

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

JUBILEE ACADEMIC CENTER, INC. San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the Ten (10) Month Period Ended June 30, 2018

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JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

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JUBILEE ACADEMIC CENTER, INC.

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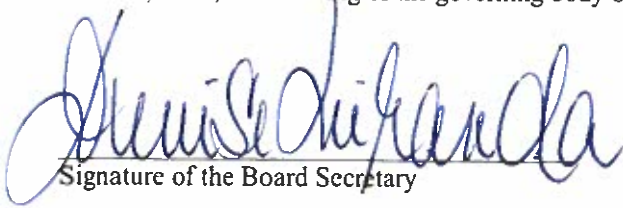
015-822

Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial and compliance report of Jubilee Academic Center, Inc. was reviewed and (check one) approved ___ disapproved for the ten (10) month period ended June 30, 2018, at a meeting of the governing body of said charter school on the 19 day of November 2018.


Signature of the Board Secretary


Signature of the Board President

Note: If the governing body of the charter school does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

We have audited the accompanying financial statements of Jubilee Academic Center, Inc., (a nonprofit organization) (Jubilee), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the ten (10) month period 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 Jubilee as of June 30, 2018, and the changes in its net assets and its cash flows for the ten (10) month period ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in footnote 1, in the current year Jubilee changed its accounting year end from August 31 to June 30. The change became effective September 1, 2017, to June 30, 2018. As such, the current year operating statement is for a ten month period.

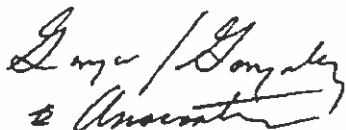
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 November 9, 2018 on our consideration of Jubilee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jubilee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jubilee's internal control over financial reporting and compliance.



November 9, 2018

FINANCIAL STATEMENTS

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENT OF FINANCIAL POSITION

June 30, 2018

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 5,379,893
Other Receivables	29,009
Due from Texas Education Agency	8,121,373
Deferred Expenses	18,346
Other Assets	15,005
Total Current Assets	13,563,626
Non-Current Assets	
Restricted Cash and Cash Equivalents	11,742,823
Inventory	183,380
Property and Equipment - Net	99,653,717
Total Non-Current Assets	111,579,920
TOTAL ASSETS	\$ 125,143,546

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 234,754
Accrued Payroll and Payroll Liabilities	3,235,267
Current Portion of Long-Term Debt	1,494,967
Accrued Interest Payable	2,268,250
Other Liabilities	111,915
Total Current Liabilities	7,345,153
Non-Current Liabilities	
Long-Term Debt, Net of Current Portion	109,301,028
Total Liabilities	116,646,181
Net Assets	
Temporarily Restricted	1,366,790
Unrestricted	7,130,576
Total Net Assets	8,497,365
TOTAL LIABILITIES AND NET ASSETS	\$ 125,143,546

The accompanying notes to the financial statements
form an integral part of this statement.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENT OF ACTIVITIES

For the Ten (10) Month Period Ended June 30, 2018

	Unrestricted Funds	Temporarily Restricted	Totals
REVENUES			
Local Support			
Revenue From Cocurricular, Enterprising Services	\$ 807,160	\$ -	\$ 807,160
Other Revenue From Local Sources	219,134	-	219,134
Total Local Support	<u>1,026,294</u>	<u>-</u>	<u>1,026,294</u>
State Program Revenues			
Foundation School Program	-	44,505,981	44,505,981
Other State Aid	-	417,985	417,985
Total State Program Revenues	<u>-</u>	<u>44,923,966</u>	<u>44,923,966</u>
Federal Program Revenues			
National School Lunch Program	-	1,795,867	1,795,867
School Breakfast Program	-	551,209	551,209
USDA, Donated Commodities	-	183,380	183,380
ESEA Title IV, Part A	-	23,995	23,995
ESEA Title III, Part A	-	52,534	52,534
ESEA Title II, Part A	-	135,549	135,549
ESEA Title I, Part A	-	1,212,602	1,212,602
ESEA Title I, Part C	-	2,618	2,618
IDEA-B, FORMULA	-	409,384	409,384
ESEA Title I (A)-Priority and Focus Grant	-	113,029	113,029
Total Federal Program Revenues	<u>-</u>	<u>4,480,168</u>	<u>4,480,168</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	48,137,002	(48,137,002)	-
TOTAL REVENUES	<u>49,163,296</u>	<u>1,267,132</u>	<u>50,430,427</u>
EXPENSES			
Program Services			
Instruction and Instructional Related Services	23,108,777	-	23,108,777
Instruction and Social Leadership	3,340,082	-	3,340,082
Support Services			
Student (Pupil)	4,843,226	-	4,843,226
Administrative	3,744,635	-	3,744,635
Non-Student Based	8,273,527	-	8,273,527
Community Service	162,434	-	162,434
Debt Service	4,664,322	-	4,664,322
Total Expenses	<u>48,137,002</u>	<u>-</u>	<u>48,137,002</u>
Changes in Net Assets	<u>1,026,294</u>	<u>1,267,132</u>	<u>2,293,425</u>
Net Assets - Beginning of Year	<u>6,104,282</u>	<u>99,658</u>	<u>6,203,940</u>
Net Assets - End of Year	<u>\$ 7,130,576</u>	<u>\$ 1,366,790</u>	<u>\$ 8,497,365</u>

The accompanying notes to the financial statements
form an integral part of this statement.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

STATEMENT OF CASH FLOWS

For the Ten (10) Month Period Ended June 30, 2018

	2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School Program Payments	\$ 40,890,352
Grant Payments - Federal Programs	4,339,028
Local Sources	1,376,594
Interest Revenue	174,114
Interest Expense	(4,664,321)
Payments to Vendors for Goods and Services Rendered	(10,626,800)
Payments to Charter School Personnel for Services Rendered & for Benefits	(28,480,223)
Net Cash Provided by Operating Activities	3,008,744
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Capital Leases	(52,122)
Net Cash Used by Financing Activities	(52,122)
CASH FLOWS FROM INVESTING ACTIVITIES	
Furniture and Equipment Purchased	(543,566)
Net Cash Used by Investing Activities	(543,566)
Net Increase in Cash and Cash Equivalents	2,413,056
Cash and Restricted Cash, and Cash Equivalents at Beginning of Year	14,709,660
Cash and Restricted Cash, and Cash Equivalents at Ending of Period	\$ 17,122,716
RECONCILIATION OF CHANGE IN NET ASSET TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,293,425
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Net Cash Provided by Operating Activities	
Depreciation Expense	\$ 2,464,662
Amortization of Debt Issuance Cost and Premium/Discount on Bonds	61,003
(Increase) Decrease in Assets	
Due from State	(3,668,225)
Accounts Receivable	12,323
Inventory	5,563
Other Assets	181,641
Increase (Decrease) in Liabilities	
Accounts Payable	(460,619)
Accrued Wages Payable	835,893
Accrued interest	1,463,817
Other Liabilities	(21,705)
Due to State	(159,034)
Net Cash Provided by Operating Activities	\$ 3,008,744

The accompanying notes to the financial statements
form an integral part of this statement.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jubilee Academic Center, Inc., a Texas non-profit organization operating Texas charter schools, (Jubilee) were prepared in conformity with accounting principles generally accepted in the United States. The financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

In 2000, the State Board of Education of the State of Texas granted Jubilee 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, Jubilee Academic Center opened on September 13, 2000. Jubilee was organized to provide educational services to at-risk students and its programs, services, activities and functions are governed by no fewer than three (3) members of Jubilee's Board of Directors (the executive board). The Board of Directors is selected pursuant to the by-laws of Jubilee and has the authority to make decisions, appoint the chief executive officer of Jubilee, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of Jubilee.

The bylaws were amended on January 25, 2011 to provide for the creation of committees (school boards) by the president of the Board to perform the duties and functions assigned or delegated in furtherance of the Board objectives. Effective August 1, 2011 three such committees were created: the Jubilee Academic Center School Board, the Coastal Bend Charter District School Board, and the Rio Grande Valley Charter District School Board. The board president of the executive board is also the board president on each of the school boards.

The charter holder only operates ten (10) campuses charter schools and does not conduct any other charter or non-charter activities.

On August 31, 2018, the Texas Education Agency approved for Jubilee to amend its charter to change the fiscal year end from August 31 to June 30 effective beginning September 1, 2017, to June 30, 2018.

Income Taxes

Jubilee is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. No provision for income taxes has been made in the financial statements. Income tax filings are up to date. Jubilee is subject to routine audits by taxing jurisdictions; however, there are no audits in progress. Jubilee believes it is no longer subject to income tax examinations for years ending prior to 2015.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The accounting system is organized under the Special Supplement to Financial Accounting and Reporting – Non Profit Charter School Chart of Accounts, a module of the Texas Education Agency Financial Accountability Resource Guide.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of Jubilee and changes therein are classified and reported as follows:

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

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

Permanently Restricted – permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund annual operations. As of June 30, 2018, Jubilee did not hold any assets that were designated as permanently restricted.

Cash and Cash Equivalents

For financial statement purposes, Jubilee considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that have been earmarked for specific purposes are classified as restricted cash on the statement of financial position because they are maintained in a separate bank account and not available for general operations.

Inventories

The School reports food items as inventory on the balance sheet that were not consumed as of June 30, 2018

Contributions

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-55, (formerly SFAS No. 117), Financial Statements of Not-For-Profit Organizations. Under ASC 958-205-55, the Agency 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. Jubilee did not receive any permanently restricted contributions in the current year.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Grant Funds

Grant funds are considered to be earned when eligibility requirements have been met and 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.

State Revenues

Funds received are recognized as revenue in the period earned. The academic year for Jubilee typically begins several days before the beginning of the fiscal year (September 1). During these days expenses are incurred that relate directly to revenues received in the following year. In addition, receivables/payables to the State are recognized based on the near final summary of finances report.

Property and Equipment

Property and Equipment, which include buildings and improvements, furniture and equipment, and other personal property, are reported in the financial statements. Property and equipment are defined by Jubilee as assets with an individual cost of more than \$5,000. Such assets are recorded as historical cost. 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. Property and equipment are being depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Vehicles	5 Years
Furniture	5 Years
Buildings & Improvement	39 Years
Computers	5 Years

Estimates

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

Debt Issuance Cost

The bond payable issuance costs are amortized over the life of the debt using the straight-line method.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

2. CASH AND INVESTMENTS

As of June 30, 2018, cash and cash equivalents consisted of:

Unrestricted	
Cash in Bank	\$ 3,140,325
Cash on Hand	5
Cash Equivalents	
TexPool Investment Pool	1,219,935
Certificate of Deposit	500,000
Money Market Funds	519,628
Total Unrestricted	\$ 5,379,893
Restricted	
Cash in Bank	\$(2,816)
Cash – Jubilee Foundation	45,099
TexPool Investment Pool	7,493,924
Money Market Fund – Debt Service	3,861,107
Money Market Fund – Construction	345,509
Total Restricted	\$ 11,742,823
Total	\$ 17,122,716

Deposits

At June 30, 2018, the carrying amount of the Jubilee's deposits was \$17,122,716 and the bank balance was \$17,255,795. All deposits are adequately insured with FDIC coverage and pledged collateral at June 30, 2018.

At June 30, 2018, the carrying amount for the Jubilee Academic foundation account from BBVA Compass was \$45,099 and the bank balance was \$45,445.

Investments

State statutes govern Jubilee's investment policies. State authorized investments include obligations of the U.S. Treasury and U.S. Government agencies, commercial paper and repurchase agreements. Realized and unrealized gains and losses on investments are reported as investment income. Investments are valued at fair value.

Credit Risk – Jubilee's investment policy requires that obligations of other governments be rated by a nationally recognized rating firm no less than A rated, and that mutual funds be rated no less than AAA. Jubilee's money market funds are rated Aaa (Moody's) and AAAm (S&P).

Interest Rate Risk – As required by state law and Jubilee's investment policy, investments in obligations are limited to having maturities at the date of purchase of no more than 10 years.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

2. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk – Jubilee places no limit on the amount they may invest in any one issuer. At year end Jubilee's total investments are held in governmental investment pools, certificates of deposits, money market, and restricted debt accounts. Jubilee is in compliance with the Texas Public Funds Investment Act.

3. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 are comprised as follows:

Land	\$	500,000
Buildings and Improvements		104,052,924
Vehicles		178,022
Furniture and Equipment		789,644
Total Property and Equipment		105,520,590
Accumulated Depreciation		(5,866,873)
Property and Equipment Net of Accumulated Depreciation	\$	99,653,717

Depreciation expense for the period ended June 30, 2018 was \$2,464,662.

4. OWNERSHIP IN PROPERTY AND EQUIPMENT

Property and equipment acquired with public funds received by Jubilee for the operation of Jubilee Academic Center, Inc. constitute public property pursuant to Chapter 12 of the Texas Education Code.

	Ownership Interest	
	State	Federal
Land	\$ 500,000	\$ -
Buildings and Improvements	103,996,700	56,223
Vehicles	168,854	9,169
Furniture and Equipment	607,052	182,592
Total Property and Equipment	\$ 105,272,606	\$ 247,984

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

5. OPERATING LEASES

A. SCHOOL BUILDING LEASES

Jubilee had commitments under thirteen operating leases for various school buildings. Lease terms for all leases were from one to three years. Rent expense for the various leases was \$749,401 and utilities and other costs (garbage disposal, improvements, etc.) under the leases were \$165,127.

Future minimum lease payments at June 30, 2018 were as follows:

Year	Amount
2019	\$ 899,281
2020	899,281
2021	899,281
	<u>\$ 2,697,843</u>

B. TECHNOLOGY EQUIPMENT LEASES

On November 20, 2014, Jubilee entered into three operating lease agreements for various technology and network communication equipment. All three leases have a five-year term consisting of 20 quarterly payments. Lease expenses for the equipment in 2018 was \$ 219,778

Future minimum lease payments as of June 30, 2018 are as follows:

Year	Amount
2019	\$ 219,778
2020	54,944
	<u>\$ 274,722</u>

On November 1, 2016, Jubilee entered into an operating lease agreement for various technology and network communication equipment. The lease has a five-year term consisting of 20 quarterly payments. Lease expenses for the equipment in 2018 was \$53,306

Future minimum lease payments as of June 30, 2018 are as follows:

Year	Amount
2019	\$ 71,074
2020	71,074
2021	71,074
2022	35,537
	<u>\$ 248,759</u>

On December 28, 2016, Jubilee entered into an operating lease agreement for various technology and network communication equipment. The lease has a one-year term consisting of 12 payments. Lease expenses for the equipment in 2018 was \$ 9,834

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

5. OPERATING LEASE (Continued)

On November 1, 2016, Jubilee entered into an operating lease agreement for various technology and network communication equipment. The lease has a three-year term consisting of 36 payments. Lease expenses for the equipment in 2018 was \$62,549.

Future minimum lease payments as of June 30, 2018 are as follows:

Year	Amount
2019	\$ 83,398
2020	41,699
	<u>\$ 125,097</u>

6. SCHEDULE OF EXPENSES

The following schedule shows expenses of Jubilee for the ten (10) month period ended June 30, 2018.

6100 Payroll Costs	\$ 29,128,095
6200 Professional and Contracted Services	7,246,773
6300 Supplies and Materials	3,302,960
6400 Other Operating Costs	3,794,852
6500 Debt	4,664,322
Total Expenses	<u>\$ 48,137,002</u>

The following schedule shows expenses of Jubilee by function code for the ten (10) month period ended June 30, 2018.

Expenses	
11 Instructional	\$ 20,643,367
12 Instructional and Media Services	67,482
13 Curriculum Development and Instructional Staff Development	2,397,928
21 Instructional Leadership	216,034
23 School Leadership	3,124,048
31 Guidance, Counseling and Evaluation Services	580,418
33 Health Services	369,255
34 Student Transportation	202,679
35 Food Services	2,742,714
36 Cocurricular/Extracurricular Activities	948,161
41 General Administration	3,234,210
51 Plant Maintenance and Operations	7,965,215
52 Security and Monitoring Services	308,311
53 Data Processing Services	510,424
61 Community Services	162,434
71 Debt Services	4,664,322
Total Expenses	<u>\$ 48,137,002</u>

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

7. PENSION PLAN OBLIGATIONS

Plan Description

The Charter School contributes to the Teacher Retirement System of Texas (the System), 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 Charter School, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System 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. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 223-8778. Payments made by the State on behalf of the Charter School are not reflected in the accompanying financial statements. All employees of the Charter School were covered by the System for the ten (10) month period ended June 30, 2018.

Funding Policy

Under provisions in state law, plan members and the State are each required to contribute 7.7% and 6.8% of their annual covered salary, respectively; and, in certain instances, the School is required to make all or a portion of the member's contribution and on the portion of the employees' salaries that exceed the statutory minimum. Jubilee employees contributed to TRS for the period ended June 30, 2018 \$2,044,675. The State also contributes to TRS on behalf of charter school employees; however, these contributions are not recognized in the School's financial statements under FASB accounting. The School's contributions to the Plan did not represent more than 5% of the total contributions to the Plan. There have been no changes that would affect the comparison of employer contributions from year to year.

	Contribution Rates	
	2017	2018
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Legal Name of Plan	Texas Retirement System of Texas
Plan's Employer Identification Number	N/A
Total Plan Assets	\$165,379,342,000
Accumulated Benefit Obligations	\$179,336,535,000
Percentage Plan was Funded	80.5 % funded
Expiration Date of Collective-Bargaining Agreement	N/A
Funding Improvement Plan or Rehabilitation Plan Implemented or Pending	N/A
Employer Contributions Made for the Non-OASDI Participating Surcharge	\$367,235

Information per 08/31/2017 TRS CAFR

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

8. LONG TERM DEBT

Description	Balance Outstanding 9/1/2017	Issued Current Year	Retired Current Year	Balance Outstanding 06/30/2018	Amounts Due Within One Year
Capital Lease (Original Athlos)	\$ 137,882	\$ -	\$ 59,382	\$ 78,500	\$ 62,407
Capital Lease (Premier)	100,326	-	16,201	84,125	22,562
Capital Lease (Apple #426337)	-	25,976	8,080	17,896	8,645
Capital Lease (Apple #426340)	-	83,454	26,911	56,543	27,808
Capital Lease (Apple #426274)	60,974	-	21,674	39,300	27,409
Capital Lease (Apple #426244)	72,747	-	29,304	43,443	37,058
Costs of Debt Issuances	(2,777,161)	-	(78,758)	(2,698,403)	-
Premiums and Discounts	272,347	-	17,755	254,592	9,078
Bond – Series 2016	73,650,000	-	-	73,650,000	1,300,000
Bond – Series 2017	39,270,000	-	-	39,270,000	-
Total	\$ 110,787,115	\$ 109,430	\$ 100,549	\$110,795,996	\$ 1,494,967

Series 2016 Bond: On October 27, 2016, Jubilee Academic Center (the “School”) issued \$73,650,000 of Education Revenue Bonds, Series 2016. Per the Limited Offering Memorandum, the proceeds from the sale of the Bonds will be loaned by the “Issuer” (a public nonprofit corporation created by the Town of New Hope, Texas) to the “Company” (a Texas nonprofit corporation and a 501(c)(3) organization with an open-enrollment charter granted pursuant to Chapter 12 of the Texas Education Code, Jubilee Academic Center, Inc.) for the purposes of (a) refinancing certain prior indebtedness of the Company, (b) exercising certain purchase options to purchase certain of the Company’s leased facilities, (c) funding a debt service reserve fund for the Bonds, and (d) paying certain of the costs of issuing the Bonds.

Covenants Debt Service Coverage. The Company covenants to maintain a Debt Service Coverage Ratio of at least 1.1:1.0 for the ten (10) month period ended June 30, 2018 and for each Fiscal Year thereafter until the Bonds are paid in full as evidence by the Company’s audited financial statements for each such Fiscal Year. Jubilee is in compliance with such requirements.

Liquidity. Per the Bond covenant, Jubilee’s Days Cash on Hand is obtained by multiplying 365 by the quotient determined by dividing (a) cash equivalents, and liquid investments, (b) the total expenses of Jubilee plus interest expense on debt, in each case for the prior fiscal year. Jubilee’s covenant to maintain-not less than forty (40) Days cash on hand for the ten (10) month period ended June 30, 2018. Jubilee is in compliance with such requirements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

8. LONG TERM DEBT (Continued)

June 30,	Principal on Series 2016A Tax Exempt Bonds	Principal on Series 2016B Taxable Bonds	Total Debt Service
2019	\$ 965,000	\$ 335,000	\$ 1,300,000
2020	1,350,000	-	1,350,000
2021	1,395,000	-	1,395,000
2022	1,445,000	-	1,445,000
2023	1,495,000	-	1,495,000
2024-2028	8,410,000	-	8,410,000
2029-2033	10,550,000	-	10,550,000
2034-2038	13,455,000	-	13,455,000
2039-2043	17,160,000	-	17,160,000
2044-2047	17,090,000	-	17,090,000
Total	\$ 73,315,000	\$ 335,000	\$ 73,650,000

Series 2017 Bond: On May 31, 2017, Jubilee Academic Center (the "School") issued \$39,270,000 of Education Revenue Bonds, Series 2017. Per the Limited Offering Memorandum, the proceeds from the sale of the Bonds will be loaned by the Issuer to the Company for the purposes of (a) financing or refinancing the costs of acquiring, constructing and equipping of a new campus to house Alamo Leadership Academy (the "ALA Campus"), (b) exercising a certain purchase option to purchase the Athlos Leadership Academy – Premier campus (the "Premier Campus") that is being leased to the Company, (c) funding a debt service reserve fund for the Bonds, and (d) paying certain of the costs of issuing the Bonds.

Covenants Debt Service Coverage. The Company covenants to maintain a Debt Service Coverage Ratio of at least 1.1:1.0 for the ten (10) month period ended ending June 30, 2018 and for each Fiscal Year thereafter until the Bonds are paid in full as evidenced by the Company's audited financial statements for each such Fiscal Year. Jubilee is in compliance with such requirements.

Liquidity: Per the Bond covenant, Jubilee's Days Cash on Hand is obtained by multiplying 365 by the quotient determined by dividing (a) cash equivalents, and liquid investments, (b) the total expenses of Jubilee plus interest expense on debt, in each case for the prior fiscal year. Jubilee's covenant to maintain-not less than forty (40) Days cash on hand for the ten (10) month period ended June 30, 2018. Jubilee is in compliance with such requirements.

June 30,	Principal on Series 2017A Tax Exempt Bonds	Principal on Series 2017B Taxable Bonds	Total Debt Service
2019	\$ -	\$ -	\$ -
2020	120,000	280,000	400,000
2021	710,000	-	710,000
2022	735,000	-	735,000
2023	765,000	-	765,000
2024-2028	4,305,000	-	4,305,000
2029-2033	5,390,000	-	5,390,000
2034-2038	6,870,000	-	6,870,000
2039-2043	8,795,000	-	8,795,000
2044-2047	11,300,000	-	11,300,000
Total	\$ 38,990,000	\$ 280,000	\$ 39,270,000

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

8. LONG TERM DEBT (Continued)

Capital Lease

On November 20, 2014, Jubilee entered into three master lease/purchase agreements in the original amount of \$286,756 with Presidio Technology Capital for the purchase of information technology infrastructure equipment. The leases are payable over five (5) years in twenty (20) quarterly payments of \$16,294. The lease agreements contain a bargain purchase option that allows Jubilee to purchase the equipment at the end of the lease term for \$1.

The technology infrastructure equipment is included in capital assets as property under capital lease in the amount of \$286,756 and the related amortization is included in accumulated depreciation/amortization in the amount of \$219,846.

Future minimum payments on the capital leases payable at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 62,407	\$ 3,281	\$ 65,688
2020	16,093	468	16,561
Total	\$ 78,500	\$ 3,749	\$ 82,249

Interest paid relating to capital lease for the ten (10) month period ended June 30, 2018 totaled \$5,012.

On January 1, 2017, Jubilee entered into a master lease/purchase agreement in the original amount of \$115,934 with Presidio Technology Capital for the purchase of information technology infrastructure equipment. The leases are payable over five (5) years in twenty (20) quarterly payments of \$6,587. The lease agreements contain a bargain purchase option that allows the Jubilee to purchase the equipment at the end of the lease term for \$1.

The technology infrastructure equipment is included in capital assets as property under capital lease in the amount of \$115,934 and the related amortization is included in accumulated depreciation/amortization in the amount of \$42,509.

Future minimum payments on the capital leases payable at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 22,562	\$ 3,788	\$ 26,350
2020	23,712	2,638	26,350
2021	24,920	1,430	26,350
2022	12,931	243	13,174
Total	\$ 84,125	\$ 8,099	\$ 92,224

Interest paid relating to capital lease for the ten (10) month period ended June 30, 2018 totaled \$3,561.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

8. LONG TERM DEBT (Continued)

On December 1, 2016, Jubilee entered into a master lease/purchase agreement in the original amount of \$79,617 with Apple Inc. for the purchase of personal computers and other information technology equipment. The leases are payable over three (3) years in thirty-six (36) monthly payments of \$2,412. The lease agreements contain a bargain purchase option that allows Jubilee to purchase the equipment at the end of the lease term for \$1.

The technology infrastructure equipment is included in capital assets as property under capital lease in the amount of \$79,617 and the related amortization is included in accumulated depreciation/amortization in the amount of \$48,655.

Future minimum payments on the capital leases payable at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 27,409	\$ 1,539	\$ 28,948
2020	11,891	171	12,062
Total	\$ 39,300	\$ 1,710	\$ 41,010

Interest paid relating to capital lease for the ten (10) month period ended June 30, 2018 totaled \$2,449.

On September 1, 2016, Jubilee entered into a master lease/purchase agreement in the original amount of \$106,119 with Apple Inc. for the purchase of personal computers and other information technology equipment. The leases are payable over three (3) years in thirty-six (36) monthly payments of \$3,215. The lease agreements contain a bargain purchase option that allows Jubilee to purchase the equipment at the end of the lease term for \$1.

The technology infrastructure equipment is included in capital assets as property under capital lease in the amount of \$106,119 and the related amortization is included in accumulated depreciation/amortization in the amount of \$64,851.

Future minimum payments on the capital leases payable at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 37,058	\$ 1,526	\$ 38,584
2020	6,385	46	6,431
Total	\$ 43,443	\$ 1,572	\$ 45,015

Interest paid relating to capital lease for the ten (10) month period ended June 30, 2018 totaled \$2,848.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

8. LONG TERM DEBT (Continued)

On November 1, 2017, Jubilee entered into a master lease/purchase agreement in the original amount of \$25,976 with Apple Inc. for the purchase of personal computers and other information technology equipment. The leases are payable over three (3) years in three (3) yearly payments of \$9,898. The lease agreements contain a bargain purchase option that allows Jubilee to purchase the equipment at the end of the lease term for \$1.

The technology infrastructure equipment is included in capital assets as property under capital lease in the amount of \$25,976 and the related amortization is included in accumulated depreciation/amortization in the amount of \$5,772.

Future minimum payments on the capital leases payable at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 8,645	\$ 1,441	\$ 10,086
2020	9,251	1,065	10,316
Total	\$ 17,896	\$ 2,506	\$ 20,402

Interest paid relating to capital lease for the ten (10) month period ended June 30, 2018 totaled \$1,212.

On December 1, 2017, Jubilee entered into a master lease/purchase agreement in the original amount of \$83,454. with Apple Inc. for the purchase of personal computers and other information technology equipment. The leases are payable over three (3) years in three (3) yearly payments of \$29,693. The lease agreements contain a bargain purchase option that allows Jubilee to purchase the equipment at the end of the lease term for \$1.

The technology infrastructure equipment is included in capital assets as property under capital lease in the amount of \$83,454 and the related amortization is included in accumulated depreciation/amortization in the amount of \$16,227.

Future minimum payments on the capital leases payable at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 27,808	\$ 2,259	\$ 30,067
2020	28,735	1,744	30,479
Total	\$ 56,543	\$ 4,003	\$ 60,546

Interest paid relating to capital lease for the ten (10) month period ended June 30, 2018 totaled \$1,623.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

9. COMMITMENTS AND CONTINGENCIES

Jubilee receives funds through the 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 Jubilee have should state or federal auditors discover areas on noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

10. HEALTHCARE COVERAGE

During the ten (10) month period ended June 30, 2018, employees of Jubilee were covered by a health insurance plan (the plan). Jubilee contributed \$276 per month, per employee, respectively to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

11. RELATED PARTY AND COMMON CONTROL

For the ten (10) month period ended June 30, 2018, Jubilee Academic Center, Inc. had a board member who was paid a salary for services as Director of Administration in the amount of \$149,051.

The Jubilee Academic Foundation (the "Foundation"), a not-for-profit entity was organized to provide support to Jubilee School parent teacher organizations. The members of the Foundation Board are comprised of appointees by Jubilee's Board. The Foundations assets and liabilities are included in Jubilee's financial statements as cash and other liabilities. The Foundations cash balance at June 30, 2018 was \$45,099.

12. LEGAL PROCEEDINGS

From time to time Jubilee is a defendant in legal proceedings relating to its operations as a Charter District. In the best judgment of Jubilee's management, there are presently no legal proceedings. Accordingly, no provisions for losses have been recorded in the accompanying financial statements for such contingencies.

13. SHARED SERVICES ARRANGEMENT

During the current year, Jubilee Academic Center, Inc. (Jubilee) was a member of the San Antonio Charter Schools Special Education Co-op and shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, Jubilee received special education (IDEA B Formula) services in the amount of \$409,384 as reported to Jubilee by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, Jubilee has accounted for the special education expenditures within their financial statements.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Ten (10) Month Period Ended June 30, 2018

14. SUBSEQUENT EVENTS

The School has evaluated any potential subsequent events through November 9, 2018, the date of the audit report, and has determined that no additional subsequent events have occurred.

REQUIRED SUPPLEMENTARY INFORMATION

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

Budgetary Comparison Schedule

Year Ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE BUDGET/ACTUAL
	ORIGINAL	FINAL		
REVENUES				
5811/5812 FSP-ADA Revenue	\$ 46,892,305	\$ 43,386,174	\$ 44,680,095	\$ 1,293,921
5751 Food Service Activity	175,000	235,000	230,088	(4,912)
5750 Other Local Revenue	594,413	823,000	622,091	(200,909)
5829 School Lunch Matching State	13,988	13,988	13,787	(201)
5921 Food, National Breakfast Program	597,066	553,000	551,209	(1,791)
5922 Food, National Lunch Program	1,806,884	1,813,000	1,795,867	(17,133)
5923 USDA Donate Commodities	117,389	60,000	183,380	123,380
5929 Summer Food Service	-	-	-	-
5929 Federal Grant	2,063,114	2,144,933	1,949,711	(195,222)
5829 State Grant	915,567	475,000	404,199	(70,801)
Total Revenue	53,175,726	49,504,095	50,430,427	926,332
EXPENSES				
11 Instructional	24,411,589	21,244,933	20,643,367	601,566
12 Instructional and Media Services	83,299	75,000	67,482	7,518
13 Curriculum Development and Inst. Staff Development	2,224,519	2,390,000	2,397,928	(7,928)
21 Instructional Leadership	271,570	230,000	216,034	13,966
23 School Leadership	3,772,545	3,345,000	3,124,048	220,952
31 Guidance, Counseling and Evaluation	819,294	600,000	580,418	19,582
33 Health Services	425,278	380,000	369,255	10,745
34 Student Transportation	130,958	222,000	202,679	19,321
35 Food Service	2,695,327	2,855,000	2,742,714	112,286
36 Cocurricular Extracurricular Activities	811,853	1,000,000	948,161	51,839
41 General Administration	3,443,363	3,365,000	3,234,210	130,790
51 Plant Maintenance and Monitoring Services	9,063,160	8,635,000	7,965,215	669,785
52 Security and Monitoring Services	316,338	350,000	308,311	41,689
53 Data Processing Services	635,168	530,000	510,424	19,576
61 Community Services	142,690	167,000	162,434	4,567
71 Debt Service	5,592,810	4,700,000	4,664,322	35,678
Total Expenses	54,839,761	50,088,933	48,137,002	1,951,931
Change in Net Assets	\$ (1,664,035)	\$ (584,838)	\$ 2,293,425	\$ 2,878,263

COMMENTS ON BUDGET VARIANCES - UNAUDITED

Explanation of expenditures variances exceeding 10% for final budget to actual:
N/A

Explanations of expenditures variances exceeding 10% for original budget to final budget:

- 11 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.
- 12 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.
- 21 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.
- 23 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.
- 31 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.
- 33 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.
- 34 Increase was attributed to purchase of school buses.
- 36 There was an increase in extra curricular activities during the year. Additional payroll expenses were incurred.
- 52 Increase was attributed to additional security infrastructure upgrades at campuses.
- 53 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.
- 61 Increase was due to additional staff added as Parent Liaisons.
- 71 Original Budget exceeded Final Budget due to change in fiscal year to June 30th. original budget was based on 12 months and final budget based on 10 months.

COMPLIANCE AND INTERNAL CONTROL

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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
Jubilee Academic Center, Inc.
San Antonio, 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 Jubilee Academic Center, Inc. (a non-profit organization) (Jubilee) which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, and cash flows for the ten (10) month period ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Jubilee'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.

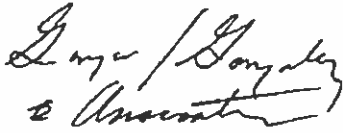
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Jubilee'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 black ink, appearing to read "George Gonzalez" with a stylized flourish underneath.

November 9, 2018

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
Jubilee Academic Center, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Jubilee Academic Center, Inc. (Jubilee's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jubilee's major federal programs for the ten (10) month period ended June 30, 2018. Jubilee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jubilee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jubilee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jubilee's compliance.

Opinion on Each Major Federal Program

In our opinion, Jubilee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the ten (10) month period ended June 30, 2018.

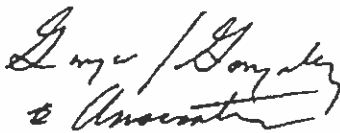
Report on Internal Control Over Compliance

Management of Jubilee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jubilee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jubilee's internal control over compliance.

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

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

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



George Gonzalez
CPA

November 9, 2018

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Ten (10) Month Period Ended June 30, 2018

SECTION I -- SUMMARY OF AUDITOR'S RESULTS

<i>Financial Statements</i>		
Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting: • Material weakness (es) identified?	<u> </u> Yes	<u>X</u> No
• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u>X</u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u>X</u> No

<i>Federal Awards</i>		
Internal control over major programs: • Material weakness (es) identified?	<u> </u> Yes	<u>X</u> No
• Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u>X</u> None Reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR, Section. 200.516(a)?	<u> </u> Yes	<u>X</u> No

<i>Identification of Major Programs</i>		
CFDA Numbers(s)	Name of Federal Program or Cluster	
10.553 10.555 10.559	Child Nutrition Cluster: School Breakfast Program National School Lunch Program Summer Food Service Program	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	<u>X</u> Yes	<u> </u> No

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Ten (10) Month Period Ended June 30, 2018

SECTION II --- FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Ten (10) Month Period Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

JUBILEE ACADEMIC CENTER
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Ten (10) Month Period Ended June 30, 2018

DATA CONTROL		FEDERAL CFDA	FEDERAL
CODES	PROGRAM TITLE	NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
211	Passed Through State Department of Education ESEA Title I Part A- Improving Basic Programs	84.010A	\$ 1,212,602
211	Passed Through State Department of Education ESEA Title I 1003(A)- Priority and Focus Grant	84.010A	113,029
212	ESEA Title I Part C- Education of Migratory Children	84.011A	2,618
224	IDEA Part B, Formula, FY 18	84.027	409,384
255	ESEA Title II Part A- Teacher & Principal Training & Recruiting	84.367A	135,549
263	Title III, Part A-Immigrant	84.365A	52,534
289	ESEA Title IV Part A- Teacher & Principal Training	84.367A	23,995
	Total Passed Through State Department of Education		<u>1,949,711</u>
	TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,949,711</u>
U.S. DEPARTMENT OF AGRICULTURE			
240	Passed Through State Department of Education School Breakfast Program*	10.553	551,209
240	National School Lunch Program *	10.555	1,795,867
240	USDA Donated Commodities	10.559	<u>183,380</u>
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>2,530,456</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 4,480,167</u>

*Indicates clustered program under OMB compliance Supplement

JUBILEE ACADEMIC CENTER, INC.
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Ten (10) Month Period Ended June 30, 2018

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jubilee Academic Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The expenditures for the nutrition cluster are reported to the extent of program reimbursements.