

**MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED AUGUST 31, 2017

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**MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY**

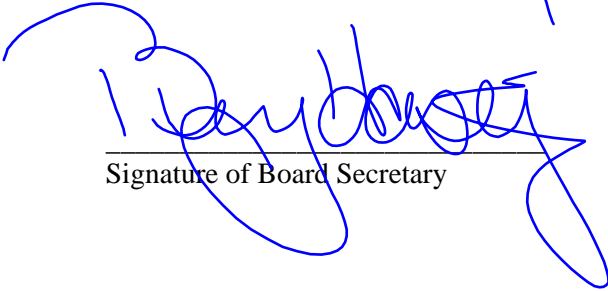
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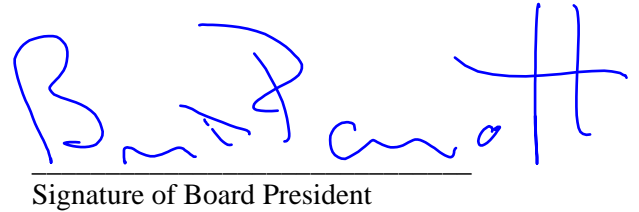
CERTIFICATE OF BOARD

August 31, 2017

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy was reviewed and approved _____ disapproved for the year ended August 31, 2017, at a meeting of the governing body of said charter school on the 16 day of JANUARY, 2018.



Signature of Board Secretary



Signature of Board President

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy
Mesquite, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Meadow Oaks Education Foundation (“MOEF”) dba Pioneer Technology & Arts Academy (a nonprofit organization), which comprise the statement of financial position as of August 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 MOEF as of August 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of MOEF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MOEF's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Ramsey & Company". The signature is written in black ink and is positioned above the typed text.

Houston, TX
December 22, 2017

MEADOW OAKS EDUCATION FOUNDATION

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2017

ASSETS	
Current Assets:	
Cash	\$ 334,007
Grants receivable	83,388
Other receivables	<u>1,500</u>
Total Current Assets:	<u>418,895</u>
Property, Plant & Equipment	
Equipment and furniture	224,625
Less: Accumulated depreciation	<u>(13,809)</u>
Total Property, Plant & Equipment	<u>210,816</u>
Total Assets	<u><u>\$ 629,711</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	\$ 40,350
Accrued payroll liabilities	81,286
Current portion of long-term debt	<u>544,089</u>
Total Current Liabilities	<u>665,725</u>
Long-term Liabilities:	
Notes payable, net of current portion	<u>168,050</u>
Total Liabilities	<u>833,775</u>
Net Assets:	
Unrestricted	(208,073)
Temporarily Restricted	<u>4,009</u>
Total Net Assets	<u>(204,064)</u>
Total Liabilities and Net Assets	<u><u>\$ 629,711</u></u>

See accompanying notes to financial statements.

MEADOW OAKS EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Local Support:			
5740 Other Revenues from Local Sources	\$ 33,984	\$	\$ 33,984
5750 Revenues from Cocurricular Activities	<u>4,712</u>	<u> </u>	<u>4,712</u>
Total Local Support	<u>38,696</u>	<u> </u>	<u>38,696</u>
State Program Revenues			
5810 Foundation School Program Act Revenues	<u> </u>	944,409	944,409
Total State Program Revenues	<u> </u>	<u>944,409</u>	<u>944,409</u>
Federal Program Revenues:			
5920 Federal Revenues Distributed by Texas Education Agency	<u> </u>	457,521	457,521
Total Federal Program Revenues	<u> </u>	<u>457,521</u>	<u>457,521</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>1,411,865</u>	<u>(1,411,865)</u>	<u> </u>
Total Revenues	<u>1,450,561</u>	<u>(9,935)</u>	<u>1,440,626</u>
EXPENSES			
11 Instruction	771,791		771,791
13 Curriculum Development and Instructional Staff Development	27,312		27,312
23 School Leadership	107,961		107,961
31 Guidance, Counseling, and Evaluation	42,520		42,520
33 Health Services	2,130		2,130
35 Food Services	17,441		17,441
36 Cocurricular/Extracurricular Activities	825		825
41 General Administration	166,368		166,368
51 Plant Maintenance and Operations	357,742		357,742
52 Security and Monitoring Services	1,444		1,444
53 Data Processing Services	13,999		13,999
61 Community Services	9,424		9,424
71 Debt Services	<u>8,590</u>		<u>8,590</u>
Total Expenses	<u>1,527,547</u>	<u> </u>	<u>1,527,547</u>
Total Change in Net Assets	<u>(76,986)</u>	<u>(9,935)</u>	<u>(86,921)</u>
Net Assets, Beginning of Year	<u>(131,087)</u>	<u>13,944</u>	<u>(117,143)</u>
Net Assets, End of Year	<u>\$ (208,073)</u>	<u>\$ 4,009</u>	<u>\$ (204,064)</u>

See accompanying notes to financial statements.

MEADOW OAKS EDUCATION FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2017

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	\$ (86,921)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization	13,809
(Increase) Decrease in Other Receivables	(84,888)
Increase (Decrease) in Accounts Payable	33,354
Increase (Decrease) in Accrued Payroll Liabilities	<u>81,286</u>
Total Adjustments	<u>43,561</u>
Net Cash Provided (Used) by Operating Activities	<u>(43,360)</u>
Net Cash Provided (Used) by Investing Activities	
Purchase of Fixed Assets	<u>(224,625)</u>
Net Cash Provided (Used) by Investing Activities	<u>(224,625)</u>
Net Cash Provided (Used) by Financing Activities	
Proceeds from Debt	600,462
Repayment of Debt	<u>(11,137)</u>
Net Cash Provided (Used) by Financing Activities	<u>589,325</u>
NET INCREASE (DECREASE) IN CASH	<u>321,340</u>
CASH AT BEGINNING OF YEAR	<u>12,667</u>
CASH AT END OF YEAR	<u>\$ 334,007</u>

See accompanying notes to financial statements.

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

A. Organization:

Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy (“MOEF”) is a nonprofit organization incorporated in the State of Texas on March 18, 2014 and exempt from federal income taxes pursuant to Section 501 (c)(3) of the Internal Revenue Code. In 2015, the State Board of Education of the State of Texas granted the corporation 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 applicable Contract for Charter, MOEF was opened in the fall of 2016. The charter school was organized to empower and engage students to reach their full potential as global leaders who will enhance their communities and the world through creativity, collaboration and innovation. MOEF’s programs, services, activities and functions are governed by the corporation’s board of directors.

The charter holder MOEF only operates a charter school and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

MOEF reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of MOEF. Board-designated net assets represent amounts MOEF has set aside for a specific purpose.

Temporarily restricted net assets

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as “net assets released from restrictions.”

Permanently restricted net assets

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

B. Summary of Significant Accounting Policies: (continued)

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the organization.

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 605 Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

PROPERTY AND EQUIPMENT

Property and equipment purchased by MOEF are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of the asset. Gains or losses from retirement or sale of property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to unrestricted net assets.

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give to MOEF, which is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

B. Summary of Significant Accounting Policies: (continued)

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the organization's multiple function expenditures.

INCOME TAXES

MOEF qualifies as a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

CASH AND CASH EQUIVALENTS

MOEF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in non-interest bearing demand accounts at national financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account. As of August 31, 2017, MOEF has not incurred any losses on amounts held in depository accounts in excess of federally insured limits.

ESTIMATES

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

C. Pension Plan Obligations:

Plan Description

The charter school contributes to the Teacher Retirement System of Texas ("TRS"), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas.

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800- 223-8778, or by downloading the report form the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

C. Pension Plan Obligations: (continued)

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (“ISD”) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2017 provided the following information (ABO refers to the accumulated benefit obligation):

Pension Fund	Total Plan Assets 2017	ABO 2017	Percent Funded
TRS	\$ 165,379,342,000	\$ 179,336,535,000	82.17%

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action. State law provides for a member contribution rate of 7.7% for fiscal year 2017, and a state contribution rate of 6.8% for fiscal year 2017. The charter school’s employee contributions to the system for the year ended August 31, 2017 were \$56,636, equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 6.8% totaling \$3,211 for the year ended August 31, 2017. The charter school’s contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was not assessed a surcharge.

D. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

E. Commitments and Contingencies:

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

F. Health Care Coverage:

During the year ended August 31, 2017, employees of MOEF were covered by a health insurance plan. The school contributed up to \$225 per month per employee (depending upon coverage selected) to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

G. Related Parties:

MOEF has established business relationships with Meadow Oaks Academy (“MOA”), a private educational organization in which MOEF’s Superintendent serves as School Administrator, and PNC Partners, Ltd. (“PNC”), a partnership organized in the state of Texas. MOEF’s Superintendent retains equity financial interests in both MOA and PNC.

MOA has allowed MOEF to use a revolving line of credit held by MOA with a bank. MOEF has agreed to repay amounts drawn on the credit facility in accordance with the terms of the line of credit agreement and as described in Note H. The balance on the line of credit at August 31, 2017 was \$199,522.

PNC has provided startup capital to MOEF under multiple agreements. At August 31, 2017, MOEF was indebted to PNC in the amount of \$513,318. PNC also serves as a lessor in the two properties leased by MOEF as educational facilities. In the year ended August 31, 2017, MOEF paid PNC \$180,700 for the leasing of these educational facilities.

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

H. Note Payable:

MOEF's obligations under notes payable consist of the following:

Credit facility structured as a note payable to Meadow Oaks Academy ("MOA"). The note is dated May 10, 2016, and allows MOEF to draw up to \$200,000 on an existing line of credit arrangement between MOA and a bank. The terms of the note payable are to follow the terms of the line of credit, a variable interest rate between 4.0% and 4.75%, payable on demand or in equal monthly installments beginning October 1, 2016 and through August 31, 2019. The note is unsecured. \$ 199,522

Note payable to lessor in the amount of \$48,000. The note is dated September 1, 2017, and is the result of a forbearance agreement on rent due. The note payable does not carry a rate of interest, and is payable in 24 equal installments of \$2,000 beginning September 1, 2017. The date of maturity is August 31, 2019. The note is unsecured. 48,000

Note payable to lessor in the amount of \$84,000. The note is dated September 1, 2017, and is the result of a forbearance agreement on rent due for a second campus. The note payable does not carry a rate of interest, and is payable in 24 equal installments of \$2,000 beginning September 1, 2017. The date of maturity is August 31, 2019. The note is unsecured. 84,000

Note payable to limited partnership organization. The note is dated August 15, 2017, and is intended to provide operating cash. The note payable does not carry a rate of interest, and is payable in full in a single sum of \$278,567 on or before September 30, 2017. The note is unsecured. 278,567

Note payable to limited partnership organization. The note is dated May 6, 2016, and is intended to provide start-up capital. The note payable does not carry a rate of interest, and is payable in equal monthly installments of \$5,000 beginning September 1, 2018 with a final lump sum payment \$47,051. The date of maturity is August 31, 2019. The note is unsecured. 102,050

The balance at August 31, 2017 is		\$ 712,139
Less: Current portion of notes payable		<u>(544,089)</u>
Notes payables, net of current portion		<u>\$ 168,050</u>

Future maturities of notes payable over the next five years are as follows:

Year Ending August 31,	Principal	Interest	Total
2018	\$ 544,089	\$ 9,477	\$ 553,566
2019	168,050	-	168,050
Thereafter	-	-	-
Total	\$ 712,139	\$ 9,477	\$ 721,616

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. Temporarily Restricted Net Assets:

Temporarily restricted net assets at August 31, 2017, are available for the following periods:

Periods after August 31, 2017	\$ 4,009
Total temporarily restricted	\$ 4,009

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Texas Education Agency-Federal	\$ 457,521
Texas Education Agency-State	954,344
Total restrictions released	\$ 1,411,865

J. Operating Lease Commitment:

MOEF leases facilities under non-cancelable operating leases. The minimum annual lease commitment is as follows:

Twelve months ending June 30,	Amount
2018	\$ 476,783
2019	506,513
2020	532,596
2021	541,308
2022	550,194
Total	\$ 2,607,394

Operating lease expense amounted to \$185,366 for the year ended August 31, 2017.

K. Evaluation of Subsequent Events:

The Organization has evaluated subsequent events through December 22, 2017, the date which the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Directors of
Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy
Mesquite, Texas

We have audited the financial statements of Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy ("MOEF") as of and for the year ended August 31, 2017, and our report thereon dated December 22, 2017, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School are presented on pages 14 to 16 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.



Houston, TX
December 22, 2017

MEADOW OAKS EDUCATION FOUNDATION

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2017

Expenses

6100 Payroll Costs	\$ 889,372
6200 Professional and Contracted Services	497,893
6300 Supplies and Materials	74,511
6400 Other Operating Costs	54,109
6500 Debt Service	<u>11,662</u>
 Total Expenses	 <u>\$ 1,527,547</u>

See accompanying notes to financial statements.

MEADOW OAKS EDUCATION FOUNDATION

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2017

	Ownership Interest		
	Local	State	Federal
1110 Cash and Temporary Investments	\$	\$ 334,007	\$
1539 Furniture and Equipment			224,625
Total Property and Equipment	<u>\$</u>	<u>\$ 334,007</u>	<u>\$ 224,625</u>

See accompanying notes to financial statements.

MEADOW OAKS EDUCATION FOUNDATION

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 2,000	\$ 21,312	\$ 33,984	\$ 12,672
5750 Revenues from Cocurricular Activities			4,712	4,712
Total Local Support	<u>2,000</u>	<u>21,312</u>	<u>38,696</u>	<u>17,384</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	<u>875,935</u>	<u>897,095</u>	<u>944,409</u>	<u>47,314</u>
Total State Program Revenues	<u>875,935</u>	<u>897,095</u>	<u>944,409</u>	<u>47,314</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by				
Texas Education Agency	<u>842,902</u>	<u>847,753</u>	<u>457,521</u>	<u>(390,232)</u>
Total Federal Program Revenues	<u>842,902</u>	<u>847,753</u>	<u>457,521</u>	<u>(390,232)</u>
Total Revenues	<u>1,720,837</u>	<u>1,766,160</u>	<u>1,440,626</u>	<u>(325,534)</u>
EXPENSES				
11 Instruction	1,165,078	1,171,762	771,791	399,971
13 Curriculum Development and Instructional				
Staff Development	36,425	25,937	27,312	(1,375)
23 School Leadership	126,226	119,541	107,961	11,580
31 Guidance, Counseling, and Evaluation Services	38,500	42,520	42,520	
33 Health Services	1,000	2,130	2,130	
35 Food Service	8,000	17,441	17,441	
36 Cocurricular/Extracurricular Activities	1,500	1,625	825	800
41 General Administration	147,732	212,835	166,368	46,467
51 Plant Maintenance and Operations	352,481	404,546	357,742	46,804
52 Security and Monitoring Services	1,200	1,549	1,444	105
53 Data Processing Services	108,120	114,713	13,999	100,714
61 Community Services		9,424	9,424	
71 Debt Services		10,000	8,590	1,410
Total Expenses	<u>1,986,262</u>	<u>2,134,023</u>	<u>1,527,547</u>	<u>606,476</u>
Change in Net Assets	<u>(265,425)</u>	<u>(367,863)</u>	<u>(86,921)</u>	<u>280,942</u>
Net Assets, Beginning of Year	<u>(117,143)</u>	<u>(117,143)</u>	<u>(117,143)</u>	
Net Assets, End of Year	<u>\$ (382,568)</u>	<u>\$ (485,006)</u>	<u>\$ (204,064)</u>	<u>\$ 280,942</u>

See accompanying notes to financial statements.

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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 of
Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy
Mesquite, 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 Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy ("MOEF") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MOEF'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 MOEF's internal control. Accordingly, we do not express an opinion on the effectiveness of MOEF'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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MOEF'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Ramsey & Company". The signature is written in black ink and is positioned above the typed text.

Houston, TX
December 22, 2017

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. An audit of major programs was not required because expenditures of federal awards were less than \$750,000.

Findings Relating to the Financial Statements

No audit findings were noted as per governmental auditing standards.

MEADOW OAKS EDUCATION FOUNDATION
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2017

Findings Relating to the Financial Statements

No prior year audit findings have been noted as this is an initial audit year.