ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS

CONSOLIDATED FINANCIAL STATEMENTS WITH COMPLIANCE REPORTING

August 31, 2018 and 2017

Randy Walker & Co., Certified Public Accountants

ORENDA EDUCATION
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August 31, 2018 and 2017

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ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS

Federal Employer Identification Number: 74-2774612

Certificate of Board

We, the undersigned, certify that the attached annual financial reports of the above-named charter holder were reviewed and (check one) ✓ approved _____ disapproved for the year ended August 31, 2018, at a meeting of the Board of Directors of such charter holder on the 14th day of January, 2019.

Signature of Board Secretary

Signature of Board President

If the Board of Directors disapproved the auditor's report, the reason(s) for disapproving it is (are): (attach list as necessary)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orenda Education dba Orenda
Charter Schools
Georgetown, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Orenda Education (the Charter Holder) dba Orenda Charter Schools, a nonprofit organization, which comprise the consolidated statements of financial position as of August 31, 2018 and 2017, and the related consolidated statements of activities (with comparative totals for 2017), functional expenses (with comparative totals for 2017), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter Holder as of August 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

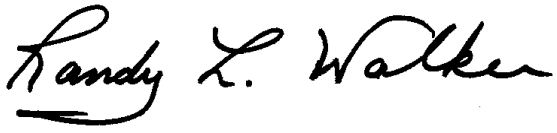
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The specific-purpose financial statements on pages 21-29 and the supplementary schedules on pages 30-32 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 our report dated January 14, 2019 on pages 33-34 on our consideration of the Charter Holder's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standar*ds in considering the Charter Holder's internal control over financial reporting and compliance.



San Antonio, Texas
January 14, 2019

GENERAL-PURPOSE FINANCIAL STATEMENTS

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 18,847,330**	$ 30,658,297
Accounts Receivable	**22,347**	11,198
Due from Texas Education Agency	**1,268,389**	862,059
Prepaid Expenses	**207,621**	277,213
Total Current Assets	**20,345,687**	31,808,767
LONG-TERM ASSETS		
Restricted Cash	**4,555,249**	4,893,550
Investments	**1,443,393**	1,341,408
Sinking Fund for Bonds Payable	**1,181,587**	1,004,995
Property and Equipment, net	**32,559,393**	18,082,554
Total Long-Term Assets	**39,739,622**	25,322,507
TOTAL ASSETS	**$ 60,085,309**	$ 57,131,274
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 2,508,803**	$ 647,268
Accrued Expenses	**774,682**	642,675
Due to Texas Education Agency	**79,960**	113,782
Deferred Revenue	**32,669**	8,857
Other Liabilities	**56,620**	56,239
Loan Payable - current	**15,573**	15,115
Bonds Payable - current	**755,000**	285,000
Total Current Liabilities	**4,223,307**	1,768,936
LONG-TERM LIABILITIES		
Loan Payable - long-term	**18,736**	34,289
Bonds Payable - long-term, net	**45,190,300**	45,701,936
Total Long-Term Liabilities	**45,209,036**	45,736,225
TOTAL LIABILITIES	**49,432,343**	47,505,161
NET ASSETS		
Without Donor Restrictions	**5,547,451**	4,681,347
With Donor Restrictions	**5,105,515**	4,944,766
TOTAL NET ASSETS	**10,652,966**	9,626,113
TOTAL LIABILITIES AND NET ASSETS	**$ 60,085,309**	$ 57,131,274

The accompanying notes are an integral part of these financial statements.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2018
(with comparative totals for 2017)

	2018			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2017 Total
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
Contributions	$ 574,180	$ 3,449	**$ 577,629**	$ 586,612
Interest Income	362,644	-	**362,644**	259,123
Food Service Activity	354,459	-	**354,459**	345,216
Miscellaneous Revenue from Intermediate Sources	236,212	-	**236,212**	225,575
E-Rate Revenue	72,201	-	**72,201**	20,720
Athletic Activities	31,707	-	**31,707**	26,305
Earnings from Temporary Deposits and Investments	3,540	-	**3,540**	3,040
Bond Premium	-	-	**-**	621,203
Total Local Support	1,634,943	3,449	**1,638,392**	2,087,794
State Program Revenues:				
Foundation School Program Act Revenues	-	13,659,019	**13,659,019**	11,888,748
State Program Revenues Distributed by Texas Education Agency	-	147,239	**147,239**	10,547
Total State Program Revenues	-	13,806,258	**13,806,258**	11,899,295
Federal Program Revenues:				
Federal Revenues Distributed by Texas Education Agency	-	514,404	**514,404**	460,978
Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	31,745	**31,745**	-
Total Federal Program Revenues	-	546,149	**546,149**	460,978
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	14,195,107	(14,195,107)	**-**	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	15,830,050	160,749	**15,990,799**	14,448,067
OPERATING EXPENSES	14,895,793	-	**14,895,793**	13,009,894
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	934,257	160,749	**1,095,006**	1,438,173
NON-OPERATING ACTIVITY				
Investment Income	93,302	-	**93,302**	106,590
Unrealized Loss on Escrow	(161,455)	-	**(161,455)**	(229,767)
TOTAL NON-OPERATING ACTIVITY	(68,153)	-	**(68,153)**	(123,177)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	866,104	160,749	**1,026,853**	1,314,996
NET ASSETS, Beginning of Year	4,681,347	4,944,766	**9,626,113**	8,311,117
NET ASSETS, End of Year	$ 5,547,451	$ 5,105,515	**$ 10,652,966**	$ 9,626,113

The accompanying notes are an integral part of these financial statements.

ORENDA EDUCATION
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2018
(with comparative totals for 2017)

	2018				
	Program	General and Administrative	Fundraising	Total	2017 Total
OPERATING EXPENSES					
Salaries	$ 6,120,441	$ 1,352,301	$ 184,269	**$ 7,657,011**	$ 6,885,694
Payroll Taxes and Benefits	755,109	152,947	9,606	**917,662**	761,904
Total Payroll Expenses	6,875,550	1,505,248	193,875	**8,574,673**	7,647,598
Interest	1,874,566	98,661	-	**1,973,227**	1,233,538
Rental Expense	788,828	85,029	-	**873,857**	716,911
Depreciation	556,320	29,280	-	**585,600**	608,025
General Supplies	524,621	37,098	802	**562,521**	525,328
Utilities	436,354	21,957	-	**458,311**	427,704
Contract Labor	360,992	69,542	-	**430,534**	482,653
Maintenance and Repair	329,131	4,600	-	**333,731**	295,831
Amortization of Bond Issue Costs	245,444	12,918	-	**258,362**	240,799
Food	238,723	-	-	**238,723**	202,471
Instructional Materials	147,753	-	-	**147,753**	118,508
Miscellaneous	61,937	73,075	7,801	**142,813**	178,960
Travel	83,004	28,361	-	**111,365**	109,801
Insurance and Bonding	6,546	79,094	-	**85,640**	82,265
Professional Fees	-	49,725	1,868	**51,593**	45,540
Gas and Fuel	26,868	-	-	**26,868**	16,040
Educational Service Center	22,882	3,741	-	**26,623**	21,681
Dues and Subscriptions	1,721	8,519	-	**10,240**	17,365
Equipment	3,191	168	-	**3,359**	26,445
Loss on Sale of Fixed Asset	-	-	-	-	12,431
TOTAL OPERATING EXPENSES	$ 12,584,431	$ 2,107,016	$ 204,346	**$ 14,895,793**	$ 13,009,894

The accompanying notes are an integral part of these financial statements.

ORENDA EDUCATION
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CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets From Operations	**$ 1,026,853**	$ 1,314,996
Adjustments to Reconcile Net Excess to Net Cash		
Provided by Operations:		
Loss on Sale of Fixed Asset	**-**	12,431
Depreciation and Amortization	**843,962**	848,824
Investment Income	**(93,302)**	(106,590)
(Increase) Decrease in Assets:		
Accounts Receivable	**(11,149)**	(256)
Due from Texas Education Agency	**(406,330)**	(189,464)
Other Receivables	**-**	103,759
Prepaid Expenses	**69,592**	(157,200)
Increase (Decrease) in Liabilities:		
Accounts Payable	**1,861,535**	423,225
Accrued Expenses	**132,007**	63,553
Due to Texas Education Agency	**(33,822)**	113,782
Deferred Revenue	**23,812**	745
Other Liabilities	**381**	4,671
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,413,539**	2,432,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(15,062,439)**	(1,590,802)
Proceeds from Sale of Fixed Asset	**-**	26,000
Purchases of Investments	**(8,681)**	(7,987)
NET CASH USED BY INVESTING ACTIVITIES	**(15,071,120)**	(1,572,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	**(15,095)**	(14,645)
Proceeds from Issuance of Bonds	**-**	23,245,000
Payments into Sinking Fund	**(176,592)**	(168,108)
Payment of Bond Issue Costs	**-**	(684,960)
Payments on Bonds Payable	**(300,000)**	(285,000)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	**(491,687)**	22,092,287
NET (DECREASE) INCREASE IN CASH FLOWS	**(12,149,268)**	22,951,974
CASH AND CASH EQUIVALENTS, Beginning of Year	**30,658,297**	7,415,755
RESTRICTED CASH, Beginning of Year	**4,893,550**	5,184,118
LESS RESTRICTED CASH, End of Year	**(4,555,249)**	(4,893,550)
CASH AND CASH EQUIVALENTS, End of Year	**$ 18,847,330**	$ 30,658,297
Supplemental Disclosures:		
Interest	**$ 1,973,227**	$ 1,233,538

The accompanying notes are an integral part of these financial statements.

Note 1 - Nature of Business and Significant Accounting Policies

Reporting Entity and Corporate Operations

Orenda Education (the Charter Holder) dba Orenda Charter Schools is a not-for-profit organization incorporated in the State of Texas in 1995. The Charter Holder is governed by a Board Directors comprised of five members. The Board of Directors is selected pursuant to the bylaws of the Charter Holder and has the authority to make decisions, appoint the chief executive officer of the Charter Holder, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter Holder.

In 2001, the State Board of Education of the State of Texas granted the organization an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the charter application Contract for Charter, Orenda Charter School (the School) was opened for the academic year 2002-2003. It was organized to provide educational services to students in grades Kindergarten through 12th grade, and the organization's Board of Directors governs its programs, services, activities, and functions.

As of August 31, 2018, the School operates five campus locations. Since the Charter Holder receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Principles of Consolidation

The accompanying consolidated financial statements as of August 31, 2018 and 2017, include the financial statements of the Charter Holder and the School. Intercompany transactions and balances have been eliminated in the consolidation.

Basis of Presentation

The financial statements of the Charter Holder have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The more significant of the Charter Holder's accounting policies are described below:

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

The Charter Holder is required to report information regarding its financial position and activities according to two classes of net assets:

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than the Charter Holder's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Grant Funds

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require a refund of all or part of the unused amount.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Charter Holder is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Charter Holder is also exempt from income and sales taxes. As of August 31, 2018, the tax years that remain subject to examination by taxing authorities begin with 2015.

Cash and Cash Equivalents

For financial statement purposes, the Charter Holder considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Restricted Cash

Restricted cash represents a portion of proceeds from a bond issuance (see Note 13) that are not available for operating purposes. The restricted cash is being held in a reserve account to pay off the Series 2011A bond under an optional redemption provision in the bond indenture that allows for the bond to be paid off on August 15, 2021 instead of on the original maturity date of August 15, 2041. At August 31, 2018 and 2017, restricted cash totaled $4,555,249 and $4,893,550, respectively.

Investments

Investments are comprised primarily of certificates of deposit and mutual funds that are recorded at fair value based on quoted market prices. There were no investment fees for the years ended August 31, 2018 and 2017. All dividends, interest, and unrealized gains are reported as investment income in the accompanying consolidated statement of activities.

Contributions

The Charter Holder accounts for contributions as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment are defined as assets with an individual cost of more than $5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from four to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

Subsequent Events

The Charter Holder has evaluated subsequent events through January 14, 2019, which is the date the financial statements were available to be issued.

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the services and other activities of the Charter Holder have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as supplies, depreciation, maintenance and repair, and various other expenses which are allocated on square footage or some other reasonable basis.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect this new standard will have on its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued Accounting Standard Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017 with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. The Charter Holder has early adopted this new pronouncement effective September 1, 2017, and the prior year presentation is conformed.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. Reclassifications were made due to the adoption of Accounting Standards Update 2016-14, as discussed above, which requires two classifications of net assets from the previously reported three classes. Net assets, previously classified at August 31, 2017 as “unrestricted” are now classified as “without donor restrictions”. Net assets previously classified as “temporarily restricted” are now classified as “with donor restrictions”. The reclassifications had no effect on the previously reported change in net assets.

Note 2 - Due from/to State and Federal Government

At August 31, 2018 and 2017, the School had $1,268,389 and $862,059, respectively, in receivables due from Texas Education Agency (TEA) related to various state grants and Foundation School Program (FSP) revenue. All amounts receivable are deemed by management to be fully collectible; therefore, no allowance for uncollectible accounts is considered necessary. At August 31, 2018 and 2017, the School had $79,960 and $113,782, respectively, due to TEA for settle-up of FSP revenue.

Note 3 - Concentration of Credit Risk

The Charter Holder maintains several cash and investment accounts in various financial institutions and investment companies. Cash account balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Charter Holder also has an agreement with its bank institutions where the banks provide pledged collateral in the Charter Holder's name in the event deposits exceed FDIC limits. Therefore, the Charter Holder has no uninsured cash balances. Investment account balances are insured by the Securities Investor Protection Corporation up to $500,000. At August 31, 2018 and 2017, respectively, uninsured investment account balances totaled $518,019 and $541,235, not including reconciling items.

Note 4 - Commitments and Contingencies

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

Note 5 - Regulated Industry

The majority of the Charter Holder's activities and revenues are a result of contracts with TEA. The Charter Holder's operations are concentrated in the education field. As such, the Charter Holder operates in a heavily regulated environment. The operations of the Charter Holder are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, TEA. Such administrative directives, rules, and regulations are subject to change by an act of Congress, an act of the state legislature, or an administrative change mandated by TEA. Funding may be changed or decreased as a result of the above legislative or administrative changes.

Note 6 - Investments

Investments held consisted of the following at August 31:

	Orenda Education (Charter Holder)			
	2018		2017	
	Fair Value	**Cost**	Fair Value	Cost
Cash/Money Accounts	**$ 779**	**$ 779**	$ -	$ -
Certificates of Deposit	**120,882**	**121,000**	-	-
Mutual Funds	**1,018,019**	**873,984**	1,041,235	938,669
Total	**$ 1,139,680**	**$ 995,763**	$1,041,235	$ 938,669

	Orenda Charter School			
	2018		2017	
	Fair Value	**Cost**	Fair Value	Cost
Cash/Money Accounts	**$ 1,178**	**$ 1,178**	$ 192	$ 192
Fixed Income - CDs	**302,535**	**302,741**	299,981	300,000
Total	**$ 303,713**	**$ 303,919**	$ 300,173	$ 300,192

Investment income consisted of the following at August 31:

	Orenda Education (Charter Holder)	
	2018	2017
Interest/Dividends	**$ 19,240**	$ 3,287
Unrealized Gain	**74,062**	103,303
Total	**$ 93,302**	$ 106,590

	Orenda Charter School	
	2018	2017
Interest/Dividends	**$ 2,603**	$ 257
Unrealized Gain	**937**	2,783
Total	**$ 3,540**	$ 3,040

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions were for the following purposes at August 31:

	2018	2017
Gateway Tech High School	**$ -**	$ 2,380
Kingsland School	**8,058**	8,000
New Horizons School	**100**	-
GWCP - Kinder	**150**	-
GWCP - Robotics	**1,050**	-
GWCP - Swim Program	**41**	41
GWCP – Lacrosse Scholarship	**1,091**	-
Foundation School Program	**5,095,025**	4,934,345
Total	**$ 5,105,515**	$ 4,944,766

Note 8 - Health and Life Insurance Coverage

During the years ended August 31, 2018 and 2017, employees of the School were covered by a health insurance plan and life insurance plan. The School contributed $351 and $350 per employee per month to the health plan during the years ended August 31, 2018 and 2017, respectively. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers. The School pays $1.17 per employee per month for life insurance. The School's contributions towards health and life insurance were $531,037 and $434,229 for the years ended August 31, 2018 and 2017, respectively.

Note 9 - Property and Equipment

Property and equipment consisted of the following at August 31:

	Orenda Education (Charter Holder)	
	2018	2017
Land and Improvements, net	**$ 1,161,622**	$ 1,161,622
Construction in Progress	**15,913,954**	1,610,586
Buildings and Improvements	**16,551,624**	15,816,624
Furniture and Equipment	**44,253**	44,253
	33,671,453	18,633,085
Less Accumulated Depreciation	**(1,883,521)**	(1,472,074)
Total	**$ 31,787,932**	$ 17,161,011

Note 9 - Property and Equipment (continued)

As of August 31, 2018 and 2017, land and improvements of $1,161,622 is net of $140,471 in escrow funds received for future roadway improvements. These funds consist of $137,716 used to obtain a certificate of deposit as collateral for a letter of credit with a local financial institution and 2% for bank fees. The beneficiary of the letter of credit is the City of Georgetown.

	Orenda Charter School	
	2018	2017
Buildings and Improvements	**$ 912,900**	$ 912,900
Vehicles	**331,844**	331,844
Furniture and Equipment	**691,632**	667,561
	1,936,376	1,912,305
Less Accumulated Depreciation	**(1,164,915)**	(990,762)
Total	**$ 771,461**	$ 921,543

Depreciation expense for the years ended August 31, 2018 and 2017 was $585,600 and $608,025, respectively.

Note 10 - Long Term Debt

Long-term debt of the Charter Holder consisted of the following at August 31:

	2018	2017
Loan payable to Bank of America, due in monthly installments of principal and interest of $1,365.36; interest rate at 2.99%; maturing in October 2020, at which time all unpaid principal and interest is payable in full; secured by school bus.	**$ 34,309**	$ 49,404
Less Current Portion	**(15,573)**	(15,115)
Total Long-Term Debt	**$ 18,736**	$ 34,289

Future scheduled maturities of the loan payable are as follows:

For the Year Ending August 31,	
2019	$ 15,573
2020	16,045
2021	2,691
Total	$ 34,309

Note 10 - Long Term Debt (continued)

Interest expense on this loan was $1,289 and $3,187 for the years ended August 31, 2018 and 2017, respectively.

Note 11 - Intercompany Transactions

The School reimburses the Charter Holder each month for certain expenses incurred to sponsor the school charter and to provide governance, executive planning, and financial and management services for the School. The total amount of these expenses was $155,000 and $150,000 for the years ended August 31, 2018 and 2017, respectively. This transaction is eliminated in the consolidated financial statements. However, the amount is reflected as professional services revenue in the statement of activities included in the specific purpose financial statements of the Charter Holder.

Furthermore, the School reimburses the Charter Holder for making the monthly bond payments for the Series A, B, and Q bonds. The total amount of these payments was $2,150,964 and $1,376,927 for the years ended August 31, 2018 and 2017, respectively. This transaction is eliminated in the consolidated financial statements. Because the Charter Holder is accepting the debt service payments in lieu of facility lease payments from the School, the amount is reflected as rent revenue in the statement of activities included in the specific purpose financial statements of the Charter Holder.

As of August 31, 2018 and 2017, there was a payable from the School to the Charter Holder for $13,685 and $43,566, respectively, for intercompany activities such as bond loan payments. The intercompany payable and corresponding intercompany receivable are eliminated in the consolidated financial statements.

Note 12 - Operating Leases

The School has multiple operating lease agreements for office equipment and instructional facilities with various expiration dates. The School also leases space as needed throughout the year for sports and extracurricular activities and events. Rent expense for the years ended August 31, 2018 and 2017 was $873,857 and $716,911, respectively.

The following is a schedule of the operating lease obligations subsequent to August 31, 2018:

Year Ending August 31,		
2019	$	222,818
2020		34,935
2021		34,851
2023		34,851
2024		5,380
Total	$	332,835

Note 13 - Bonds Payable

The Charter Holder's obligations under bonds payable include Taxable Education Revenue Bonds (Series 2011Q) and Education Revenue Bonds (Series 2011A) issued through the Texas Public Finance Authority Charter School Finance Corporation, and Taxable Education Revenue Bonds (Series 2011B) issued through the Newark Cultural Education Facilities Finance Corporation. These bonds are dated December 1, 2011. The Series 2011Q and A bonds closed and funded on December 1, 2011, and the Series 2011B bonds closed and funded on December 15, 2011, with all proceeds being held by the Bank of Texas. The bonds' proceeds will be used for property acquisition and construction at the Gateway College Preparatory Campus and were underwritten by Piper Jaffray & Co. The interest rates on the bonds range from 7.25% to 8%, and the terms of the bonds range from nine to thirty years.

The Charter Holder's bond obligations also include Education Revenue Refunding Bonds (Series 2015A) and Taxable Education Revenue Refunding Bonds (Series 2015B) issued through the Newark Higher Education Finance Corporation. These bonds closed and funded on August 20, 2015, with all proceeds being held by Bank of Texas. The bonds' proceeds will be used for expansion of the Gateway College Preparatory Campus, and a portion has been restricted by the Charter Holder to pay off the Series 2011A bond in 2021 (see Note 1). The bonds were underwritten by Oppenheimer & Co. The interest rates on the bonds range from 1% to 4%, and the terms of the bonds range from four to twenty-nine years.

During the year ended August 31, 2017, Education Revenue Bonds (Series 2017) were issued through the Newark Higher Education Finance Corporation. These bonds closed and funded on June 20, 2017, with all proceeds being held by Bank of Texas. The bonds' proceeds will be used for expansion of the Gateway College Preparatory Campus. The bonds were underwritten by Oppenheimer & Co. The interest rates on the bonds range from 3% to 5%, and the term of the bonds is thirty years. The bond issue included a premium of $621,203.

All bonds are subject to optional bond call at any time prior to maturity.

As of August 31, bonds payable - long-term consisted of the following:

	2018	2017
Series 2011A	**$ 4,055,000**	$ 4,055,000
Series 2011B	**375,000**	540,000
Series 2011Q	**5,250,000**	5,250,000
Series 2015A	**14,790,000**	14,910,000
Series 2015B	**280,000**	295,000
Series 2017	**23,245,000**	23,245,000
	47,995,000	48,295,000
Less Current Maturities	**(755,000)**	(285,000)
Less Bond Issuance Costs, net	**(2,049,700)**	(2,308,064)
Total	**$ 45,190,300**	$45,701,936

Note 13 - Bonds Payable (continued)

Future minimum principal payments on the bonds payable are as follows:

For the Year Ending August 31,	
2019	$ 755,000
2020	790,000
2021	615,000
2022	635,000
2023	510,000
Thereafter	44,690,000
Total	$ 47,995,000

The Charter Holder makes monthly principal payments to the sinking fund in anticipation of payments to be made to the bondholders when due. The balance of the sinking fund as of August 31, 2018 and 2017 was $1,181,587 and $1,004,995, respectively.

As part of the loan agreements for the bonds, the Charter Holder is required to establish and maintain several trustee-held funds, which are not available for general use. Furthermore, the loan agreements contain certain financial covenants, with which the Charter Holder was in compliance for the years ended August 31, 2018 and 2017.

The Charter Holder receives an annual Qualified School Construction Bond federal subsidy to assist in the payment of interest on the bonds. During the years ended August 31, 2018 and 2017, the Charter Holder received the subsidy benefit of $270,257 and $252,001, respectively, which was paid directly to the bond trustee on behalf of the Charter Holder. Bond interest expense, net of this subsidy benefit, was $1,971,938 and $1,230,351 for the years ended August 31, 2018 and 2017, respectively.

Note 14 - Pension Plan Obligations

Plan Description

The School contributes to the Teacher Retirement System of Texas (TRS), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the School but are the liability of the state of Texas. TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, *Public Retirement Systems,* Subtitle C, *Teacher Retirement System of Texas,* which is subject to amendment by the Texas Legislature. TRS's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River St., Austin, Texas 78701-2698 or by calling (800) 877-0123.

Note 14 - Pension Plan Obligations (continued)

The TRS plan differs from a single-employer plan as follows:

- Charter schools are legally separate entities from the state and each other.
- Assets contributed by one charter school or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter school.
- The unfunded obligations get passed along to the other charter schools and ISDs.
- There is no withdrawal penalty for leaving the TRS system.

Total plan assets, accumulated benefit obligations, and % funded are as follows:

Total Plan Assets - $146,282,044,842
Accumulated Benefit Obligations - $181,752,796,715
The plan is 80.5% funded.

There are no collective-bargaining agreements.

Funding Policy

Under provisions in state law, plan members are required to contribute 6.7% of their annual covered salary and the state of Texas contributes an amount equal to 6.0% of the School's covered payroll. The School's contributions to TRS for the years ended August 31, 2018 and 2017 were $200,535 and $161,150, respectively, which include non-OASDI participating surcharges of $108,707 and $96,698, respectively. The School's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

Note 15 - Fair Value of Financial Instruments

The Charter Holder adopted the provisions of ASC 820, *"Fair Value Measurements and Disclosures"* (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect the Charter Holder's financial position or results of operations. The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.

Note 15 - Fair Value of Financial Instruments (continued)

- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Charter Holder has no Level 2 or Level 3 assets or liabilities.

The Charter Holder's financial instruments (Level 1) were as follows at August 31:

	2018		2017	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets:				
Cash and Cash Equivalents	**$ 18,847,330**	**$ 18,847,330**	$ 30,658,297	$ 30,658,297
Accounts Receivable	**$ 22,347**	**$ 22,347**	$ 11,198	$ 11,198
Due from Texas Education Agency	**$ 1,268,389**	**$ 1,268,389**	$ 862,059	$ 862,059
Prepaid Expenses	**$ 207,621**	**$ 207,621**	$ 277,213	$ 277,213
Financial liabilities:				
Accounts Payable	**$ 2,508,803**	**$ 2,508,803**	$ 647,268	$ 647,268
Accrued Expenses	**$ 774,682**	**$ 774,682**	$ 642,675	$ 642,675
Due to Texas Education Agency	**$ 79,960**	**$ 79,960**	$ 113,782	$ 113,782
Deferred Revenue	**$ 32,669**	**$ 32,669**	$ 8,857	$ 8,857
Other Liabilities	**$ 56,620**	**$ 56,620**	$ 56,239	$ 56,239
Loans Payable - current	**$ 15,573**	**$ 15,573**	$ 15,115	$ 15,115
Bonds Payable - current	**$ 755,000**	**$ 755,000**	$ 285,000	$ 285,000

The carrying amounts reported in the consolidated statements of financial position approximate fair values because of the short maturities of those instruments.

The Charter Holder's financial instruments also include investments. The fair values of investments are based on quoted market prices for those or similar investments (Note 6).

Note 16 - Liquidity and Availability of Financial Resources

The Charter Holder has approximately $17,391,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. This consists of cash and cash equivalents of $18,847,330, investments of $1,443,393, and receivables of $1,290,736, net of current liabilities (excluding deferred revenue) of $4,190,638 as of year-end. The Charter Holder has a goal to maintain financial assets on hand to meet at least 90 days of normal operating expenses which are, on average, approximately $1,171,000 per month, given full programmatic expenditures.

SPECIFIC-PURPOSE FINANCIAL STATEMENTS

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENTS OF FINANCIAL POSITION
August 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 13,757,427**	$ 25,995,676
Due from Orenda Education Charter School	**13,685**	43,566
Total Current Assets	**13,771,112**	26,039,242
LONG-TERM ASSETS		
Restricted Cash	**4,555,249**	4,893,550
Investments	**1,139,680**	1,041,235
Sinking Fund for Bonds Payable	**1,181,587**	1,004,995
Property and Equipment, net	**31,787,932**	17,161,011
Total Long-Term Assets	**38,664,448**	24,100,791
TOTAL ASSETS	**$ 52,435,560**	$ 50,140,033
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 2,463,101**	$ 464,596
Accrued Expenses	**11,250**	10,980
Bonds Payable - current	**755,000**	285,000
Total Current Liabilities	**3,229,351**	760,576
LONG-TERM LIABILITIES		
Bonds Payable - long-term, net	**45,190,300**	45,701,936
Total Long-Term Liabilities	**45,190,300**	45,701,936
TOTAL LIABILITIES	**48,419,651**	46,462,512
NET ASSETS		
Without Donor Restrictions	**4,005,419**	3,667,100
With Donor Restrictions	**10,490**	10,421
TOTAL NET ASSETS	**4,015,909**	3,677,521
TOTAL LIABILITIES AND NET ASSETS	**$ 52,435,560**	$ 50,140,033

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENTS OF FINANCIAL POSITION
August 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 5,089,903**	$ 4,662,621
Accounts Receivable	**22,347**	11,198
Due from Texas Education Agency	**1,268,389**	862,059
Prepaid Expenses	**207,621**	277,213
Total Current Assets	**6,588,260**	5,813,091
LONG-TERM ASSETS		
Investments	**303,713**	300,173
Property and Equipment, net	**771,461**	921,543
Total Long-Term Assets	**1,075,174**	1,221,716
TOTAL ASSETS	**$ 7,663,434**	$ 7,034,807
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 45,702**	$ 182,672
Accrued Expenses	**763,432**	631,695
Due to Texas Education Agency	**79,960**	113,782
Due to Orenda Education (Charter Holder)	**13,685**	43,566
Deferred Revenue	**32,669**	8,857
Other Liabilities	**56,620**	56,239
Loan Payable - current	**15,573**	15,115
Total Current Liabilities	**1,007,641**	1,051,926
LONG-TERM LIABILITIES		
Loan Payable - long-term	**18,736**	34,289
Total Long-Term Liabilities	**18,736**	34,289
TOTAL LIABILITIES	**1,026,377**	1,086,215
NET ASSETS		
Without Donor Restrictions	**1,542,032**	1,014,247
With Donor Restrictions	**5,095,025**	4,934,345
TOTAL NET ASSETS	**6,637,057**	5,948,592
TOTAL LIABILITIES AND NET ASSETS	**$ 7,663,434**	$ 7,034,807

See independent auditor's report.

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2018
(with comparative totals for 2017)

	2018			
	Without Donor Restrictions	With Donor Restrictions	Total	2017 Total
OPERATING REVENUES AND OTHER SUPPORT				
Rent	$ 2,150,964	$ -	**$ 2,150,964**	$ 1,376,927
Contributions	574,180	3,449	**577,629**	586,612
Interest Income	362,644	-	**362,644**	259,123
Professional Services	155,000	-	**155,000**	150,000
Miscellaneous Income	20,252	-	**20,252**	21,679
Bond Premium	-	-	-	621,203
Net Assets Released from Restrictions	3,380	(3,380)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	3,266,420	69	**3,266,489**	3,015,544
OPERATING EXPENSES				
Bond Interest	1,971,938	-	**1,971,938**	1,230,351
Depreciation and Amortization	669,809	-	**669,809**	651,333
Salaries and Benefits	137,264	-	**137,264**	117,746
Miscellaneous Expense	70,476	-	**70,476**	62,935
Professional Fees	10,461	-	**10,461**	2,800
Loss on Sale of Fixed Asset	-	-	-	12,431
TOTAL OPERATING EXPENSES	2,859,948	-	**2,859,948**	2,077,596
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	406,472	69	**406,541**	937,948
NON-OPERATING ACTIVITY				
Investment Income	93,302	-	**93,302**	106,590
Unrealized Loss on Escrow	(161,455)	-	**(161,455)**	(229,767)
TOTAL NON-OPERATING ACTIVITY	(68,153)	-	**(68,153)**	(123,177)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	338,319	69	**338,388**	814,771
NET ASSETS, Beginning of Year	3,667,100	10,421	**3,677,521**	2,862,750
NET ASSETS, End of Year	$ 4,005,419	$ 10,490	**$ 4,015,909**	$ 3,677,521

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2018
(with comparative totals for 2017)

	2018			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2017 Total
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
5742 Earnings from Temporary Deposits and Investments	$ 3,540	$ -	**$ 3,540**	$ 3,040
5749 E-Rate Revenue	72,201	-	**72,201**	20,720
5751 Food Service Activity	354,459	-	**354,459**	345,216
5752 Athletic Activities	31,707	-	**31,707**	26,305
5769 Miscellaneous Revenue from Intermediate Sources	215,960	-	**215,960**	203,896
Total Local Support	677,867	-	**677,867**	599,177
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	13,659,019	**13,659,019**	11,888,748
5820 State Program Revenues Distributed by Texas Education Agency	-	147,239	**147,239**	10,547
Total State Program Revenues	-	13,806,258	**13,806,258**	11,899,295
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	514,404	**514,404**	460,978
5930 Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	31,745	**31,745**	-
Total Federal Program Revenues	-	546,149	**546,149**	460,978
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	14,191,727	(14,191,727)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	14,869,594	160,680	**15,030,274**	12,959,450
OPERATING EXPENSES				
11 Instruction	6,712,178	-	**6,712,178**	6,077,450
12 Instructional Resources and Media Services	35,418		**35,418**	85,946
13 Curriculum Development and Instructional Staff Development	177,757	-	**177,757**	132,352
21 Instructional Leadership	260,251	-	**260,251**	258,275
23 School Leadership	868,491	-	**868,491**	808,858
31 Guidance, Counseling, and Evaluation Services	335,605	-	**335,605**	303,395
33 Health Services	80,415	-	**80,415**	75,106
34 Student Transportation	135,880	-	**135,880**	75,914
35 Food Services	350,258	-	**350,258**	306,494
36 Extracurricular Activities	335,840	-	**335,840**	335,599
41 General Administration	541,417	-	**541,417**	497,821
51 Plant Maintenance and Operations	1,714,253	-	**1,714,253**	1,445,694
52 Security and Monitoring Services	1,365	-	**1,365**	4,100
53 Data Processing Services	397,755	-	**397,755**	434,256
71 Debt Service	2,152,253	-	**2,152,253**	1,380,114
81 Fundraising	242,673	-	**242,673**	237,851
TOTAL OPERATING EXPENSES	14,341,809	-	**14,341,809**	12,459,225
CHANGE IN NET ASSETS	527,785	160,680	**688,465**	500,225
NET ASSETS, Beginning of Year	1,014,247	4,934,345	**5,948,592**	5,448,367
NET ASSETS, End of Year	$ 1,542,032	$ 5,095,025	**$ 6,637,057**	$ 5,948,592

See independent auditor's report.

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets From Operations	**$ 338,388**	$ 814,771
Adjustments to Reconcile Net Excess to Net Cash		
Provided by Operations:		
Loss on Sale of Fixed Asset	**-**	12,431
Depreciation and Amortization	**669,809**	651,333
Investment Income	**(93,302)**	(106,590)
Decrease in Assets:		
Due from Orenda Education Charter School	**29,881**	24,687
Increase in Liabilities:		
Accounts Payable	**1,998,505**	244,643
Accrued Expenses	**270**	360
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2,943,551**	1,641,635
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(15,038,368)**	(1,529,823)
Proceeds from Sale of Fixed Asset	**-**	26,000
Purchases of Investments	**(5,141)**	(4,947)
NET CASH USED BY INVESTING ACTIVITIES	**(15,043,509)**	(1,508,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Bonds	**-**	23,245,000
Payments into Sinking Fund	**(176,592)**	(168,108)
Payment of Bond Issue Costs	**-**	(684,960)
Payments on Bonds Payable	**(300,000)**	(285,000)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	**(476,592)**	22,106,932
NET (DECREASE) INCREASE IN CASH FLOWS	**(12,576,550)**	22,239,797
CASH AND CASH EQUIVALENTS, Beginning of Year	**25,995,676**	3,465,311
RESTRICTED CASH, Beginning of Year	**4,893,550**	5,184,118
LESS RESTRICTED CASH, End of Year	**(4,555,249)**	(4,893,550)
CASH AND CASH EQUIVALENTS, End of Year	**$ 13,757,427**	$ 25,995,676
Supplemental Disclosures		
Bond Interest	**$ 1,971,938**	$ 1,230,351

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Foundation School Program Payments	**$ 13,505,162**	$ 11,685,232
Grant Payments	**440,915**	485,577
Miscellaneous Sources	**690,530**	706,054
Payments to Vendors for Goods and Services Rendered	**(4,573,621)**	(4,004,371)
Payments to Charter School Personnel for Services Rendered	**(7,440,745)**	(6,701,537)
Interest Payments	**(2,152,253)**	(1,380,114)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**469,988**	790,841
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(24,071)**	(60,979)
Purchase of Investments	**(3,540)**	(3,040)
NET CASH USED BY INVESTING ACTIVITIES	**(27,611)**	(64,019)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	**(15,095)**	(14,645)
NET CASH USED BY FINANCING ACTIVITIES	**(15,095)**	(14,645)
NET INCREASE IN CASH FLOWS	**427,282**	712,177
CASH AND CASH EQUIVALENTS, Beginning of Year	**4,662,621**	3,950,444
CASH AND CASH EQUIVALENTS, End of Year	**$ 5,089,903**	$ 4,662,621
Reconciliation of Change in Net Assets to Net Cash Provided by Operations:		
Change in Net Assets	**$ 688,465**	$ 500,225
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Depreciation	**174,153**	197,491
(Increase) Decrease in Assets:		
Accounts Receivable	**(11,149)**	(256)
Due from Texas Education Agency	**(406,330)**	(189,464)
Other Receivables	**-**	103,759
Prepaid Expenses	**69,592**	(157,200)
(Decrease) Increase in Liabilities:		
Accounts Payable	**(136,970)**	178,582
Accrued Expenses	**131,737**	63,193
Due to Texas Education Agency	**(33,822)**	113,782
Due to Orenda Education (Charter Holder)	**(29,881)**	(24,687)
Deferred Revenue	**23,812**	745
Other Liabilities	**381**	4,671
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 469,988**	$ 790,841
Supplemental Disclosures		
Bus Loan Interest	**$ 1,289**	$ 3,187

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOL
SCHEDULE OF EXPENSES
For the Years Ended August 31, 2018 and 2017

		2018	2017
Orenda Education (Consolidated)			
Expenses			
6100	Payroll Costs	**$ 8,419,673**	$ 7,497,598
6200	Professional and Contracted Services	**2,329,649**	2,140,320
6300	Supplies and Materials	**964,001**	863,672
6400	Other Operating Costs	**950,881**	1,033,967
6500	Debt	**2,231,589**	1,474,337
	Total Expenses	**$ 14,895,793**	$ 13,009,894
Orenda Education (Charter Holder)			
Expenses			
6100	Payroll Costs	**$ 137,264**	$ 117,746
6200	Professional and Contracted Services	**10,461**	2,800
6300	Supplies and Materials	**4,764**	-
6400	Other Operating Costs	**477,159**	485,900
6500	Debt	**2,230,300**	1,471,150
	Total Expenses (net of eliminating entries)	**$ 2,859,948**	$ 2,077,596
Orenda Education (Charter School)			
Expenses			
6100	Payroll Costs	**$ 8,282,409**	$ 7,379,852
6200	Professional and Contracted Services	**2,319,188**	2,137,520
6300	Supplies and Materials	**959,237**	863,672
6400	Other Operating Costs	**473,722**	548,067
6500	Debt	**1,289**	3,187
	Total Expenses (net of eliminating entries)	**$ 12,035,845**	$ 10,932,298

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
SCHEDULE OF CAPITAL ASSETS
August 31, 2018

Capital assets acquired with public funds, which constitute public property pursuant to Chapter 12 of the Texas Education Code, are as follows:

	Ownership Interest		
Orenda Education (Consolidated)	**Local**	**State**	**Federal**
1110 Cash	$ 13,757,427	$ 5,089,903	$ -
1510 Land and Improvements	1,161,622	-	-
1515 Construction in Progress	-	15,913,954	-
1520 Buildings and Improvements	1,599,634	15,864,890	-
1531 Vehicles	-	331,844	-
1539 Furniture and Equipment	44,253	691,632	-
Total Capital Assets	$ 16,562,936	$ 37,892,223	$ -

	Ownership Interest		
Orenda Education (Charter Holder)	**Local**	**State**	**Federal**
1110 Cash	$ 13,757,427	$ -	$ -
1510 Land and Improvements	1,161,622	-	-
1515 Construction in Progress	-	15,913,954	-
1520 Buildings and Improvements	1,599,634	14,951,990	-
1539 Furniture and Equipment	44,253	-	-
Total Capital Assets	$ 16,562,936	$ 30,865,944	$ -

	Ownership Interest		
Orenda Charter School	**Local**	**State**	**Federal**
1110 Cash	$ -	$ 5,089,903	$ -
1520 Buildings and Improvements	-	912,900	-
1531 Vehicles	-	331,844	-
1539 Furniture and Equipment	-	691,632	-
Total Capital Assets	$ -	$ 7,026,279	$ -

See independent auditor's report.

ORENDA CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended August 31, 2018

	Budgeted Amounts		Actual	Variance From Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
5740 Other Revenues from Local Sources	$ 90,143	$ 90,143	$ 75,741	$ (14,402) **(1)**
5750 Revenue from Cocurricular/Enterprising	371,900	371,900	386,166	14,266
5760 Revenues from Intermediate Sources	165,600	165,600	215,960	50,360
Total Local Support	627,643	627,643	677,867	50,224
State Program Revenues:				
5810 Foundation School Program Act Revenues	13,626,840	13,626,840	13,659,019	32,179
5820 State Program Revenues Distributed by Texas Education Agency	-	-	147,239	147,239
Total State Program Revenues	13,626,840	13,626,840	13,806,258	179,418
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	536,857	536,857	514,404	(22,453)
5930 Federal Revenues Distributed by Agencies Other Than Texas Education Agency	-	-	31,745	31,745
Total Federal Program Revenues	536,857	536,857	546,149	9,292
TOTAL OPERATING REVENUES AND OTHER SUPPORT	14,791,340	14,791,340	15,030,274	238,934
OPERATING EXPENSES				
11 Instructional	6,491,528	6,210,028	6,712,178	(502,150)
12 Instructional Resources and Media Services	35,094	36,594	35,418	1,176
13 Curriculum Development and Instructional Staff Development	115,904	174,904	177,757	(2,853)
21 Instructional Leadership	290,643	293,036	260,251	32,785
23 School Leadership	905,964	875,964	868,491	7,473
31 Guidance, Counseling and Evaluation Services	312,487	327,984	335,605	(7,621)
33 Health Services	76,517	83,017	80,415	2,602
34 Student Transportation	97,217	148,217	135,880	12,337
35 Food Services	313,442	363,442	350,258	13,184
36 Extracurricular Activities	307,200	341,700	335,840	5,860
41 General Administration	593,036	596,736	541,417	55,319
51 Plant Maintenance and Operations	1,670,687	1,759,437	1,714,253	45,184
52 Security and Monitoring Services	4,500	4,500	1,365	3,135
53 Data Processing Services	463,953	462,613	397,755	64,858
71 Debt Service	2,158,784	2,158,784	2,152,253	6,531
81 Fundraising	244,982	244,982	242,673	2,309
TOTAL OPERATING EXPENSES	14,081,938	14,081,938	14,341,809	(259,871)
CHANGE IN NET ASSETS	709,402	709,402	688,465	(20,937)
NET ASSETS, Beginning of Year	5,948,592	5,948,592	5,948,592	-
NET ASSETS, End of Year	$ 6,657,994	$ 6,657,994	$ 6,637,057	$ (20,937)

(1) Unfavorable variance is due to the change in the E-rate reimbursement since the new campus student population is evolving, and, therefore, it is difficult to budget the reimbursement based on everchanging growth.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
August 31, 2018
(with comparative totals for 2017)

	2018				
	Orenda Education (Charter Holder)	Orenda Education Charter School	Eliminating Entries	Total	2017 Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 13,757,427	$ 5,089,903	$ -	**$ 18,847,330**	$ 30,658,297
Accounts Receivable	-	22,347	-	**22,347**	11,198
Due from Texas Education Agency	-	1,268,389	-	**1,268,389**	862,059
Due from Orenda Education Charter School	13,685	-	(13,685)	**-**	-
Prepaid Expenses	-	207,621	-	**207,621**	277,213
Total Current Assets	13,771,112	6,588,260	(13,685)	**20,345,687**	31,808,767
LONG-TERM ASSETS					
Restricted Cash	4,555,249	-	-	**4,555,249**	4,893,550
Investments	1,139,680	303,713	-	**1,443,393**	1,341,408
Sinking Fund for Bonds Payable	1,181,587	-	-	**1,181,587**	1,004,995
Property and Equipment, net	31,787,932	771,461	-	**32,559,393**	18,082,554
Total Long-Term Assets	38,664,448	1,075,174	-	**39,739,622**	25,322,507
TOTAL ASSETS	$ 52,435,560	$ 7,663,434	$ (13,685)	**$ 60,085,309**	$ 57,131,274
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	$ 2,463,101	$ 45,702	$ -	**$ 2,508,803**	$ 647,268
Accrued Expenses	11,250	763,432	-	**774,682**	642,675
Due to Texas Education Agency	-	79,960	-	**79,960**	113,782
Due to Orenda Education (Charter Holder)	-	13,685	(13,685)	**-**	-
Deferred Revenue	-	32,669	-	**32,669**	8,857
Other Liabilities	-	56,620	-	**56,620**	56,239
Loan Payable - current	-	15,573	-	**15,573**	15,115
Bonds Payable - current	755,000	-	-	**755,000**	285,000
Total Current Liabilities	3,229,351	1,007,641	(13,685)	**4,223,307**	1,768,936
LONG-TERM LIABILITIES					
Loan Payable - long-term	-	18,736	-	**18,736**	34,289
Bonds Payable - long-term, net	45,190,300	-	-	**45,190,300**	45,701,936
Total Long-Term Liabilities	45,190,300	18,736	-	**45,209,036**	45,736,225
TOTAL LIABILITIES	48,419,651	1,026,377	(13,685)	**49,432,343**	47,505,161
NET ASSETS					
Without Donor Restrictions	4,005,419	1,542,032	-	**5,547,451**	4,681,347
With Donor Restrictions	10,490	5,095,025	-	**5,105,515**	4,944,766
TOTAL NET ASSETS	4,015,909	6,637,057	-	**10,652,966**	9,626,113
TOTAL LIABILITIES AND NET ASSETS	$ 52,435,560	$ 7,663,434	$ (13,685)	**$ 60,085,309**	$ 57,131,274

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2018
(with comparative totals for 2017)

	2018				
	Orenda Education (Charter Holder)	**Orenda Education Charter School**	**Eliminating Entries**	**Total**	2017 Total
OPERATING REVENUES AND OTHER SUPPORT					
Local Support:					
Contributions	$ 577,629	$ -	$ -	**$ 577,629**	$ 586,612
Interest Income	362,644	-	-	**362,644**	259,123
Food Service Activity	-	354,459	-	**354,459**	345,216
Miscellaneous Revenue from Intermediate Sources	20,252	215,960	-	**236,212**	225,575
E-Rate Revenue	-	72,201	-	**72,201**	20,720
Athletic Activities	-	31,707	-	**31,707**	26,305
Earnings from Temporary Deposits and Investments	-	3,540	-	**3,540**	3,040
Bond Premium	-	-	-	**-**	621,203
Professional Services	155,000	-	(155,000)	**-**	-
Rent	2,150,964	-	(2,150,964)	**-**	-
Total Local Support	3,266,489	677,867	(2,305,964)	**1,638,392**	2,087,794
State Program Revenues:					
Foundation School Program Act Revenues	-	13,659,019	-	**13,659,019**	11,888,748
State Program Revenues Distributed by Texas Education Agency	-	147,239	-	**147,239**	10,547
Total State Program Revenues	-	13,806,258	-	**13,806,258**	11,899,295
Federal Program Revenues:					
Federal Revenues Distributed by Texas Education Agency	-	514,404	-	**514,404**	460,978
Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	31,745	-	**31,745**	-
Total Federal Program Revenues	-	546,149	-	**546,149**	460,978
TOTAL OPERATING REVENUES AND OTHER SUPPORT	3,266,489	15,030,274	(2,305,964)	**15,990,799**	14,448,067
OPERATING EXPENSES	2,859,948	14,341,809	(2,305,964)	**14,895,793**	13,009,894
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	406,541	688,465	-	**1,095,006**	1,438,173
NON-OPERATING ACTIVITY					
Investment Income	93,302	-	-	**93,302**	106,590
Unrealized Loss on Escrow	(161,455)	-	-	**(161,455)**	(229,767)
TOTAL NON-OPERATING ACTIVITY	(68,153)	-	-	**(68,153)**	(123,177)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	338,388	688,465	-	**1,026,853**	1,314,996
NET ASSETS, Beginning of Year	3,677,521	5,948,592	-	**9,626,113**	8,311,117
NET ASSETS, End of Year	$ 4,015,909	$ 6,637,057	$ -	**$ 10,652,966**	$ 9,626,113

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2018
(with comparative totals for 2017)

	2018				
	Orenda Education (Charter Holder)	**Orenda Education Charter School**	**Eliminating Entries**	**Total**	2017 Total
OPERATING EXPENSES					
Salaries	$ 127,198	$ 7,529,813	$ -	**$ 7,657,011**	$ 6,885,694
Payroll Taxes and Benefits	10,066	907,596	-	**917,662**	761,904
Total Payroll Expenses	137,264	8,437,409		**8,574,673**	7,647,598
Interest	1,971,938	2,152,253	(2,150,964)	**1,973,227**	1,233,538
Rental Expense	-	873,857	-	**873,857**	716,911
Depreciation	411,447	174,153	-	**585,600**	608,025
General Supplies	-	562,521	-	**562,521**	525,328
Utilities	-	458,311	-	**458,311**	427,704
Contract Labor	-	585,534	(155,000)	**430,534**	482,653
Maintenance and Repair	-	333,731	-	**333,731**	295,831
Amortization of Bond Issue Costs	258,362	-	-	**258,362**	240,799
Food	-	238,723	-	**238,723**	202,471
Instructional Materials	-	147,753	-	**147,753**	118,508
Miscellaneous	70,476	72,337	-	**142,813**	178,960
Travel	-	111,365	-	**111,365**	109,801
Insurance and Bonding	-	85,640	-	**85,640**	82,265
Professional Fees	10,461	41,132	-	**51,593**	45,540
Gas and Fuel	-	26,868	-	**26,868**	16,040
Educational Service Center	-	26,623	-	**26,623**	21,681
Dues and Subscriptions	-	10,240	-	**10,240**	17,365
Equipment	-	3,359	-	**3,359**	26,445
Loss on Sale of Fixed Asset	-	-	-	**-**	12,431
TOTAL OPERATING EXPENSES	$ 2,859,948	$ 14,341,809	$ (2,305,964)	**$ 14,895,793**	$ 13,009,894

See independent auditor's report.

OTHER REQUIRED REPORTING

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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*

To the Board of Directors
Orenda Education dba Orenda
Charter Schools
Georgetown, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Orenda Education (the Charter Holder) dba Orenda Charter Schools, a nonprofit organization, which comprise the consolidated statement of financial position as of August 31, 2018, and the related consolidated 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 January 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter Holder'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 the Charter Holder's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder's internal control.

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

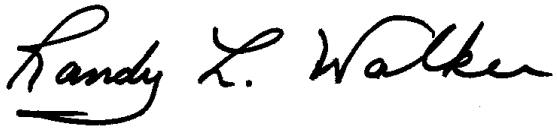
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Holder'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Holder's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Antonio, Texas
January 14, 2019