Revised Statutes (NRS).

Benefits Provided

NVPERS provides pension benefits, disability benefits, and survivor benefits to public employees and beneficiaries. Benefits are based on years of service and the member's highest average compensation in any 36 consecutive months with special provisions for members entering NVPERS on or after January 1, 2010. Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering NVPERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service.

The NVPERS provisions and benefits in effect at June 30, 2018 are summarized as follows:

<u>Provisions and Benefits</u>	<u>Nevada Public Employee's Retirement System Plan</u>		
Hire Date	On or before December 31, 2009	On or after January 1, 2010	On or after July 1, 2015
Benefit Formula	Service factors multiplied by average of 36 highest consecutive months of salary	Service factors multiplied by average 36 highest consecutive months of salary	Service factors multiplied by average 36 highest consecutive months of salary
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	65 with 5 years of service 60 with 10 years of service Any age with 30 years of service	65 with 5 years of service 62 with 10 years of service Any age with 30 years of service	62 with 10 years of service 55 with 30 years of service Any age with 33-1/2 years of service
Monthly Benefits as a Percentage of Eligible Compensation	2.5% before July 1, 2001 2.67% after July 1, 2001	2.5%	2.25%
Required Employee Contribution Rate	14.50%	14.50%	14.50%
Required Employer Contribution Rate	14.50%	14.50%	14.50%

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. The contributions rates are expressed as percentage of annual payroll. The School's contributions for the year ended June 30, 2018 were \$338,301.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the School reported net pension liabilities for its proportionate share of the NVPERS net pension liability totaling \$3,043,196. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined. At June 30, 2017, the School's proportion was 0.02288%.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the School recognized pension expense of \$622,142. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Pension Deferred Outflows and Inflows of Resources</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 338,301	\$ -
Difference Between Expected and Actual Experience	-	199,695
Changes of Assumptions	201,887	-
Difference in Proportion	1,741,023	23,904
Net Differences Between Projected and Actual Earnings on Plan Investments	19,759	-
Total	<u>\$ 2,300,970</u>	<u>\$ 223,599</u>

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 RETIREMENT PLAN (CONTINUED)

The deferred outflows of resources resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The remaining amounts will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 398,891
2020	524,104
2021	471,706
2022	250,359
2023	81,260
2024	12,750
Total	<u>\$ 1,739,070</u>

Actuarial Methods and Assumptions

Total pension liability for the pension plan was determined by an actuarial valuation as of June 30, 2016. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Experience Study	July 1, 2012 through June 30, 2016
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.50%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	5.50%

Mortality assumptions are based on mortality rates resulting from the most recent NVPERS experience study adopted by the NVPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

In determining the long-term expected rate of return, NVPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest 1/4 of 1%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42 %	5.50 %
International Equity	18	5.75
Domestic Fixed Income	30	0.25
Private Markets	10	6.80

Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the School's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease (6.50%)	\$ 4,600,173
Current Discount Rate (7.50%)	3,043,004
1% Increase (8.50%)	1,749,751

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website at www.nvpers.org.

NOTE 10 ACCOUNTING SERVICES CONTRACT

The School has an agreement with Charter School Management Corporation (CSMC) to perform the accounting functions of the School. The agreement states that CSMC shall receive a one-time \$5,000 setup fee and \$5,000 monthly. For the year ended June 30, 2018 the School paid CSMC \$60,000 for these services. The School had no amounts due to CSMC at June 30, 2018.

NOTE 11 RELATED PARTY TRANSACTIONS

Legacy is a supporting not for profit tax-exempt organization and a related party of the School. For the year ended June 30, 2018, the School entered into an agreement with Legacy wherein Legacy provides certain educational services to the School. Employees of Legacy provide these services to the students of the School and the School reimburses Legacy for the costs related to providing the services. For the fiscal year ending June 30, 2018, Legacy charged the School \$310,732 for these services and Legacy donated \$47,690 to the School.

NOTE 12 CONTINGENCIES

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

REQUIRED SUPPLEMENTARY INFORMATION

FOUNDERS ACADEMY LAS VEGAS
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
NEVADA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>
School's Proportion of the Net Pension Liability (Assets)	0.02288%	0.02310%	0.01768%
School's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,043,196	\$ 3,108,281	\$ 2,025,680
School's Covered Payroll	\$ 1,962,000	\$ 1,518,000	\$ 1,402,000
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	155.1%	204.8%	144.5%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.4%	72.2%	75.1%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

**FOUNDERS ACADEMY LAS VEGAS
SCHEDULE OF SCHOOL CONTRIBUTIONS –
NEVADA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 338,301	\$ 292,109	\$ 233,539
Contributions in Relation to the Contractually Required Contribution	<u>338,301</u>	<u>292,109</u>	<u>233,539</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 School's Covered Payroll	 2,038,000	 1,963,000	 \$ 1,518,000
 Contributions as a Percentage of Covered Payroll	 16.60%	 14.88%	 15.38%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**FOUNDERS ACADEMY LAS VEGAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – NEVADA PERS

The schedule presents information on the School's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the School. Accounting standards require calculation of the proportionate share of the pension liability based on the plan information for the previous year. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2 SCHEDULE OF SCHOOL CONTRIBUTIONS – NEVADA PERS

The schedule presents information on the School's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

**FOUNDERS ACADEMY LAS VEGAS
SCHEDULE OF BUDGETARY COMPARISON
YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
OPERATING REVENUES				
State Aid - DSA - Basic Support	\$ 4,090,140	\$ 4,143,122	\$ 4,148,314	\$ 5,192
State Aid - DSA - Special Education	97,899	151,590	151,922	332
Federal Grants	55,335	52,104	53,106	1,002
Other	-	2,926	27,776	24,850
Total Operating Revenues	<u>4,243,374</u>	<u>4,349,742</u>	<u>4,381,118</u>	<u>31,376</u>
OPERATING EXPENSES				
Salaries	1,826,914	1,760,005	1,776,045	(16,040)
Benefits	655,112	568,792	840,874	(272,082)
Purchased Services	626,637	1,287,791	1,382,966	(95,175)
Supplies	202,776	195,976	240,986	(45,010)
Property	503,579	60,000	57,610	2,390
Other	369,007	154,783	124,960	29,823
Total Operating Expenses	<u>4,184,025</u>	<u>4,027,347</u>	<u>4,423,441</u>	<u>(396,094)</u>
OPERATING LOSS	59,349	322,395	(42,323)	(364,718)
NON OPERATING REVENUES AND EXPENSES				
Contributions	-	48,810	38,810	(10,000)
Rental Income	4,500	6,366	6,366	-
Interest Income	511	1,958	1,958	-
Other Income and Expense	88,997	168,575	167,873	(702)
Total Nonoperating Revenues and Expenses	<u>94,008</u>	<u>225,709</u>	<u>215,007</u>	<u>(10,702)</u>
CHANGE IN NET POSITION	153,357	548,104	172,684	(375,420)
Net Position - Beginning of Year	<u>167,290</u>	<u>167,290</u>	<u>(269,752)</u>	<u>(437,042)</u>
NET POSITION - END OF YEAR	<u>\$ 320,647</u>	<u>\$ 715,394</u>	<u>\$ (97,068)</u>	<u>\$ (812,462)</u>

See Independent Auditors' Report.

**FOUNDERS ACADEMY LAS VEGAS
FINANCIAL FRAMEWORK INFORMATION
YEAR ENDED JUNE 30, 2018**

Initial Year of Operation 2014 Year of contracted initial year of operation (or renewal) with the current charter
 2015 school authorizer

School Years		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
From		2014	2015	2016	2017	2018	2019
To		2015	2016	2017	2018	2019	2020

Enrollment

Actual Enrollment	433	486	564	617	-	-
Projected Enrollment	489	517	548	617	-	-

NOTICES

Debt Default	No	No	No	No	n/a	n/a
Facility Lease Default	No	No	No	No	n/a	n/a
Other Legal/Financial Notices						

SELECT ASSETS

Cash, Unrestricted	\$14,763	\$240,590	\$525,748	\$871,438	\$ -	\$ -
Cash, Restricted	-	-	-	-	-	-
Cash equivalents, Restricted	-	-	-	-	-	-
Cash equivalents, unrestricted	-	-	-	-	-	-
Total Cash & Equivalents	\$14,763	\$240,590	\$525,748	\$871,438	\$ -	\$ -
Subtotal Cash & Eq' (Unrestr'c	\$14,763	\$240,590	\$525,748	\$871,438	\$ -	\$ -
Proceeds from Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	4,499	172,875	148,621	35,081	-	-
Other Current Assets	1,597	15,834	-	75,590	-	-
Total Current Assets	\$20,859	\$429,299	\$674,369	\$982,109	\$ -	\$ -
Current Assets (Operating)	\$20,859	\$429,299	\$674,369	\$982,109	\$ -	\$ -
Non Current Assets, Facilities	-	-	-	-	-	-
Non Current Assets, Other, Net	291,694	232,480	264,517	323,045	-	-
Total Assets	\$312,553	\$661,779	\$938,886	\$1,305,154	\$ -	\$ -
Total Assets, Operating	\$312,553	\$661,779	\$938,886	\$1,305,154	\$ -	\$ -
Deferred Outflows	\$186,325	\$2,197,145	\$2,784,152	\$2,300,223	\$ -	\$ -

See Independent Auditors' Report.

**FOUNDERS ACADEMY LAS VEGAS
FINANCIAL FRAMEWORK INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2018**

SELECT LIABILITIES						
Annual Principal	\$ -	\$364,492	\$135,998	\$ -	\$ -	\$ -
Other Current Liabilities	-	126,602	264,909	436,397	-	-
Current Liabilities	\$ -	\$491,094	\$400,907	\$436,397	\$ -	\$ -
Outstanding Loans	No	No	No	No	No	No
Long-term Liabilities	-	360,216	125,000	-	-	-
Bond Debt	-	-	-	-	-	-
Other NonCurrent Liabilities	-	-	-	-	-	-
PERS Pension Liability	-	2,025,680	3,108,281	3,043,196	-	-
Total Liabilities	\$ -	\$2,876,990	\$3,634,188	\$3,479,593	\$ -	\$ -
Total Liabilities (Operating)	-	851,310	525,907	436,397	-	-
Deferred Inflows	\$ -	\$334,251	\$358,602	\$223,599	\$ -	\$ -
SELECT REVENUES						
Revenues - Operating	\$2,701,911	\$3,579,716	\$4,318,855	\$4,521,215	\$ -	\$ -
Revenues - Non Operating	53,536	-	-	74,910	-	-
Total Revenue	\$2,755,447	\$3,579,716	\$4,318,855	\$4,596,125	\$ -	\$ -
SELECT EXPENDITURES						
Total Expenditures, Operating	\$2,980,098	\$3,573,848	\$4,369,824	\$4,424,188	\$ -	\$ -
Interest Expense	7,478	22,520	14,423	1,364	-	-
Interest Expense (Capital/Bldg)	-	-	-	-	-	-
Total Interest Expense	\$7,478	\$22,520	\$14,423	\$1,364	\$ -	\$ -
Capital Lease Expense	-	-	-	-	-	-
Operating Lease Expense	497,003	587,367	620,309	600,448	-	-
Depreciation Expense	253,152	59,214	59,213	57,610	-	-
Amortization Expense	-	-	-	-	-	-
Total Expenditures, Operating	\$2,980,098	\$3,573,848	\$4,369,824	\$4,424,188	\$ -	\$ -
Net Surplus (Income)	\$(224,651)	\$5,868	\$(50,969)	\$171,937	\$ -	\$ -
Total Expenditures, all	\$2,987,576	\$3,596,368	\$4,384,247	\$4,425,552	\$ -	\$ -
Other financing sources	-	-	-	-	-	-
Change in fund balance	\$(224,651)	\$5,868	\$(50,969)	\$171,937	\$ -	\$ -
Capital Expenditures Paid with Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report.

**FOUNDERS ACADEMY LAS VEGAS
FINANCIAL FRAMEWORK INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Near Term Measure 1

Current Ratio						
Total Current Assets (Operating)	\$20,859	\$429,299	\$674,369	\$982,109	\$ -	\$ -
Total Current Liabilities (Operatir	-	491,094	400,907	436,397	-	-
Current Ratio	-	0.9	1.7	2.3	-	-

Near Term Measure 2

Unrestricted Days Cash On Hand						
Unrestricted Cash	\$14,763	\$240,590	\$525,748	\$871,438	\$ -	\$ -
Total Expenditures, Operating	2,980,098	3,573,848	4,369,824	4,424,188	-	-
Total Depreciation	253,152	59,214	59,213	57,610	-	-
Total Amortization	-	-	-	-	-	-
Total Expenses, Net	\$2,726,946	\$3,514,634	\$4,310,611	\$4,366,578	\$ -	\$ -
Average Daily Expenses	\$7,471	\$9,629	\$11,810	\$11,963	\$ -	\$ -
UDCOH	2 Days	25 Days	45 Days	73 Days	-	-

Near Term Measure 3

Enrollment Forecast Accuracy						
Actual Enrollment	433	486	564	617	-	-
Projected Enrollment	489	517	548	617	-	-
Forecast Accuracy	89%	94%	103%	100%	-%	-%

Near Term Measure 4

Notices						
Debt Default	No	No	No	No	n/a	n/a
Facility Lease Default	No	No	No	No	n/a	n/a
Other Legal/Financial Notices						

Sustainability Measure 1

Total Margin						
Current Year Net Surplus	\$(224,651)	\$5,868	\$(50,969)	\$171,937	\$ -	\$ -
Current Year Total Revenue	2,755,447	3,579,716	4,318,855	4,596,125	-	-
Current Year Margin	(8.2)%	0.2%	(1.2)%	3.7%	0.0%	0.0%
			3 Year	3 Year	3 Year	3 Year
Surplus			\$(269,752)	\$126,836	\$120,968	\$171,937
Revenue			\$10,654,018	\$12,494,696	\$8,914,980	\$4,596,125
Running 3 Year Margin			(2.5)%	1.0%	1.4%	3.7%

See Independent Auditors' Report.

**FOUNDERS ACADEMY LAS VEGAS
FINANCIAL FRAMEWORK INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Sustainability Measure 2

Debt to Asset Ratio							
Total Debt (Liabilities)(Operating)	-	851,310	525,907	436,397	-	-	-
Total Assets (Operating)	\$312,553	\$661,779	\$938,886	\$1,305,154	\$-	\$-	\$-
Debt to Asset Ratio	0%	129%	56%	33%	0%	0%	0%

Debt to Asset Ratio (w/facilities, bonds...)

Total Debt	-	2,876,990	3,634,188	3,479,593	-	-	-
Total Assets	\$312,553	\$661,779	\$938,886	\$1,305,154	\$-	\$-	\$-
Debt to Asset Ratio	0%	435%	387%	267%	0%	0%	0%

Sustainability Measure 3

Cash Flow							
Total Cash Balance	\$14,763	\$240,590	\$525,748	\$871,438	\$-	\$-	\$-
Multi Year Cash Flow			\$510,985	\$630,848	\$(525,748)	\$(871,438)	
Current Cash Flow		\$225,827	\$285,158	\$345,690	\$(871,438)		\$-

Sustainability Measure 4

Debt (or Lease) Service Coverage Ratio							
Net Income (aka Net Surplus)	\$(224,651)	\$5,868	\$(50,969)	\$171,937	\$-	\$-	\$-
Depreciation	253,152	59,214	59,213	57,610	-	-	-
Interest Expense	7,478	22,520	14,423	1,364	-	-	-
Capital Lease Expense	-	-	-	-	-	-	-
Operating Lease Expense	497,003	587,367	620,309	600,448	-	-	-
Amortization	-	-	-	-	-	-	-
NI b4 DIA	\$532,982	\$674,969	\$642,976	\$831,359	\$-	\$-	\$-
Annual Principal	\$-	\$364,492	\$135,998	\$-	\$-	\$-	\$-
Interest Expense	7,478	22,520	14,423	1,364	-	-	-
Capital Lease Expense	-	-	-	-	-	-	-
Operating Lease Expense	497,003	587,367	620,309	600,448	-	-	-
Debt (& Lease) Service	\$504,481	\$974,379	\$770,730	\$601,812	\$-	\$-	\$-
DSCR (Fixed Charge CR)	1.06	0.69	0.83	1.38	-	-	-

See Independent Auditors' Report.



**INDEPENDENT AUDITORS' 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
Founders Academy Las Vegas
Las Vegas, Nevada

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 Founders Academy Las Vegas (the School), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 27, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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 the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
November 27, 2018

**FOUNDERS ACADEMY LAS VEGAS
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**FOUNDERS ACADEMY LAS VEGAS
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

There were no findings in the prior year.