

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)
AND
SUPPLEMENTAL SCHEDULES REQUIRED
BY *THE UNIFORM GUIDANCE*
FOR THE YEAR ENDED
JUNE 30, 2017**

ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS AND SCHOOL AFFILIATES

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**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alliance for College-Ready Public Schools and School Affiliates

Report on the Financial Statements

We have audited the accompanying combined financial statements of Alliance for College-Ready Public Schools and its combined school affiliates ("Alliance"), which comprise the combined statement of financial position as of June 30, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements (collectively, 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 audits. We conducted our audits 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, and the Education Audit Appeals Panel's *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 Alliance'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 Alliance'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 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 Alliance for College-Ready Public Schools and its combined school affiliates as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of financial position, statements of activities, and schedule of expenditures of federal awards, as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") is presented for purposes of additional analysis and is not a required part of the financial statements. Further, the supplementary information is presented for the purposes of additional analysis as required by the Education Audit Appeals Panel's *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017 on our consideration of Alliance'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 the effectiveness of the Alliance'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 Alliance's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Alliance for College-Ready Public Schools and its combined school affiliates' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Singer Lewak LLP".

December 14, 2017

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016**

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 73,463,840	\$ 58,428,886
Contribution receivable, current portion	1,399,910	1,195,000
Related party receivable, current portion	333,333	675,113
Public funding receivables	12,273,235	14,754,967
Assets limited as to use, current portion	48,844,576	24,741,886
Prepaid expenses and other current assets	2,218,196	2,982,519
Total current assets	138,533,090	102,778,371
Noncurrent assets		
Contribution receivable, net of current portion	1,070,500	2,434,410
Notes receivable	22,885,256	22,935,589
Deferred rent receivable	834,483	797,356
Assets limited as to use, noncurrent portion	39,276,507	16,028,275
Other long-term assets	339,046	332,963
Property and equipment, net	243,439,618	226,034,335
Total noncurrent assets	307,845,410	268,562,928
Total assets	\$ 446,378,500	\$ 371,341,299
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 12,926,461	\$ 12,319,454
Deferred revenue	235,448	2,023,150
Long-term debt, current portion	5,268,033	5,293,410
Total current liabilities	18,429,942	19,636,014
Noncurrent liabilities		
Long-term debt, noncurrent portion, net	291,282,894	216,883,986
Liability for asset retirement obligation	326,248	310,801
Deferred rent liability	179,331	188,138
Total noncurrent liabilities	291,788,473	217,382,925
Total liabilities	310,218,415	237,018,939
Net assets		
Unrestricted	124,566,702	123,823,820
Temporarily restricted	11,593,383	10,498,540
Total net assets	136,160,085	134,322,360
Total liabilities and net assets	\$ 446,378,500	\$ 371,341,299

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
Year Ended June 30, 2017
(Summarized Totals for the Year Ended June 30, 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
Revenue and support				
Federal revenue	\$ 16,563,093	\$ 2,647,741	\$ 19,210,834	\$ 21,409,598
State revenue	121,464,952	2,969,178	124,434,130	119,336,657
Local revenues	25,708,157	-	25,708,157	21,948,281
Private grants and contributions	3,560,892	893,961	4,454,853	12,779,582
Rental income	469,805	-	469,805	486,636
Other school revenues	939,575	-	939,575	1,036,218
Interest and other income	2,901,365	-	2,901,365	8,117,822
Net assets released from restrictions	5,416,037	(5,416,037)	-	-
Total revenue and support	<u>177,023,876</u>	<u>1,094,843</u>	<u>178,118,719</u>	<u>185,114,794</u>
Functional expenses				
Program services	164,706,985	-	164,706,985	149,501,493
Support services				
General and administrative	10,437,249	-	10,437,249	12,179,283
Fundraising	1,136,760	-	1,136,760	1,126,649
Total functional expenses	<u>176,280,994</u>	<u>-</u>	<u>176,280,994</u>	<u>162,807,425</u>
Change in net assets	742,882	1,094,843	1,837,725	22,307,369
Net assets, beginning of year	<u>123,823,820</u>	<u>10,498,540</u>	<u>134,322,360</u>	<u>112,014,991</u>
Net assets, end of year	<u>\$ 124,566,702</u>	<u>\$ 11,593,383</u>	<u>\$ 136,160,085</u>	<u>\$ 134,322,360</u>

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017
(Summarized Totals for the Year Ended June 30, 2016)**

	Program Services	Support Services		2017 Total	2016 Total
		General and Administrative	Fundraising		
Salaries and services					
Salaries	\$ 77,247,026	\$ 4,958,455	\$ 607,197	\$ 82,812,678	\$ 76,635,955
Benefits and payroll taxes	18,531,895	905,471	122,284	19,559,650	17,447,108
Total salaries and benefits	95,778,921	5,863,926	729,481	102,372,328	94,083,063
Operating expenses					
Books and supplies	16,699,921	213,031	17,028	16,929,980	15,492,501
Depreciation and amortization	9,169,495	198,696	17,278	9,385,469	9,771,163
Facilities, repairs and other leases	5,206,358	780,019	26,929	6,013,306	5,049,398
Interest	12,980,063	9,581	-	12,989,644	12,178,061
Operations and housekeeping	9,078,333	1,311,920	183,392	10,573,645	8,951,079
Professional and consulting services	10,476,548	2,059,267	162,652	12,698,467	12,762,046
Pupil services	5,317,346	809	-	5,318,155	4,520,114
Total operating expenses	68,928,064	4,573,323	407,279	73,908,666	68,724,362
Total expenses	\$ 164,706,985	\$ 10,437,249	\$ 1,136,760	\$ 176,280,994	\$ 162,807,425

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 1,837,725	\$ 22,307,369
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,688,035	9,771,161
Amortization of deferred financing costs and bond discount costs	697,434	577,349
Accretion expense	15,447	15,525
Gain on settlement of long-term debt	-	5,166,114
Gain from disposal of land	(1,025,766)	-
Decrease (increase) in:		
Grants, contributions and pledges receivable	1,159,000	(685,054)
Related party receivable	341,780	2,843,014
Public funding receivables	2,481,732	(1,830,969)
Prepaid expenses and other current assets	764,323	(644,528)
Deferred rent receivable	(37,127)	(47,272)
Other long-term assets	(6,083)	(80,903)
Increase (decrease) in:		
Accounts payable and accrued expenses	607,007	2,054,676
Deferred revenue	(1,787,702)	(2,515,603)
Deferred rent liability	(8,807)	7,984
	<u>13,726,998</u>	<u>36,938,863</u>
Cash flows from investing activities		
Purchases of property and equipment	(31,305,152)	(33,902,701)
Proceeds from sale of property and equipment	6,237,600	-
Proceeds from notes receivable	50,333	14,790,894
	<u>(25,017,219)</u>	<u>(19,111,807)</u>
Cash flows from financing activities		
Transfers to assets limited as to use	(47,350,922)	(1,316,684)
Principal payments on long-term debt	(15,564,978)	(32,444,401)
Proceeds from long-term debt	89,241,075	21,635,830
Payments to related party	-	(300,000)
Payments on capital lease obligations	-	(2,730,434)
	<u>26,325,175</u>	<u>(15,155,689)</u>
Net cash provided by (used in) provided by financing activities		
	<u>13,726,998</u>	<u>36,938,863</u>
Net increase in cash and cash equivalents	15,034,954	2,671,367
Cash and cash equivalents, beginning of year	<u>58,428,886</u>	<u>55,757,519</u>
Cash and cash equivalents, end of year	<u>\$ 73,463,840</u>	<u>\$ 58,428,886</u>
Supplemental schedule of noncash investing and financing activities		
Deferred financing costs acquired through issuance of long-term debt	<u>\$ 1,901,011</u>	<u>\$ 192,896</u>
Schedule of supplemental cash flow information		
Cash paid for interest	<u>\$ 12,500,670</u>	<u>\$ 7,155,042</u>

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – ORGANIZATION

Alliance for College-Ready Public Schools (“Alliance”) is a nonprofit charter management organization committed to creating high-performance, small, college-ready middle schools and high schools in California. Alliance has had a local presence, an extended history and credibility in the California market and education reform efforts since 1999. Alliance launched its mission to create small, high-performance charter schools in 2003.

The mission of Alliance is to open and operate a network of small, high-performing high schools and middle schools in low income communities in California with historically under-performing schools that will annually demonstrate student academic achievement growth, and graduate students ready for success in college.

Strategies to meet this goal are to create small schools with a consistent brand of rigorous curriculum and instruction in a personalized learning environment, students learning through real-world experiences, internships and parent and community engagement. Alliance’s goal is to open high schools of 500 to 600 students and middle schools of 375 to 450 students. The core measure of success is that all students enrolled for four years will pass the high school exit exam, students consistently enrolled in an Alliance high school for four years will graduate and 100% of students who graduate will be ready to successfully enter college.

In August 2004, the first Alliance high school opened its doors to the graduating class of 2012 (Alliance graduates are identified by the year they will graduate from a four-year college or university). As of June 30, 2017, there were seventeen Alliance high schools and ten middle schools in operation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Alliance’s financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classes of Net Assets

Alliance reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets. Alliance did not have any permanently restricted net assets at June 30, 2017 and 2016.

- Unrestricted net assets are either not restricted by donors or the donor-imposed restrictions have expired.
- Temporary restricted net assets are contain contributor imposed restricted that permits Alliance to use or expend the net assets as specified as the restrictions are satisfied either by the passage of time or by action of Alliance.
- Permanently restricted net assets (“endowment funds”) contain donor-imposed restrictions that stipulate that resources must be maintained in perpetuity. Income from permanently restricted investments is recorded as unrestricted, except where the instructions of the donor specify otherwise.

Principles of Consolidation

The consolidated financial statements of the Alliance include the accounts of Alliance and its wholly-owned subsidiaries:

1. Alliance for College-Ready Public Schools
2. Alliance Schools R.E. Holdings LLC
3. 1918 Broadway Charter Financing LLC
4. 113 S. Rowan Charter Financing LLC
5. Alliance Community Impact LLC

The consolidated financial statements of the Alliance also include the accounts of the Alliance for College-Ready Public Schools Facilities Corporation and its wholly-owned subsidiaries:

1. Alliance Facilities Corporation
2. 54th Street Lions LLC
3. 5151 Titan LLC
4. 11410 Avalon LLC
5. 1918 Broadway Charter Facilities LLC
6. 4610 S. Main Street Charter Facilities LLC
7. 7907 Santa Fe Avenue Charter Facilities LLC

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation (Continued)

9. 5886 Compton Avenue Charter Facilities LLC
10. 1552 Rockwood Street Charter Facilities LLC
11. 49th And Main Charter Facilities LLC
12. 113 S. Rowan Charter Facilities LLC
13. 461 W. 9th Street Charter Facilities LLC
14. 2023 Union LLC
15. 11933 Allegheny Charter Facilities LLC
16. 1111 W. Manchester Charter Facilities LLC
17. 2071 HP Saturn LLC
18. 10704 Wilmington LLC
19. 9719 Main Street Charter Facilities LLC
20. 10101 Broadway Charter Facilities LLC
21. 70th Street Charter Facilities LLC

All twenty-five subsidiaries are set up for the purpose of holding and managing the real estate property built or acquired to house Alliance-affiliated schools. All material intercompany accounts and transactions of the consolidated subsidiaries have been eliminated in consolidation.

Principles of Combination

The combined financial statements include the consolidated financial statements of Alliance, Alliance for College-Ready Public Schools Facilities Corporation and its subsidiaries and the assets, liabilities, revenue and support, and expenses of the following Alliance-affiliated schools:

1. Alliance Gertz-Ressler / Richard Merkin 6–12 Complex
2. Alliance Collins Family College-Ready Academy High School
3. Alliance Judy Ivie Burton Technology Academy High School
4. Alliance Marc and Eva Stern Math and Science School,
5. Alliance Dr. Olga Mohan High School
6. Alliance Patti and Peter Neuwirth Leadership Academy
7. Alliance Ouchi – O’Donovan 6–12 Complex
8. Alliance Piera Barbaglia Shaheen Health Services Academy
9. Alliance Morgan McKinzie High School
10. Alliance Leichtman-Levine Family Foundation Environmental Science High School
11. Alliance Cindy and Bill Simon Technology Academy High School
12. Alliance Tennenbaum Family Technology High School
13. Alliance Susan and Eric Smidt Technology High School

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Combination (Continued)

14. Alliance Ted K. Tajima High School
15. Alliance Renee and Meyer Luskin Academy High School
16. Alliance Margaret M. Bloomfield Technology Academy High School
17. Alliance Alice M. Baxter College-Ready High School
18. Alliance Jack H. Skirball Middle School
19. Alliance College-Ready Middle Academy No. 4
20. Alliance College-Ready Middle Academy No. 5
21. Alliance College-Ready Middle Academy No. 8
22. Alliance Kory Hunter Middle School
23. Alliance Leadership Middle Academy
24. Alliance College-Ready Middle Academy No. 12 and
25. Alliance Marine – Innovation and Technology 6-12 Complex formally known as, Alliance 6-12 College-Ready Academy No. 21

All significant intercompany transactions have been eliminated in the combination.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, Alliance considers all cash and highly liquid investments with purchased maturities of three months or less and which are neither held for nor restricted by donors for long-term purposes to be cash equivalents.

Grants and Contributions and Promises to Give

Grants and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions for which the restriction has been satisfied in the same reporting period as the contribution was received are recorded as unrestricted support. Conditional contributions are recorded as support in the period the condition is met. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent. Promises to give for future contributions are recorded as receivables and reported at their estimated realizable values. Advances from exchange transactions are deferred until service is provided or expense incurred.

Public Funding Receivables

Public funding receivables consist primarily of monies due from federal, state and local funding sources. Alliance has not had issues with collectability of the public funding receivables and has not recognized an allowance for uncollectable receivables.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional Promise to Give

Alliance has received various conditional promises to give from foundations and other contributors, which are to support individual Alliance-affiliated school operations and the opening of ten new schools. As these grants and contributions are contingent upon the satisfaction of certain school and student performance goals, they are not yet recognized as assets in the combined statement of financial position.

Deferred Financing Costs

Costs incurred in obtaining long-term financing are amortized over the life of the bond using the effective interest rate method. Total financing costs incurred and deferred amounted to \$11,027,185 with \$2,987,023 related accumulated amortization as of June 30, 2017. Total financing costs incurred and deferred amounted to \$9,269,285 with \$2,432,700 related accumulated amortization as of June 30, 2016. Total amortization expense for the years ended June 30, 2017 and 2016 was \$697,434 and \$577,349, respectively. These have been included as interest expense.

Alliance adopted FASB issued ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* for the year ended June 30, 2017, the debt issuance costs associated with a recognized debt liability was shown on the Statement of Financial Position as a direct deduction from the face amount of the note.

Property and Equipment

Property and equipment are stated at cost. Contributed assets are stated at fair market value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the term of the lease.

	<u>Useful Life</u>
Buildings and building improvements	2 to 50 years
Furniture and equipment	2 to 10 years
Software	3 to 5 years

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, Alliance first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. Alliance determined that none of its long-lived assets were impaired during the years ended June 30, 2017 and 2016.

Income Taxes

Alliance is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §23701(d). Accordingly, no provision for income taxes is included in the accompanying financial statements. The Alliance, its subsidiaries and its affiliates file annual informational tax returns in the U.S. federal and California jurisdictions.

As of and for the year ended June 30, 2017 and 2016, Alliance had no material unrecognized/derecognized tax benefits or tax penalties or interest.

Deferred Rent

Certain leases include scheduled escalating monthly rent payments. In accordance with accounting principles generally accepted in the United States of America, Alliance accounted for these leases on a straight-line basis to provide even charges to operations over the lives of the leases.

Sources of Revenue and Major Contributors

Alliance receives funding from federal, state and local sources. A portion of the funding is based upon the average daily attendance (ADA) of the schools. Alliance also receives funding from private donors and foundations committed to creating high-performance, small, college-ready middle schools and high schools in Los Angeles.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Apportionment, Other State and Local Revenue

Alliance Schools' main revenue is received from a combination of local property taxes, state apportionments and other local sources. The Base Revenue Limit is the amount of the general purpose tax revenue, per ADA, that the Alliance is entitled to receive by law. This amount is multiplied by the second-period ADA to derive the Alliance's total entitlement.

Los Angeles County (the "County") is responsible for assessing, collecting and apportioning property taxes. Taxes are leveled for each fiscal year on taxable real and personal property in the County. The Los Angeles County Auditor reports the amount of the Alliance's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue by the Alliance.

The California Department of Education reduces Alliance's entitlement by Alliance's local property tax revenue. The balance is paid from the State General Fund and is known as the State Apportionment.

In-kind Donations

Contributed services are recognized by Alliance if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no recorded contributed services during June 30, 2017. The contributed services received during the year ended June 30, 2016 was \$2,212,632 and related to legal services.

Contributed items are donated goods that are recognized and recorded at fair value as of the contribution date.

Reclassifications

Certain amounts from the prior year totals have been reclassified to conform to the current year presentation. As a result of adopting ASU 2015-03, management reclassified net deferred financing costs of \$6,836,585 from assets to a reduction in long-term debt in liabilities.

Allocation of General and Administrative Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with the program or supporting service have been allocated among the program and supporting services benefited based on management's estimate.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

U.S. GAAP defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

In addition to defining fair value, U.S. GAAP expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Alliance's financial asset or liability measured at fair value is cash and cash equivalents, which have been valued based on quoted prices utilizing market observing inputs for identical assets (Level 1).

Alliance's financial instruments in the statement of financial position also include assets limited as to use, the carrying amounts represent a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. Investments are reflected at estimated fair value as described above (Level 2).

The carrying amounts of grants, contributions and pledge receivables, related party receivables, public funding receivables, notes receivable, deferred rent receivable, accounts payable and accrued expenses approximates their fair value due to the short-term maturity of these instruments. The carrying amount of notes receivable, capital lease obligations and long-term debt approximates their fair values, as these financial instruments accrue interest based on prevailing rates.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Risk

Cash and cash equivalents are placed with high-credit, quality financial institutions. At times, certain account balances may exceed insurance coverage limits by the Federal Deposit Insurance Corporation (FDIC). The FDIC will insure up to \$250,000 per deposit or per insured banking institution. These account balances usually exceed federally insured limits. However, Alliance has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Federal, state and local funding accounted for approximately 95% and 88% of total combined revenue for the years ended June 30, 2017 and 2016, respectively. Alliance routinely assesses the financial strength of its contributors and believes that its credit risk exposure is limited. Further, there is no guarantee that funding from federal, state and local sources will be available in the future.

Use of Estimates

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

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018 using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. Alliance is in the process of evaluating the impact of this accounting pronouncement.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. Entities will be required to measure these investments at fair value at the end of each reporting period and recognize changes in fair value in net income. A practicability exception will be available for equity investments that do not have readily determinable fair values; however, the exception requires the Alliance to adjust the carrying amount for impairment and observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This guidance also changes certain disclosure requirements and other aspects of current US GAAP. ASU 2016-01 will be effective for Alliance for the fiscal year beginning after December 15, 2018. Alliance is in the process of evaluating the impact of this accounting pronouncement.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Alliance is in the process of evaluating the impact of this accounting pronouncement.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017. Alliance is in the process of evaluating the impact of this accounting pronouncement on Alliance’s financial statements and disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown in the statement of cash flows. This Update is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. The Alliance is in the process of evaluating the impact of this accounting pronouncement.

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June 30, 2017

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at June 30:

	<u>2017</u>	<u>2016</u>
Amounts due		
In less than one year	\$ 1,070,500	\$ 1,195,000
In one to five years	<u>1,500,000</u>	<u>2,587,310</u>
Total	2,570,500	3,782,310
Less present value discount*	<u>(100,090)</u>	<u>(152,590)</u>
	2,470,410	3,629,410
Less current portion	<u>(1,070,500)</u>	<u>(1,195,000)</u>
Long-term portion	<u>\$ 1,399,910</u>	<u>\$ 2,434,410</u>

* The effective interest rates used to calculate the present value at June 30, 2017 and 2016 ranged from 0.94% to 2.14% and 0.67% to 1.66%, respectively, and were based on the Treasury bill rate at the inception of the promises to give.

NOTE 4 – PUBLIC FUNDING RECEIVABLES

Public funding receivables consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Federal revenue	\$ 2,090,351	\$ 1,541,839
State apportionment and other state revenue	8,921,112	12,579,159
Other revenues	<u>1,261,772</u>	<u>633,969</u>
	<u>\$ 12,273,235</u>	<u>\$ 14,754,967</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – ASSETS LIMITED AS TO USE

Assets limited to use consists of cash and cash equivalents held for reserve fund requirements for long-term debt (see Note 10) and consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Facilities maintenance reserve funds held by trustees under the provision of various promissory notes and of various bond indenture agreements to secure payments on facilities maintenance for properties (see Note 10)	\$ 3,711,812	\$ 1,862,287
Sinking funds and bond reserve held by trustees under the provision of various promissory notes and of various bond indenture agreements to secure payments of principal and interest in the case of default (see Note 10)	35,564,695	14,718,944
Investments held by trustees under the provision of bond indenture agreements to secure current payments of principal and interest on various School Facility Revenue Bonds (see Note 10)	21,917,878	14,781,674
Funds held by trustees under the provision of various promissory notes and of bond indenture agreement to secure construction draws and interest payment during construction period	20,496,851	3,288,272
Funds due to operation subsidy held by a trustee under the provision of various promissory notes	2,307,326	-
Advances from conditional revenue related to Prop 1D that are deferred until service is provided or expense incurred	<u>4,122,521</u>	<u>6,118,984</u>
	88,121,083	40,770,161
Less current portion	<u>(48,844,576)</u>	<u>(24,741,886)</u>
Long-term portion	<u>\$ 39,276,507</u>	<u>\$ 16,028,275</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
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NOTE 6 – NOTES RECEIVABLE AND NEW MARKET TAX CREDIT

The New Market Tax Credit (NMTC) Program is a federal subsidy program for economic development of depressed areas and is designed to stimulate the flow of investment capital into underserved areas by providing tax credits of 39% of an investment in a “low-income community,” which is claimed over a seven-year credit allowance (term) period.

1918 Broadway Charter Facilities LLC

On November 11, 2011, 1918 Broadway Charter Facilities LLC (“Broadway Facilities”) entered into a 40-year NMTC loan agreement (the “40-Year Agreement”) for approximately \$21,000,000, which represented an equity investment by GSB NMTC Investor LLC (“40-Year Investor”) in Alliance Broadway Investment Fund LLC, an unaffiliated organization which, in turn loaned the funds to GLA Sub-CDE X, LLC, New Markets Investment 65, LLC and LIIF Sub-CDE XV, LLC (collectively “CDEs”). CDEs loaned the funds to the Broadway Facilities through two notes: Note A in the amount of \$15,012,675 and Note B in the amount of \$6,020,143.

The proceeds from the loans to the Broadway Facilities were used to purchase land of approximately \$4,000,000 and a variety of other loan costs and legal fees of approximately \$2,400,000, which was capitalized as deferred financing costs.

The remaining amount, totaling \$14,632,818, was allocated to pay for the construction costs of the Broadway Facilities.

Pursuant to the Agreement, the Investor is entitled to sell, by written notice 30 days prior to the expiration of the seventh loan year, the Investor’s interest in Note B to Alliance Broadway Charter Financing LLC (“Broadway Financing”) in the amount of \$1,000. However, there are no guarantees that this will occur.

Pursuant to the Agreement, the Broadway Financing is entitled to purchase, by written notice 30 days prior to the expiration of the seventh loan year, the Investor’s interest in the amount equal to the fair market value of the Investor’s interest at the time of the written notice. However, there are no guarantees that this will occur.

113 S. Rowan Charter Financing LLC

On December 5, 2013, 113 S. Rowan Charter Facilities LLC (“Rowan Facilities”) entered into a 30-year NMTC loan agreement (the “30-Year Agreement”) for \$6,378,594, which together with the equity investment by Chase Community Equity LLC (“30-Year Investor”) in the amount of \$3,107,404 in Chase NMTC Alliance #8 Investment Fund LLC, an unaffiliated organization, which in turn loaned the funds to ExEd Facilities XII LLC and CSCDC 4 LLC, (collectively “CDEs”). CDEs loaned the funds to the Rowan Facilities through three notes: Note A in the amount of \$4,368,067, Note B in the amount of \$2,908,795 and Note C in the amount of \$1,485,406.

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NOTE 6 – NOTES RECEIVABLE AND NEW MARKET TAX CREDIT (Continued)

The proceeds from the NMTC loan, with the addition of the Pacific Charter School Development (“PCSD”) loan (see Note 10), to the Rowan Facilities were used to purchase land and building in the amount of \$4,503,300 and \$6,285,259, respectively. Also, the proceeds were used on a variety of other loan costs and legal fees in the amount of \$674,477, which was capitalized as deferred financing costs.

As of June 30, 2017, Rowan Facilities holds an interest reserve account in the amount of \$141,976.

Pursuant to the Agreement, the Investor is entitled to sell, by written notice 30 days prior to the expiration of the seventh loan year, the Investor’s interest to Rowan Facilities for \$1,000. However, there are no guarantees that this will occur.

Pursuant to the Agreement, Rowan Facilities is entitled to purchase, by written notice 30 days prior to the expiration of the seventh loan year, the Investor’s interest in the amount equal to the fair market value of the Investor’s interest at the time of the written notice. However, there are no guarantees that this will occur.

Alliance for College-Ready Public Schools Facilities Corporation

On April 15, 2015, Alliance for College-Ready Public Schools Facilities Corporation issued a 2015 revenue bond in the amount of \$55,590,000 (see Note 10). Alliance entered an escrow agreement with the Wilmington Trust, an unrelated third party, in the amount of \$14,790,894. The Wilmington Trust, as the escrow agent, entered two promissory notes from ExED Facilities III Investment Fund, LLC and one promissory note from NCBDC Impact V Investment Fund 2, LLC. Both Investment Fund LLCs are unrelated third parties owned by an unrelated third party, U.S. Bankcorp Community Development Corporation (USBCDC), a Minnesota Corporation. Both Investment Fund LLCs are also the lenders to the 6900 8th Avenue Charter Facilities LLC and 70th Street Charter Facilities LLC (see Note 10).

Pursuant to the Agreement, USBCDC is entitled to sell the investor’s interest to Alliance for \$1,000. However, there are no guarantees that this will occur. If such option is not exercised, 120 days after, Alliance is entitled to purchase the investor’s interest for \$1,000. On June 21, 2016, pursuant to the Agreement, USBCDC sold its investor interest to Alliance for \$1,000. Associated loans made to 70th Street Charter Facilities LLC and 6900 8th Avenue Charter Facilities LLC in the amount of \$5,037,700 were in turn forgiven and Alliance recognized a gain on loan forgiveness for the year ended June 30, 2016.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – NOTES RECEIVABLE AND NEW MARKET TAX CREDIT (Continued)

As of June 30, 2017, three notes receivable are due within five years and the remaining two are due over five years. Notes receivable consisted of the following at June 30:

	2017	2016
<p>A promissory note from SFV 8926 Sunland LLC, an unrelated third party – The note bears interest at a rate of 3% per annum and is receivable in monthly interest-only payments from August 1, 2016. Thereafter, monthly principal and interest payments become due. The note matures on July 1, 2019, at which time all unpaid principal and interest becomes due. The note is secured by development of charter school facilities on the real property commonly known as 8923 Sunland Avenue, Los Angeles, California 91352.</p>	\$ 15,012,675	\$ 15,012,675
<p>A promissory note from SFV 8926 Sunland LLC, an unrelated third party – The note bears interest at a rate of 3% per annum and is receivable in monthly interest-only payments from August 1, 2016. Thereafter, monthly principal and interest payments become due. The note matures on July 1, 2019, at which time all unpaid principal and interest becomes due. The note is secured by development of charter school facilities on the real property commonly known as 8923 Sunland Avenue, Los Angeles, California 91352.</p>	119,667	170,000
<p>A promissory note from Chase NMTC Alliance #8 Investment Fund LLC, an unrelated third party – The note bears interest at a rate of 4.86% per annum and is receivable in monthly interest-only payments until December 1, 2020. The note matures on December 5, 2020, at which time all unpaid principal and interest becomes due. The note is secured by all membership interests in Chase NMTC Alliance #8 Investment Fund LLC.</p>	6,378,594	6,378,594

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NOTE 6 – NOTES RECEIVABLE AND NEW MARKET TAX CREDIT (Continued)

	2017	2016
<p>A promissory note from Alliance Broadway Investment Fund LLC, an unrelated third party – The note bears interest at a rate of 1% per annum and is receivable in monthly interest-only payments until January 1, 2019. Thereafter, monthly principal and interest payments become due. The note matures on December 1, 2051, at which time all unpaid principal and interest becomes due. The note is secured by all membership interests in Alliance Broadway Investment Fund LLC.</p>	650,000	650,000
<p>A promissory note from Alliance Broadway Investment Fund LLC, an unrelated third party – The note bears interest at a rate of 1% per annum and is receivable in monthly interest-only payments until January 1, 2019. Thereafter, monthly principal and interest payments become due. The note matures on December 1, 2051, at which time all unpaid principal and interest becomes due. The note is secured by real property and all membership interests in Alliance Broadway Investment Fund LLC.</p>	<u>724,320</u>	<u>724,320</u>
	<u>22,885,256</u>	<u>22,935,589</u>
Total notes receivable	<u>\$ 22,885,256</u>	<u>\$ 22,935,589</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2017	2016
Land	\$ 55,145,317	\$ 56,183,040
Buildings and building improvements	157,814,023	138,277,358
Construction in progress	41,474,626	36,908,232
Furniture and equipment	18,069,815	25,085,515
Software	851,114	236,266
	273,354,895	256,690,411
Accumulated depreciation and amortization	(29,915,277)	(30,656,076)
Total	\$243,439,618	\$226,034,355

Construction in progress primarily relates to costs incurred for the building of a school facility and includes capitalized interest of \$785,567 and \$321,839 as of June 30, 2017 and 2016, respectively.

As discussed in Note 14, Alliance has built a school facility on land that is leased from the Trustees of the California State University (the “Trustees”). This lease expires on June 30, 2048, at which point the facility will revert to the Trustees. The carrying value of the facility included in property and equipment at June 30 is as follows:

	2017	2016
Buildings and building improvements	\$ 12,730,483	\$ 12,730,483
Less accumulated depreciation	(2,758,271)	(2,440,009)
Total	\$ 9,972,212	\$ 10,290,474

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
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NOTE 8 – LINE OF CREDIT

Alliance has a revolving line of credit with a bank that allows for borrowings of up to \$5,000,000. At the election of Alliance, advances can be made by either i) an Alternate Base Rate Advance with an interest rate equal to the greatest of (a) the Prime Rate in effect on date of advance or (b) the Federal Funds Rate in effect on date of advance plus ½ of 1% of (c) the Applicable Floating Rate on the date of advance or ii) a LIBOR Advance with an interest rate equal to the Bank’s LIBOR Rate plus 2%. The line of credit requires monthly interest payments on outstanding balances, with the total outstanding principal and interest due on March 31, 2018. The line is secured by all personal property of Alliance. As of June 30, 2017 and 2016, no amounts were outstanding.

NOTE 9 – LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	2017	2016
California Statewide Communities Development Authority Insured Educational Facilities Revenue Bonds, 2007 Series B – Term bonds of \$585,000 mature on July 1, 2017, with an interest rate of 8% per annum with mandatory sinking fund payments due annually.	\$ 20,000	\$ 180,000
Various loans payable to LIIF sub-CDE, LISC Sub-CDE and Genesis Sub-CDE, bearing interest at a rate of 5.15% per annum with principal and interest payments due monthly, commencing the first day of December 2011 – The total outstanding principal and interest is due in full in November 2018. The notes are secured by a trust deed on the 1918 Broadway Charter Facilities LLC property.	15,012,675	15,012,675
A promissory note to Housing Authority of the City of Los Angeles, California, bearing interest at 5.25% per annum with interest and principal payment due monthly – has an original principal balance of \$3,000,000 which matures on June 11, 2020. The note is secured by a trust deed on the 515 South Columbia Avenue property. During the year ended June 30, 2017, collateralized property has been sold. The resulting proceeds were used to pay the note.	-	2,895,000

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NOTE 9 – LONG-TERM DEBT (Continued)

	2017	2016
<p>ExEd Facilities XII LLC promissory notes – Loan A-1 and B-1 of \$2,344,000 and \$898,268 mature on December 5, 2020, with an interest rate of 5% per annum with interest-only payments due monthly, and is secured by a trust deed on the 113 S. Rowan Charter Facilities LLC property.</p>	3,242,268	3,242,268
<p>Senior loan with JP Morgan Chase Bank – the \$3,200,000 loan matures on December 5, 2020, with an interest rate per annum of 5% with principal and interest payments due monthly and is secured by a trust deed on the 113 S. Rowan Charter Facilities LLC property.</p>	2,664,819	2,828,168
<p>Subordinated promissory note to Loan Initiatives Support Corporation – the \$3,000,000 loan matures on December 5, 2020, with an interest rate per annum of 5% and is secured by a trust deed on the 113 S. Rowan Charter Facilities LLC property.</p>	3,000,000	3,000,000
<p>Subordinated loan payable to Charter School Financing Partnership, bearing 0% interest, unless there is default, in which the loan will bear interest of 3% per annum – Principal will be paid monthly, commencing on the first business day of September 2012, with the final installment due in February 2022. The notes are secured by a trust deed on the 4610 S. Main property.</p>	360,450	440,550
<p>Various loans payable to GLA Sub-CDE XI, LLC, New Markets Investment 65, LLC and LIIF Sub-CDE XV, LLC, bearing interest at a rate of 7% to 9% per annum with interest payments due quarterly, commencing the first day of November 2011 – The note matures on September 15, 2030, at which time all unpaid principal and interest becomes due. The notes are secured by a trust deed on the 1918 Broadway Charter Financing LLC property.</p>	15,012,675	15,012,675

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – LONG-TERM DEBT (Continued)

	2017	2016
California School Finance Authority Charter School Revenue Bonds, 2014 Series A and B – Term bonds of \$5,000,000 and \$3,975,000 mature on March 15, 2034, with an interest rate of 5.7375% and 8.75% per annum, respectively, and is secured by a trust deed on the 461 W. 9 th Street Charter Facilities LLC property.	8,912,042	8,933,923
California School Finance Authority Charter School Revenue Bonds, Series 2013 – Term bonds of \$10,750,000 mature on June 15, 2034, with an interest rate of 6.50% and is secured by a trust deed on the 7907 Santa Fe Avenue Charter Facilities LLC property.	10,750,000	10,750,000
Promissory notes to NCB Capital Impact, bearing interest at 5.184% per annum with interest-only payments due monthly – Term notes of \$4,173,443 mature on July 20, 2018, and term notes of \$1,149,242 mature on July 20, 2041. The notes are secured by a trust deed on the 9719 Main Street Charter Facilities LLC property.	5,322,685	\$ 5,322,685
Promissory notes to NCB Capital Impact, bearing interest at 5.153% per annum with interest-only payments due monthly – Term notes of \$4,527,954 mature on July 20, 2018, and term notes of \$1,246,863 mature on July 20, 2041. The notes are secured by a trust deed on the 10101 Broadway Charter Facilities LLC property.	5,774,817	5,774,817
Promissory notes to NCB Capital Impact, bearing interest at 5.153% per annum with interest-only payments due monthly – Term notes of \$6,315,140 mature on July 20, 2018, and term notes of \$1,726,247 mature on July 20, 2041. The notes are secured by a trust deed on the 10704 Wilmington LLC property.	8,041,387	8,041,387

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NOTE 9 – LONG-TERM DEBT (Continued)

	2017	2016
<p>California Statewide Communities Development Authority Insured Educational Facilities Revenue Bonds, 2007 Series A – Term bonds of \$4,940,000 mature on July 1, 2030, with an interest rate of 5.15% per annum; term bonds of \$10,225,000 mature July 1, 2042, with an interest rate of 5.25% per annum and is secured by a trust deed on the 2071 Saturn LLC property.</p>	15,165,000	15,165,000
<p>California Statewide Communities Development promissory notes – Loans A-2, B-2 and C-2 of \$2,024,067, \$2,010,527 and \$1,485,406, respectively. Loans A-2 and B-2 mature on December 5, 2020 and Loan C-2 matures on December 5, 2043 and all outstanding principal and interest is due in full at that time. The Loans carry an interest rate of 3.5526%, and is secured by a trust deed on the 113 S. Rowan Charter Facilities LLC property.</p>	5,520,000	\$ 5,520,000

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – LONG-TERM DEBT (Continued)

	2017	2016
<p>California School Finance Authority School Facility Revenue Bonds</p> <p>For the year ended June 30, 2016: Series 2015A – Term bonds of \$55,260,000 mature from July 1, 2017 to July 1, 2045, with an interest rate of 3% to 5% plus an original premium of \$3,216,960.70. Series 2015B – Term bond of \$330,000 matures on July 1, 2017, with an interest rate of 3.875%. These bond series are secured by trust deeds on the 5151 Titan LLC property, 1552 Rockwood Street Charter Facilities LLC property, 49th and Main Charter Facilities LLC property, 5886 Compton Avenue Charter Facilities LLC property, 70th Street Charter Facilities LLC property, HP 2071 Saturn LLC property, 10101 Broadway Charter Facilities LLC property, 9719 Main Street Charter Facilities LLC property, 10704 Wilmington LLC property, 1111 W. Manchester Charter Facilities LLC property, and 11933 Allegheny Charter Facilities LLC property.</p> <p>For the year ended June 30, 2017: Series 2016A – Term bonds of \$19,100,000 mature from July 1, 2019 to July 1, 2051 with an interest rate of 3% to 5.00% plus an original premium of \$2,766,371.60. Series 2016B – Term bond of \$425,000 matures on July 1, 2019, with an interest rate of 3.75%. Series 2016C – Term bonds of \$57,995,000 mature from July 1, 2019 to July 1, 2052, with an interest rate of 3% to 5.00% less an original discount of \$109,096.25. Series 2016D – Term bond of \$335,000 matures on July 1, 2020, with an interest rate of 5.25%. These bond series are secured by trust deeds on the 5151 Titan LLC property, 1552 Rockwood Street Charter Facilities LLC property, 49th and Main Charter Facilities LLC property, 5886 Compton Avenue Charter Facilities LLC property, 70th Street Charter Facilities LLC property, HP 2071 Saturn LLC property, 10101 Broadway Charter Facilities LLC property, 9719 Main Street Charter Facilities LLC property, 10704 Wilmington LLC property, 1111 W. Manchester Charter Facilities LLC property, and 11933 Allegheny Charter Facilities LLC property. These bond series are secured by the intercept payments from the public funding sources.</p>	139,013,533	58,750,810

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NOTE 9 – LONG-TERM DEBT (Continued)

	2017	2016
<p>California Statewide Communities Development Authority School Facility Revenue Bonds, Series 2011 – Term bonds of \$2,750,000 mature on July 1, 2022, with an interest rate of 5.875% per annum; term bonds of \$4,125,000 mature July 1, 2031, with an interest rate of 6.75% per annum; term bonds of \$15,690,000 mature on July 1, 2046, with an interest rate of 7% per annum less an original discount of \$487,008. The notes are secured by a trust deed on the 11410 Avalon LLC and 54th Street Lions LLC property.</p>	21,091,743	21,318,744
<p>California Statewide Communities Development Authority School Facility Revenue Bonds, Series 2012 – Term bonds of \$475,000 mature on July 1, 2022, with an interest rate of 5.125% per annum; term bonds of \$1,820,000 mature July 1, 2032, with an interest rate of 6.100% per annum; term bonds of \$6,160,000 mature on July 1, 2047, with an interest rate of 6.375% per annum. The notes are secured by a trust deed on the 4610 S. Main property.</p>	8,305,000	8,345,000
<p>California School Finance Authority School Facilities Revenue Bonds Statewide Communities Development Authority Insured Educational Facilities Revenue Bonds, 2014 Series A – Term bonds of \$15,690,000 mature on July 1, 2048 with an interest rate of 6.40%. The bonds are secured by a trust deed on the Alliance Gertz-Ressler High School / Richard Merkin 6–12 Complex property.</p>	15,030,937	15,191,128
<p>Various loans payable to LIIF sub-CDE, LISC Sub-CDE and Genesis Sub-CDE, bearing interest at a rate of 3.80% per annum with principal and interest payments due monthly, commencing the first day of December 2011 – The total outstanding principal and interest is due in full in November 2051. The notes are secured by a trust deed on the 1918 Broadway Charter Facilities LLC property.</p>	6,539,735	6,443,604

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 9 – LONG-TERM DEBT (Continued)

	2017	2016
Charter School Facilities Grant bearing interest at a rate of 2% per annum. Payment terms to be determined upon operations of charter school facilities in which the proceeds were used for.	14,361,323	13,701,197
Promissory note to Bank of the West, bearing interest at a per annum rate at the LIBOR Rate plus 2.5% with interest-only payments due monthly. The note matures on July 5, 2017 with an extension option to October 5, 2017. There is a further option to convert the term loan to a bridge loan and if done, principal payments are \$10,833 for months seven to eighteen and \$11,666 per month thereafter. The bridge loan matures on July 20, 2015 with an option to extend to December 31, 2018. For the year ended June 30, 2017, the note has been fully paid off.	-	3,144,350
Promissory note to PCSD 1111 West Manchester Ave LLC for \$1,450,000 with a maturity date of July 1, 2024, The note is non-interest bearing and principal payment of \$207,000 are due annually commencing on July 1, 2018, this is secured by trust deeds on the 5151 Titan LLC property, 1552 Rockwood Street Charter Facilities LLC property, 49 th and Main Charter Facilities LLC property, 5886 Compton Avenue Charter Facilities LLC property, 70 th Street Charter Facilities LLC property, HP 2071 Saturn LLC property, 10101 Broadway Charter Facilities LLC property, 9719 Main Street Charter Facilities LLC property, 10704 Wilmington LLC property, 1111 W. Manchester Charter Facilities LLC property, and 11933 Allegheny Charter Facilities LLC property.	1,450,000	-
	304,591,089	229,013,981
Less deferred financing cost	(8,040,162)	(6,836,585)
Less current portion	(5,268,033)	(5,293,410)
Total long-term debt	\$291,282,894	\$216,883,986

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 9 – LONG-TERM DEBT (Continued)

In conjunction with certain of the long-term debt agreements, Alliance has agreed, among other things, to (1) maintain certain debt coverage ratios, (2) maintain certain insurance coverage limits and (3) limit the amount of liens, except those in favor of the lender. At June 30, 2017, Alliance was in compliance with the consolidated covenant requirements, although three individual schools did not meet a particular covenant. An independent consultant may be engaged if a majority of the debt holders so choose. At June 30, 2017, Alliance has complied with all of its reporting requirements under its debt agreements.

During May 2007, 2071 HP Saturn LLC issued the 2007 Revenue Bonds with a total borrowing of \$15,750,000. The purpose of issuing the 2007 Revenue Bonds was to finance the acquisition of educational facilities in Huntington Park, California, which is leased to Alliance Collins Family College-Ready Academy High School and an unrelated third party. During the years ended June 30, 2017 and 2016, lease payments totaling \$1,272,901 and \$1,171,123, respectively, were collected.

2071 HP Saturn LLC is required to establish funds with the trustee to pay the principal and interest portion of the 2007 Revenue Bonds. Deposits with the trustee to satisfy mandatory requirements on the 2007 term bonds will be made in annual installments ranging from \$10,000 to \$2,145,000 during the period from July 1, 2008 to July 1, 2042. These balances are classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$15,511,123 as of June 30, 2017.

The HP Saturn LLC is also required to set up reserve accounts for bond reserve and facilities maintenance reserve. These balances are classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$15,511,123 and \$629,377, respectively, as of June 30, 2017.

During August 2011, 54th Street Lions LLC and 11410 Avalon LLC issued the 2011 Revenue Bonds with a total borrowing of \$22,565,000. The purpose of issuing the 2011 Revenue Bonds was to refinance the corresponding LLCs’ debt. During the years ended June 30, 2017 and 2016, lease payments totaling \$1,904,055 and \$1,870,614 were collected from Alliance-affiliated schools, respectively.

54th Street Lions LLC and 11410 Avalon LLC are required to establish funds with the trustee to pay the principal and interest portion of the 2011 Revenue Bonds. Deposits with the trustee to satisfy mandatory requirements on the 2011 term bonds will be made in annual installments ranging from \$155,000 to \$1,728,050 during the period from September 1, 2011 to July 1, 2046. These balances are classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$1,176,364 as of June 30, 2017.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 9 – LONG-TERM DEBT (Continued)

The 54th Street Lions LLC and 11410 Avalon LLC are also required to set up a bond reserve and facilities maintenance reserve account for projects. These balances are classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$1,152,613 and \$2,004,632, respectively, as of June 30, 2017.

During November 2011, 1918 Broadway Charter Financing LLC issued 2011 Revenue Bonds with total borrowings of \$15,012,675. The purpose of issuing the 2011 Revenue Bonds was to make an equity investment into an investment fund with three community development entities (“CDE’s”), fund a portion of the deposit to the Required Reserved Account of the Revenue Fund and pay for the cost issuance of the Bonds. The required bond reserve account of the revenue fund amounted to \$2,590,682 as of June 30, 2017 and is classified as “assets limited as to use” on the accompanying statement of financial position.

During February 2012, 4610 S. Main Street Charter Facilities LLC issued the 2012 Revenue Bonds with a total borrowing of \$8,455,000. The purpose of issuing the 2012 Revenue Bonds was to finance the acquisition of educational facilities in Los Angeles, California, which is leased to Alliance Patti and Peter Neuwirth Leadership Academy. During the years ended June 30, 2017 and 2016, lease payments totaling \$685,041 and \$698,549, respectively, were collected.

4610 S. Main Street Charter Facilities LLC is required to establish funds with the trustee to pay the principal and interest portion of the 2012 Revenue Bonds. Deposits with the trustee to satisfy mandatory sinking fund requirements on the 2012 term bonds will be made in annual installments ranging from \$35,000 to \$615,000 during the period from July 25, 2012 to June 25, 2047. These balances are classified as “assets limited as to use” on the accompanying statement of financial position and amounted to \$357,123 as of June 30, 2017.

Alliance is also required to set up reserve accounts for bond reserve and facilities maintenance reserve accounts for construction projects. These balances are classified as “assets limited as to use” on the accompanying statement of financial position and amounted to \$147,902 and \$519,926, respectively, as of June 30, 2017.

7907 Santa Fe Avenue Charter Facilities LLC is required to establish funds with the trustee to pay the principal and interest portion of the 2013 Revenue Bonds. Deposits with the trustee to satisfy mandatory sinking fund requirements on the 2013 term bonds will be made in annual installments ranging from \$58,697 to \$145,177 during the period from July 15, 2014 to June 15, 2034. The Alliance has set up capital interest account to accommodate the installment. These balances are classified as “assets limited as to use” on the accompanying statement of financial position and amounted to \$1,956,610 as of June 30, 2017.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 9 – LONG-TERM DEBT (Continued)

Alliance is also required to set up reserve accounts for bond reserve and facilities maintenance reserve accounts for construction projects. These balances are classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$157,488 and \$54,469, respectively, as of June 30, 2017.

2023 Union LLC is required to establish funds with the trustee to pay the principal and interest portion of the 2013 Revenue Bonds. The required bond reserve account of the revenue fund amounted to \$652,667 as of June 30, 2017 and is classified as “assets limited as to use” on the accompanying statements of financial position.

Alliance is also required to set up a reserve account for facilities maintenance reserve account for construction projects. This balance is classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$201,487 as of June 30, 2017.

There is no sinking fund reserve requirement.

461 W. 9th Street Charter Facilities LLC is required to establish funds with the trustee to pay the principal and interest portion of the 2014 Revenue Bonds. Deposits with the trustee to satisfy mandatory requirements on the 2014 term bonds will be made in annual installments ranging from \$40,370 to \$1,002,745 during the period from June 15, 2014 to March 15, 2034. Alliance has set up a capital interest account to accommodate the installment. These balances are classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$204,008 as of June 30, 2017.

There is no sinking fund or facilities maintenance reserve requirement.

During April 2015, Alliance for College-Ready Public Schools Facilities Corporation issued the 2012 Revenue Bonds with a total borrowing of \$55,590,000. The purpose of issuing the 2015 Revenue Bonds was to finance the acquisition of educational facilities in Los Angeles, California, which is leased by various Alliance schools. The proceeds were also used to pay off various debts listed above. Lease payments collected by various LLCs are then distributed to the Alliance for College-Ready Public Schools Facilities Corporation for debt service payment.

Alliance for College-Ready Public Schools Facilities Corporation is required to establish funds with the trustee to pay the principal and interest portion of the 2015 Revenue Bonds. Deposits with the trustee to satisfy mandatory sinking fund requirements on the 2015 term bonds will be made in annual installments ranging from \$840,000 to \$3,450,000 during the period from January 1, 2016 to July 1, 2045. These balances are classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$3,839,547 as of June 30, 2017.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 9 – LONG-TERM DEBT (Continued)

Alliance for College-Ready Public Schools Facilities Corporation is also required to set up reserve accounts for bond reserve account. The balance is classified as “assets limited as to use” on the accompanying statements of financial position and amounted to \$26,204,836 as of June 30, 2017.

There is no facilities maintenance reserve requirement.

As of June 30, 2017, aggregate future maturities of long-term debt and sinking fund requirements for each of the next five years ending June 30 and thereafter are as follows:

2018		\$ 5,268,033
2019		7,416,246
2020		29,057,494
2021		14,998,136
2022		30,287,530
Thereafter		<u>212,447,437</u>
		299,474,876
	Add premium (discount) on bonds	<u>5,116,213</u>
	Total	<u>\$304,591,089</u>

NOTE 10 – ASSET RETIREMENT OBLIGATION

Alliance recognizes a liability at discounted fair value for the future retirement of tangible long-lived assets and associated assets retirement cost associated with an operating lease (see Note 14). The fair value of the liability is capitalized as part of the cost of related assets and amortized to expense over its useful life. The liability accretes until the date of expected settlement of the retirement obligations. The related accretion expense is recognized in the combined statement of activities. Differences between the actual costs incurred and the fair value of the liability recorded are recognized in income in the period the actual costs are incurred.

There are no legally restricted assets for the settlement of asset retirement obligations. A reconciliation of Alliance’s asset retirement obligations from the periods presented is as follows:

Balance at June 30, 2016		\$ 310,801
Incurred during the period		-
Accretion expense		<u>15,447</u>
Balance at June 30, 2017		<u>\$ 326,248</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 – RELATED PARTY TRANSACTIONS

Related party receivables include unrestricted promises to give from board members totaling \$333,333 and \$675,113 for the years ended June 30, 2017 and 2016, respectively.

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 were restricted by donors for specific programs of Alliance. The programs are as follows:

	Available June 30, <u>2016</u>	New Revenues	Releases from Restrictions	Available June 30, <u>2017</u>
Graduate scholarships	\$ 878,209	\$ 481,587	\$ (477,807)	\$ 881,989
Technology	1,648,875	508,474	(319,358)	1,837,991
School programs	253,430	348,952	(60,318)	542,064
Operations, other than facilities	757,723	818	(665,855)	92,686
Professional development	937,856	2,649,741	(2,226,530)	1,361,067
Facilities	2,122,537	2,468,808	(478,503)	4,112,842
Restriction due to time	<u>3,899,910</u>	<u>52,500</u>	<u>(1,187,666)</u>	<u>2,764,744</u>
	<u>\$10,498,540</u>	<u>\$ 6,510,880</u>	<u>\$(5,416,037)</u>	<u>\$11,593,383</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 13 – RENTAL INCOME UNDER OPERATING LEASES

An unrelated party leases a portion of the property located at 2021 Saturn Avenue, Huntington Park, California, under a noncancelable operating lease. The lease requires monthly base payments of \$24,600, plus supplemental rent equal to 20% of all facility reimbursement from the federal and state government received by the lessee. The lease expires on June 30, 2042 and has two options to extend with terms of ten years each. The future minimum rentals to be received under this noncancelable operating lease at June 30, 2017 are as follows:

Years Ending <u>June 30,</u>	
2018	\$ 419,534
2019	424,778
2020	430,088
2021	435,464
2022	440,907
Thereafter	<u>9,971,253</u>
	<u>\$ 12,122,023</u>

The total carrying value of the Alliance's investment in property under operating leases included in property and equipment at June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 7,000,000	\$ 7,000,000
Buildings and building improvements	6,845,647	6,845,647
Accumulated depreciation	<u>(1,406,142)</u>	<u>(1,261,332)</u>
	<u>\$ 12,439,505</u>	<u>\$ 12,584,315</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Ground Leases

During the year ended June 30, 2007, Alliance entered into a ground lease agreement with the Trustees of the California State University (the “Trustees”) for the use of a lot on which Alliance built a school facility and leased to one of the Alliance-affiliated schools. The term of the lease is from June 15, 2007 to June 30, 2048. There is no lease payment required under this lease; instead, at the end of the lease term or upon termination, all right, title and interest in and to all improvements and equipment constructed or installed shall be transferred to the Trustees. The related party income and expense has been eliminated upon consolidation.

In addition, Alliance is obligated to establish an Extraordinary Repair Fund (the “Fund”) in an interest-bearing state trust account for the purpose of replacement or renewal of the assets constructed on the site or for the cost of demolition. Annual installment payments into the Fund of \$25,000 and \$75,000 start in fiscal years 2017 and 2034, respectively, and will continue until the end of the lease term, or until the Fund reaches \$1,500,000. If the balance in the Fund exceeds the total costs of renewal or demolition upon the termination of the lease, the excess balance is to be refunded to Alliance. As of June 30, 2017 and June 30, 2016, the Alliance has recorded an asset retirement obligation of \$326,248 and \$310,800, respectively, relating to this lease (see Note 10).

During the year ended June 30, 2012, Alliance entered into another ground lease agreement with a third party for the use of a lot on which Alliance built a school facility. Lease payments required under the lease are payable at a rate of \$13,200 per month through June 30, 2019. The lease expires on August 31, 2049. Net rent expense related to this lease totaled \$155,736 for both fiscal year ended June 30, 2017 and June 30, 2016 and is included within “Facilities, repairs and other leases” on the accompanying combined statement of functional expenses.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

Facility Leases

Alliance is obligated under various noncancelable operating lease agreements for office and for school facilities. The leases require monthly payments ranging from \$13,200 to \$54,167 and expire through December 31, 2020. Several of the leases have options to extend the terms from one to five years, depending on the agreement. The future minimum lease payments required under these noncancelable facility leases at June 30, 2017 are as follows:

Years Ending <u>June 30,</u>	
2018	\$ 1,491,202
2019	1,510,321
2020	849,831
2021	<u>390,888</u>
Total	<u>\$ 4,242,241</u>

Rent expense related to these leases for years ended June 30, 2017 and 2016 was \$3,159,535 and \$2,199,965, respectively, and is included within “Facilities, repairs and other leases” on the accompanying combined statements of functional expenses.

Equipment Lease

At June 30, 2017, Alliance was obligated under various noncancelable operating lease agreements for office equipment. The leases require monthly payments ranging from \$8 to \$12,270 and expire through October 2018. The future minimum lease payments required under these noncancelable equipment leases at June 30, 2017 are as follows:

Years Ending <u>June 30,</u>	
2018	\$ 178,269
2019	88,503
2020	<u>11,542</u>
	<u>\$ 278,314</u>

Rent expense related to these leases for years ended June 30, 2017 and 2016 was \$364,080 and \$308,862, respectively, and is included within “Facilities, repairs and other leases” on the accompanying combined statements of functional expenses.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

Construction

During the year ended June 30, 2017, Alliance entered into two construction contracts for a total commitment of \$34,216,564. As of June 30, 2017, the total construction costs incurred amounted to \$13,719,713, resulting in \$20,496,851 remaining to be completed in fiscal year 2018.

Legal Proceedings

Alliance is, from time to time, the subject of litigation, claims and assessments arising out of matters occurring in its normal business operations. Alliance has insurance coverage to provide protection against certain contingencies. In the opinion of management, resolution of these matters will not have a material adverse effect on the Alliance's financial position or results of operations.

NOTE 15 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined-benefit pension plans maintained by agencies of the State of California (the "State"). Academic employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System.

The risks of participating in these multiemployer defined-benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer and state contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law and the Public Employees' Retirement Law, and (c) if Alliance-affiliated schools choose to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. The Alliance-affiliated schools have no plans to withdraw from these multiemployer plans.

Copies of the STRS annual financial report may be obtained be obtained from the STRS's headquarter, 100 Waterfront Place, West Sacramento, California 95605 and www.calstrs.com.

Funding Policy

Active plan members hired on or before December 31, 2012 and on or after January 1, 2013 are required to contribute 9.20% and 8.56% of their salaries, respectively. The Alliance-affiliated schools are required to contribute at an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal years 2017 and 2016 was 12.58% and 10.73% of annual payroll, respectively. The contribution requirements of the plan members are established and may be amended by State statute.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 15 – EMPLOYEE RETIREMENT PLANS (Continued)

Alliance-affiliated schools’ contributions to STRS for each of the last three fiscal years were as follows:

<u>Years Ended June 30,</u>	<u>Required Contribution</u>	<u>Employer Contribution</u>	<u>Percent Contributed</u>
2015	\$ 3,982,378	8.88%	100%
2016	\$ 6,313,185	10.73%	100%
2017	\$ 7,783,835	12.58%	100%

Public Employees’ Retirement System (“CalPERS”)

Plan Description

Alliance-affiliated schools contribute to the School Employer Pool under the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing, multiple-employer, public employee retirement system defined-benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. According to the most recently available Schools Pool Actuarial Valuation Report for the year ended June 30, 2015, which was utilized to establish the required contributions for fiscal year 2017, the Schools Pool total plan assets are \$56.8 billion, the total actuarial present value of accumulated plan benefits is \$86.0 billion, contributions from all employers totaled \$1.7 billion, and the plan is 77.5% funded. The Alliance-affiliated schools did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.00% of their salaries for PEPRA or Classic status, respectively; currently, the Alliance-affiliated schools contribute the employees’ portion for California School Employees Association and confidential staff members. The Alliance-affiliated schools are required to contribute at an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The Alliance-affiliated schools’ contribution rate to CalPERS for fiscal years 2017 and 2016 was 13.888% and 11.847%, respectively.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES**
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 15 – EMPLOYEE RETIREMENT PLANS (Continued)

The Alliance-affiliated schools' contributions to CalPERS for each of the last three fiscal years were as follows:

<u>Years Ended June 30,</u>	<u>Required Contribution</u>	<u>Employer Contribution</u>	<u>Percent Contributed</u>
2015	\$ 656,014	11.771%	100%
2016	\$ 947,871	11.847%	100%
2017	\$ 1,524,295	13.888%	100%

The State of California may make additional direct payments for retirement benefits to STRS or CalPERS on behalf of all participating employers in the State. The revenue and expenditures associated with these payments, if any, have not been included in these financial statements.

Defined-contribution Plan

Eligible employees of Alliance can participate in a 403(b) plan sponsored by Alliance. Participants can elect to contribute up to 5% of their pretax annual compensation, as defined in the plan, subject to Section 403(b) of the Internal Revenue Code contribution limitations. For corporate participants, Alliance makes a matching contribution of 5% of the participant's eligible salary. Alliance's total contribution for the years ended June 30, 2017 and 2016 was \$343,926 and \$297,778, respectively.

NOTE 16 – SUBSEQUENT EVENTS

Alliance evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 14, 2017, which is the date of the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SUBSIDIARIES**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2017

	Alliance for College-Ready Public Schools	Alliance Schools R.E. Holdings LLC	1918 Broadway Charter Financing LLC	113 South Rowan Charter Financing LLC
ASSETS				
Current assets				
Cash and cash equivalents	\$ 11,317,828	\$ -	\$ -	\$ 849
Grants, contributions and pledges receivable, current portion	1,399,910	-	-	-
Related party receivable, current portion	333,333	-	-	-
Public funding receivables	15,076	-	-	-
Note receivable, current portion	-	-	-	-
Due from related parties	10,273,668	-	-	-
Related party note receivable, current portion	3,846,929	-	-	-
Assets limited as to use, current portion	5,818,072	-	43,311	-
Prepaid expenses and other current assets	862,635	-	73,813	25,833
Total current assets	33,867,451	-	117,124	26,682
Grants, contributions and pledges receivable, net of current portion	1,070,500	-	-	-
Related party receivable, net of current portion	-	-	-	-
Related party note receivable, net of current portion	2,484,923	-	-	-
Note receivable, net of current portion	119,667	-	16,386,995	6,378,594
Deferred rent receivable	-	-	-	-
Assets limited as to use, net of current portion	3,912,189	-	2,590,682	-
Other long-term assets	80,903	100	-	-
Deferred financing costs	-	-	-	-
Investment in affiliates	6,595,116	-	-	-
Property and equipment, net	1,971,482	1,453,746	-	-
Total assets	\$ 50,102,231	\$ 1,453,846	\$ 19,094,801	\$ 6,405,276
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 2,454,337	\$ -	\$ 46,639	\$ 24,077
Deferred revenue	-	-	-	-
Due to related party	-	-	-	-
Related party note payable	938,575	-	-	-
Capital lease obligations, current portion	-	-	-	-
Long-term debt, current portion	3,342,721	-	-	171,789
Total current liabilities	6,735,633	-	46,639	195,866
Capital lease obligations, net of current portion	-	-	-	-
Long-term debt, net of current portion	901,346	-	14,731,497	5,384,805
Liability for asset retirement obligation	-	-	-	-
Deferred rent liability	146,248	-	-	-
Total liabilities	7,783,227	-	14,778,136	5,580,671
Commitments and contingencies				
Net assets				
Unrestricted	37,200,882	-	-	-
Member's equity	-	1,453,846	4,316,665	824,605
Temporarily restricted	5,118,122	-	-	-
Total net assets	42,319,004	1,453,846	4,316,665	824,605
Total liabilities and net assets	\$ 50,102,231	\$ 1,453,846	\$ 19,094,801	\$ 6,405,276

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	Alliance Community Impact LLC	Total	Eliminating Entries	Consolidated Alliance for College-Ready Public Schools
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ 11,318,677	\$ -	\$ 11,318,677
Grants, contributions and pledges receivable, current portion	-	1,399,910	-	1,399,910
Related party receivable, current portion	-	333,333	-	333,333
Public funding receivables	-	15,076	-	15,076
Note receivable, current portion	-	-	-	-
Due from related parties	-	10,273,668	-	10,273,668
Related party note receivable, current portion	-	3,846,929	-	3,846,929
Assets limited as to use, current portion	-	5,861,383	-	5,861,383
Prepaid expenses and other current assets	-	962,281	-	962,281
Total current assets	-	34,011,257	-	34,011,257
Grants, contributions and pledges receivable, net of current portion	-	1,070,500	-	1,070,500
Related party receivable, net of current portion	-	-	-	-
Related party note receivable, net of current portion	-	2,484,923	-	2,484,923
Note receivable, net of current portion	-	22,885,256	-	22,885,256
Deferred rent receivable	-	-	-	-
Assets limited as to use, net of current portion	-	6,502,871	-	6,502,871
Other long-term assets	-	81,003	-	81,003
Deferred financing costs	-	-	-	-
Investment in affiliates	-	6,595,116	(6,595,116)	-
Property and equipment, net	-	3,425,228	-	3,425,228
Total assets	\$ -	\$ 77,056,154	\$ (6,595,116)	\$ 70,461,038
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ -	\$ 2,525,053	\$ -	\$ 2,525,053
Deferred revenue	-	-	-	-
Due to related party	-	-	-	-
Related party note payable	-	938,575	-	938,575
Capital lease obligations, current portion	-	-	-	-
Long-term debt, current portion	-	3,514,510	-	3,514,510
Total current liabilities	-	6,978,138	-	6,978,138
Capital lease obligations, net of current portion	-	-	-	-
Long-term debt, net of current portion	-	21,017,648	-	21,017,648
Liability for asset retirement obligation	-	-	-	-
Deferred rent liability	-	146,248	-	146,248
Total liabilities	-	28,142,034	-	28,142,034
Commitments and contingencies				
Net assets				
Unrestricted	-	37,200,882	-	37,200,882
Member's equity	-	6,595,116	(6,595,116)	-
Temporarily restricted	-	5,118,122	-	5,118,122
Total net assets	-	48,914,120	(6,595,116)	42,319,004
Total liabilities and net assets	\$ -	\$ 77,056,154	\$ (6,595,116)	\$ 70,461,038

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	Alliance for College-Ready Public Schools	Alliance Schools R.E. Holdings LLC	1918 Broadway Charter Financing LLC	113 South Rowan Charter Financing LLC	Alliance Community Impact LLC	Total	Eliminating Entries	Consolidated Alliance for College-Ready Public Schools
Revenue and support								
Federal revenue	\$ 2,727,684	\$ -	\$ 686,445	\$ -	\$ -	\$ 3,414,129	\$ -	\$ 3,414,129
State revenue	587,561	-	-	-	-	587,561	-	587,561
Private grants and contributions	19,459,497	-	-	16,000	-	19,475,497	-	19,475,497
Management fees	16,774,955	-	-	-	-	16,774,955	-	16,774,955
Rent income	5,400	-	-	-	-	5,400	-	5,400
Interest and other income	740,168	990,666	889,034	314,306	-	2,934,174	(90,850)	2,843,324
Investment gain in subsidiaries	424,561	-	-	-	-	424,561	(424,561)	-
Total revenue and support	40,719,826	990,666	1,575,479	330,306	-	43,616,277	(515,411)	43,100,866
Functional expenses								
Program services	6,584,959	956,806	1,169,497	343,988	1,599	9,056,849	(90,850)	8,965,999
Support services								
Management and general	30,142,622	-	-	-	-	30,142,622	-	30,142,622
Fundraising	1,136,760	-	-	-	-	1,136,760	-	1,136,760
Total functional expenses	37,864,341	956,806	1,169,497	343,988	1,599	40,336,231	(90,850)	40,245,381
Change in net assets	2,855,485	33,860	405,982	(13,682)	(1,599)	3,280,046	(424,561)	2,855,485
Member contributions	-	68,556	52,813	143,752	1,599	266,720	(266,720)	-
Member distributions	-	(2,512,693)	-	-	-	(2,512,693)	2,512,693	-
Net assets (deficit), beginning of year	39,463,519	3,864,123	3,857,870	694,535	-	47,880,047	(8,416,528)	39,463,519
Net assets, end of year	\$ 42,319,004	\$ 1,453,846	\$ 4,316,665	\$ 824,605	\$ -	\$ 48,914,120	\$ (6,595,116)	\$ 42,319,004

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS FACILITIES
CORPORATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

ASSETS	Alliance for College-Ready Public Schools Facilities Corporation	54th Street Lions LLC	5151 Titan LLC	11410 Avalon LLC	1918 Broadway Charter Facilities LLC
Current assets					
Cash and cash equivalents	\$ 613	\$ 56,310	\$ 435,466	\$ 27,483	\$ 168,974
Grants, contributions and pledges receivable, current portion	-	-	-	-	-
Related party receivable, current portion	-	-	-	-	-
Public funding receivables	-	-	-	-	-
Note receivable, current portion	-	-	-	-	-
Due from related parties	-	15,171	23,092	130	-
Related party note receivable, current portion	-	-	-	-	-
Assets limited as to use, current portion	23,886,883	775,672	-	376,941	-
Other current assets	-	-	-	-	-
Prepaid expenses and other current assets	-	146,390	-	-	6,092
Total current assets	23,887,496	993,543	458,558	404,554	175,066
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-
Related party receivable, net of current portion	-	-	-	-	-
Note receivable, net of current portion	-	-	-	-	-
Deferred rent receivable	-	-	91,096	-	3,286,750
Assets limited as to use, net of current portion	26,291,052	1,403,242	67,804	601,390	750,315
Other long-term assets	-	-	-	-	8,100
Investment in affiliates	108,169,727	-	-	-	-
Property and equipment, net	-	16,766,642	10,123,585	5,944,746	18,591,018
Total assets	\$ 159,196,516	\$ 19,163,427	\$ 10,741,043	\$ 6,950,690	\$ 22,811,249
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 4,035,737	\$ 524,132	\$ -	\$ 221,953	\$ 92,584
Deferred Revenue	-	-	-	-	-
Due to related parties	344,967	-	-	-	2,506,279
Related party note payable	-	-	-	-	-
Capital lease obligations, current portion	-	-	-	-	-
Long-term debt, current portion	990,000	175,000	-	75,000	-
Total current liabilities	5,370,704	699,132	-	296,953	2,598,863
Capital lease obligations, net of current portion	-	-	-	-	-
Related party note payable, net of current portion	-	-	-	-	-
Long-term debt, net of current portion	134,707,764	14,134,544	-	6,058,376	20,307,225
Liability for asset retirement obligation	-	-	326,248	-	-
Deferred rent liability	-	26,899	-	5,358	-
Total liabilities	140,078,468	14,860,575	326,248	6,360,687	22,906,088
Commitments and contingencies					
Net assets (deficit)					
Unrestricted	19,118,048	-	-	-	-
Member's equity	-	4,302,852	10,414,795	590,003	(94,839)
Temporarily restricted	-	-	-	-	-
Total net assets (deficit)	19,118,048	4,302,852	10,414,795	590,003	(94,839)
Total liabilities and net assets	\$ 159,196,516	\$ 19,163,427	\$ 10,741,043	\$ 6,950,690	\$ 22,811,249

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS FACILITIES
CORPORATION
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	4610 S. Main Street Charter Facilities LLC	7907 Santa Fe Avenue Charter Facilities LLC	5886 Compton Avenue Charter Facilities LLC	1552 Rockwood Street Charter Facilities LLC	49th and Main Charter Facilities LLC	113 South Rowan Charter Facilities LLC
ASSETS						
Current assets						
Cash and cash equivalents	\$ 96,591	\$ 180,187	\$ 238,951	\$ 468,189	\$ 11,299	\$ 816,868
Grants, contributions and pledges receivable, current portion	-	-	-	-	-	-
Related party receivable, current portion	-	-	-	-	-	-
Public funding receivables	-	-	-	-	-	-
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	12,000
Related party note receivable, current portion	-	-	-	-	-	-
Assets limited as to use, current portion	357,123	157,488	-	-	-	32
Other current assets	-	-	-	-	-	-
Prepaid expenses and other current assets	-	-	-	-	-	6,000
Total current assets	453,714	337,675	238,951	468,189	11,299	834,900
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-	-
Related party receivable, net of current portion	-	-	-	-	-	-
Note receivable, net of current portion	-	-	-	-	-	-
Deferred rent receivable	28,579	867,104	262,463	476,584	140,219	60,963
Assets limited as to use, net of current portion	667,828	2,011,079	-	-	-	141,976
Other long-term assets	-	-	-	12,503	-	-
Investment in affiliates	-	-	-	-	-	-
Property and equipment, net	8,252,017	11,063,372	8,825,809	13,126,973	11,332,235	7,121,150
Total assets	\$ 9,402,138	\$ 14,279,230	\$ 9,327,223	\$ 14,084,249	\$ 11,483,753	\$ 8,158,989
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 260,188	\$ 58,229	\$ -	\$ -	\$ -	-
Deferred Revenue	-	-	-	-	-	-
Due to related parties	-	1,282,891	594,129	9,334	923,777	-
Related party note payable	-	-	-	-	-	-
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	125,100	-	-	-	-	-
Total current liabilities	385,288	1,341,120	594,129	9,334	923,777	-
Capital lease obligations, net of current portion	-	-	-	-	-	-
Related party note payable, net of current portion	-	1,348,319	-	-	-	-
Long-term debt, net of current portion	7,990,001	10,229,539	-	-	-	8,303,714
Liability for asset retirement obligation	-	-	-	-	-	-
Deferred rent liability	-	-	-	-	-	-
Total liabilities	8,375,289	12,918,978	594,129	9,334	923,777	8,303,714
Commitments and contingencies						
Net assets (deficit)						
Unrestricted	-	-	-	-	-	-
Member's equity	1,026,849	1,360,252	8,733,094	14,074,915	10,559,976	(144,725)
Temporarily restricted	-	-	-	-	-	-
Total net assets (deficit)	1,026,849	1,360,252	8,733,094	14,074,915	10,559,976	(144,725)
Total liabilities and net assets	\$ 9,402,138	\$ 14,279,230	\$ 9,327,223	\$ 14,084,249	\$ 11,483,753	\$ 8,158,989

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS FACILITIES
CORPORATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	461 West 9th Street Facilities LLC	2023 Union LLC	11933 Allegheny Charter Facilities LLC	1111 W. Manchester Charter Facilities LLC	2071 HP Saturn LLC	10704 Wilmington LLC
ASSETS						
Current assets						
Cash and cash equivalents	\$ 175,572	\$ 220,721	\$ 9,853	\$ -	\$ 698,766	\$ 139,253
Grants, contributions and pledges receivable, current portion	-	-	-	-	-	-
Related party receivable, current portion	-	-	-	-	-	-
Public funding receivables	-	-	-	-	-	-
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	-
Related party note receivable, current portion	-	-	-	-	-	-
Assets limited as to use, current portion	204,045	1,102,112	-	-	15,511,123	-
Other current assets	-	-	-	-	-	-
Prepaid expenses and other current assets	-	1,550	-	-	3,038	-
Total current assets	379,617	1,324,383	9,853	-	16,212,927	139,253
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-	-
Related party receivable, net of current portion	-	-	-	-	-	-
Note receivable, net of current portion	-	-	-	-	-	-
Deferred rent receivable	867,104	-	69,250	-	1,916,182	422,358
Assets limited as to use, net of current portion	-	201,487	-	-	629,377	-
Other long-term assets	-	-	-	-	20,020	-
Investment in affiliates	-	-	-	-	-	-
Property and equipment, net	8,383,585	12,025,460	20,868,854	7,354,008	12,439,505	7,078,623
Total assets	\$ 9,630,306	\$ 13,551,330	\$ 20,947,957	\$ 7,354,008	\$ 31,218,011	\$ 7,640,234
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 26,274	\$ 465,015	\$ -	\$ -	\$ 396,411	\$ 34,531
Deferred Revenue	-	-	-	-	34,961	-
Due to related parties	296,060	408,231	1,649,005	960,698	68,226	19,038
Related party note payable	-	-	45,475	-	-	-
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	23,423	170,000	-	-	195,000	-
Total current liabilities	345,757	1,043,246	1,694,480	960,698	694,598	53,569
Capital lease obligations, net of current portion	-	-	-	-	-	-
Related party note payable, net of current portion	1,136,604	-	-	-	-	-
Long-term debt, net of current portion	8,281,549	14,249,573	-	1,450,000	14,485,499	8,041,387
Liability for asset retirement obligation	-	-	-	-	-	-
Deferred rent liability	-	326,097	-	-	-	-
Total liabilities	9,763,910	15,618,916	1,694,480	2,410,698	15,180,097	8,094,956
Commitments and contingencies						
Net assets (deficit)						
Unrestricted	-	-	-	-	-	-
Member's equity	(133,604)	(2,067,586)	19,253,477	4,943,310	16,037,914	(454,722)
Temporarily restricted	-	-	-	-	-	-
Total net assets (deficit)	(133,604)	(2,067,586)	19,253,477	4,943,310	16,037,914	(454,722)
Total liabilities and net assets	\$ 9,630,306	\$ 13,551,330	\$ 20,947,957	\$ 7,354,008	\$ 31,218,011	\$ 7,640,234

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS FACILITIES
CORPORATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	9719 Main Street Charter Facilities LLC	10101 Broadway Charter Facilities LLC	70th Street Charter Facilities LLC	Total	Eliminating Entries	Consolidated Alliance for College-Ready Public Schools Facilities Corporation
ASSETS						
Current assets						
Cash and cash equivalents	\$ 527,106	\$ 380,218	\$ 554,830	\$ 5,207,250	-	\$ 5,207,250
Grants, contributions and pledges receivable, current portion	-	-	-	-	-	-
Related party receivable, current portion	-	-	-	-	-	-
Public funding receivables	-	-	-	-	-	-
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	29,857	31,008	-	111,258	-	111,258
Related party note receivable, current portion	-	-	-	-	-	-
Assets limited as to use, current portion	-	-	-	42,371,419	-	42,371,419
Other current assets	-	-	-	-	-	-
Prepaid expenses and other current assets	-	-	192,964	356,034	-	356,034
Total current assets	556,963	411,226	747,794	48,045,961	-	48,045,961
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-	-
Related party receivable, net of current portion	-	-	-	-	-	-
Note receivable, net of current portion	-	-	-	-	-	-
Deferred rent receivable	88,463	343,673	-	8,920,788	-	8,920,788
Assets limited as to use, net of current portion	-	-	-	32,765,550	-	32,765,550
Other long-term assets	-	6,000	-	46,623	-	46,623
Investment in affiliates	-	-	-	108,169,727	(108,169,727)	-
Property and equipment, net	4,992,603	5,069,806	18,880,904	208,240,895	-	208,240,895
Total assets	\$ 5,638,029	\$ 5,830,705	\$ 19,628,698	\$ 407,037,785	\$ (108,169,727)	\$ 298,868,058
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 23,140	\$ 24,947	-	6,163,141	-	\$ 6,163,141
Deferred Revenue	-	-	-	34,961	-	34,961
Due to related parties	-	-	91,061	9,153,696	-	9,153,696
Related party note payable	-	-	-	45,475	-	45,475
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	-	-	-	1,753,523	-	1,753,523
Total current liabilities	23,140	24,947	91,061	17,150,796	-	17,150,796
Capital lease obligations, net of current portion	-	-	-	-	-	-
Related party note payable, net of current portion	-	-	-	2,484,923	-	2,484,923
Long-term debt, net of current portion	5,322,685	5,774,817	-	259,336,673	-	259,336,673
Liability for asset retirement obligation	-	-	-	326,248	-	326,248
Deferred rent liability	-	-	93,016	451,370	-	451,370
Total liabilities	5,345,825	5,799,764	184,077	279,750,010	-	279,750,010
Commitments and contingencies						
Net assets (deficit)						
Unrestricted	-	-	-	19,118,048	-	19,118,048
Member's equity	292,204	30,941	19,444,621	108,169,727	(108,169,727)	-
Temporarily restricted	-	-	-	-	-	-
Total net assets (deficit)	292,204	30,941	19,444,621	127,287,775	(108,169,727)	19,118,048
Total liabilities and net assets	\$ 5,638,029	\$ 5,830,705	\$ 19,628,698	\$ 407,037,785	\$ (108,169,727)	\$ 298,868,058

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS FACILITIES CORPORATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	Alliance for College-Ready Public Schools Facilities Corporation	54th Street Lions LLC	5151 Titan LLC	11410 Avalon LLC	1918 Broadway Charter Facilities LLC	4610 S. Main Street Charter Facilities LLC	7907 Santa Fe Avenue Charter Facilities LLC	5886 Compton Avenue Charter Facilities LLC
Revenue and support								
Federal revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,578	\$ -
State revenue	-	-	-	-	-	-	-	-
Local revenues	-	-	-	-	-	-	-	-
Private grants and contributions	17,964,458	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-
Rent income	-	1,383,848	792,738	520,207	1,725,165	685,041	619,035	509,027
Interest and other income	183,556	-	-	-	-	-	2,607	-
Investment (loss) in subsidiaries	2,762,038	-	-	-	-	-	-	-
Total revenue and support	20,910,052	1,383,848	792,738	520,207	1,725,165	685,041	1,150,220	509,027
Functional expenses								
Program services	19,964,146	1,561,462	341,734	581,557	1,857,361	714,822	835,445	142,684
Support services	-	-	-	-	-	-	-	-
Management and general	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-
Total functional expenses	19,964,146	1,561,462	341,734	581,557	1,857,361	714,822	835,445	142,684
Change in net assets	945,906	(177,614)	451,004	(61,350)	(132,196)	(29,781)	314,775	366,343
Member contributions	-	100,000	1,686	-	-	-	-	-
Member distributions	-	-	(691,279)	-	-	-	-	(518,501)
Net assets, beginning of year	18,172,142	4,380,466	10,653,384	651,353	37,357	1,056,630	1,045,477	8,885,252
Net assets (deficit), end of year	\$ 19,118,048	\$ 4,302,852	\$ 10,414,795	\$ 590,003	\$ (94,839)	\$ 1,026,849	\$ 1,360,252	\$ 8,733,094

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS FACILITIES CORPORATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	1552 Rockwood Street Charter Facilities LLC	49th and Main Charter Facilities LLC	113 South Rowan Charter Facilities LLC	461 West 9th Street Charter Facilities LLC	2023 Union LLC	11933 Allegheny Charter Facilities LLC	1111 Manchester Charter Facilities LLC	2071 HP Saturn LLC
Revenue and support								
Federal revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State revenue	-	-	-	-	-	-	-	-
Local revenues	-	-	-	-	-	-	-	-
Private grants and contributions	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-
Rent income	667,428	513,881	413,476	619,035	1,275,993	624,934	-	1,272,901
Interest and other income	-	-	300	91,862	84,211	7,260	-	1,231
Investment (loss) in subsidiaries	-	-	-	-	-	-	-	-
Total revenue and support	667,428	513,881	413,776	710,897	1,360,204	632,194	-	1,274,132
Functional expenses								
Program services	230,763	73,875	559,841	905,216	1,629,650	198,091	48,472	1,030,819
Support services	-	-	-	-	-	-	-	-
Management and general	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-
Total functional expenses	230,763	73,875	559,841	905,216	1,629,650	198,091	48,472	1,030,819
Change in net assets	436,665	440,006	(146,065)	(194,319)	(269,446)	434,103	(48,472)	243,313
Member contributions	181,271	292,024	-	-	-	17,866,412	4,991,782	31,652,910
Member distributions	(523,100)	(503,182)	(178,700)	-	-	-	-	(17,907,911)
Net assets, beginning of year	13,980,079	10,331,128	180,040	60,715	(1,798,140)	952,962	-	2,049,602
Net assets (deficit), end of year	\$ 14,074,915	\$ 10,559,976	\$ (144,725)	\$ (133,604)	\$ (2,067,586)	\$ 19,253,477	\$ 4,943,310	\$ 16,037,914

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS FACILITIES CORPORATION
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	10704 Wilmington LLC	9719 Main Street Charter Facilities LLC	10101 Broadway Charter Facilities LLC	70th Street Charter Facilities LLC	Total	Eliminating Entries	Consolidated Alliance for College-Ready Public Schools Facilities Corporation
Revenue and support							
Federal revenue	\$ -	\$ -	\$ -	\$ -	\$ 528,578	\$ -	\$ 528,578
State revenue	-	-	-	-	-	-	-
Local revenues	-	-	-	-	-	-	-
Private grants and contributions	-	-	-	-	17,964,458	-	17,964,458
Management fees	-	-	-	-	-	-	-
Rent income	575,570	620,925	709,045	1,209,880	14,738,129	-	14,738,129
Interest and other income	-	-	-	-	371,027	-	371,027
Investment (loss) in subsidiaries	-	-	-	-	2,762,038	(2,762,038)	-
Total revenue and support	<u>575,570</u>	<u>620,925</u>	<u>709,045</u>	<u>1,209,880</u>	<u>36,364,230</u>	<u>(2,762,038)</u>	<u>33,602,192</u>
Functional expenses							
Program services	587,935	410,797	489,778	491,838	32,656,286	-	32,656,286
Support services	-	-	-	-	-	-	-
Management and general	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-
Total functional expenses	<u>587,935</u>	<u>410,797</u>	<u>489,778</u>	<u>491,838</u>	<u>32,656,286</u>	<u>-</u>	<u>32,656,286</u>
Change in net assets	(12,365)	210,128	219,267	718,042	3,707,944	(2,762,038)	945,906
Member contributions	-	-	-	9,525	55,095,610	(55,095,610)	-
Member distributions	(228,458)	(151,877)	(164,772)	(1,108,450)	(21,976,230)	21,976,230	-
Net assets, beginning of year	(213,899)	233,953	(23,554)	19,825,504	90,460,451	(72,288,309)	18,172,142
Net assets (deficit), end of year	<u>\$ (454,722)</u>	<u>\$ 292,204</u>	<u>\$ 30,941</u>	<u>\$ 19,444,621</u>	<u>\$ 127,287,775</u>	<u>\$ (108,169,727)</u>	<u>\$ 19,118,048</u>

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	Consolidated Alliance for College-Ready Public Schools	Consolidated Alliance for College-Ready Public Schools Facilities Corporation	Alliance Gertz- Ressler High School / Richard Merkin 6-12 Complex	Alliance Collins Family College-Ready Academy High School	Alliance Judy Ivie Burton Technology Academy High School	Alliance Marc and Eva Stern Math and Science School
ASSETS						
Current assets						
Cash and cash equivalents	\$ 11,318,677	\$ 5,207,250	\$ 6,756,930	\$ 7,111,362	\$ 5,723,503	\$ 3,792,950
Grants, contributions and pledges receivable, current portion	1,399,910	-	-	-	-	-
Related party receivable	333,333	-	-	-	-	-
Public funding receivables	15,076	-	965,722	654,001	657,035	676,585
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	10,273,668	111,258	84,038	-	-	-
Related party note receivable, current portion	3,846,929	-	6,559	53,963	7,871	4,373
Assets limited to use, current portion	5,861,383	42,371,419	-	-	-	-
Prepaid expenses and other current assets	962,281	356,034	25,359	12,737	68,477	10,563
Total current assets	34,011,257	48,045,961	7,838,608	7,832,063	6,456,886	4,484,471
Grants, contributions and pledges receivable, net of current portion	1,070,500	-	-	-	-	-
Related party note receivable	2,484,923	848,241	-	-	-	-
Note receivable, net of current portion	22,885,256	-	-	-	-	-
Deferred rent receivable	-	8,920,788	326,100	-	-	-
Assets limited as to use, net of current portion	6,502,871	32,765,550	-	-	-	-
Other long-term assets	81,003	46,623	3,000	-	-	-
Property and equipment, net	3,425,228	208,240,895	923,352	760,295	511,125	523,301
Total assets	\$ 70,461,038	\$ 298,868,058	\$ 9,091,060	\$ 8,592,358	\$ 6,968,011	\$ 5,007,772
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 2,525,053	\$ 6,163,141	\$ 230,055	\$ 125,882	\$ 93,340	\$ 143,027
Deferred revenue	-	34,961	-	-	-	-
Due to related party	-	9,153,696	-	102,829	297,029	139,555
Related party note payable, current portion	938,575	45,475	-	-	-	-
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	3,514,510	1,753,523	-	-	-	-
Total current liabilities	6,978,138	17,150,796	230,055	228,711	390,369	282,582
Capital lease obligations, net of current portion	-	-	-	-	-	-
Long-term related party note payable	-	2,484,923	-	-	-	-
Long-term debt, net of current portion	21,017,648	259,336,673	-	-	-	-
Liability for asset retirement obligation	-	326,248	-	-	-	-
Deferred rent liabilities	146,248	451,370	-	1,081,699	376,757	91,096
Total liabilities	28,142,034	279,750,010	230,055	1,310,410	767,126	373,678
Commitments and contingencies						
Net assets (deficit)						
Unrestricted (deficit)	37,200,882	19,118,048	8,249,500	7,117,871	5,940,680	4,415,788
Temporarily restricted	5,118,122	-	611,505	164,077	260,205	218,306
Total net assets (deficit)	42,319,004	19,118,048	8,861,005	7,281,948	6,200,885	4,634,094
Total liabilities and net assets	\$ 70,461,038	\$ 298,868,058	\$ 9,091,060	\$ 8,592,358	\$ 6,968,011	\$ 5,007,772

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	Alliance Dr. Olga Mohan High School	Alliance Patti and Peter Neuwirth Leadership Academy	Alliance Ouchi - O' Donovan 6-12 Complex	Alliance Piera Barbaglia Shaheen Health Services Academy	Alliance Morgan McKinzie High School	Alliance Leichtmann- Levine Family Foundation Environmental Science High School
ASSETS						
Current assets						
Cash and cash equivalents	\$ 4,610,894	\$ 1,910,805	\$ 9,729,192	\$ 1,084,631	\$ 151,626	\$ 2,770,000
Grants, contributions and pledges receivable, current portion	-	-	-	-	-	-
Related party receivable	-	-	-	-	-	-
Public funding receivables	380,066	607,184	1,249,317	465,352	357,067	566,214
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	-
Related party note receivable, current portion	5,684	-	52,986	-	-	-
Assets limited to use, current portion	-	-	-	59,709	552,065	-
Prepaid expenses and other current assets	6,677	25,163	46,420	76,855	39,174	74,762
Total current assets	5,003,321	2,543,152	11,077,915	1,686,547	1,099,932	3,410,976
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-	-
Related party note receivable	-	-	-	-	-	-
Note receivable, net of current portion	-	-	-	-	-	-
Deferred rent receivable	-	-	26,898	-	-	-
Assets limited as to use, net of current portion	-	-	-	-	-	-
Other long-term assets	-	7,200	208	65,057	11,240	-
Property and equipment, net	182,521	611,789	1,384,913	495,155	20,076,534	171,823
Total assets	\$ 5,185,842	\$ 3,162,141	\$ 12,489,934	\$ 2,246,759	\$ 21,187,706	\$ 3,582,799
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 477,243	\$ 145,583	\$ 516,222	\$ 209,527	\$ 62,568	\$ 106,670
Deferred revenue	-	-	-	-	200,487	-
Due to related party	6,960	187,156	376,083	156,641	66,272	131,798
Related party note payable, current portion	-	-	-	301,415	807,285	-
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	-	-	-	-	-	-
Total current liabilities	484,203	332,739	892,305	667,583	1,136,612	238,468
Capital lease obligations, net of current portion	-	-	-	-	-	-
Long-term related party note payable	-	-	-	-	-	-
Long-term debt, net of current portion	-	-	-	-	10,117,256	-
Liability for asset retirement obligation	-	-	-	-	-	-
Deferred rent liabilities	-	28,579	-	-	-	-
Total liabilities	484,203	361,318	892,305	667,583	11,253,868	238,468
Commitments and contingencies						
Net assets (deficit)						
Unrestricted (deficit)	4,388,681	2,463,056	11,062,976	943,828	9,641,777	3,176,299
Temporarily restricted	312,958	337,767	534,653	635,348	292,061	168,032
Total net assets (deficit)	4,701,639	2,800,823	11,597,629	1,579,176	9,933,838	3,344,331
Total liabilities and net assets	\$ 5,185,842	\$ 3,162,141	\$ 12,489,934	\$ 2,246,759	\$ 21,187,706	\$ 3,582,799

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	Alliance Cindy and Bill Simon Technology High School	Alliance Tennenbaum Family Technology High School	Alliance Susan and Eric Smidt Technology High School	Alliance Ted K. Tajima High School	Alliance Renee and Meyer Luskin Academy High School	Alliance Margaret M. Bloomfield Technology Academy High School
ASSETS						
Current assets						
Cash and cash equivalents	\$ 1,176,660	\$ 525,653	\$ 517,137	\$ 374,990	\$ 1,075,357	\$ 655,283
Grants, contributions and pledges receivable, current portion	-	-	-	-	-	-
Related party receivable	-	-	-	-	-	-
Public funding receivables	437,920	237,824	596,253	254,741	458,187	248,350
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	257,459
Related party note receivable, current portion	-	-	-	-	-	-
Assets limited to use, current portion	-	-	-	-	-	-
Prepaid expenses and other current assets	13,968	32,194	24,899	53,952	14,663	41,373
Total current assets	1,628,548	795,671	1,138,289	683,683	1,548,207	1,202,465
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-	-
Related party note receivable	-	-	-	-	-	-
Note receivable, net of current portion	-	-	-	-	-	-
Deferred rent receivable	-	-	-	-	645	-
Assets limited as to use, net of current portion	-	-	-	-	-	-
Other long-term assets	12,950	-	3,250	33,950	-	38,210
Property and equipment, net	571,567	211,150	469,589	99,164	872,903	567,704
Total assets	\$ 2,213,065	\$ 1,006,821	\$ 1,611,128	\$ 816,797	\$ 2,421,755	\$ 1,808,379
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 148,837	\$ 64,926	\$ 205,398	\$ 79,338	\$ 142,264	\$ 210,635
Deferred revenue	-	-	-	-	-	-
Due to related party	250,722	86,495	194,650	54,078	113,851	-
Related party note payable, current portion	-	-	-	805,392	-	5,460
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	-	-	-	-	-	-
Total current liabilities	399,559	151,421	400,048	938,808	256,115	216,095
Capital lease obligations, net of current portion	-	-	-	-	-	-
Long-term related party note payable	-	-	-	-	-	-
Long-term debt, net of current portion	-	-	-	-	-	-
Liability for asset retirement obligation	-	-	-	-	-	-
Deferred rent liabilities	422,358	-	2,490,624	476,584	-	867,104
Total liabilities	821,917	151,421	2,890,672	1,415,392	256,115	1,083,199
Commitments and contingencies						
Net assets (deficit)						
Unrestricted (deficit)	1,072,995	713,201	(1,682,008)	(899,630)	1,893,382	663,541
Temporarily restricted	318,153	142,199	402,464	301,035	272,258	61,639
Total net assets (deficit)	1,391,148	855,400	(1,279,544)	(598,595)	2,165,640	725,180
Total liabilities and net assets	\$ 2,213,065	\$ 1,006,821	\$ 1,611,128	\$ 816,797	\$ 2,421,755	\$ 1,808,379

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	Alliance Alice M. Baxter College-Ready High School	Alliance Jack H. Skirball Middle School	Alliance College-Ready Middle Academy No. 4	Alliance College-Ready Middle Academy No. 5	Alliance College-Ready Middle Academy No. 7	Alliance College-Ready Middle Academy No. 8
ASSETS						
Current assets						
Cash and cash equivalents	\$ 191,254	\$ 929,962	\$ 3,769,172	\$ 215,113	\$ -	\$ 1,067,440
Grants, contributions and pledges receivable, current portion	-	-	-	-	-	-
Related party receivable	-	-	-	-	-	-
Public funding receivables	160,337	450,164	488,618	229,420	-	457,747
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	247,319	-	-	-	-	-
Related party note receivable, current portion	-	-	4,373	-	-	-
Assets limited to use, current portion	-	-	-	-	-	-
Prepaid expenses and other current assets	10,530	16,882	78,859	7,759	-	7,686
Total current assets	609,440	1,397,008	4,341,022	452,292	-	1,532,873
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-	-
Related party note receivable	-	-	-	-	-	-
Note receivable, net of current portion	-	-	-	-	-	-
Deferred rent receivable	-	5,358	-	-	-	-
Assets limited as to use, net of current portion	-	-	-	-	-	-
Other long-term assets	4,000	600	9,050	-	-	1,690
Property and equipment, net	577,529	781,612	471,420	206,789	-	572,814
Total assets	\$ 1,190,969	\$ 2,184,578	\$ 4,821,492	\$ 659,081	\$ -	\$ 2,107,377
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 81,333	\$ 225,466	\$ 163,662	\$ 114,854	\$ -	\$ 115,820
Deferred revenue	-	-	-	-	-	-
Due to related party	-	159,693	221,849	94,697	-	72,872
Related party note payable, current portion	761,229	-	-	5,675	-	3,579
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	-	-	-	-	-	-
Total current liabilities	842,562	385,159	385,511	215,226	-	192,271
Capital lease obligations, net of current portion	-	-	-	-	-	-
Long-term related party note payable	-	-	-	-	-	-
Long-term debt, net of current portion	-	-	-	-	-	-
Liability for asset retirement obligation	-	-	-	-	-	-
Deferred rent liabilities	867,104	-	88,463	796,127	-	60,963
Total liabilities	1,709,666	385,159	473,974	1,011,353	-	253,234
Commitments and contingencies						
Net assets (deficit)						
Unrestricted (deficit)	(706,554)	1,562,065	4,094,028	(593,867)	-	1,844,787
Temporarily restricted	187,857	237,354	253,490	241,595	-	9,356
Total net assets (deficit)	(518,697)	1,799,419	4,347,518	(352,272)	-	1,854,143
Total liabilities and net assets	\$ 1,190,969	\$ 2,184,578	\$ 4,821,492	\$ 659,081	\$ -	\$ 2,107,377

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2017**

	Alliance Kory Hunter Middle School	Alliance Leadership Middle Academy	Alliance College-Ready Middle Academy No. 12	Alliance Marine-Innovation and Technology 6-12 Complex	Eliminating Entries	Combined Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ 230,185	\$ 714,454	\$ 1,635,940	\$ 217,420	\$ -	\$ 73,463,840
Grants, contributions and pledges receivable, current portion	-	-	-	-	-	1,399,910
Related party receivable	-	-	-	-	-	333,333
Public funding receivables	452,724	356,510	545,654	305,167	-	12,273,235
Note receivable, current portion	-	-	-	-	-	-
Due from related parties	566,634	-	-	496,753	(12,037,129)	-
Related party note receivable, current portion	-	-	-	-	(3,982,738)	-
Assets limited to use, current portion	-	-	-	-	-	48,844,576
Prepaid expenses and other current assets	28,511	10,854	99,295	72,269	-	2,218,196
Total current assets	1,278,054	1,081,818	2,280,889	1,091,609	(16,019,867)	138,533,090
Grants, contributions and pledges receivable, net of current portion	-	-	-	-	-	1,070,500
Related party note receivable	-	-	-	-	(3,333,164)	-
Note receivable, net of current portion	-	-	-	-	-	22,885,256
Deferred rent receivable	-	92,371	-	-	(8,537,677)	834,483
Assets limited as to use, net of current portion	-	-	-	8,086	-	39,276,507
Other long-term assets	11,815	-	5,700	3,500	-	339,046
Property and equipment, net	446,335	423,641	283,182	390,544	(813,256)	243,439,618
Total assets	\$ 1,736,204	\$ 1,597,830	\$ 2,569,771	\$ 1,493,739	\$ (28,703,964)	\$ 446,378,500
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 160,119	\$ 101,344	\$ 139,630	\$ 174,524	\$ -	\$ 12,926,461
Deferred revenue	-	-	-	-	-	235,448
Due to related party	-	106,807	63,396	-	(12,037,129)	-
Related party note payable, current portion	4,410	-	-	1,152,485	(4,830,980)	-
Capital lease obligations, current portion	-	-	-	-	-	-
Long-term debt, current portion	-	-	-	-	-	5,268,033
Total current liabilities	164,529	208,151	203,026	1,327,009	(16,868,109)	18,429,942
Capital lease obligations, net of current portion	-	-	-	-	-	-
Long-term related party note payable	-	-	-	-	(2,484,923)	-
Long-term debt, net of current portion	-	-	-	-	811,317	291,282,894
Liability for asset retirement obligation	-	-	-	-	-	326,248
Deferred rent liabilities	262,463	-	140,219	69,250	(8,537,677)	179,331
Total liabilities	426,992	208,151	343,245	1,396,259	(27,079,392)	310,218,415
Commitments and contingencies						
Net assets (deficit)						
Unrestricted (deficit)	1,293,428	1,286,687	1,958,411	(28,574)	(1,624,572)	124,566,706
Temporarily restricted	15,784	102,992	268,115	126,054	-	11,593,379
Total net assets (deficit)	1,309,212	1,389,679	2,226,526	97,480	(1,624,572)	136,160,085
Total liabilities and net assets	\$ 1,736,204	\$ 1,597,830	\$ 2,569,771	\$ 1,493,739	\$ (28,703,964)	\$ 446,378,500

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
(A NONPROFIT ORGANIZATION)
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	Consolidated Alliance for College-Ready Public Schools	Consolidated Alliance for College-Ready Public Schools Corporation	Alliance Gertz-Ressler High School / Richard Merkin 6-12 Complex	Alliance Collins Family College-Ready Academy High School	Alliance Judy Ivie Burton Technology Academy High School	Alliance Marc and Eve Stern Math and Science School	Alliance Dr. Olga Mohan High School	Alliance Patti and Peter Neuwirth Leadership Academy	Alliance Ouchi - O'Donovan 6 - 12 Complex	Alliance Piera Barbaglia Shaheen Health Services Academy
Revenue and support										
Federal revenue	\$ 3,414,129	\$ 528,578	\$ 1,144,091	\$ 834,016	\$ 712,860	\$ 689,753	\$ 548,751	\$ 847,723	\$ 1,258,159	\$ 554,321
State revenue	587,561	-	9,835,391	6,473,642	6,500,710	6,144,664	4,453,304	6,539,233	10,047,125	4,930,854
Local revenues	-	-	2,091,551	1,287,659	1,302,923	1,229,617	936,604	1,287,901	2,168,720	955,566
Private grants and contributions	19,475,497	17,964,458	109,665	174,648	152,138	88,232	29,430	95,754	158,173	329,301
Management fees	16,774,955	-	-	-	-	-	-	-	-	-
Rent income	5,400	14,738,129	-	-	-	-	-	-	-	-
Other school revenues	-	-	90,892	57,094	45,129	89,501	31,915	61,038	65,638	57,186
Interest and other income	2,843,324	371,027	40,086	26,902	41,405	17,448	16,838	17,635	45,812	8,958
Total revenue and support	43,100,866	33,602,192	13,311,676	8,853,961	8,755,165	8,259,215	6,016,842	8,849,284	13,743,627	6,836,186
Functional expenses										
Program services	8,965,999	32,656,286	13,335,946	8,311,010	8,240,678	8,037,881	5,610,055	8,709,034	13,482,386	6,991,832
Support services										
Management and general	30,142,622	-	6,142	1,893	2,662	1,600	821	1,364	3,265	2,117
Fundraising	1,136,760	-	-	-	-	-	-	-	-	-
Total functional expenses	40,245,381	32,656,286	13,342,088	8,312,903	8,243,340	8,039,481	5,610,876	8,710,398	13,485,651	6,993,949
Change in net assets	2,855,485	945,906	(30,412)	541,058	511,825	219,734	405,966	138,886	257,976	(157,763)
Net assets (deficit), beginning of year	39,463,519	18,172,142	8,891,417	6,740,890	5,689,060	4,414,360	4,295,673	2,661,937	11,339,653	1,736,939
Net assets (deficit)end of year	<u>\$ 42,319,004</u>	<u>\$ 19,118,048</u>	<u>\$ 8,861,005</u>	<u>\$ 7,281,948</u>	<u>\$ 6,200,885</u>	<u>\$ 4,634,094</u>	<u>\$ 4,701,639</u>	<u>\$ 2,800,823</u>	<u>\$ 11,597,629</u>	<u>\$ 1,579,176</u>

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
(A NONPROFIT ORGANIZATION)
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	Alliance Morgan McKinzie High School	Leichtmann- Levine Family Foundation Environmental Science High School	Alliance Cindy and Bill Simon Technology High School	Alliance Tennenbaum Family Technology High School	Alliance Susan and Eric Smidt Technology High School	Alliance Ted K Tajima High School	Alliance Renee and Meyer Luskin Academy High School	Alliance Margaret M. Bloomfield Technology Academy High School	Alliance Alice M. Baxter College-Ready High School	Alliance Jack H. Skirball Middle School
Revenue and support										
Federal revenue	\$ 404,539	\$ 541,052	\$ 557,174	\$ 386,837	\$ 645,777	\$ 304,237	\$ 596,878	\$ 558,416	\$ 254,934	\$ 514,843
State revenue	3,814,442	5,441,208	5,360,769	3,375,405	5,655,614	3,139,093	5,896,445	3,935,808	2,810,903	4,080,944
Local revenues	674,207	1,099,397	1,055,358	724,484	1,087,511	589,827	1,135,614	788,331	564,757	934,980
Private grants and contributions	131,388	75,641	169,395	37,733	115,903	34,428	89,224	172,355	108,932	42,511
Management fees	-	-	-	-	-	-	-	-	-	-
Rent income	-	-	-	-	-	-	-	-	-	-
Other school revenues	28,457	106,614	52,757	50,981	14,464	15,952	31,372	6,205	20,560	4,368
Interest and other income	18,155	19,095	14,239	7,481	1,847	4,052	28,380	12,193	10,722	9,927
Total revenue and support	<u>5,071,188</u>	<u>7,283,007</u>	<u>7,209,692</u>	<u>4,582,921</u>	<u>7,521,116</u>	<u>4,087,589</u>	<u>7,777,913</u>	<u>5,473,308</u>	<u>3,770,808</u>	<u>5,587,573</u>
Functional expenses										
Program services	4,663,268	6,952,995	7,503,313	5,101,358	8,568,147	4,664,870	7,648,251	5,362,435	4,210,118	5,934,096
Support services										
Management and general	442	2,799	2,580	2,615	2,586	334	635	1,191	476	1,080
Fundraising	-	-	-	-	-	-	-	-	-	-
Total functional expenses	<u>4,663,710</u>	<u>6,955,794</u>	<u>7,505,893</u>	<u>5,103,973</u>	<u>8,570,733</u>	<u>4,665,204</u>	<u>7,648,886</u>	<u>5,363,626</u>	<u>4,210,594</u>	<u>5,935,176</u>
Change in net assets	407,478	327,213	(296,201)	(521,052)	(1,049,617)	(577,615)	129,027	109,682	(439,786)	(347,603)
Net assets (deficit), beginning of year	<u>9,526,360</u>	<u>3,017,118</u>	<u>1,687,349</u>	<u>1,376,452</u>	<u>(229,927)</u>	<u>(20,980)</u>	<u>2,036,613</u>	<u>615,498</u>	<u>(78,911)</u>	<u>2,147,022</u>
Net assets (deficit)end of year	<u>\$ 9,933,838</u>	<u>\$ 3,344,331</u>	<u>\$ 1,391,148</u>	<u>\$ 855,400</u>	<u>\$ (1,279,544)</u>	<u>\$ (598,595)</u>	<u>\$ 2,165,640</u>	<u>\$ 725,180</u>	<u>\$ (518,697)</u>	<u>\$ 1,799,419</u>

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

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
(A NONPROFIT ORGANIZATION)
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	Alliance College-Ready Middle Academy No. 4	Alliance College-Ready Middle Academy No. 5	Alliance College-Ready Middle Academy No. 8	Alliance Kory Hunter Middle School	Alliance Leadership Middle Academy	Alliance College-Ready Middle Academy No. 12	Alliance Marine-Innovation and Technology 6 – 12 Complex	Eliminating Entries	Combined Total
Revenue and support									
Federal revenue	\$ 711,290	\$ 351,934	\$ 534,893	\$ 660,855	\$ 592,109	\$ 614,854	\$ 447,831	\$ -	\$ 19,210,834
State revenue	4,210,959	2,827,522	3,933,155	4,026,462	3,798,494	3,955,880	2,658,543	-	124,434,130
Local revenues	967,152	627,394	940,086	964,153	769,235	893,088	632,042	-	25,708,157
Private grants and contributions	23,383	55,498	350,334	118,218	96,395	144,428	24,789	(35,912,998)	4,454,853
Management fees	-	-	-	-	-	-	-	(16,774,955)	-
Rent income	-	-	-	-	-	-	-	(14,273,724)	469,805
Other school revenues	9,576	863	31,389	16,339	8,822	27,754	14,709	-	939,575
Interest and other income	32,067	6,945	27,268	16,561	3,728	26,713	13,396	(780,839)	2,901,365
Total revenue and support	5,954,427	3,870,156	5,817,125	5,802,588	5,268,783	5,662,717	3,791,310	(67,742,516)	178,118,719
Functional expenses									
Program services	5,913,612	4,821,823	5,067,587	5,209,944	6,251,387	5,448,524	4,470,442	(47,426,292)	164,706,985
Support services									
Management and general	442	1,450	603	394	1,289	1,326	1,105	(19,746,584)	10,437,249
Fundraising	-	-	-	-	-	-	-	-	1,136,760
Total functional expenses	5,914,054	4,823,273	5,068,190	5,210,338	6,252,676	5,449,850	4,471,547	(67,172,876)	176,280,994
Change in net assets	40,373	(953,117)	748,935	592,250	(983,893)	212,867	(680,237)	(569,640)	1,837,725
Net assets (deficit), beginning of year	4,307,145	600,845	1,105,208	716,962	2,373,572	2,013,659	777,717	(1,054,932)	134,322,360
Net assets (deficit)end of year	<u>\$ 4,347,518</u>	<u>\$ (352,272)</u>	<u>\$ 1,854,143</u>	<u>\$ 1,309,212</u>	<u>\$ 1,389,679</u>	<u>\$ 2,226,526</u>	<u>\$ 97,480</u>	<u>\$ (1,624,572)</u>	<u>\$ 136,160,085</u>

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

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

Board of Directors
Alliance for College-Ready Public Schools and School Affiliates

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 combined financial statements of Alliance for College-Ready Public Schools and its combined school affiliates (Alliance), which comprise the combined statement of financial position as of as of June 30, 2017, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements (collectively, the financial statements), and have issued our report thereon dated December 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alliance'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Alliance'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 Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

December 14, 2017

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

Board of Directors
Alliance for College-Ready Public Schools and School Affiliates

Report on Compliance for Each Major Federal Program

We have audited Alliance for College-Ready Public Schools and its combined school affiliates' (Alliance) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Alliance's major federal programs for the year ended June 30, 2017. Alliance'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 the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alliance'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 Alliance'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 Alliance's compliance.

Opinion on Each Major Federal Program

In our opinion, Alliance complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Alliance 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 Alliance'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 Alliance'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.



December 14, 2017

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Alliance for College-Ready Public Schools and School Affiliates

Compliance

We have audited the Alliance for College-Ready Public Schools and school affiliates (Alliance) compliance with the requirements specified in the Education Audit Appeals Panel's 2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the Audit Guide), applicable to the Alliance's statutory requirements identified below for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of the laws and regulations applicable to the Audit Guide.

Auditor's Responsibility

Our responsibility is to express an opinion on the Alliance's compliance with the requirements referred to above based on our audit. We conducted our compliance audit 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 Education Audit Appeals Panel's 2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, prescribed in the California Code of Regulations, Title 5, Division 1.5, Chapter 3, Article 1, Section 19810 and following. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Alliance'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. However, our audit does not provide a legal determination of Alliance's compliance with those requirements. In connection with the audit referred to above, we selected and tested transactions and records to determine the Alliance and each charter school's compliance with the state laws and regulations applicable to the following items:

<u>For Charter Schools</u>	<u>Procedures Performed</u>
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Immunizations	N/A
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Opinion

In our opinion, Alliance complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Alliance and each charter school for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Alliance's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Singer Lewak LLP

December 14, 2017

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Identifying Number	Alliance Gertz- Ressler High School/Richard Merkin 6 – 12 Complex	Alliance Collins Family College- Ready Academy High School	Alliance Judy Ivie Burton Technology Academy High School	Alliance Marc and Eve Stern Math and Science School	Alliance Dr. Olga Mohan High School	Alliance Patti and Peter Neuwirth Leadership Academy
U.S. Department of Education								
Charter Schools Program Grants for Replication and Expansion of High-Quality Charter Schools	84.282M		-	-	-	-	-	-
California Department of Education								
Title I Grants to Local Educational Agencies (Part A of the ESEA)	84.010	14329	426,517	241,586	252,603	230,265	194,009	263,774
Title II Part A — Teacher and Principal Training and Recruiting Fund	84.367	14341	4,761	2,791	2,837	2,700	2,178	2,977
State Charter School Facilities Incentive Grants	84.282D	24945	19,416	-	-	7,783	-	-
Special Education Grant to States	84.027	13379	183,832	113,179	114,587	108,013	82,278	84,064
Teacher Incentive Fund	84.374A	S374A120062-15	-	-	-	-	-	-
Total California Department of Education			<u>634,526</u>	<u>357,556</u>	<u>370,027</u>	<u>348,761</u>	<u>278,465</u>	<u>350,815</u>
Los Angeles Office of Education								
Advanced Placement Test Fee	84.330B	14831	11,704	17,442	15,314	16,834	12,920	27,094
Total U.S. Department of Education			<u>646,230</u>	<u>374,998</u>	<u>385,341</u>	<u>365,595</u>	<u>291,385</u>	<u>377,909</u>
U.S. Department of Agriculture								
California Department of Education								
School Breakfast Program	10.553	13390, 13525, 13526	\$ 146,171	\$ 143,480	\$ 83,606	\$ 93,262	\$ 66,724	\$ 118,608
National School Lunch Program	10.555	13396, 13391	<u>301,410</u>	<u>279,659</u>	<u>208,604</u>	<u>195,600</u>	<u>155,842</u>	<u>286,142</u>
Total U.S. Department of Agriculture			<u>447,581</u>	<u>423,139</u>	<u>292,210</u>	<u>288,862</u>	<u>222,566</u>	<u>404,750</u>
Total federal expenditures			<u>\$ 1,093,811</u>	<u>\$ 798,137</u>	<u>\$ 677,551</u>	<u>\$ 654,457</u>	<u>\$ 513,951</u>	<u>\$ 782,659</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Identifying Number	Alliance Ouchi - O'Donovan 6 – 12 Complex	Alliance Piera Barbaglia Shaheen Health Services Academy	Alliance Morgan McKinzie High School	Alliance Leichtman-Levine Family Foundation Environmental Science High School	Alliance Cindy and Bill Simon Technology Academy High School	Alliance Tennenbaum Family Technology High School
U.S. Department of Education								
Charter Schools Program Grants for Replication and Expansion of High-Quality Charter Schools	84.282M		-	-	-	-	-	-
California Department of Education								
Title I Grants to Local Educational Agencies (Part A of the ESEA)	84.010	14329	429,367	179,768	133,469	194,378	225,158	152,785
Title II Part A — Teacher and Principal Training and Recruiting Fund	84.367	14341	4,796	2,009	1,036	2,304	2,466	1,781
State Charter School Facilities Incentive Grants	84.282D	24945	14,361	12,023	-	15,504	-	-
Special Education Grant to States	84.027	13379	190,653	112,988	59,337	96,597	92,692	63,292
Teacher Incentive Fund	84.374A	S374A120062-15	-	-	-	-	-	-
Total California Department of Education			<u>639,177</u>	<u>306,788</u>	<u>193,842</u>	<u>308,783</u>	<u>320,316</u>	<u>217,858</u>
Los Angeles Office of Education								
Advanced Placement Test Fee	84.330B	14831	10,032	6,688	9,234	12,121	8,778	7,372
Total U.S. Department of Education			<u>649,209</u>	<u>313,476</u>	<u>203,076</u>	<u>320,904</u>	<u>329,094</u>	<u>225,230</u>
U.S. Department of Agriculture								
California Department of Education								
School Breakfast Program	10.553	13390, 13525, 13526	\$ 155,404	\$ 70,387	\$ 58,815	\$ 60,229	\$ 17,603	\$ 48,105
National School Lunch Program	10.555	13396, 13391	401,165	162,505	118,301	124,047	173,513	79,038
Total U.S. Department of Agriculture			<u>556,569</u>	<u>232,892</u>	<u>177,116</u>	<u>184,276</u>	<u>191,116</u>	<u>127,143</u>
Total federal expenditures			<u>\$ 1,205,778</u>	<u>\$ 546,368</u>	<u>\$ 380,192</u>	<u>\$ 505,180</u>	<u>\$ 520,210</u>	<u>\$ 352,373</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Identifying Number	Alliance Susan and Eric Smidt Technology High School	Alliance Ted K. Tajima High School	Alliance Renee and Meyer Luskin Academy High School	Alliance Margaret M. Bloomfield Technology Academy High School	Alliance Alice M. Baxter College- Ready High School	Alliance Jack H. Skirball Middle School
U.S. Department of Education								
Charter Schools Program Grants for Replication and Expansion of High-Quality Charter Schools	84.282M		-	-	-	-	-	-
California Department of Education								
Title I Grants to Local Educational Agencies (Part A of the ESEA)	84.010	14329	211,237	109,280	223,851	164,994	89,186	194,797
Title II Part A — Teacher and Principal Training and Recruiting Fund	84.367	14341	2,307	1,083	2,559	1,812	1,073	2,175
State Charter School Facilities Incentive Grants	84.282D	24945	-	-	-	-	-	-
Special Education Grant to States	84.027	13379	95,609	52,006	99,763	69,879	50,000	82,178
Teacher Incentive Fund	84.374A	S374A120062-15	-	-	-	-	-	-
Total California Department of Education			<u>309,153</u>	<u>162,369</u>	<u>326,173</u>	<u>236,685</u>	<u>140,259</u>	<u>279,150</u>
Los Angeles Office of Education								
Advanced Placement Test Fee	84.330B	14831	20,748	7,524	6,764	-	-	-
Total U.S. Department of Education			<u>329,901</u>	<u>169,893</u>	<u>332,937</u>	<u>236,685</u>	<u>140,259</u>	<u>279,150</u>
U.S. Department of Agriculture								
California Department of Education								
School Breakfast Program	10.553	13390, 13525, 13526	\$ 92,947	\$ 27,553	\$ 62,005	\$ 87,810	\$ 22,018	\$ 59,191
National School Lunch Program	10.555	13396, 13391	<u>197,056</u>	<u>74,607</u>	<u>166,999</u>	<u>198,553</u>	<u>60,352</u>	<u>141,212</u>
Total U.S. Department of Agriculture			<u>290,003</u>	<u>102,160</u>	<u>229,004</u>	<u>286,363</u>	<u>82,370</u>	<u>200,403</u>
Total federal expenditures			<u>\$ 619,904</u>	<u>\$ 272,053</u>	<u>\$ 561,941</u>	<u>\$ 523,048</u>	<u>\$ 222,629</u>	<u>\$ 479,553</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Identifying Number	Alliance College- Ready Middle Academy No. 4	Alliance College- Ready Middle Academy No. 5	Alliance College- Ready Middle Academy No. 8	Alliance Kory Hunter Middle School	Alliance Leadership Middle Academy	Alliance College- Ready Middle Academy No. 12
U.S. Department of Education								
Charter Schools Program Grants for Replication and Expansion of High-Quality Charter Schools	84.282M		-	-	53,464	48,176	190,610	-
California Department of Education								
Title I Grants to Local Educational Agencies (Part A of the ESEA)	84.010	14329	211,126	149,871	164,926	206,373	165,089	187,794
Title II Part A — Teacher and Principal Training and Recruiting Fund	84.367	14341	2,279	1,573	1,903	2,230	1,917	2,074
State Charter School Facilities Incentive Grants	84.282D	24945	-	-	-	-	-	-
Special Education Grant to States	84.027	13379	84,944	54,953	83,576	85,804	67,249	78,481
Teacher Incentive Fund	84.374A	S374A120062-15	-	-	-	-	-	-
Total California Department of Education			298,349	206,397	250,405	294,407	234,255	268,349
Los Angeles Office of Education								
Advanced Placement Test Fee	84.330B	14831	-	-	-	-	-	-
Total U.S. Department of Education			298,349	206,397	303,869	342,583	424,865	268,349
U.S. Department of Agriculture								
California Department of Education								
School Breakfast Program	10.553	13390, 13525, 13526	\$ 120,057	\$ 41,543	\$ 69,433	\$ 93,442	\$ 33,518	\$ 91,389
National School Lunch Program	10.555	13396, 13391	258,731	79,261	136,555	190,235	105,924	219,670
Total U.S. Department of Agriculture			378,788	120,804	205,988	283,677	139,442	311,059
Total federal expenditures			\$ 677,137	\$ 327,201	\$ 563,321	\$ 674,436	\$ 754,917	\$ 579,408

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Identifying Number	Alliance Marine – Innovation and Technology 6 – 12 Complex	Alliance	Total Federal Expenditures
U.S. Department of Education					
Charter Schools Program Grants for Replication and Expansion of High-Quality Charter Schools	84.282M		212,367	31,357	535,974
California Department of Education					
Title I Grants to Local Educational Agencies (Part A of the ESEA)	84.010	14329	-	-	5,002,203
Title II Part A — Teacher and Principal Training and Recruiting Fund	84.367	14341	-	-	55,621
State Charter School Facilities Incentive Grants	84.282D	24945	-	-	69,087
Special Education Grant to States	84.027	13379	57,187	-	2,263,141
Teacher Incentive Fund	84.374A	S374A120062-15	-	2,647,741	2,647,741
Total California Department of Education			57,187	2,647,741	10,037,793
Los Angeles Office of Education					
Advanced Placement Test Fee	84.330B	14831	-	-	190,569
Total U.S. Department of Education			269,554	2,679,098	10,764,336
U.S. Department of Agriculture					
California Department of Education					
School Breakfast Program	10.553	13390, 13525, 13526	\$ 54,219	\$ -	\$ 1,917,519
National School Lunch Program	10.555	13396, 13391	99,936	-	4,414,917
Total U.S. Department of Agriculture			154,155	-	6,332,436
Total federal expenditures			\$ 423,709	\$ 2,679,098	\$ 17,096,772

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Alliance under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Alliance, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Alliance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

For the year ended June 30, 2017, Alliance elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of Alliance schools. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to Alliance. This schedule provides information regarding the attendance of students at all grade levels offered at Alliance.

Alliance Gertz-Ressler High School / Richard Merkin 6-12 Complex

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	145.65	145.65	144.99	144.99
Secondary Grades 7 – 8	<u>288.40</u>	<u>288.40</u>	<u>287.67</u>	<u>287.67</u>
Middle school totals	<u>434.05</u>	<u>434.05</u>	<u>432.66</u>	<u>432.66</u>
Secondary Grades 9 – 12	<u>517.66</u>	<u>517.66</u>	<u>515.13</u>	<u>515.13</u>
High school totals	<u>517.66</u>	<u>517.66</u>	<u>515.13</u>	<u>515.13</u>
K – 12 totals	<u>951.71</u>	<u>951.71</u>	<u>947.79</u>	<u>947.79</u>

Alliance Collins Family College-Ready Academy High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>585.81</u>	<u>585.81</u>	<u>584.84</u>	<u>584.84</u>
Secondary totals	<u>585.81</u>	<u>585.81</u>	<u>584.84</u>	<u>584.84</u>
K – 12 totals	<u>585.81</u>	<u>585.81</u>	<u>584.84</u>	<u>584.84</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Judy Ivie Burton Technology Academy High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>593.10</u>	<u>593.10</u>	<u>589.97</u>	<u>589.97</u>
Secondary totals	<u>593.10</u>	<u>593.10</u>	<u>589.97</u>	<u>589.97</u>
K – 12 totals	<u>593.10</u>	<u>593.10</u>	<u>589.97</u>	<u>589.97</u>

Alliance Marc and Eva Stern Math and Science School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>559.19</u>	<u>559.19</u>	<u>557.77</u>	<u>557.77</u>
Secondary totals	<u>559.19</u>	<u>559.19</u>	<u>557.77</u>	<u>557.77</u>
K – 12 totals	<u>559.19</u>	<u>559.19</u>	<u>557.77</u>	<u>557.77</u>

Alliance Dr. Olga Mohan High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>425.96</u>	<u>425.96</u>	<u>424.77</u>	<u>424.77</u>
Secondary totals	<u>425.96</u>	<u>425.96</u>	<u>424.77</u>	<u>424.77</u>
K – 12 totals	<u>425.96</u>	<u>425.96</u>	<u>424.77</u>	<u>424.77</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Patti and Peter Neuwirth Leadership Academy

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>584.95</u>	<u>584.95</u>	<u>581.66</u>	<u>581.66</u>
Secondary totals	<u>584.95</u>	<u>584.95</u>	<u>581.66</u>	<u>581.66</u>
K – 12 totals	<u>584.95</u>	<u>584.95</u>	<u>581.66</u>	<u>581.66</u>

Alliance Ouchi – O’Donovan 6-12 Complex

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	150.87	150.87	150.29	150.29
Secondary Grades 7 – 8	<u>297.02</u>	<u>297.02</u>	<u>295.87</u>	<u>295.87</u>
Middle school totals	<u>447.89</u>	<u>447.89</u>	<u>446.16</u>	<u>446.16</u>
Secondary Grades 9 – 12	<u>539.13</u>	<u>539.13</u>	<u>539.19</u>	<u>539.19</u>
High school totals	<u>539.13</u>	<u>539.13</u>	<u>539.19</u>	<u>539.19</u>
K – 12 totals	<u>987.02</u>	<u>987.02</u>	<u>985.35</u>	<u>985.35</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Piera Barbaglia Shaheen Health Services Academy

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>435.20</u>	<u>435.20</u>	<u>432.99</u>	<u>432.99</u>
Secondary totals	<u>435.20</u>	<u>435.20</u>	<u>432.99</u>	<u>432.99</u>
K – 12 totals	<u>435.20</u>	<u>435.20</u>	<u>432.99</u>	<u>432.99</u>

Alliance Morgan McKinzie High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>307.19</u>	<u>307.19</u>	<u>306.29</u>	<u>306.29</u>
Secondary totals	<u>307.19</u>	<u>307.19</u>	<u>306.29</u>	<u>306.29</u>
K – 12 totals	<u>307.19</u>	<u>307.19</u>	<u>306.29</u>	<u>306.29</u>

Alliance Leichtman-Levine Family Foundation Environmental Science High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>500.09</u>	<u>500.09</u>	<u>499.52</u>	<u>499.52</u>
Secondary totals	<u>500.09</u>	<u>500.09</u>	<u>499.52</u>	<u>499.52</u>
K – 12 totals	<u>500.09</u>	<u>500.09</u>	<u>499.52</u>	<u>499.52</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Cindy and Bill Simon Technology Academy High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>479.77</u>	<u>479.77</u>	<u>476.14</u>	<u>476.14</u>
Secondary totals	<u>479.77</u>	<u>479.77</u>	<u>476.14</u>	<u>476.14</u>
K – 12 totals	<u>479.77</u>	<u>479.77</u>	<u>476.14</u>	<u>476.14</u>

Alliance Tennenbaum Family Technology High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>327.68</u>	<u>327.68</u>	<u>323.86</u>	<u>323.86</u>
Secondary totals	<u>327.68</u>	<u>327.68</u>	<u>323.86</u>	<u>323.86</u>
K – 12 totals	<u>327.68</u>	<u>327.68</u>	<u>323.86</u>	<u>323.86</u>

Alliance Susan and Eric Smidt Technology High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>494.97</u>	<u>494.97</u>	<u>494.45</u>	<u>494.45</u>
Secondary totals	<u>494.97</u>	<u>494.97</u>	<u>494.45</u>	<u>494.45</u>
K – 12 totals	<u>494.97</u>	<u>494.97</u>	<u>494.45</u>	<u>494.45</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Ted K. Tajima High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>269.18</u>	<u>269.18</u>	<u>269.72</u>	<u>269.72</u>
Secondary totals	<u>269.18</u>	<u>269.18</u>	<u>269.72</u>	<u>269.72</u>
K – 12 totals	<u>269.18</u>	<u>269.18</u>	<u>269.72</u>	<u>269.72</u>

Alliance Renee and Meyer Luskin Academy High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grades 9 – 12	<u>516.48</u>	<u>516.48</u>	<u>510.26</u>	<u>510.26</u>
Secondary totals	<u>516.48</u>	<u>516.48</u>	<u>510.26</u>	<u>510.26</u>
K – 12 totals	<u>516.48</u>	<u>516.48</u>	<u>510.26</u>	<u>510.26</u>

Alliance Margaret M. Bloomfield Technology Academy High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grade 9 – 11	<u>361.75</u>	<u>361.75</u>	<u>358.45</u>	<u>358.45</u>
Secondary totals	<u>361.75</u>	<u>361.75</u>	<u>358.45</u>	<u>358.45</u>
K – 12 totals	<u>361.75</u>	<u>361.75</u>	<u>358.45</u>	<u>358.45</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Alice M. Baxter College-Ready High School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Secondary Grade 9 – 11	<u>258.84</u>	<u>258.84</u>	<u>254.30</u>	<u>254.30</u>
Secondary totals	<u>258.84</u>	<u>258.84</u>	<u>254.30</u>	<u>254.30</u>
K – 12 totals	<u>258.84</u>	<u>258.84</u>	<u>254.30</u>	<u>254.30</u>

Alliance Jack H. Skirball Middle School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>143.32</u>	<u>143.32</u>	<u>143.21</u>	<u>143.21</u>
Secondary Grades 7 – 8	<u>282.12</u>	<u>282.12</u>	<u>281.31</u>	<u>281.31</u>
K – 12 totals	<u>425.44</u>	<u>425.44</u>	<u>424.52</u>	<u>424.52</u>

Alliance College-Ready Middle Academy No. 4

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>147.27</u>	<u>147.27</u>	<u>147.09</u>	<u>147.09</u>
Secondary Grades 7 – 8	<u>292.49</u>	<u>292.49</u>	<u>291.99</u>	<u>291.99</u>
K – 12 totals	<u>439.76</u>	<u>439.76</u>	<u>439.08</u>	<u>439.08</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance College-Ready Middle Academy No. 5

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>79.79</u>	<u>79.79</u>	<u>79.08</u>	<u>79.08</u>
Secondary Grades 7 – 8	<u>204.71</u>	<u>204.71</u>	<u>204.45</u>	<u>204.45</u>
K – 12 totals	<u>284.50</u>	<u>284.50</u>	<u>283.53</u>	<u>283.53</u>

Alliance College-Ready Middle Academy No. 8

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>145.02</u>	<u>145.02</u>	<u>145.04</u>	<u>145.04</u>
Secondary Grades 7 - 8	<u>287.63</u>	<u>287.63</u>	<u>287.49</u>	<u>287.49</u>
K – 12 totals	<u>432.65</u>	<u>432.65</u>	<u>432.53</u>	<u>432.53</u>

Alliance Kory Hunter Middle School

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>153.09</u>	<u>153.09</u>	<u>151.94</u>	<u>151.94</u>
Secondary Grades 7 - 8	<u>291.09</u>	<u>291.09</u>	<u>289.61</u>	<u>289.61</u>
K – 12 totals	<u>444.18</u>	<u>444.18</u>	<u>441.55</u>	<u>441.55</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Leadership Middle Academy

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>116.75</u>	<u>116.75</u>	<u>116.31</u>	<u>116.31</u>
Secondary Grade 7 – 8	<u>231.41</u>	<u>231.41</u>	<u>229.99</u>	<u>229.99</u>
K – 12 totals	<u>348.16</u>	<u>348.16</u>	<u>346.30</u>	<u>346.30</u>

Alliance College Ready Middle Academy No. 12

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>137.05</u>	<u>137.05</u>	<u>136.18</u>	<u>136.18</u>
Secondary Grade 7 – 8	<u>269.25</u>	<u>269.25</u>	<u>268.08</u>	<u>268.08</u>
K – 12 totals	<u>406.30</u>	<u>406.30</u>	<u>404.26</u>	<u>404.26</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2017**

Alliance Marine – Innovation and Technology 6-12 Complex

	Average Daily Attendance			
	Second Period Report	Classroom- based Instruction	Annual Report	Classroom- based Instruction
Elementary Grade 6	<u>173.62</u>	<u>173.62</u>	<u>172.43</u>	<u>172.43</u>
Secondary Grade 7	<u>74.25</u>	<u>74.25</u>	<u>74.22</u>	<u>74.22</u>
Middle school totals	<u>247.87</u>	<u>247.87</u>	<u>246.65</u>	<u>246.65</u>
Secondary Grade 9	<u>48.14</u>	<u>48.14</u>	<u>48.31</u>	<u>48.31</u>
High school totals	<u>48.14</u>	<u>48.14</u>	<u>48.31</u>	<u>48.31</u>
K – 12 totals	<u>296.01</u>	<u>296.01</u>	<u>294.96</u>	<u>294.96</u>

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

The actual minutes provided during the year ended June 30, 2017 as reported below are in compliance with the instructional minutes' and days' provisions and were provided based on a traditional calendar of days totaling 185 days.

Alliance Gertz-Ressler High School / Richard Merkin 6-12 Complex

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	66,198
Grade 7	54,000	66,198
Grade 8	54,000	66,198
Grade 9	64,800	69,680
Grade 10	64,800	69,680
Grade 11	64,800	69,680
Grade 12	64,800	69,680

Alliance Collins Family College-Ready Academy High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	69,850
Grade 10	64,800	69,850
Grade 11	64,800	69,850
Grade 12	64,800	69,850

Alliance Judy Ivie Burton Technology Academy High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	71,968
Grade 10	64,800	71,968
Grade 11	64,800	71,968
Grade 12	64,800	71,968

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Alliance Marc and Eva Stern Math and Science School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	70,740
Grade 10	64,800	70,740
Grade 11	64,800	70,740
Grade 12	64,800	70,740

Alliance Dr. Olga Mohan High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	70,100
Grade 10	64,800	70,100
Grade 11	64,800	70,100
Grade 12	64,800	70,100

Alliance Patti and Peter Neuwirth Leadership Academy

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	70,958
Grade 10	64,800	70,958
Grade 11	64,800	70,958
Grade 12	64,800	70,958

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Alliance Ouchi – O’Donovan 6-12 Complex

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	70,040
Grade 7	54,000	70,040
Grade 8	54,000	70,040
Grade 9	64,800	71,158
Grade 10	64,800	71,158
Grade 11	64,800	71,158
Grade 12	64,800	71,158

Alliance Piera Barbaglia Shaheen Health Services Academy

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	66,675
Grade 10	64,800	66,675
Grade 11	64,800	66,675
Grade 12	64,800	66,675

Alliance Morgan McKinzie High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	70,100
Grade 10	64,800	70,100
Grade 11	64,800	70,100
Grade 12	64,800	70,100

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Alliance Leichtman-Levine Family Foundation Environmental Science High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	69,435
Grade 10	64,800	69,435
Grade 11	64,800	69,435
Grade 12	64,800	69,435

Alliance Cindy and Bill Simon Technology Academy High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	68,268
Grade 10	64,800	68,268
Grade 11	64,800	68,268
Grade 12	64,800	68,268

Alliance Tennenbaum Family Technology High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	69,038
Grade 10	64,800	69,038
Grade 11	64,800	69,038
Grade 12	64,800	69,038

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Alliance Susan and Eric Smidt Technology High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	66,105
Grade 10	64,800	66,105
Grade 11	64,800	66,105
Grade 12	64,800	66,105

Alliance Ted K. Tajima High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	69,370
Grade 10	64,800	69,370
Grade 11	64,800	69,370
Grade 12	64,800	69,370

Alliance Renee and Meyer Luskin Academy High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	70,100
Grade 10	64,800	70,100
Grade 11	64,800	70,100
Grade 12	64,800	70,100

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Alliance Margaret M. Bloomfield Technology Academy High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	70,488
Grade 10	64,800	70,488
Grade 11	64,800	70,488

Alliance Alice M. Baxter College-Ready High School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 9	64,800	70,120
Grade 10	64,800	70,120
Grade 11	64,800	70,120

Alliance Jack H. Skirball Middle School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	65,280
Grade 7	54,000	65,280
Grade 8	54,000	65,280

Alliance College-Ready Middle Academy No. 4

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	67,291
Grade 7	54,000	67,291
Grade 8	54,000	67,174

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
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SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Alliance College-Ready Middle Academy No. 5

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	69,944
Grade 7	54,000	69,944
Grade 8	54,000	69,944

Alliance College-Ready Middle Academy No. 8

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	70,100
Grade 7	54,000	70,100
Grade 8	54,000	70,100

Alliance Kory Hunter Middle School

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	68,640
Grade 7	54,000	68,640
Grade 8	54,000	68,640

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
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SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2017**

Alliance Leadership Middle Academy

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	67,520
Grade 7	54,000	68,250
Grade 8	54,000	68,250

Alliance College Ready Middle Academy No. 12

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	64,377
Grade 7	54,000	64,377
Grade 8	54,000	64,377

Alliance Marine – Innovation and Technology 6-12 Complex

<u>Grade Level</u>	<u>2016 – 2017 Minutes Offered Requirements</u>	<u>2016 – 2017 Actual Minutes Offered</u>
Grade 6	54,000	68,902
Grade 7	54,000	68,902
Grade 9	64,800	68,902

ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS AND SCHOOL AFFILIATES

LOCAL EDUCATION AGENCY ORGANIZATIONAL STRUCTURE For the Year Ended June 30, 2017

	Alliance Gertz-Ressler High School / Richard Merkin 6-12 Complex	Alliance Collins Family College-Ready Academy High School	Alliance Judy Ivie Burton Technology Academy High School	Alliance Marc and Eva Stern Math and Science School	Alliance Dr. Olga Mohan High School
State Charter No.	• 645	• 718	• 714	• 788	• 790
Date and Granting Authority of the Charter Alliance	• July 1, 2013; renewed July 1, 2014; Los Angeles Unified School District	• January 11, 2005; renewed July 1, 2015; Los Angeles Unified School District	• February 6, 2006; renewed July 1, 2015; Los Angeles Unified School District	• March 7, 2006; renewed July 1, 2014; Los Angeles Unified School District	• March 7, 2006; renewed July 1, 2014; Los Angeles Unified School District
Members of the Governing Board*	<ul style="list-style-type: none"> • James Waller, Principal • Meghan Van Pelt, Principal • Sandra Tatum-Green, Parent • Carmen Jimenez, Parent • Enrique Vasquez, Teacher • Kayla Garaway, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Robert Delfino, Principal • Maria Pinedo , Parent • Ana Casillas , Parent • Sarah Ulloa-Alvarez , Teacher • Zachery Medway, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Rogelio Sanchez, Principal • Rosa Guerrero, Parent • Eduviges Larios, Parent • Marine Karapetyan, Teacher • Valerie Felix, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Kirsten Woo, Principal • Armando Madrid, Parent • Elizabeth Tirado, Parent • Lynda De Anda, Teacher • Kha Nguyen , Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Loreen Riley, Principal • Eugenia Cruz, Parent • Maria Lopez, Parent • Michael Garcia, Teacher • Mayra Olide, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member
LAUSD Ex-Officio	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD
Management	<ul style="list-style-type: none"> • James Waller, Principal • Meghan Van Pelt, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Robert Delfino, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Rogelio Sanchez, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Kirsten Woo, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Loreen Riley, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member

ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS AND SCHOOL AFFILIATES

LOCAL EDUCATION AGENCY ORGANIZATIONAL STRUCTURE For the Year Ended June 30, 2017

	Alliance Patti and Peter Neuwirth Leadership Academy	Alliance Ouchi - O'Donovan 6-12 Complex	Alliance Plera Barbaglia Shaheen Health Services Academy	Alliance Morgan McKinzie High School	Alliance Leichtman-Levine Family Foundation Environmental Science High School
State Charter No.	• 789	• 784	• 927	• 928	• 929
Date and Granting Authority of the Charter Alliance	• March 7, 2006; renewed July 1, 2011; Los Angeles Unified School District	• July 1, 2013; renewed July 1, 2014; Los Angeles Unified School District	• May 22, 2007; renewed July 1, 2013; Los Angeles Unified School District	• May 22, 2007; renewed July 1, 2013; Los Angeles Unified School District	• May 22, 2007; renewed July 1, 2013; Los Angeles Unified School District
Members of the Governing Board*	<ul style="list-style-type: none"> • Miguel Gamboa , Principal • Yari Pacheco, Parent • Nolan McCullough, Parent • Latasha Murrell, Teacher • Craig Winchell , Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Dea Tramble, Principal • Edith Funes, Principal • Amilcar Mejia, Parent • Ana Guzman, Parent • Linda Perez, Teacher • Ashley Dester, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Dr. Carla McCullough, Principal • Sandra Tatum-Green, Parent • Phillip Jordan, Parent • Elias Johansson-Miller, Teacher • Laura Gonzales, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Dr. Art Sanchez, Principal • John Aviles, Parent • Antonia Cabrera, Parent • Jessica Rendón, Teacher • Bertha Rito, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Andres Versage, Principal • Marilyn Falcon, Parent • Beata Matossian, Parent • Eli Reyna, Teacher • Salena Pacheco, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member
LAUSD Ex-Officio	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD
Management	<ul style="list-style-type: none"> • Miguel Gamboa , Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Dea Tramble, Principal • Edith Funes, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Dr. Carla McCullough, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Dr. Art Sanchez, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Andres Versage, Principal • Donna Jacobson, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATIONAL STRUCTURE
For the Year Ended June 30, 2017**

	Alliance Cindy and Bill Simon Technology Academy High School	Alliance Tennenbaum Family Technology High School	Alliance Susan and Eric Smltd Technology High School	Alliance Ted K. Tajima High School	Alliance Renee and Meyer Luskin Academy High School
State Charter No.	• 1161	• 1162	• 1163	1164	• 1343
Date and Granting Authority of the Charter Alliance	• July 1, 2010; renewed July 1, 2015; Los Angeles Unified School District	• July 1, 2010; renewed July 1, 2015; Los Angeles Unified School District	• July 1, 2011; renewed September 1, 2015; Los Angeles Unified School District	• July 1, 2011; renewed September 1, 2015; Los Angeles Unified School District	• July 1, 2011; renewed September 1, 2015; Los Angeles Unified School District
Members of the Governing Board*	<ul style="list-style-type: none"> • Clarence Miller, Principal • Elaine Bonner , Parent • Jacqueline A. Toomes, Parent • Carolyn Torres, Teacher • Kimberlee Kelly, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Abigail Nunez, Principal • Maria Vazquez , Parent • Perla Bernal, Parent • Jack Barlett, Teacher • Alyssa Cuervo, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Dean Marolla-Turner, Principal • Veronica Campos, Parent • Linda Hernandez, Parent • Veronica Bane , Teacher • Jorge Lee, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Carmen Vazquez, Principal • Julia Ramos, Parent • Sandra Villalobos, Parent • Ashley Dura, Teacher • Ismael Santacruz, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Rosalio Medrano, Principal • Martha Gonzalez , Parent • Guadalupe De La O, Teacher • Jessica Rivas, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member
LAUSD Ex-Officio	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD
Management	<ul style="list-style-type: none"> • Clarence Miller, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Chris Weber, Member 	<ul style="list-style-type: none"> • Abigail Nunez, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Dean Marolla-Turner, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Carmen Vazquez, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Rosalio Medrano, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member

ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS AND SCHOOL AFFILIATES

LOCAL EDUCATION AGENCY ORGANIZATIONAL STRUCTURE For the Year Ended June 30, 2017

	Alliance Margaret M. Bloomfield Technology Academy High School	Alliance Alice M. Baxter College- Ready High School	Alliance Jack H. Skirball Middle School	Alliance College-Ready Middle Academy No. 4	Alliance College-Ready Middle Academy No. 5
State Charter No.	• 1356	• 1460	• 779	• 1096	• 1097
Date and Granting Authority of the Charter Alliance	• July 1, 2011; renewed September 1, 2015; Los Angeles Unified School District	• July 1, 2012; renewed September 1, 2015; Los Angeles Unified School District	• March 7, 2006; renewed September 1, 2015; Los Angeles Unified School District	• April 14, 2009; renewed July 1, 2014; Los Angeles Unified School District	• April 14, 2009; renewed July 1, 2014; Los Angeles Unified School District
Members of the Governing Board*	<ul style="list-style-type: none"> • Ani Maymarian, Principal • Juanita Echeverria, Parent • Jennie Mora, Parent • Lyzbeth Becerra, Teacher • David Trann, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Bobby Carr, Principal • Sherry Walker, Parent • Yvonne Scheuller, Parent • Brooklin Brumund, Teacher • Kate Wintermute, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Joy May-Harris, Principal • Tammy Victory, Parent • Joan Wicks, Teacher • Stephanie Tello, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Darron Evans, Principal • Manuela Chaidez, Parent • Rosario Mejia, Parent • Mynor Mendoza, Teacher • David Barba, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Suzette Torres, Principal • Carmen Vazquez, Parent • Ruben Reyes, Parent • Donielle Bribes, Teacher • Christopher Mendizabal, Teacher • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member
LAUSD Ex-Officio	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> • Leticia Vellanoweth, LAUSD • Sharon Bradley, LAUSD
Management	<ul style="list-style-type: none"> • Ani Maymarian, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Bobby Carr, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Joy May-Harris, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member 	<ul style="list-style-type: none"> • Darron Evans, Principal • Howard Lappin, President • Dale Okuno, Secretary • Sarah Ouchi, Member • Kristy Schaffer, Member • Alan Arkatov, Member 	<ul style="list-style-type: none"> • Suzette Torres, Principal • Howard Lappin, President • Dale Okuno, Secretary • Chris Weber, Member • Matt Lew, Member • Darline Robles, Member

ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS AND SCHOOL AFFILIATES

LOCAL EDUCATION AGENCY ORGANIZATIONAL STRUCTURE For the Year Ended June 30, 2017

	Alliance College-Ready Middle Academy No. 8	Alliance Kory Hunter Middle School	Alliance Leadership Middle Academy	Alliance College-Ready Middle Academy No. 12	Alliance Marine – Innovation and Technology 6-12 Complex
State Charter No.	· 1531	· 1532	· 1530	1533	· 1738
Date and Granting Authority of the Charter Alliance	· July 1, 2013; Los Angeles Unified School District	· July 1, 2013; Los Angeles Unified School District	· July 1, 2013; Los Angeles Unified School District	· July 1, 2013; Los Angeles Unified School District	· July 1, 2015; Los Angeles Unified School District
Members of the Governing Board*	<ul style="list-style-type: none"> · Melissa Chew, Principal · Veronica Mercado, Parent · Maria De Gomez, Parent · Megan Waltzberg, Teacher · Elizabeth Lopez, Teacher · Howard Lappin, President · Dale Okuno, Secretary · Sarah Ouchi, Member · Kristy Schaffer, Member · Alan Arkatov, Member 	<ul style="list-style-type: none"> · Omar Reyes, Principal · Sylvia Masushige, Parent · Claudia Rodriguez, Parent · Robert Nesel, Teacher · Sherwin Parker, Teacher · Howard Lappin, President · Dale Okuno, Secretary · Sarah Ouchi, Member · Kristy Schaffer, Member · Alan Arkatov, Member 	<ul style="list-style-type: none"> · Sheri Johnson, Principal · Fadialian Nelson, Parent · Marie Anderson, Parent · Tameka Taylor, Teacher · Miguel Peraza, Teacher · Howard Lappin, President · Dale Okuno, Secretary · Chris Weber, Member · Matt Lew, Member · Darline Robles, Member 	<ul style="list-style-type: none"> · Robin Manly, Principal · Maria Guzman, Parent · Bianca Lopez, Parent · Scott Primrose, Teacher · Eduardo Escobar, Teacher · Howard Lappin, President · Dale Okuno, Secretary · Chris Weber, Member · Matt Lew, Member · Darline Robles, Member 	<ul style="list-style-type: none"> · Jonathan Tiongco, Principal · Lorena Navarrete, Parent · Armineh Avanesian, Parent · Nicole Sanfilippo, Teacher · Rebecca Burton, Teacher · Howard Lappin, President · Dale Okuno, Secretary · Chris Weber, Member · Matt Lew, Member · Darline Robles, Member
LAUSD Ex-Officio	<ul style="list-style-type: none"> · Leticia Vellanoweth, LAUSD · Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> · Leticia Vellanoweth, LAUSD · Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> · Leticia Vellanoweth, LAUSD · Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> · Leticia Vellanoweth, LAUSD · Sharon Bradley, LAUSD 	<ul style="list-style-type: none"> · Leticia Vellanoweth, LAUSD · Sharon Bradley, LAUSD
Management	<ul style="list-style-type: none"> · Melissa Chew, Principal · Howard Lappin, President · Dale Okuno, Secretary · Sarah Ouchi, Member · Kristy Schaffer, Member · Alan Arkatov, Member 	<ul style="list-style-type: none"> · Omar Reyes, Principal · Howard Lappin, President · Dale Okuno, Secretary · Sarah Ouchi, Member · Kristy Schaffer, Member · Alan Arkatov, Member 	<ul style="list-style-type: none"> · Sheri Johnson, Principal · Howard Lappin, President · Dale Okuno, Secretary · Chris Weber, Member · Matt Lew, Member · Darline Robles, Member 	<ul style="list-style-type: none"> · Robin Manly, Principal · Howard Lappin, President · Dale Okuno, Secretary · Chris Weber, Member · Matt Lew, Member · Darline Robles, Member 	<ul style="list-style-type: none"> · Jonathan Tiongco, Principal · Howard Lappin, President · Dale Okuno, Secretary · Chris Weber, Member · Matt Lew, Member · Darline Robles, Member

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	<u> X </u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	_____ yes	<u> X </u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported	
Type of auditor’s report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 516 of The Uniform Guidance?	_____ yes	<u> X </u> no	

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies (Part A of the ESEA)
10.553/10.555	Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

None.

**ALLIANCE FOR COLLEGE-READY PUBLIC SCHOOLS
AND SCHOOL AFFILIATES
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2017**

SECTION V – PRIOR YEAR AUDIT FINDINGS

Finding Reference Number: Item 2016-1

Compliance Requirement: Reporting requirement for Education Protection Accounts Funds (“EPA”)

Audit Finding Code: 40000 State Compliance

School Affected: Alliance Cindy and Bill Simon Technology Academy High School

Criteria: Per the reporting requirement from the California Department of Education, Proposition 30 requires all districts, counties, and charter schools to report on their Web sites an accounting of how much money was received from the EPA and how that money was spent.

Condition: During the audit, SingerLewak noted Alliance did not report EPA Fund information for Alliance Cindy and Bill Simon Technology Academy High School on the School’s Web site.

Questioned Costs: As the error relates to a reporting requirement, there are no questioned costs.

Effect: The lack of proper reporting may result in Alliance not being eligible for future state grant funding.

Cause: This condition arose because Alliance did not follow and verify the established procedures were properly followed.

Recommendation: We recommend that Alliance implement and follow procedures to ensure the reporting requirement is properly met.

Management Response: Alliance Cindy and Bill Simon Technology Academy High School was erroneously omitted from the required website disclosure due to a formatting error when the documented was uploaded online. Upon notification of the missing information, Alliance immediately re-uploaded the document to include Alliance Cindy and Bill Simon Technology Academy High School's information. In the future, Alliance will review the uploaded information to help ensure all required information is included.

Current Year Status: The Alliance is in compliance with this requirement in the current year.