

Pro-Vision Educational Services, Inc.

Financial Statements and Independent Auditors' Report
for the Year Ended August 31, 2017
(with comparative totals for 2016)



Pro-Vision Educational Services, Inc.

Table of Contents

| | |
|--|-------|
| Certificate of Board | 1 |
| Independent Auditors' Report | 2-3 |
| General-Purpose Financial Statements | |
| Statement of Financial Position | 4 |
| Statement of Activities | 5 |
| Statement of Cash Flows | 6 |
| Note to Financial Statements | 7-13 |
| Specific Purpose Financial Statements | 14 |
| Statement of Financial Position | 15 |
| Statement of Activities | 16 |
| Notes to Specific Purpose Financial Statements | 17 |
| Supplementary Information | 18 |
| Schedule of Expenses | 19 |
| Schedule of Capital Assets | 20 |
| Budgetary Comparison Schedule | 21 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 22-23 |
| Schedule of Findings and Responses | 24 |

Pro-Vision Educational Services, Inc.

Federal Employer Identification Number: 20-5490040

County: Harris

Co.-District: 101868

Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of the above-named charter holder was reviewed and (check one) approved disapproved for the year ended August 31, 2017, at a meeting of the Board of Directors of such charter holder on the 26th day of January, 2018.



Signature of Board Secretary



Signature of Board President

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



Independent Auditors' Report

To the Board of Directors
Pro-Vision Educational Services, Inc.
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Pro-Vision Educational Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro-Vision Educational Services, Inc. as of August 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 14* to the financial statements, the Organization has suffered a significant decrease in net assets from operations and a significant liability amount to vendors as of August 31, 2017. Managements evaluation of the events and conditions and management's plans to mitigate those matters are also described in *Note 14*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Pro-Vision Educational Services, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Specific Purpose Financial Statements and Supplementary Information

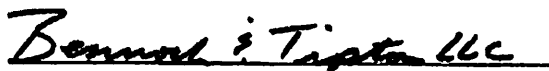
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules:

- a. Specific Purpose Financial Statements – Statement of Financial Position and Statement of Activities.
- b. Supplementary Information – Schedule of Expenses, Schedule of Capital Assets, and Budgetary Comparison Schedule.

The above schedules are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2018, on our consideration of Pro-Vision Educational Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Pro-Vision Educational Services, Inc.'s internal control over financial reporting and compliance.



Bennoch & Tipton LLC
Certified Public Accountants
Houston, Texas

January 25, 2018

PRO-VISION EDUCATIONAL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2017 (with comparative totals for 2016)

| ASSETS | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 215,132 | \$ 220,827 |
| Due from State | <u>259,826</u> | <u>304,461</u> |
| Total Current Asset | <u>474,958</u> | <u>525,288</u> |
| Other Assets | | |
| Property and Equipment | | |
| Building | 160,105 | 160,105 |
| Furniture and equipment | 510,816 | 505,972 |
| Vehicles | 30,251 | - |
| Accumulated depreciation | <u>(474,569)</u> | <u>(383,516)</u> |
| Total Property and Equipment, net | <u>226,603</u> | <u>282,561</u> |
| Total Assets | <u>\$ 701,561</u> | <u>\$ 807,849</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 222,400 | \$ 19,113 |
| Accrued expense | 125,696 | 74,052 |
| Installment agreement | 19,800 | - |
| Current portion of capital lease | - | 9,797 |
| Other current liabilities | <u>4,750</u> | <u>4,750</u> |
| Total Current Liabilities | <u>372,646</u> | <u>107,712</u> |
| Net Assets | | |
| Unrestricted | 328,915 | 700,137 |
| Temporarily restricted | <u>-</u> | <u>-</u> |
| Total Net Assets | <u>328,915</u> | <u>700,137</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 701,561</u> | <u>\$ 807,849</u> |

PRO-VISION EDUCATIONAL SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017 (with comparative totals for 2016)

| REVENUE | Unrestricted | Temporarily Restricted | 2017 Total | 2016 Total |
|---|---------------------|-------------------------------|-------------------|-------------------|
| Local Revenue: | | | | |
| 5740 Other local revenue | \$ 8,594 | \$ - | \$ 8,594 | \$ 17,336 |
| 5750 Food service, cocurricular & enterprising | 665 | - | 665 | 964 |
| Total Local Revenue | 9,259 | - | 9,259 | 18,300 |
| State Program Revenue: | | | | |
| 5810 Foundation School Program | 3,430,504 | - | 3,430,504 | 3,567,317 |
| 5820 Other state revenue (TEA) | 21,608 | - | 21,608 | 48,339 |
| Total State Program Revenues | 3,452,112 | - | 3,452,112 | 3,615,656 |
| Federal Program Revenues: | | | | |
| <i>Pass through TEA</i> | | | | |
| 5920 Federal Revenue | 429,262 | - | 429,262 | 472,452 |
| Total Federal Program Revenues | 429,262 | - | 429,262 | 472,452 |
| Total Revenue | 3,890,633 | - | 3,890,633 | 4,106,408 |
| Net Assets Released from Temporary Restrictions | - | - | - | - |
| Total Revenues and Net Assets Released from Restrictions | 3,890,633 | - | 3,890,633 | 4,106,408 |
| EXPENSES | | | | |
| Program Services: | | | | |
| 10 Instruction and instructional related services | 2,120,272 | - | 2,120,272 | 2,018,108 |
| 20 Instructional school leadership | 306,412 | - | 306,412 | 284,625 |
| Total Program Services | 2,426,684 | - | 2,426,684 | 2,302,733 |
| Supporting Services: | | | | |
| 30 Support services-student | 586,318 | - | 586,318 | 619,052 |
| 40 Administrative support services | 477,378 | - | 477,378 | 402,928 |
| 50 Support services-non student | 771,136 | - | 771,136 | 609,596 |
| 60 Ancillary services | 339 | - | 339 | 561 |
| 70 Debt service | - | - | - | 2,919 |
| Total Supporting Services | 1,835,171 | - | 1,835,171 | 1,635,056 |
| Total Expenses | 4,261,855 | - | 4,261,855 | 3,937,789 |
| Change in net assets | (371,222) | - | (371,222) | 168,619 |
| Net assets, beginning of year | 700,137 | - | 700,137 | 531,518 |
| Net assets, end of year | \$ 328,915 | \$ - | \$ 328,915 | \$ 700,137 |

PRO-VISION EDUCATIONAL SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2017 (with comparative totals for 2016)

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Cash Flows From Operating Activities | | |
| Cash received from federal sources | \$ 441,896 | \$ 462,465 |
| Cash received from state sources | 3,484,821 | 3,436,389 |
| Cash received from local sources | 8,551 | 18,300 |
| Payments to suppliers | (1,604,880) | (1,990,245) |
| Payments to employees | (2,137,524) | (1,739,952) |
| Payments for employee benefits | <u>(173,466)</u> | <u>(187,902)</u> |
| Net Change from Operating Activities | <u>19,398</u> | <u>(945)</u> |
| Cash Flows from Investing Activities | | |
| Purchases of property and equipment | <u>(15,296)</u> | <u>(60,913)</u> |
| Net Change from Investing Activities | <u>(15,296)</u> | <u>(60,913)</u> |
| Cash Flows from Financing Activities | | |
| Payments on capital lease obligations | <u>(9,797)</u> | <u>(7,815)</u> |
| Net Change from Investing Activities | <u>(9,797)</u> | <u>(7,815)</u> |
| Net change in Cash and Cash Equivalents | (5,695) | (69,673) |
| Cash and Cash Equivalents, Beginning of Year | <u>220,827</u> | <u>290,500</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 215,132</u> | <u>\$ 220,827</u> |
| Reconciliation of Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities | | |
| Change in unrestricted net assets | \$ (371,222) | \$ 168,619 |
| Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities: | | |
| Depreciation | 91,053 | 95,017 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 44,635 | (189,254) |
| Other assets | - | 7,391 |
| Accounts payable | 203,287 | (82,458) |
| Accrued expenses | <u>51,645</u> | <u>(260)</u> |
| Net Change from Operating Activities | <u>\$ 19,398</u> | <u>\$ (945)</u> |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid for interest | <u>\$ -</u> | <u>\$ 2,917</u> |
| Purchase of buses with an installment agreement | <u>\$ 30,251</u> | <u>\$ -</u> |

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 (with comparative totals for 2016)

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of Pro-Vision Educational Services, Inc. (the “School”) were prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity – The School is a not-for-profit organization incorporated in the State of Texas on August 25, 2006, and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The School’s mission is to inspire hope and purpose in young people through access to academic, economic and social enrichment opportunities.

Since the School’s major source of funding is from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

The School was a district charter under Houston Independent School District for 18 years until the 2013-2014 school year when they opened as a public open enrollment charter. The School’s mission is to inspire hope and purpose in young people through access to academic, economic and social enrichment opportunities.

Corporate Operations – On April 17, 2013, the State Board of Education of the State of Texas granted the School an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, the School was opened as an open-enrollment charter school for the academic year 2013-2014. It was organized to provide educational services to students in middle school and high school, and the School’s board of directors governs its programs, services, activities and functions.

Basis of Accounting – The School presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation – The School’s financial statements are presented in accordance with Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 958-205-45-4, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-205-45-4, the School is required to report information regarding its financial position and activities according to three classes of net assets:

- **Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions.
- **Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met by actions of the School and/or the passage of time.
- **Permanently Restricted Net Assets** – Net assets that consist of donor-restricted contributions which are required to be held in perpetuity and income from the assets held is available for specific purposes, in accordance with donor stipulations.

Contributions – In accordance with FASB ASC 958-605-45-3, Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 (with comparative totals for 2016)

permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized as an increase to unrestricted net assets when the donor makes a promise to give to the School, that is, in substance, unconditional. Support that is restricted by the donor is reported as an increase in unrestricted assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as either temporarily restricted support or permanently restricted support, depending on the nature of the donor restriction when received. Temporarily restricted support is reclassified to unrestricted net assets upon expiration of the restriction.

Unconditional promises to give are recorded when received. Unconditional promises to give that are expected to be collected within one (1) year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value. The discount on those amounts is computed using The School's effective yield on investments. Amortization of the discounts is included in contribution revenue.

Conditional promises to give, which depend on the occurrence of specified future and uncertain events to bind the promise, are recognized when the conditions on which they depend are substantially met.

Expiration of Donor-Imposed Restrictions – The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires, and at that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents – The School considers all highly liquid investments with a maturity of three (3) months or less when purchased to be cash equivalents.

Donated Materials and Services – Donated materials or equipment, when received, are reflected as contributions in the accompanying financial statements at their estimated fair market values at date of receipt. Certain other contributed services that require specialized skills, when provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation, are recognized as revenues and expenses as established by FASB ASC 958-605-25-26. For the years ended August 31, 2017 and 2016, there were no such amounts included in the accompanying statements of activities and changes in net assets.

Property and Equipment – Property and equipment, which include buildings and improvements, furniture, and equipment, are reported in the general-purpose and specific-purpose financial statements. Property and equipment are defined by the School as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty years, using the straight-line method of depreciation. Depreciation expense for the years ended August 31, 2017 and 2016 was \$91,053 and \$95,017, respectively. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost. Property and equipment acquired with public funds received by the School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital assets.

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 (with comparative totals for 2016)

Personal Leave – Employees are not granted personal leave or vacation time; therefore, no liability is accrued on the financial statements for unused time applicable to vacation or personal leave.

Advertising – Advertising costs are charged to expense when incurred because no costs are associated with direct response advertising. For the fiscal years ended August 31, 2017 and 2016, advertising expenses totaled \$10,923 and \$1,563, respectively.

Use of Estimates – The School uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Government Grants and Program Revenues – Revenues from the State of Texas available school fund are earned based on reported attendance. Government grant contracts that are entered into by the School are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.

Federal Income Tax – The School is a not-for-profit organization that is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code pursuant to the group exemption letter received from the Internal Revenue Service. Accordingly, no provision for income taxes has been made. However, should The Organization engage in activities unrelated to the purpose for which it was created, taxable income could result.

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 740, Accounting for Income Taxes, prescribes accounting for and disclosure of uncertainty in tax positions. This interpretation defines the criteria that must be met for the benefits of a tax position to be recognized in the financial statements and the measurement of tax benefits recognized. For the fiscal years ended August 31, 2017 and 2016, the School did not record any liabilities for uncertain tax positions or income taxes. The School does not expect the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve (12) months.

Fair Value – The financial statements are prepared in accordance with FASB ASC 820 for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

FASB ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets include cash and cash equivalents with a fair value at August 31, 2017 and 2016 of \$215,132 and \$220,828, respectively.

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 (with comparative totals for 2016)

Level 2 – Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that are supported by little or no market activity.

The Organization’s financial instruments include cash and cash equivalents. The following methods and assumptions were used by the School in estimating the fair value of its financial instruments:

Cash and cash equivalents – the carrying amount reported in the statements of financial position approximates fair value because of the short maturity of those instruments.

NOTE 2 – DUE FROM STATE

At August 31, 2017 and 2016, the School had earned the following revenues which were not received until after September 1, 2017 and 2016, respectively:

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|-------------------|-------------------|
| Due from Texas Education Agency | \$ 218,287 | \$ 291,827 |
| Due from U.S. Department of Education | <u>41,539</u> | <u>12,634</u> |
| Total | <u>\$ 259,826</u> | <u>\$ 304,461</u> |

All amounts receivable from the State are due in less than one year and are deemed by management to be fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

NOTE 3 – CAPITAL LEASE OBLIGATIONS

During 2012, the School entered into a capital lease agreement for a modular building. The lease began on May 1, 2012 and matured on April 30, 2017. The terms of the lease required sixty (60) monthly installments of \$904 including imputed interest at ten percent (10%). The capital lease was paid off during the fiscal year ended August 31, 2017.

NOTE 4 – DEFINED BENEFIT PENSION PLANS

Plan Description

The School contributes to the Teacher Retirement System of Texas (“TRS”), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the School, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan.

That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800- 223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 (with comparative totals for 2016)

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

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action. State law provides for a member contribution rate of 7.7% for the 2017 fiscal period. The state’s contribution rate as a non-employer contributing entity was 6.8% in 2017. The School’s employees’ contributions to the system for the years ended August 31, 2017 and 2016 were \$158,081 and \$119,733, respectively, equal to the required contributions for the year.

Other contributions made from federal and private grants and from the School for salaries above the statutory minimum were contributed at a rate of 6.8% totaling \$13,901 and \$9,170 for the years ended August 31, 2017 and 2016, respectively. The School’s contributions into this plan do not represent more than 5% of the total contributions to the plan. The School’s participation in the TRS plan for the years ended August 31, 2017 is outlined in the table below (ABO refers to the accumulated benefit obligation):

| <u>Pension Fund</u> | <u>Total Plan Assets 2017</u> | <u>ABO 2017</u> | <u>Percent Funded</u> | <u>Surcharge Imposed</u> |
|---------------------|-------------------------------|-------------------|-----------------------|--------------------------|
| TRS | \$147,361,922,120 | \$179,336,534,819 | 82.17% | Yes |

NOTE 5 – HEALTH CARE COVERAGE

During the years ended August 31, 2017 and 2016, employees of the School were covered by health insurance plans through AETNA for medical coverage and Humana for dental/vision coverage. The School contributes \$250 towards the medical premiums for the employees and their dependents. The School does not make contributions towards the employee’s dental/vision plan and the entire cost is the responsibility of the employee. The School contributed \$68,500 and \$71,829 towards the employee’s medical coverage for the years ended August 31, 2017 and 2016, respectively. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents as well as themselves.

NOTE 6 – ACCRUED SALARIES

During August 2017 and 2016, The School’s teachers worked several days for which they were not paid until after September 1, 2017 and 2016, respectively. Based on the daily rate of pay and the number of days worked, the School has accrued payroll of \$125,696 and \$65,235 to be paid after September 1, 2017 and 2016, respectively.

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 (with comparative totals for 2016)

NOTE 7 – WORKERS COMPENSATION INSURANCE

During the 2016-2017 and 2015-2016 school years, the School carried worker's compensation insurance through Texas Mutual Insurance Company.

NOTE 8 – CHARTER HOLDER OPERATIONS

The Charter Holder is Pro-Vision Educational Services, Inc. The Charter Holder operates only a single Charter School named Pro-Vision Academy and did not conduct any other charter or non-charter activities.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

NOTE 10 – STATE FOUNDATION PROGRAM REVENUE

Charter schools in the State of Texas participate in the State Foundation Program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period and, at the close of the year, actual attendance is calculated by the Texas Education Agency and the amount of State Foundation Program earnings is calculated. The enrollment and attendance reports are subject to audit by the Texas Education Agency and final State Foundation Program earnings may be adjusted as a result of any such audit. During the years ended August 31, 2017 and 2016, the School was paid \$3,430,504 and \$3,567,317, respectively, of State Foundation Program funds (before any possible TEA enrollment and attendance audit).

The School had several days of instruction in August 2017 and 2016. Based on the estimated State Foundation Program revenue for the 2017-2018 and 2016-2017 school years as provided by the Texas Education Agency, the School earned \$218,287 and \$291,827, respectively, of State Foundation Program revenue for these days of instruction. This revenue has been accrued at August 31, 2017 and 2016 and will be received after September 1, 2017 and 2016, respectively.

NOTE 11 – CONCENTRATION OF RISK

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The School maintains its cash balances at a financial institution located in Texas. As of August 31, 2017 and 2016, the Organization held \$0 and \$94,430, respectively, of funds that were uninsured by the FDIC.

NOTE 12 – RELATED PARTY

The School is related to another exempt non-profit organization, Pro-Vision, Inc. through common board members and sharing of facilities and equipment. The school building and certain equipment is owned by Pro-Vision, Inc. and leased to the School. See *Note 13 - Operating Leases* for the related party transactions. In addition, on September 1, 2015, the School entered into a service agreement with Pro-

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 (with comparative totals for 2016)

Vision, Inc. for financial accounting overview, administrative services, development services, fundraising, and capital development. The service agreement requires monthly payments of \$5,000 and began September 1, 2015 and expired August 31, 2017. The service agreement was renewed for an additional year expiring on August 31, 2018 under the same terms.

NOTE 13 – OPERATING LEASES

The School entered into a sixty (60) month operating lease agreement for the school building beginning January 1, 2011 with Pro-Vision, Inc., a related party (see *Note 12*). The operating lease was terminated on August 31, 2014. The terms of the lease required the School to pay \$24,000 each month. The lease agreement was amended and restated effective September 1, 2014 for an additional five (5) years. The new terms of the amended lease agreement increased the monthly rental payments to \$35,000 each month for the first twenty-four (24) months and \$40,000 for the remaining thirty-six (36) months of the lease. In addition, the School leases certain equipment under an operating lease with monthly rental payments of \$2,149 and expiring October 2019. The future lease payments required under the operating leases as of August 31, 2017 are \$505,788, \$505,788, and \$4,298 for the years ending 2018, 2019, and 2020 respectively.

Total rent expense by the School for the years ended August 31, 2017 and 2016 were \$520,690 and \$470,287, respectively.

NOTE 14 – GOING CONCERN

As indicated in the accompanying financial statements, the Organization showed a decrease in net assets of \$371,222 during the year ended August 31, 2017. As of that date, the Organization's current liabilities were \$372,646 and its current assets were only \$474,958. Those factors, as well as the uncertain condition that the Organization faces regarding its declining student enrollment, creates an uncertainty about the Organization's ability to continue as a going concern.

To mitigate the going concern issue, the organization engaged in an active student recruitment program, which has resulted in substantial increase in enrollment. At the beginning of current school year, the school had over 410 students enrolled, as compared to 330 students at the end of the prior school year. This increase of 80 students represents approximately \$480,000 of increased revenue for the current year. Pro Vision has also recognized the need for increased financial support and has made significant changes in this area. First, the organization has secured commitments from members of the current Board of Directors to provide a working capital loan in the event short term funds are necessary to assist with operating expenses. Further, after discovering a weakness in the quality of services, Pro Vision has replaced the vendor which was previously providing accounting and back office financial support services. In addition, the organization has made certain leadership changes, including securing the services of Dr. Andre Credit as the new Superintendent. Dr. Credit and other key administration leaders have not only the credentials, but also the academic and administrative experience to lead Pro Vision to improved academic performance as well as more efficient and effective financial operations. The combination of the substantially increased revenues, reduction of operating expenses, improved financial services and leadership changes should serve to eliminate any going concern issues.

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through January 25, 2018, the date the financial statements were available to be issued. The School has determined there are no subsequent events requiring disclosure.

SPECIFIC PURPOSE

FINANCIAL STATEMENTS

PRO-VISION EDUCATIONAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2017 (with comparative totals for 2016)

| ASSETS | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 215,132 | \$ 220,827 |
| Accounts receivable | 259,826 | 304,461 |
| Other current assets | - | - |
| Total Current Asset | <u>474,958</u> | <u>525,288</u> |
| Other Assets | | |
| Property and Equipment | | |
| Building | 160,105 | 160,105 |
| Vehicles | 30,251 | |
| Furniture and equipment | 510,816 | 505,972 |
| Accumulated depreciation | (474,569) | (383,516) |
| Total Property and Equipment, net | <u>226,603</u> | <u>282,561</u> |
| Total Assets | <u>\$ 701,561</u> | <u>\$ 807,849</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 222,400 | \$ 19,113 |
| Accrued expense | 125,696 | 74,052 |
| Installment agreement | 19,800 | - |
| Current portion of capital lease | - | 9,797 |
| Other current liabilities | 4,750 | 4,750 |
| Total Current Liabilities | <u>372,646</u> | <u>107,712</u> |
| Net Assets | | |
| Unrestricted | 239,640 | 230,381 |
| Temporarily restricted | <u>89,275</u> | <u>469,756</u> |
| Total Net Assets | <u>328,915</u> | <u>700,137</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 701,561</u> | <u>\$ 807,849</u> |

PRO-VISION EDUCATIONAL SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017 (with comparative totals for 2016)

| REVENUE | Unrestricted | Temporarily Restricted | 2017 Total | 2016 Total |
|---|---------------------|-------------------------------|-------------------|-------------------|
| Local Revenue: | | | | |
| 5740 Other local revenue | \$ 8,594 | \$ - | \$ 8,594 | \$ 17,336 |
| 5750 Food service, cocurricular & enterprising | 665 | - | 665 | 964 |
| Total Local Revenue | 9,259 | - | 9,259 | 18,300 |
| State Program Revenue: | | | | |
| 5810 Foundation School Program | - | 3,430,504 | 3,430,504 | 3,567,317 |
| 5820 Other state revenue (TEA) | - | 21,608 | 21,608 | 48,339 |
| Total State Program Revenues | - | 3,452,112 | 3,452,112 | 3,615,656 |
| Federal Program Revenues: | | | | |
| Pass through TEA | | | | |
| 5920 Federal Revenue | - | 429,262 | 429,262 | 472,452 |
| Total Federal Program Revenues | - | 429,262 | 429,262 | 472,452 |
| Total Revenue | 9,259 | 3,881,374 | 3,890,633 | 4,106,408 |
| Net Assets Released from Temporary Restrictions | 4,261,855 | (4,261,855) | - | - |
| Total Revenues and Net Assets Released from Restrictions | 4,271,114 | (380,481) | 3,890,633 | 4,106,408 |
| Expenses | | | | |
| 11 Instruction | 1,941,277 | - | 1,941,277 | 1,856,005 |
| 13 Curriculum development and instructional staff development | 178,995 | - | 178,995 | 162,103 |
| 23 School leadership | 306,412 | - | 306,412 | 284,625 |
| 31 Guidance, counseling and evaluation services | 111,812 | - | 111,812 | 93,029 |
| 33 Health services | 323 | - | 323 | 1,058 |
| 34 Student transportation | 149,994 | - | 149,994 | 146,150 |
| 35 Food services | 153,620 | - | 153,620 | 208,521 |
| 36 Extracurricular | 170,569 | - | 170,569 | 170,294 |
| 41 General administration | 477,378 | - | 477,378 | 402,928 |
| 51 Plant maintenance | 709,014 | - | 709,014 | 538,424 |
| 52 Security and monitoring services | 21,031 | - | 21,031 | 28,232 |
| 53 Data processing | 41,091 | - | 41,091 | 42,940 |
| 61 Community services | 339 | - | 339 | 561 |
| 71 Debt service | - | - | - | 2,919 |
| Total Expenses | 4,261,855 | - | 4,261,855 | 3,937,789 |
| Change in Net Assets | 9,259 | (380,481) | (371,222) | 168,619 |
| Net Assets, Beginning of Year | 230,381 | 469,756 | 700,137 | 531,518 |
| Net Assets, End of Year | \$ 239,640 | \$ 89,275 | \$ 328,915 | \$ 700,137 |

PRO-VISION EDUCATIONAL SERVICES, INC.
NOTES TO SPECIFIC PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017 (with comparative totals for 2016)

NOTE 1 – SPECIFIC PURPOSE FINANCIAL STATEMENT PRESENTATION

The specific purpose financial statement comprises the statement of financial position and the statement of activities and is presented in accordance with the requirements of the Texas Education Agency Special Supplement to the Financial Accountability System Resource Guide for Charter Schools and the Special Supplement to Financial Accounting and Reporting Nonprofit Charter School Chart of Accounts that requires federal and state program revenue to be classified as temporarily restricted net assets until expended pursuant to applicable statutes, regulations, and grant requirements.

**SUPPLEMENTARY
INFORMATION**

PRO-VISION EDUCATIONAL SERVICES, INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017 (with comparative totals for 2016)

| Expenses | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| 6100 Payroll costs | \$ 2,362,634 | \$ 1,952,268 |
| 6200 Professional and contracted services | 1,436,110 | 1,473,576 |
| 6300 Supplies and materials | 191,696 | 234,161 |
| 6400 Other operating costs | 271,415 | 274,865 |
| 6500 Debt service | <u>-</u> | <u>2,919</u> |
| Total Expenses | <u>\$ 4,261,855</u> | <u>\$ 3,937,789</u> |

PRO-VISION EDUCATIONAL SERVICES, INC.
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED AUGUST 31, 2017 (with comparative totals for 2016)

| | Year Ended August 31, 2017 Ownership Interest | | |
|---|---|-------------------|-------------|
| | Local | State | Federal |
| 1110 Cash | \$ - | \$ 215,132 | \$ - |
| 1520 Building and improvements | - | 116,355 | - |
| 1531 Vehicles | - | 30,251 | - |
| 1539 Furniture and equipment | - | 431,186 | - |
| 1549 Furniture and equipment (<\$5,000) | - | 79,630 | - |
| 1551 Building (Capital lease) | - | 43,750 | - |
| Total Capital Assets | \$ - | \$ 916,304 | \$ - |

| | Year Ended August 31, 2016 Ownership Interest | | |
|---|---|-------------------|-------------|
| | Local | State | Federal |
| 1110 Cash | \$ - | \$ 220,828 | \$ - |
| 1520 Building and improvements | - | 116,355 | - |
| 1539 Furniture and equipment | - | 426,342 | - |
| 1549 Furniture and equipment (<\$5,000) | - | 79,630 | - |
| 1551 Building (Capital lease) | - | 43,750 | - |
| Total Capital Assets | \$ - | \$ 886,905 | \$ - |

PRO-VISION EDUCATIONAL SERVICES, INC.
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2017

| | Budgeted Amounts | | Actual Amounts | Variance From Final Budget |
|---|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUE | | | | |
| Local Revenue: | | | | |
| 5740 Other local revenue | \$ 4,200 | \$ 4,200 | \$ 8,594 | \$ 4,394 |
| 5750 Food service, cocurricular & enterprising | 1,200 | 1,200 | 665 | (535) |
| Total Local Revenue | 5,400 | 5,400 | 9,259 | 3,859 |
| State Program Revenue: | | | | |
| 5810 Foundation School Program | 3,791,909 | 3,791,909 | 3,430,504 | (361,405) |
| 5820 Other state revenue (TEA) | 1,100 | 1,100 | 21,608 | 20,508 |
| Total State Program Revenues | 3,793,009 | 3,793,009 | 3,452,112 | (340,897) |
| Federal Program Revenues: | | | | |
| <i>Pass through TEA</i> | | | | |
| 5920 Federal Revenue | 335,704 | 335,704 | 429,262 | 93,558 |
| Total Federal Program Revenues | 335,704 | 335,704 | 429,262 | 93,558 |
| Total Revenue | 4,134,113 | 4,134,113 | 3,890,633 | (243,480) |
| Net Assets Released from Temporary Restrictions | | | | |
| | - | - | - | - |
| Total Revenues and Net Assets Released from Restrictions | 4,134,113 | 4,134,113 | 3,890,633 | (243,480) |
| Expenses | | | | |
| Program Services: | | | | |
| 11 Instruction | 1,845,331 | 2,035,740 | 1,941,277 | (94,463) |
| 13 Curriculum and staff development | 140,673 | 193,307 | 178,995 | (14,312) |
| 23 School leadership | 230,946 | 321,313 | 306,412 | (14,901) |
| 31 Guidance, counseling, evaluation services | 160,034 | 115,624 | 111,812 | (3,812) |
| 33 Health services | 850 | 323 | 323 | - |
| 34 Student transportation | 207,400 | 158,950 | 149,994 | (8,956) |
| 35 Food services | 266,500 | 181,887 | 153,620 | (28,267) |
| 36 Extracurricular/cocurricular | 164,545 | 172,657 | 170,569 | (2,088) |
| 41 General administration | 468,497 | 480,831 | 477,378 | (3,453) |
| 51 Plant maintenance | 536,500 | 719,234 | 709,014 | (10,220) |
| 52 Security and Monitoring Services | 22,000 | 21,032 | 21,031 | (1) |
| 53 Data processing | 24,000 | 41,274 | 41,091 | (183) |
| 61 Community Services | 1,000 | 340 | 339 | (1) |
| 71 Debt Service | 2,100 | - | - | - |
| 81 Fundraising | 500 | - | - | - |
| Total Expenses | 4,070,876 | 4,442,512 | 4,261,855 | (180,657) |
| Change in Net Assets | 63,237 | (308,399) | (371,222) | (62,823) |
| Net Assets, Beginning of Year | 700,137 | 700,137 | 700,137 | - |
| Net Assets, End of Year | \$ 763,374 | \$ 391,738 | \$ 328,915 | \$ (62,823) |



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

To the Board of Directors of
Pro-Vision Educational Services, Inc.
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pro-Vision Educational Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pro-Vision Educational Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pro-Vision Educational Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Pro-Vision Educational Services, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Finding #2017-001

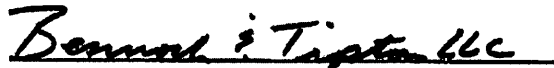
Compliance and Other Matters

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

A handwritten signature in black ink that reads "Bennoch & Tipton LLC". The signature is written in a cursive style and is underlined.

Bennoch & Tipton LLC
Certified Public Accountants
Houston, Texas

January 25, 2018

**PRO-VISION EDUCATIONAL SERVICES, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2017**

A. Summary of Auditors' Results

| | |
|--|------------|
| Type of auditors' report issued: | Unmodified |
| Internal Control over financial reporting: | |
| One or more material weakness(es) identified? | None |
| One or more significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| Noncompliance material to financial statements noted: | None |

B. Financial Statement Findings

Finding #2017-001 - Significant Deficiency

Criteria: The management of Pro-Vision Educational Services, Inc. is responsible for establishing a system of internal control over cash disbursements and financial reporting.

Condition: During our audit , we noted a significant amount of expenses were not recorded in the general ledger due to the School's 3rd party back office support office failing to record and pay the Schools bills and the Schools failure to properly oversee their work.

Cause: Pro-Vision Education Services, Inc. did not properly monitor it's 3rd party back office support, thereby resulting in a significant amount of expenses not being recorded on the books in the proper period.

Effect: Management of Pro-Vision Education Services, Inc. did not have a complete picture of the financial position of the School and did not make the necessary adjustments of controlling expenses or raising capital to offset the significant decrease in net assets.

Recommendation: We recommend that the School implement internal controls to monitor their 3rd party back office support on a monthly basis as not to get behind on payments and have a true picture of the over all financial performance of the School, and allow management to make the necessary decisions to mitigate any shortfalls.

C. Prior Year Findings - Financial Statement Audit None

January 27, 2018

U. S. DEPARTMENT OF EDUCATION

Pro-Vision Educational Services, Inc. dba The Pro-Vision Academy respectfully submits the following corrective action plan for the year ending August 31, 2017. The audit was performed by: Bennoch & Tipton, CPA. 12777 Jones Road, Ste. 240, Houston, Texas 77070.

The findings from August 31, 2017 questioned internal controls are discussed below:

Corrective Action Plan

FINDINGS- Financial Statement Findings

Findings #2017-001- Internal Control Deficiency

During the audit, it was discovered that the 3rd party vendor which was providing accounting services and payable services to the school was seriously deficient in recording expenses and payables in the financial statements. School officials were unaware of the problem and did not properly review the vendor's performance.

Recommendations: Implement internal control procedures for financial monitoring.

Corrective Actions Taken - The contract with the prior 3rd party vendor has been terminated for poor performance. A new vendor (Websmart JR3 Harris Solutions) has been hired, and additional controls have been put in place to provide for additional detailed reporting of expenses and payables. School management has also established weekly meetings between the Superintendent and the Chief Financial Officer to review financial information to proper accountability and reporting for all state and federal funds. In addition, Pro-Vision Educational Services, Inc. monthly Board meetings will include a standing agenda item for additional review of financial information which will allow the board to make timely adjustments as may be necessary to control expenses.

Responsible Office: Samantha Williams, Chief Financial Officer

Timetable for corrective action - Immediate

Sincerely,



Samantha Williams

Andre Credit, Superintendent
Lakechia Dixon, Executive Principal

713-748-0030 (phone)

4590 Wilmington Street ~ Houston, TX 77051

713-748-0037(fax)

www.provision-inc.org