Submission information

Form: Public School Credit Enhancement Application (https://education.azgovernor.gov/edu/form/public-school-credit-enhancement-application)
Submitted by Anonymous (not verified)
October 20, 2017 - 2:54pm
174.79.25.246

Public School Credit Enhancement **Application**

Submission #: 22

Applicant Information

School Name BASIS Schools Inc.

School Address 7975 N Hayden Road Suite B100

School City Scottsdale

School Zip Code 85258

Phone Number 480-289-2088

Contact Information

First Name DeAnna

Last Name Rowe

Contact Email deanna.rowe@basisschools.org

Contact Phone 602-526-8685

File Link

DropBox Link N/A

Achievement District Qualification

Please certify by marking yes that the information previously submitted by the Applicant school to the Board in the applicant's Achievement District Application is still accurate in all respects.

Yes, the information previously submitted by the Applicant school to the Board in the applicant's Achievement District Application is still accurate in all respects.

Financial Information

Financial Statements See attachment. Three files, combined.

Financial Statements File BASIS Schools Inc -financial-statement-sid-22.pdf

(https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-financial-statement-sid-22.pdf)

Current Year Budget See attachment.

Current Year Budget File BASIS Schools Inc -budget-sid-22.pdf

(https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-budget-sid-22.pdf)

Debt Ratio Statement See attachment. Two documents combined

Debt Ratio Statement File BASIS Schools Inc -debt-ratio-sid-22.pdf

(https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-debt-ratio-sid-22.pdf)

Charter School Applicants

Charter Board Directors & Senior Staff See attachment.

Charter Board Directions & Senior Staff File BASIS Schools Inc -board-staff-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-board-staff-sid-22.pdf)

Charter Litigation See attachment

Charter Litigation File BASIS Schools Inc -litigation-file-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-litigation-file-sid-22.pdf)

Charter School Cash Flow Statement See attachment

Charter School Cash Flow Statement File BASIS Schools Inc -cashflow-statement-sid-22.pdf (https://education.azgovernor.gov/system/files/webform/BASIS%20Schools%20Inc%20-cashflow-statement-sid-22.pdf)

Charter School Enrollment See attachment. Two documents combined

Charter School Enrollment File BASIS Schools Inc -enrollment-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-enrollment-sid-22.pdf)

Charter School Liquidity Statement See attachment

Charter School Liquidity Statement File BASIS Schools Inc -liquidity-statement-sid-22.pdf (https://education.azgovernor.gov/system/files/webform/BASIS%20Schools%20Inc%20-liquidity-statement-sid-22.pdf)

Charter School Debt Rating See attachment

Charter School Debt Rating File BASIS Schools Inc -debt-rating-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-debt-rating-sid-22.pdf)

Charter School Outstanding Debt See attachment

Charter School Outstanding Debt File BASIS Schools Inc -debt-outstanding-sid-22.xlsx (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-debt-outstanding-sid-22.xlsx)

Charter School Academic Outcomes and Operations See attachment

Charter School Academic Outcomes and Operations File BASIS Schools Inc -academic-outcomes-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-academic-outcomes-sid-22.pdf)

Charter School Personal Benefit Disclosure See attachment

Charter School Personal Benefit Disclosure File BASIS Schools Inc -personal-disclosure-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-personal-disclosure-sid-

22.pdf)

Guaranteed Financing

Financial Timeline See attachment. Two documents combined

Financial Timeline File BASIS Schools Inc -financial-timeline-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-financial-timeline-sid-22.pdf)

Use of Guaranteed Financing See attachment

Use of Guaranteed Financing File BASIS Schools Inc -guaranteed-financing-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-guaranteed-financing-sid-22.pdf)

Collateral Property Identification See attachment

Collateral Property Identification File BASIS Schools Inc -collateral-property-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-collateral-property-sid-22.pdf)

Financing Team Borrower's Counsel: Terry Warren, Warren Charter Law, LLP Bond Counsel: Bridgitte Finley-Green, Greenberg Traurig, LLP Bond Issu

Teacher Turnover Rates See attachment

Teacher Turnover Rates File BASIS Schools Inc -teacher-turnover-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-teacher-turnover-sid-22.pdf)

Parent/Teacher Survey Results See attachment

Parent/Teacher Survey Results File BASIS Schools Inc -teacher-survey-sid-22.pdf (https://education.azgovernor.gov/system/files/BASIS%20Schools%20Inc%20-teacher-survey-sid-22.pdf)

Attestation Yes, the applicant has read and reviewed the sample Terms and Conditions form.

Discrepencies N/A

Confirm Accuracy and Completeness

By checking yes below, the applicant confirms that the accuracy and completeness of the information in this application has been certified by the Chief Executive Officer or Chief Financial Officer of the School.

Yes, the information in this application is accurate, complete, and has been verified by the Chief Executive Officer or Chief Financial Officer of the School.

Unaudited Statement of Financial Position for Total Obligated Group as of 06/30/2017	Total Obligated Group Schools
Assets	
Cash	$30,270,366
Accounts Receivable & Other Current Assets	$37,011,541
Fixed Assets-Depreciation	$169,333,006
Total Assets	**$236,614,913**
Liabilities+ Net Assets	
Current Liabilities	$16,160,073
Long-Term Liabilities	$238,214,988
Total Liabilities	**$254,375,061**
Total Net Assets	**$17,760,148**
Total Net Assets + Liabilities	**$236,614,913**

Unaudited Statement of Financial Activities for Total Obligated Group as of 06/30/2017	Budget	Actuals	Actuals as % of Budget
State Per Pupil Revenues(Equalization)	$82,115,046	$85,583,895	104%
Grants	$7,075,981	$6,467,022	91%
Contributions	$5,391,159	$5,527,569	103%
Other	$8,846,657	$10,130,936	115%
Total Revenue	**$103,428,843**	**$107,714,422**	**104%**
Salaries and Payroll	$61,946,914	$65,285,593	105%
Management Fees	$11,925,204	$12,516,817	105%
Other Operating	$14,866,836	$14,629,734	98%
Debt Service(Interest Only)	$10,035,054	$10,754,510	107%
Total Expenses	**$98,774,008**	**$103,186,654**	**104%**
Net Surplus before Depreciation	**$4,654,835**	**$4,527,768**	**97%**

BASIS SCHOOLS, INC.

Consolidated Financial Statements
and
Supplementary Information

Year Ended June 30, 2015

CONTENTS

Fester & Chapman P.C.

Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

Independent Auditors' Report

To the Board of Directors
BASIS Schools, Inc.
Scottsdale, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of BASIS Schools, Inc. and subsidiaries (the Firm), a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of BDC, a Public Charter School, Inc. (BDC) and BTX Schools, Inc. (BTX), subsidiaries of the Firm, which statements reflect total assets constituting 2% of consolidated total assets, and total revenues and support constituting 22% of consolidated total revenues and support, as of and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for BDC and BTX, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audit report and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BASIS Schools, Inc. and subsidiaries as of June 30, 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 29, 2016 on our consideration of the Firm'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 the Firm's internal control over financial reporting and compliance.

Foster & Chapman P.C.

January 29, 2016

BASIS SCHOOLS, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

Current assets:	
Cash and cash equivalents	$ 8,375,333
Due from government	6,434,477
Other receivables	437,260
Prepaid expenses	609,733
Restricted cash, current	7,446,568
Total current assets	23,303,371
Noncurrent assets:	
Loan issuance costs, net of accumulated amortization of $240,340	4,941,678
Restricted cash, noncurrent	9,878,188
Property and equipment, net	140,410,139
Deposits	47,446
Total noncurrent assets	155,277,451
Total assets	$ 178,580,822

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities:	
Accounts payable and accrued expenses	$ 5,733,287
Accrued construction costs	2,609,228
Deferred revenue	88,516
Due to related party	854,882
Deposits held for others	2,092,483
Current maturities of long-term debt	1,003,276
Total current liabilities	12,381,672
Long-term debt, net of current maturities	179,511,376
Total liabilities	191,893,048
Net assets (deficit):	
Unrestricted (deficit)	(16,899,534)
Temporarily restricted	3,587,308
Total net assets (deficit)	(13,312,226)
Total liabilities and net assets (deficit)	$ 178,580,822

The accompanying notes are an integral part of these statements.

BASIS SCHOOLS, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
State Equalization	$ 66,403,178		$ 66,403,178
Federal grants	1,986,058		1,986,058
State grants	3,563,820		3,563,820
Extra-curricular activities contributions	5,137,798		5,137,798
Tax credit contributions		$ 511,561	511,561
Other contributions	1,853,206	3,821,383	5,674,589
Other revenue	1,195,968		1,195,968
Net assets released from restrictions	3,182,969	(3,182,969)	
Total revenue and support	83,322,997	1,149,975	84,472,972
Expenses:			
Salaries and wages, leased employees	37,811,970		37,811,970
Payroll taxes and benefits, leased employees	6,492,981		6,492,981
Management fees	15,589,133		15,589,133
Legal fees	131,883		131,883
Accounting fees	104,037		104,037
Other service fees	3,950,285		3,950,285
Furniture and equipment	495,975		495,975
Information technology	55,138		55,138
Insurance	830,454		830,454
Travel	110,847		110,847
Advertising and promotion	53,767		53,767
Occupancy	2,016,760		2,016,760
Office	3,117,011		3,117,011
Fundraising	132,066		132,066
Interest	10,979,720		10,979,720
Depreciation	4,218,752		4,218,752
Amortization	188,422		188,422
Other expenses	1,268,088		1,268,088
Total expenses	87,547,289		87,547,289
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties	(4,224,292)	1,149,975	(3,074,317)
Write-off of loan issuance costs and prepayment penalties	(4,528,992)		(4,528,992)
Change in net assets (deficit)	(8,753,284)	1,149,975	(7,603,309)
Net assets (deficit), beginning of year, as restated (Note 1)	(8,146,250)	2,437,333	(5,708,917)
Net assets (deficit), end of year	$ (16,899,534)	$ 3,587,308	$ (13,312,226)

The accompanying notes are an integral part of these statements.

BASIS SCHOOLS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

Cash flows from operating activities:	
Change in net assets (deficit)	$ (7,603,309)
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:	
Depreciation	4,218,752
Amortization of loan issuance costs	188,422
Write-off of loan issuance costs and prepayment penalties	4,528,992
Changes in:	
Due from government	(1,116,188)
Due from related party	153,251
Other receivables	(400,926)
Prepaid expenses	(256,878)
Deposits	(36,473)
Accounts payable and accrued expenses	1,954,546
Deferred revenue	(513,611)
Due to related party	528,339
Deposits held for others	602,172
Net cash provided by operating activities	2,247,089
Cash flows from investing activities:	
Net withdrawals from restricted cash	3,874,849
Purchases of property and equipment	(28,382,696)
Net cash used in investing activities	(24,507,847)
Cash flows from financing activities:	
Proceeds from loans	22,639,394
Principal payments on long-term debt	(690,139)
Net cash provided by financing activities	21,949,255
Net decrease in cash and cash equivalents	(311,503)
Cash and cash equivalents, beginning of year	8,686,836
Cash and cash equivalents, end of year	$ 8,375,333
Supplemental disclosures	
Cash paid during the year for interest expensed	$ 10,185,965
Cash paid during the year for interest capitalized	$ 494,151
Loan proceeds paid directly for prepaid interest and issuance costs	$ 7,569,269
Loan proceeds paid directly to refinance outstanding loans payable	$ 65,365,000

The accompanying notes are an integral part of these statements.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS Schools, Inc. (the Firm), an Arizona not-for-profit organization, was formed in fiscal year 1998-99. The Firm provides educational services to students in kindergarten through twelfth grades. The Firm operates under charter contracts with the Arizona State Board for Charter Schools, which mandates policy and operational guidelines. Each school operates under its respective charter contract with the Arizona State Board for Charter Schools and is funded primarily through State Equalization assistance. BDC, a Public Charter School, Inc. (BDC) is a separate 501(c)(3) corporation established in the District of Columbia in fiscal year 2011-12, whose sole member/owner is the Firm. BTX Schools, Inc. (BTX) is a separate 501(c)(3) corporation established in Texas in fiscal year 2011-12, whose sole member/owner is the Firm. To efficiently manage the schools, the Firm entered into a management services agreement with BASIS Educational Group Inc. (BASIS.ed, a related party) on June 25, 2009.

The Firm has campuses at the following locations:

School Name	First Year of Service	Grades served in 2014-2015
BASIS School, Tucson	1998-99	K-6
BASIS School, Scottsdale	2003-04	5-12
BASIS School, Oro Valley	2010-11	6-12
BASIS School, Chandler	2011-12	5-12
BASIS School, Flagstaff	2011-12	5-12
BASIS School, Peoria	2011-12	5-12
BASIS School, Tucson North	2012-13	5-12
BASIS School, Phoenix	2012-13	5-12
BASIS School, Ahwatukee	2013-14	4-11
BASIS School, Mesa	2013-14	4-11
BASIS School, Oro Valley Primary	2014-15	K-5
BASIS School, Prescott	2014-15	5-10
BASIS School, Phoenix Central	2014-15	K-6
BDC	2012-13	5-10
BTX	2013-14	5-9

The significant accounting policies of the Firm are as follows:

Principles of Consolidation: Generally accepted accounting principles require the Firm to consolidate entities in which it has control and an economic interest when that control is evidenced through majority ownership or voting interests. The Firm is the sole member/owner of BDC and BTX, therefore consolidation is required. The consolidated financial statements include the accounts of the Firm, BDC and BTX. All significant inter-organization balances and transactions have been eliminated in consolidation.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. The Firm is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Firm does not have any permanently restricted net assets at June 30, 2015.

Restated Beginning Net Assets: In order to properly state BDC's fixed assets at the beginning of the year, net assets have been restated to capitalize previously expensed fixed assets.

	BDC	Consolidated
Beginning net assets (deficit), as previously reported	$ 5,533	$ (5,807,354)
Adjustment to capitalize previously expensed fixed assets	98,437	98,437
Beginning net assets (deficit), as restated	$ 103,970	$ (5,708,917)

Use of Estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions: The Firm follows the FASB ASC subtopic of *Revenue Recognition* for *Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support based on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see note 6).

Cash and Cash Equivalents: The Firm considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Due from Government: Due from government consists mainly of state approved payments to the Firm to operate the charter schools and federal grants passed through the State of Arizona. The Firm has never experienced any losses due to non-payment, expects none on the June 30, 2015 balances, and therefore has not established an allowance for uncollectibility.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Receivables: Other receivables consists of miscellaneous receivables due to the Firm that will be collected during the fiscal year subsequent to June 30, 2015.

Prepaid Expenses: Prepaid expenses consists of goods and/or services purchased before June 30, 2015 that are to be used subsequent to June 30, 2015.

Loan Issuance Costs: Loan issuance costs and origination fees are deferred and amortized over the term of the loans. During the year ended June 30, 2015, $2,281,377 of loan issuance costs were written off as part of debt refinancing.

Property and Equipment: Property and equipment with an initial cost of $300 or more and an estimated life of one year or more are capitalized. In addition, textbooks are always capitalized and considered a separate asset class. Assets are stated at cost. Depreciation and amortization is provided on the straight-line basis over the following estimated useful lives of the respective assets:

Buildings and improvements	40 years
Vehicles, furniture and equipment	3-5 years
Textbooks	3 years
Software	3 years
Leasehold improvements	Lesser of the estimated useful life or remaining term of applicable lease

Deferred Revenue: Deferred revenue represents amounts collected but not earned as of June 30, 2015.

Deposits Held For Others: Deposits held for others consists of student deposits required for the use of textbooks.

Advertising: Advertising costs are expensed as incurred.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in Note 7. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Firm and its subsidiaries are exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

NOTE 2 - RESTRICTED CASH

Restricted cash consists of required deposits associated with the long-term debt (see note 5). The tax and insurance funds shall be used to pay real property taxes and premiums for the required insurance policies. The debt service reserve funds shall be used if the Firm is unable to make payments when due. The project funds shall be used solely to complete construction on the new campuses. The bond funds shall be used to pay the interest coming due. The accounts are held by U.S. Bank National Association and Bank of Arizona as trustee.

Restricted cash as of June 30, 2015 consisted of the following:

Tax and insurance funds	$ 9,838
Debt service reserve funds	5,817,100
Project funds	6,660,478
Bond funds	4,837,340
Total	$ 17,324,756

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Firm maintains its unrestricted cash with various financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, such cash may be in excess of FDIC insurance limits. The Firm has not experienced any losses in such accounts and management believes it is not exposed to any significant risks related to these accounts.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2015 consists of the following:

Land and improvements	$ 39,352,317
Buildings and leasehold improvements	90,133,795
Vehicles, furniture and equipment	6,413,583
Textbooks	3,504,230
Software	5,291
Construction in progress	11,274,081
Total	150,683,297
Less accumulated depreciation	10,273,158
Property and equipment, net	$ 140,410,139

Depreciation for the year ended June 30, 2015 totaled $4,218,752.

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2015:

$19,320,000 note payable to Education Capital Solutions, LLC dated February 29, 2012. Interest-only payments at the rate of 9.00% - 11.50% are due monthly, with a balloon payment due for the outstanding principal and unpaid interest balances in September 2032. The loan proceeds are to be used by the Firm to purchase and retrofit a campus for the BDC school. The loan is secured by a deed of trust on real property and through assignment of District educational revenues of BDC.	19,320,000
$1,680,000 note payable to Education Capital Solutions, LLC dated February 29, 2012. Interest-only payments at the rate of 9.00% - 11.50% are due monthly, with a balloon payment due for the outstanding principal and unpaid interest balances in September 2032. The loan proceeds are to be used by the Firm to purchase and retrofit a campus for the BDC school. The loan is secured by a deed of trust on real property and through assignment of District educational revenues of BDC.	1,680,000
$5,000,000 noninterest bearing note payable to 410 Eighth Street, LLC dated February 29, 2012, issued in connection with acquisition of a building for the BDC campus, due September 2029, less unamortized discount based on an imputed interest rate of 9.00%. The loan is secured by a deed of trust on real property and through assignment of District educational revenues of BDC.	2,344,788

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS Ahwatukee, Series 2013) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $8,835,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated February 1, 2013. The loan matures over 30 years with an interest rate of 6.75%. Monthly principal and interest payments vary, and principal payments range from a minimum of $9,583 to a maximum of $55,417, commencing on July 1, 2016. The loan proceeds are to be used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Ahwatukee's personal property and revenues, including revenues received from the State of Arizona under the BASIS Ahwatukee charter, and a deed of trust on real property located at the BASIS Ahwatukee site.	8,835,000
Education Revenue Bonds (BASIS San Antonio, Series 2013A and 2013B) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,265,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated April 1, 2013. The loan matures over 30 years with an interest rate of 6.00% - 7.00%. Monthly principal and interest payments vary, and principal payments range from a minimum of $11,667 to a maximum of $56,250, commencing on July 1, 2016. The loan proceeds are to be used by the Firm for the following purposes: (i) to purchase land and constructing, improving, and equipping a building; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by the Firm's personal property, all lease payments payable by BTX to the Firm, and a deed of trust on real property located at the BTX San Antonio site.	9,265,000

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS Mesa, Series 2013) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $7,815,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated May 1, 2013. The loan matures over 30 years with an interest rate of 6.00% - 6.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $9,167 to a maximum of $47,500, commencing on July 1, 2016. The loan proceeds are to be used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Mesa's personal property and revenues, including revenues received from the State of Arizona under the BASIS Mesa charter, and a deed of trust on real property located at the BASIS Mesa site.	7,815,000
Education Revenue Bonds (BASIS Oro Valley Primary, Series 2013) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $8,305,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated December 1, 2013. The loan matures over 30 years with an interest rate of 6.25% - 7.625%. Monthly principal and interest payments vary, and principal payments range from a minimum of $7,917 to a maximum of $54,583, commencing on July 1, 2016. The loan proceeds are to be used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Oro Valley Primary's personal property and revenues, including revenues received from the State of Arizona under the BASIS Oro Valley Primary charter, and a deed of trust on real property located at the BASIS Oro Valley Primary site.	8,305,000

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS Phoenix Central, Series 2014) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,590,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated February 1, 2014. The loan matures over 30 years with an interest rate of 6.25% - 7.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $10,417 to a maximum of $63,333, commencing on July 1, 2017. The loan proceeds are to be used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Phoenix Central's personal property and revenues, including revenues received from the State of Arizona under the BASIS Phoenix Central charter, and a deed of trust on real property located at the BASIS Phoenix Central site.	9,590,000
Education Revenue Bonds (BASIS Prescott, Series 2014) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,020,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated February 1, 2014. The loan matures over 30 years with an interest rate of 6.25% - 7.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $9,583 to a maximum of $59,583, commencing on July 1, 2017. The loan proceeds are to be used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Prescott's personal property and revenues, including revenues received from the State of Arizona under the BASIS Prescott charter, and a deed of trust on real property located at the BASIS Prescott site.	9,020,000

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS San Antonio North, Series 2014A and 2014B) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,640,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated March 1, 2014. The loan matures over 30 years with an interest rate of 6.25% - 7.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $10,417 to a maximum of $63,750, commencing on July 1, 2017. The loan proceeds are to be used by the Firm for the following purposes: (i) to purchase land and constructing, improving, and equipping a building; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by the Firm's personal property, all lease payments payable by BTX to the Firm, and a deed of trust on real property located at the BTX San Antonio North site.	9,640,000
$1,725,250 promissory note payable to the City of Goodyear dated December 23, 2014. The loan matures over 30 years at an interest rate of 3.26%. Monthly principal and interest payments vary, and principal payments range from a minimum of $4,959 to a maximum of $9,485. The note matures in December 2044. The loan was used to purchase real property for BASIS Goodyear and BASIS Goodyear Primary and is secured by a deed of trust on real property.	1,675,250
$3,250,000 promissory note payable to CLI Capital dated June 1, 2015. The loan is amortized over 30 years at an interest rate of 6.50%, with monthly payments of principal and interest commencing in September 2015, followed by a balloon payment due upon maturity in July 2017. The loan was used to purchase real property for BASIS Chandler Primary and is secured by a deed of trust on real property.	2,554,092

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS, Series 2015A) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $89,140,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated March 1, 2015. The loan matures over 30 years with interest rates between 3.00% and 5.00%. Monthly principal and interest payments vary, and principal payments range from a minimum of $30,833 to a maximum of $470,833 commencing on July 1, 2016. The loan proceeds are to be used by the Firm for the following purposes: to (i) refinance the costs of acquiring, constructing, improving and equipping, as applicable, the Chandler Campus, the Flagstaff Campus, the Oro Valley Campus, the Peoria Campus, the Phoenix Campus, the Scottsdale Campus, the Tucson North Campus and the Tucson Primary Campus by refunding all of the Series 2006 Bonds, Series 2007 Bonds, Series 2010 Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2011 Bonds, Series 2012 Bonds and Series 2013 Bonds, (ii) finance the remaining costs of acquiring, constructing, improving and equipping the Goodyear Campus for use in connection with the operation of BASIS Goodyear and BASIS Goodyear Primary, (iii) finance the costs of acquiring additional equipment for use in connection with operation of BASIS Chandler Primary and BASIS Scottsdale Primary, (iv) fund a portion of a debt service reserve fund that will provide security for the Bonds, (v) pay capitalized interest on a portion of the Bonds, and (vi) pay certain issuance expenses related to the Bonds. The loan is secured by BASIS Tucson Primary, Scottsdale, Oro Valley, Chandler, Flagstaff, Peoria, Phoenix, Tucson North, Goodyear, and Goodyear Primary's (the Obligated Schools) personal property and revenues, including revenues received from the State of Arizona under the Obligated Schools charters, and a deed of trust on real property located at the Obligated Schools sites. These Bonds were sold at a premium of $1,341,705, which is included in the outstanding balance.	90,470,522
Total	180,514,652
Less current maturities	1,003,276
	$ 179,511,376

NOTE 5 - LONG-TERM DEBT - Continued

The aggregate future minimum payments on long-term debt as of June 30, 2015, are as follows:

Year ending June 30:	
2016	$ 1,003,276
2017	2,595,188
2018	5,174,798
2019	2,894,724
2020	3,004,724
Thereafter	165,841,942
	$ 180,514,652

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

The Firm received temporarily restricted tax credit and other contributions totaling $511,561 and $3,821,383, and disbursed $630,153 and $2,552,816, respectively, from these contributions during the year ended June 30, 2015, for extracurricular activities and the Annual Teacher Fund.

At June 30, 2015, $3,587,308 remained in net assets temporarily restricted for the Annual Teacher Fund.

NOTE 7 - FUNCTIONAL EXPENSE CLASSIFICATION

The following is a summary of the Firm's expenses by function for the year ended June 30, 2015:

Primary and secondary education	$ 72,928,588
General and administrative	14,459,205
Fundraising	159,496
Total	$ 87,547,289

NOTE 8 - ECONOMIC DEPENDENCY

Approximately 67% of the Firm's revenue for the year ended June 30, 2015 was derived from the State of Arizona through payments of State Equalization, Classroom Site Funds (Proposition 301), State of Arizona grants, and federal grants passed through the State of Arizona. Non-federal funds that are paid from the State of Arizona are subject to funding approval from the state legislature. Changes in state funding levels for charter schools could have a significant impact on the Firm's revenues.

Approximately 68% of the Firm's total expenses for the year ended June 30, 2015 were paid to BASIS.ed (a related party, see note 9).

NOTE 9 - RELATED PARTY

Michael Block, an authorized agent for the Firm and a shareholder of BASIS.ed, maintained an active Board member position throughout the fiscal year. As a Board member, Mr. Block could influence the financial and operational activities of the Firm through voting authority. However, his voting power did not constitute a majority of the Firm's Board of Directors and Mr. Block recused himself from all votes involving BASIS.ed.

Under terms of the management agreement with BASIS.ed, the Firm incurred $44,304,951 for leased employee costs and $15,589,133 in management services fees, which included upper management salaries and related benefits, technology support, accounting, student enrollment and reporting, and new school development services. As of June 30, 2015, $854,882 was payable to BASIS.ed.

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES

Compliance: The Firm's compliance with certain laws and regulations is subject to review by the State of Arizona, Office of the Auditor General and Department of Education. Such reviews could result in adjustments or withholding of State Equalization assistance.

Commitments: The Firm has entered into agreements with BASIS.ed to provide charter school management, teaching services and administrative services for each of its schools, with various expiration dates through June 30, 2019. The Firm incurred $15,589,133 for such services during the fiscal year ended June 30, 2015. The fees are based on revenues and are adjusted for cost-of-living and growth in revenues in subsequent years. In addition, under the agreement the Firm leased all teachers and non-management on-site personnel from BASIS.ed.

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES - Continued

During the fiscal year ending June 30, 2015, the Firm began construction of the Goodyear, Goodyear Primary, and Chandler Primary campuses. As of June 30, 2015, the Firm had $11,274,081 in construction in progress related to the new campuses, with remaining commitments of approximately $900,000 to complete the projects.

NOTE 11 - SUBSEQUENT EVENTS

The Firm has evaluated subsequent events through January 29, 2016, the date which the financial statements were available to be issued, and has concluded that no events have occurred since the year ended June 30, 2015 that would require an adjustment to the financial statements. However, the Firm did note the following transaction that occurred subsequent to the year end that should be disclosed:

On December 9, 2015, Education Revenue Bonds (BASIS, Series 2016A) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $84,160,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement. The loan matures over 30 years with interest rates between 3.00% and 5.00%. Monthly principal and interest payments vary, and principal payments range from a minimum of $113,333 to a maximum of $372,500 commencing on July 1, 2017. The loan proceeds are to be used by the Firm for the following purposes: to (i) refinance the costs of acquiring, constructing, improving and equipping, as applicable, the BDC campus by refunding the $19,320,000, $1,680,000, and $5,000,000 note payables and the Oro Valley Primary campus by refunding the Series 2013 Bonds, (ii) finance the remaining costs of acquiring, constructing, improving and equipping the Chandler Primary North and Scottsdale Primary campuses, (iv) fund a portion of a debt service reserve fund that will provide security for the Bonds, (v) pay capitalized interest on a portion of the Bonds, and (vi) pay certain issuance expenses related to the Bonds. The loan is secured by BDC, BASIS Oro Valley Primary, BASIS Chandler Primary North, and BASIS Scottsdale Primary's (the Obligated Schools) personal property and revenues, including revenues received from the State of Arizona and the District of Columbia under the Obligated Schools charters, and a deed of trust on real property located at the Obligated Schools sites.

In November 2015, Michael Block, an authorized agent for the Firm and a shareholder of BASIS.ed, resigned from the Firm's Board of Directors.

SUPPLEMENTARY INFORMATION

BASIS SCHOOLS, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015

ASSETS	BSI Obligated*	BSI Unobligated**	BSI Subtotal	BDC	BTX	Eliminations	Totals
Current assets:							
Cash and cash equivalents	$ 5,583,013	$ 1,728,311	$ 7,311,324	$ 327,929	$ 736,080		$ 8,375,333
Due from government	3,288,511	1,509,936	4,798,447	114,103	1,521,927		6,434,477
Due from related party		763,279	763,279			$ (763,279)	
Other receivables	150,236	211,928	362,164	19,078	56,018		437,260
Prepaid expenses	89,622	300,261	389,883	31,108	188,742		609,733
Restricted cash, current	7,189,914	256,654	7,446,568				7,446,568
Total current assets	16,301,296	4,770,369	21,071,665	492,218	2,502,767	(763,279)	23,303,371
Noncurrent assets:							
Loan issuance costs, net of accumulated amortization of $240,340	1,906,136	3,035,542	4,941,678				4,941,678
Restricted cash, noncurrent	9,868,344	9,844	9,878,188				9,878,188
Property and equipment, net	61,132,269	78,565,787	139,698,056	176,677	535,406		140,410,139
Deposits	1,934	40,707	42,641	4,805			47,446
Total noncurrent assets	72,908,683	81,651,880	154,560,563	181,482	535,406		155,277,451
Total assets	$ 89,209,979	$ 86,422,249	$ 175,632,228	$ 673,700	$ 3,038,173	$ (763,279)	$ 178,580,822
LIABILITIES AND NET ASSETS (DEFICIT)							
Current liabilities:							
Accounts payable and accrued expenses	$ 3,573,516	$ 1,461,831	$ 5,035,347	$ 347,475	$ 350,465		$ 5,733,287
Accrued construction costs	256,584	2,352,644	2,609,228				2,609,228
Deferred revenue	50,532	16,134	66,666	5,800	16,050		88,516
Due to related party		606,575	606,575	10,132	1,001,454	$ (763,279)	854,882
Deposits held for others	1,401,728	690,755	2,092,483				2,092,483
Current maturities of long-term debt	414,723	588,553	1,003,276				1,003,276
Total current liabilities	5,697,083	5,716,492	11,413,575	363,407	1,367,969	(763,279)	12,381,672
Long-term debt, net of current maturities	91,731,049	87,780,327	179,511,376				179,511,376
Total liabilities	97,428,132	93,496,819	190,924,951	363,407	1,367,969	(763,279)	191,893,048
Net assets (deficit):							
Unrestricted (deficit)	(10,662,029)	(7,883,268)	(18,545,297)	150,475	1,495,288		(16,899,534)
Temporarily restricted	2,443,876	808,698	3,252,574	159,818	174,916		3,587,308
Total net assets (deficit)	(8,218,153)	(7,074,570)	(15,292,723)	310,293	1,670,204		(13,312,226)
Total liabilities and net assets (deficit)	$ 89,209,979	$ 86,422,249	$ 175,632,228	$ 673,700	$ 3,038,173	$ (763,279)	$ 178,580,822

* Obligated made up by BASIS - Tucson, Scottsdale, Oro Valley, Peoria, Flagstaff, Chandler, Phoenix, Tucson North, Goodyear, and Goodyear Primary.
** Unobligated made up by BASIS - Ahwatukee, Mesa, Oro Valley Primary, Prescott, Phoenix Central, Chandler Primary, Scottsdale Primary, and BSI Central Services.

BASIS SCHOOLS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	BSI								
	Obligated			Unobligated			Subtotal		
	Unrestricted	Temporarily Restricted	Subtotal	Unrestricted	Temporarily Restricted	Subtotal	Unrestricted	Temporarily Restricted	Subtotal
Revenue and support:									
State Equalization	$ 35,144,549		$ 35,144,549	$ 16,437,118		$ 16,437,118	$ 51,581,667		$ 51,581,667
Federal grants	638,411		638,411	511,080		511,080	1,149,491		1,149,491
State grants	2,406,879		2,406,879	1,117,342		1,117,342	3,524,221		3,524,221
Extra-curricular activities contributions	2,839,554		2,839,554	1,404,965		1,404,965	4,244,519		4,244,519
Tax credit contributions		$ 422,614	422,614		$ 88,947	88,947		$ 511,561	511,561
Other contributions	104,552	2,381,844	2,486,396	26,352	917,778	944,130	130,904	3,299,622	3,430,526
Other revenue	(803,095)		(803,095)	4,972,732		4,972,732	4,169,637		4,169,637
Net assets released from restrictions	2,360,325	(2,360,325)		475,860	(475,860)		2,836,185	(2,836,185)	
Total revenue and support	42,691,175	444,133	43,135,308	24,945,449	530,865	25,476,314	67,636,624	974,998	68,611,622
Expenses and loss:									
Salaries and wages, leased employees	19,670,616		19,670,616	10,051,619		10,051,619	29,722,235		29,722,235
Payroll taxes and benefits, leased employees	3,958,097		3,958,097	1,954,625		1,954,625	5,912,722		5,912,722
Management fees	7,936,144		7,936,144	4,132,348		4,132,348	12,068,492		12,068,492
Legal fees				43,862		43,862	43,862		43,862
Accounting fees	42,160		42,160	26,381		26,381	68,541		68,541
Other service fees	2,160,363		2,160,363	1,046,204		1,046,204	3,206,567		3,206,567
Furniture and equipment	6,744		6,744	489,231		489,231	495,975		495,975
Information technology				55,138		55,138	55,138		55,138
Insurance	352,447		352,447	282,277		282,277	634,724		634,724
Travel				32,850		32,850	32,850		32,850
Advertising and promotion				53,767		53,767	53,767		53,767
Occupancy	786,262		786,262	585,661		585,661	1,371,923		1,371,923
Office	1,256,182		1,256,182	1,827,292		1,827,292	3,083,474		3,083,474
Fundraising	81,387		81,387	47,337		47,337	128,724		128,724
Interest	4,683,649		4,683,649	6,296,071		6,296,071	10,979,720		10,979,720
Depreciation	1,890,240		1,890,240	2,009,423		2,009,423	3,899,663		3,899,663
Amortization	78,921		78,921	109,501		109,501	188,422		188,422
Other expenses	405,889		405,889	476,932		476,932	882,821		882,821
Total expenses and loss	43,309,101		43,309,101	29,520,519		29,520,519	72,829,620		72,829,620
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties	(617,926)	444,133	(173,793)	(4,575,070)	530,865	(4,044,205)	(5,192,996)	974,998	(4,217,998)
Write off of loan issuance costs and prepayment penalties	(4,528,992)		(4,528,992)				(4,528,992)		(4,528,992)
Change in net assets (deficit)	(5,146,918)	444,133	(4,702,785)	(4,575,070)	530,865	(4,044,205)	(9,721,988)	974,998	(8,746,990)
Net assets (deficit), beginning of year, as restated	(5,515,111)	1,999,743	(3,515,368)	(3,308,198)	277,833	(3,030,365)	(8,823,309)	2,277,576	(6,545,733)
Net assets (deficit), end of year	$ (10,662,029)	$ 2,443,876	$ (8,218,153)	$ (7,883,268)	$ 808,698	$ (7,074,570)	$ (18,545,297)	$ 3,252,574	$ (15,292,723)

* Obligated made up by BASIS - Tucson, Scottsdale, Oro Valley, Peoria, Flagstaff, Chandler, Phoenix, Tucson North, Goodyear, and Goodyear Primary.
** Unobligated made up by BASIS - Ahwatukee, Mesa, Oro Valley Primary, Prescott, Phoenix Central, Chandler Primary, Scottsdale Primary, and BSI Central Services.

BASIS SCHOOLS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2015
(CONTINUED)

	BDC			BTX		
	Unrestricted	Temporarily Restricted	Subtotal	Unrestricted	Temporarily Restricted	Subtotal
Revenue and support:						
State Equalization	$ 7,729,457		7,729,457	$ 7,092,054		$ 7,092,054
Federal grants	213,763		213,763	622,804		622,804
State grants				39,599		39,599
Extra-curricular activities contributions	82,177		82,177	811,102		811,102
Other contributions	2,654	$ 157,459	160,113	1,719,648	$ 364,302	2,083,950
Other revenue	138,003		138,003			
Net assets released from restrictions	97,148	(97,148)		249,636	(249,636)	
Total revenue and support	8,263,202	60,311	8,323,513	10,534,843	114,666	10,649,509
Expenses and loss:						
Salaries and wages, leased employees	3,444,775		3,444,775	4,644,960		4,644,960
Payroll taxes and benefits, leased employees	567,767		567,767	12,492		12,492
Management fees	890,616		890,616	2,630,025		2,630,025
Legal fees	49,318		49,318	38,703		38,703
Accounting fees	23,335		23,335	12,161		12,161
Other service fees	465,756		465,756	277,962		277,962
Insurance	67,542		67,542	128,188		128,188
Travel	15,147		15,147	62,850		62,850
Occupancy	2,301,038		2,301,038	1,455,471		1,455,471
Office	33,537		33,537			
Fundraising	3,342		3,342			
Depreciation	123,000		123,000	196,089		196,089
Other expenses	132,017		132,017	253,250		253,250
Total expenses and loss	8,117,190		8,117,190	9,712,151		9,712,151
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties	146,012	60,311	206,323	822,692	114,666	937,358
Write-off of loan issuance costs and prepayment penalties						
Change in net assets (deficit)	146,012	60,311	206,323	822,692	114,666	937,358
Net assets (deficit), beginning of year, as restated	4,463	99,507	103,970	672,596	60,250	732,846
Net assets (deficit), end of year	$ 150,475	$ 159,818	$ 310,293	$ 1,495,288	$ 174,916	$ 1,670,204

BASIS SCHOOLS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2015
(CONTINUED)

	Eliminations	Totals		
	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:				
State Equalization		$ 66,403,178		$ 66,403,178
Federal grants		1,986,058		1,986,058
State grants		3,563,820		3,563,820
Extra-curricular activities contributions		5,137,798		5,137,798
Tax credit contributions			$ 511,561	511,561
Other contributions		1,853,206	3,821,383	5,674,589
Other revenue	$ (3,111,672)	1,195,968		1,195,968
Net assets released from restrictions		3,182,969	(3,182,969)	
Total revenue and support	(3,111,672)	83,322,997	1,149,975	84,472,972
Expenses and loss:				
Salaries and wages, leased employees		37,811,970		37,811,970
Payroll taxes and benefits, leased employees		6,492,981		6,492,981
Management fees		15,589,133		15,589,133
Legal fees		131,883		131,883
Accounting fees		104,037		104,037
Other service fees		3,950,285		3,950,285
Furniture and equipment		495,975		495,975
Information technology		55,138		55,138
Insurance		830,454		830,454
Travel		110,847		110,847
Advertising and promotion		53,767		53,767
Occupancy	(3,111,672)	2,016,760		2,016,760
Office		3,117,011		3,117,011
Fundraising		132,066		132,066
Interest		10,979,720		10,979,720
Depreciation		4,218,752		4,218,752
Amortization		188,422		188,422
Other expenses		1,268,088		1,268,088
Total expenses and loss	(3,111,672)	87,547,289		87,547,289
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties		(4,224,292)	1,149,975	(3,074,317)
Write-off of loan issuance costs and prepayment penalties		(4,528,992)		(4,528,992)
Change in net assets (deficit)		(8,753,284)	1,149,975	(7,603,309)
Net assets (deficit), beginning of year, as restated		(8,146,250)	2,437,333	(5,708,917)
Net assets (deficit), end of year	$	$ (16,899,534)	$ 3,587,308	$ (13,312,226)

BASIS SCHOOLS, INC.

OBLIGATED GROUP STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

Current assets:	
Cash and cash equivalents	$ 5,583,013
Due from government	3,288,511
Other receivables	150,236
Prepaid expenses	89,622
Restricted cash, current	7,189,914
Total current assets	16,301,296
Noncurrent assets:	
Loan issuance costs, net of accumulated amortization of $240,340	1,906,136
Restricted cash, noncurrent	9,868,344
Property and equipment, net	61,132,269
Deposits	1,934
Total noncurrent assets	72,908,683
Total assets	$ 89,209,979

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities:	
Accounts payable and accrued expenses	$ 3,573,516
Accrued construction costs	256,584
Deferred revenue	50,532
Deposits held for others	1,401,728
Current maturities of long-term debt	414,723
Total current liabilities	5,697,083
Long-term debt, net of current maturities	91,731,049
Total liabilities	97,428,132
Net assets (deficit):	
Unrestricted (deficit)	(10,662,029)
Temporarily restricted	2,443,876
Total net assets (deficit)	(8,218,153)
Total liabilities and net assets (deficit)	$ 89,209,979

* Obligated made up by BASIS - Tucson, Scottsdale, Oro Valley, Peoria, Flagstaff, Chandler, Phoenix, Tucson North, Goodyear, and Goodyear Primary.

BASIS SCHOOLS, INC.

OBLIGATED GROUP STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
State Equalization	$ 35,144,549		$ 35,144,549
Federal grants	638,411		638,411
State grants	2,406,879		2,406,879
Extra-curricular activities contributions	2,839,554		2,839,554
Tax credit contributions		$ 422,614	422,614
Other contributions	104,552	2,381,844	2,486,396
Other revenue	(803,095)		(803,095)
Net assets released from restrictions	2,360,325	(2,360,325)	
Total revenue and support	42,691,175	444,133	43,135,308
Expenses:			
Salaries and wages, leased employees	19,670,616		19,670,616
Payroll taxes and benefits, leased employees	3,958,097		3,958,097
Management fees	7,936,144		7,936,144
Accounting fees	42,160		42,160
Other service fees	2,160,363		2,160,363
Furniture and equipment	6,744		6,744
Insurance	352,447		352,447
Occupancy	786,262		786,262
Office	1,256,182		1,256,182
Fundraising	81,387		81,387
Interest	4,683,649		4,683,649
Depreciation	1,890,240		1,890,240
Amortization	78,921		78,921
Other expenses	405,889		405,889
Total expenses	43,309,101		43,309,101
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties	(617,926)	444,133	(173,793)
Write-off of loan issuance costs and prepayment penalties	(4,528,992)		(4,528,992)
Change in net assets (deficit)	(5,146,918)	444,133	(4,702,785)
Net assets (deficit), beginning of year	(5,515,111)	1,999,743	(3,515,368)
Net assets (deficit), end of year	$ (10,662,029)	$ 2,443,876	$ (8,218,153)

* Obligated made up by BASIS - Tucson, Scottsdale, Oro Valley, Peoria, Flagstaff, Chandler, Phoenix, Tucson North, Goodyear, and Goodyear Primary.

BASIS SCHOOLS, INC.

Single Audit Reporting Package

Year Ended June 30, 2015

CONTENTS

Fester & Chapman P.C.

Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

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
BASIS Schools, Inc.
Scottsdale, Arizona

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 BASIS Schools, Inc. (the Firm), a nonprofit organization, which comprise the statement of financial position as of June 30, 2015, 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 29, 2016. Our report includes a reference to other auditors who audited the financial statements of BDC, a Public Charter School, Inc. and BTX Schools, Inc., as described in our report on the Firm's consolidated financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Firm'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Firm's internal control. Accordingly, we do not express an opinion on the effectiveness of the Firm'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 the Firm's consolidated financial statements are free of 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 consolidated 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.

Foster & Chapman P.C.

January 29, 2016

Fester & Chapman P.C.

Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Directors
BASIS Schools, Inc.
Scottsdale, Arizona

Report on Compliance for Each Major Federal Program

We have audited BASIS Schools, Inc.'s (the Firm) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Firm's major federal programs for the year ended June 30, 2015. The Firm's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Firm'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 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 the Firm'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 the Firm's compliance.

Opinion on Each Major Federal Program

In our opinion, the Firm 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, 2015.

Report on Internal Control Over Compliance

Management of the Firm 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 the Firm'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 OMB Circular A-133, 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 the Firm'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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Firm as of and for the year ended June 30, 2015, and have issued our report thereon dated January 29, 2016, which contained an unmodified opinion on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Foster & Chapman P.C.

January 29, 2016

BASIS Schools, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Education			
Passed through Arizona Department of Education			
Special Education Cluster (IDEA):			
Special Education_Grants to States	84.027	Various	$ 822,576
Total Special Education Cluster			822,576
Charter Schools	84.282	Various	326,915
Total U.S. Department of Education			1,149,491
Total Expenditures of Federal Awards			$ 1,149,491

See accompanying notes to this schedule.

BASIS Schools, Inc.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of BASIS Schools, Inc. (the Firm), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the 2015 Catalog of Federal Domestic Assistance Update.

NOTE 3 - SUBRECIPIENTS

The Firm did not pass any funds onto subrecipients during the year ended June 30, 2015.

BASIS Schools, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report issued:	Unmodified		
	Yes	**No**	
Material weaknesses identified in internal control over financial reporting?		X	
Significant deficiencies identified not considered to be material weaknesses?		X	(None reported)
Noncompliance material to the financial statements noted?		X	
Federal Awards			
Material weakness identified in internal control over major programs?		X	
Significant deficiencies identified not considered to be material weaknesses?		X	(None reported)
Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?		X	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.027	Special Education Cluster (IDEA): Special Education_Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:		$ 300,000
Auditee qualified as low-risk auditee?	X	

Other Matters:

Auditee's Summary Schedule of Prior Findings required to be reported in accordance with Circular A-133 (section .315[b])?		X

BASIS Schools, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were identified that were required to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were identified that were required to be reported.

Fester & Chapman P.C.

Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
BASIS Schools, Inc. Re. BASIS Ahwatukee (07-82-12-000)
Ahwatukee, Arizona

We have performed the procedures enumerated below, which were agreed to by Arizona State Board for Charter Schools (the specified party), solely to assist you with respect to compliance of BASIS Schools, Inc. Re. BASIS Ahwatukee (07-82-12-000) (the Firm) as of and for the year ended June 30, 2015. The Firm's management is responsible for compliance. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are included in the following 2015 version of the Legal Compliance Questionnaire.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Firm's compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and the Arizona State Board for Charter Schools and is not intended to be and should not be used by anyone other than those specified parties.

Fester & Chapman P.C.

March 24, 2016

Arizona State Board for Charter Schools

Legal Compliance Questionnaire

Charter/CTDS: BASIS Ahwatukee (078212000)

Fiscal Year Ended: June 30, 2015

Table of Contents

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are exempt from the Uniform System of Financial Records for Arizona Charter Schools (charters that HAVE an exception). If a charter is subject to procurement requirements pursuant to A.R.S. §§15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Compliance Questionnaire (see audit guidelines) which is available on the Arizona State Board for Charter Schools' website https://asbcs.az.gov.

In order to determine whether a charter that is exempt from the requirements of the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) is complying with applicable legal requirements, the auditors must complete the following Legal Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. (Note: This questionnaire is not comprehensive of all legal requirements for charter schools. As such, this document should not be the sole reference to determine all laws and regulations that are applicable to charter schools).

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Legal Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.

- Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.

- Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.

- The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.

- The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.

- If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.

- All "No" and "N/A" answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.

- A "Yes" answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a "No" answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm's answers to the Legal Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

Legal Compliance Questionnaire[1]

Questions/Subject Area	Yes/No	Comments
Personnel		
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? **A.R.S. §15-183 (C)(5) and A.R.S. §15-512 (H)**	Yes	
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. §15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.) 2. For each individual referenced in #1 that did not have a valid FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board's website prior to completing these questions) **A.R.S. §15-183 (C)(5)**:		
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?	N/A	All personnel had FCC's
b. Did DPS receive the application prior to the hire date?	N/A	All personnel had FCC's
c. Prior to placement, did the school do all of the following?		
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?	N/A	All personnel had FCC's
ii) Obtain statewide criminal history information on the individual?	N/A	All personnel had FCC's
iii) Obtain references from the applicant's current and previous employers?	N/A	All personnel had FCC's
3. Did the charter school maintain up-to-date fingerprints of all Governing Body members as of the testing date? **Charter Contract**[2]	Yes	
4. Were all other personnel fingerprint checked as of the testing date? **A.R.S. §15-183 (C)(5) and A.R.S. §15-512**	Yes	
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of resume information for all employees who provide instruction to pupils? **A.R.S. §15-183 (F)**	Yes	

[1] For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

[2] Specific contract cites could not be provided as term references vary per contract year.

Questions/Subject Area	Yes/No	Comments
Required Filings		
1. Is the school in good standing with the following regulatory bodies: a. Internal Revenue Service **U.S.C. Title 26**		
i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30th) is a true statement.	Yes	
iii. If the response to 1.a.i, 1.a.ii, or both is "no", does the school have a payment plan in place with the Internal Revenue Service?	N/A	See questions i. and ii. above
iv. If the answer to Question 1.a.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30th)?	N/A	See question iii. above
b. Arizona Department of Revenue **A.R.S. §43-401 and §43-1111**		
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30th) is a true statement.	Yes	
iii. If the response to 1.b.i, 1.b.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Revenue?	N/A	See questions i. and ii. above
iv. If the answer to Question 1.b.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30th)?	N/A	See question iii. above
c. Arizona Department of Economic Security **A.R.S. § 23-721 et seq.**		
i. State unemployment contributions requirements for the audited fiscal year?	Yes	
ii. The school did not have any state unemployment contributions payable from a prior year(s) as of audited fiscal year end (June 30th) is a true statement.	Yes	
iii. If the response to 1.c.i, 1.c.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Economic Security?	N/A	See questions i. and ii. above
iv. If the answer to Question 1.c.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30th)?	N/A	See question iii. above

Questions/Subject Area	Yes/No	Comments
d. Corporation Commission (e.g., annual report)? **Charter Contract**	Yes	
2. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18th? **A.R.S. §15-905 (E) and §15-183 (E)(6)**	Yes	
3. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15th? **A.R.S. §15-183 (E)(6) and 15-904 (A)**	Yes	
Special Education		
1. Is the staff the school uses to provide special education services (internal or contracted) certified in special education?	Yes	
2. Does the school conduct 45 day screenings on all new students? **AAC R7-2-401**	Yes	
3. Are evaluations and IEPs on file for special education students? **34 CFR 300.341-350 and 300.531-536**	Yes	
Classroom Site Fund - A.R.S. §15-977 & OAG Memorandum No. 44		
1. Did the school properly allocate Classroom Site Fund receipts among the following projects: 1011—Base Salary (20%), 1012—Performance Pay (40%), and 1013—Other (40%)?	Yes	
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?	Yes	
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?	Yes	
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, AIMS intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?	Yes	
5. Did the school use Classroom Site Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)	Yes	
6. If the school had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?	Yes	
7. Did the school have sufficient cash at year-end to cover the carry over monies, and what was the Classroom Site Fund cash carryover balance at year-end?	Yes $0	

Questions/Subject Area	Yes/No	Comments
Student Attendance Reporting		
If test work performed in questions 3-16 and 19 of this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE's membership and attendance guidelines, report the net overstatement or understatement in the "Comments" column next to each applicable question.		
1. Was school in session for at least 180 days or did the Governing Board adopt a calendar with an equivalent number of minutes of instruction per school year based on a different number of days of instruction? **A.R.S. §15-341.01**	Yes	
2. Did the school ensure that **[A.R.S. §§15-808(I)(1) and 15-901(A)(1)]**: (**Note**: Instructional hours do not include periods of the day in which an instructional program or course of study is not being offered, including, but not limited to, lunch, recesses, home room periods, study hall periods, and early release or late start hours.) **ADE's External Guidelines GE-17 and GE-18**		
a. Preschool children with disabilities were enrolled in a program that met at least 360 minutes a week that meets at least 216 hours over the minimum number of days?	N/A	No preschool children
b. Kindergarten was in session for at least 356 hours or 346 hours for Arizona Online Instruction (AOI) Programs?	N/A	School is grades 4-11
c. Grades 1 through 3 were in session for at least 712 hours?	N/A	School is grades 4-11
d. Grades 4 through 6 were in session for at least 890 hours?	Yes	
e. Grades 7 and 8 were in session for at least 1,000 hours or 1,068 hours for AOI Programs?	Yes	
f. Grades 9 through 12, other than AOI Programs, were in session at least 720 hours?	Yes	
g. Grades 9 through 12, other than AOI Programs, include at least four subjects, each of which if taught each school day for the minimum number of days required in a school year, would meet a minimum of 123 hours a year?	Yes	
h. Grades 9 through 12 of AOI Programs include at least four courses throughout the year that meet at least 900 hours during the school year?	N/A	Program not offered by school

For Student Attendance Reporting questions 3-16, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. These samples should include 3 or more grade levels and 3 or more campuses, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested in questions 3-10 and 16 should be selected from the 100th day reporting period.

In the parentheses provided in questions 3-16, write the actual number of transactions tested. If all transactions were tested, indicate such in the "Comments" column.

Questions/Subject Area	Yes/No	Comments
For questions 3-5 select at least 3 student attendance records.		
3. If the school had an early (pre-)kindergarten program, based upon review of 0 early (pre-) kindergarten students' attendance records, did the school only calculate and submit membership/absence information for this program for students with disabilities? **A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33**	N/A	Program not offered by school
4. Based upon review of 0 students' attendance records in kindergarten programs, if the instructional time for the year was between 356 and 692 hours, were students not in attendance for at least three-quarters of the day counted as being absent or, if the instructional time for the year was 692 hours or more, were students not in attendance at least one-half of the day counted as being absent? **A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i)**	N/A	School is grades 4-11
5. If the school had an early first grade program, based upon review of 0 early first grade students' attendance records, did the school calculate and submit membership/absence information for this program as it would for kindergarten? **A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33**	N/A	Program not offered by school
For questions 6 and 7, use the following sample sizes:		
SCHOOLWIDE ADM / **Student Attendance Records** **< 1,000** / **5** **1,000 - 5,000** / **10** **> 5,000** / **15**		
6. Based upon review of 0 students' attendance records at elementary and junior high schools in which attendance was based on half days, were students in attendance for less than one-half the day counted as being absent for one full day; were students in attendance for at least one-half day, but less than three-quarters of a day, counted as being absent for one-half day; and were students in attendance for at least three-quarters of a day counted in attendance for a day? **A.R.S. §15-901(A)(5)(b)(ii)**	N/A	Attendance is based on quarter days

Questions/Subject Area	Yes/No	Comments
7. Based upon review of 5 students' attendance records at elementary and junior high schools where attendance was based on quarter days, were students in attendance for more than three-quarters of the day counted in attendance for a day and students in attendance for three-quarters of the day or less counted in attendance for each quarter of the day in attendance? **A.R.S. §15-901(A)(5)(b)(i)**	Yes	
For questions 8 through 13, use the following sample sizes:		
SCHOOLWIDE ADM / **Student Attendance Records** **< 1,000** / **3** **1,000 - 5,000** / **5** **> 5,000** / **7**		
8. For schools approved to report minutes of attendance, based upon review of the attendance records for a 1 month period for 0 students whose attendance was reported in minutes, did the school report minutes of attendance only for actual classroom instruction attended by the students?	N/A	Attendance reported in terms of absences
9. Based upon review of 3 high school students' attendance records, whose attendance was reported in terms of absences, for all absence days reported in a 1 month period, did the school report absences in accordance with the method(s) provided by ADE?	Yes	
10. Based upon review of 0 high school students' attendance records, did the school prorate the membership of the students enrolled in less than four subjects?	N/A	No students enrolled in less than four subjects
11. For schools offering an AOI Program, based upon a review of 0 AOI students' attendance records for 4 weeks: **(ADE's Policies and Procedures Manual, SF-0003)** a. Was the guardian-approved or school computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI School? **A.R.S. §15-808(E)**	N/A	Program not offered by school

Questions/Subject Area	Yes/No	Comments
b. Did the hours reported to ADE agree to the guardian-approved or school computer-generated daily log?	N/A	Program not offered by school
c. Were all students who participated in an AOI Program, residents of this state? **A.R.S. §15-808(B)**	N/A	Program not offered by school
d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?	N/A	Program not offered by school
12. Based on review of the student's attendance records in question 11, did the school follow its procedures, to re-determine the actual FTE for each student enrolled in an AOI Program, following a student's withdrawal or after the end of the school year?	N/A	Program not offered by school
13. Based upon review of 0 students' attendance records (all grades) for students withdrawn for having ten consecutive unexcused absences, was the student only counted in membership through the last day of actual attendance or excused absence? **A.R.S. §15 901(A)(1)**	N/A	No students withdrawn for having ten consecutive unexcused absences
For questions 14 and 15, use the following sample sizes:		
SCHOOLWIDE ADM — **Entries/Withdrawals** **< 1,000** — **5** **1,000 - 5,000** — **10** **> 5,000** — **15**		
14. Based upon review of 5 entries: (**Note:** Enrollment forms are not required for continuing students at the same school.)		
a. Were entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?	Yes	
b. Did the entry date in the computerized attendance system agree to the entry form?	Yes	
c. Did the teacher's attendance registers, if used, and other documentation support the entry date in the computerized attendance system?	N/A	Attendance system is completely electronic
d. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school?	Yes	

Questions/Subject Area	Yes/No	Comments
e. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? **A.R.S. §15-802(B)(1) and ADE's Arizona Residency Documentation Guidelines**	Yes	
f. If a student was not an Arizona resident, was the student excluded from the school's student count and state aid calculations? **A.R.S. §15-823(J)**	N/A	All are Arizona residents
g. If the school admitted students who were nonresidents of Arizona, was tuition charged, as applicable? **A.R.S. §15-823**	N/A	All are Arizona residents
15. Based upon review of 5 withdrawals:		
a. Were the withdrawal dates entered into the school's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (**Note:** "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b. the 10th day of unexcused absence for students withdrawn for having ten consecutive unexcused absences.)	Yes	
b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (**Note:** If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.)	No	See comment #1
c. Did the teachers' attendance registers, if used, and other supporting documentation agree to the withdrawal date in the computerized attendance system?	N/A	Attendance system is completely electronic
d. Was an Official Notice of Pupil Withdrawal form prepared and retained for each withdrawal and signed by a school administrator? **A.R.S. §15 827**	Yes	
For question 16, use the following sample sizes: **SCHOOLWIDE ADM** — **Days** **< 1,000** — **3** **1,000 - 5,000** — **5** **5** — **7**		

Questions/Subject Area	Yes/No	Comments
16. Based upon review of 0 days for various campuses, grades, and classes in the computerized attendance system, did the student absences from each day agree to the teachers' attendance registers, absence slips, or other supporting documentation, if used?	N/A	Attendance system is completely electronic
17. Did the school have adequate electronic or manual controls in place to ensure that any changes to the original record of student attendance data were properly authorized and documented, including the names or identification numbers of the persons making and authorizing the changes?	Yes	
18. Was the school's membership/absence information submitted to ADE electronically at least once every 20 school days for membership and 60 days for absence information through the last day of instruction (with the first 20 and 60 day periods beginning on the first day of school or the opening of SAIS for current fiscal year data submission, whichever is later)? **A.R.S. §§15-901(A)(1) and 15-1042(H)**	Yes	
19. Based upon review of the school's 40th and 100th day information uploaded to ADE (ADMS 75-1), did the membership and absences agree to the school's computerized attendance system records? (Note: For an AOI program, review year-end attendance information.)	Yes	
Open Meeting Law A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)		
1. Did the school conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations?	Yes	
2. Did the school post all public meeting notices on its website?	Yes	
3. Did the school maintain a record of notices that includes a copy of each notice that was posted and information regarding the date, time and place of posting?	Yes	
4. Were notices and agenda of public meetings posted at least 24 hours before the meeting?	Yes	
5. Were written minutes prepared or a recording made of Governing Body meetings?	Yes	

Questions/Subject Area	Yes/No	Comments
Insurance Requirements A.R.S. §15-183(M)		
Does the school have the required insurance for liability and property loss?	Yes	
Tuition A.R.S. §15-185 (B)(6) (See also Attorney General Opinion I98-007)		
Did the school refrain from charging fees that may be considered tuition other than as provided for in A.R.S. §15-185(B)(6) [nonresidents]?	Yes	
Records Management		
1. Did the school retain records in accordance with the *General Retention Schedules for Education - K-12* published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? (www.azlibrary.gov/records/general.aspx)	Yes	
2. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity - was adequate documentation retained to support revenue and expenses in the charter school)?	Yes	

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on pages 2 and 3.

Fester & Chapman P.C.	March 24, 2016
Audit Firm	Date
Kevin Conley	Director
Preparer's Signature (Audit Firm Representative)	Title

BASIS Ahwatukee (078212000)
June 30, 2015
Comments

1. For one out of five students tested, the withdrawal date per the computerized attendance system should have been the day following the withdrawal date. However, the withdrawal date was the same day as the last day of attendance.

BASIS SCHOOLS, INC.

Consolidated Financial Statements
and
Supplementary Information

Year Ended June 30, 2016

CONTENTS

Fester & Chapman P.C.

Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

Independent Auditors' Report

To the Board of Directors
BASIS Schools, Inc.
Scottsdale, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of BASIS Schools, Inc. and subsidiaries (the Firm), a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of BDC, a Public Charter School, Inc. (BDC) and BTX Schools, Inc. (BTX), subsidiaries of the Firm, which statements reflect total assets constituting 3% of consolidated total assets, and total revenues and support constituting 19% of consolidated total revenues and support, as of and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for BDC and BTX, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audit report and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BASIS Schools, Inc. and subsidiaries as of June 30, 2016, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 15, 2016 on our consideration of the Firm'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 the Firm's internal control over financial reporting and compliance.

Foster & Chapman P.C.

December 15, 2016

BASIS SCHOOLS, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

Current assets:	
Cash and cash equivalents	$ 11,268,324
Due from government	9,183,469
Other receivables	762,977
Prepaid expenses, current	4,327,826
Restricted cash, current	8,902,238
Total current assets	34,444,834
Noncurrent assets:	
Loan issuance costs, net of accumulated amortization of $282,709	5,320,800
Prepaid expenses, noncurrent	1,390,213
Restricted cash, noncurrent	18,752,383
Property and equipment, net	166,948,104
Deposits	56,529
Total noncurrent assets	192,468,029
Total assets	$ 226,912,863

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities:	
Accounts payable and accrued expenses	$ 6,345,585
Accrued construction costs	5,944,610
Deferred revenue	911,726
Due to related party	1,101,771
Deposits held for others	1,808,748
Current maturities of long-term debt	3,042,858
Total current liabilities	19,155,298
Long-term debt, net of current maturities	230,746,989
Total liabilities	249,902,287
Net assets (deficit):	
Unrestricted (deficit)	(27,232,983)
Temporarily restricted	4,243,559
Total net assets (deficit)	(22,989,424)
Total liabilities and net assets (deficit)	$ 226,912,863

The accompanying notes are an integral part of these statements.

BASIS SCHOOLS, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
State Equalization	$ 83,511,670		$ 83,511,670
Federal grants	1,448,913		1,448,913
State grants	4,760,066		4,760,066
Extra-curricular activities contributions	7,083,345	$ 479,942	7,563,287
Other contributions	992,507	4,734,800	5,727,307
Other revenue	333,149		333,149
Net assets released from restrictions	4,558,491	(4,558,491)	
Total revenue and support	102,688,141	656,251	103,344,392
Expenses:			
Primary and secondary education	86,935,723		86,935,723
General and administrative	15,776,931		15,776,931
Fundraising	387,057		387,057
Total expenses	103,099,711		103,099,711
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties	(411,570)	656,251	244,681
Write-off of loan issuance costs and prepayment penalties	(9,921,879)		(9,921,879)
Change in net assets (deficit)	(10,333,449)	656,251	(9,677,198)
Net assets (deficit), beginning of year	(16,899,534)	3,587,308	(13,312,226)
Net assets (deficit), end of year	$ (27,232,983)	$ 4,243,559	$ (22,989,424)

The accompanying notes are an integral part of these statements.

BASIS SCHOOLS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

Cash flows from operating activities:	
Change in net assets (deficit)	$ (9,677,198)
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:	
Depreciation	4,990,441
Amortization of loan issuance costs	181,728
Write-off of loan issuance costs and prepayment penalties	9,921,879
Changes in:	
Due from government	(2,748,992)
Other receivables	(330,262)
Prepaid expenses	(600,624)
Deposits	(9,083)
Accounts payable and accrued expenses	612,298
Deferred revenue	823,210
Due to related party	246,889
Deposits held for others	(283,735)
Net cash provided by operating activities	3,126,551
Cash flows from investing activities:	
Net withdrawals from restricted cash	(12,440,217)
Purchases of property and equipment	(28,214,189)
Net cash used in investing activities	(40,654,406)
Cash flows from financing activities:	
Proceeds from loans	41,184,379
Principal payments on long-term debt	(763,533)
Net cash provided by financing activities	40,420,846
Net increase in cash and cash equivalents	2,892,991
Cash and cash equivalents, beginning of year	8,375,333
Cash and cash equivalents, end of year	$ 11,268,324
Supplemental disclosures	
Cash paid during the year for interest expensed	$ 9,774,140
Cash paid during the year for interest capitalized	$ 876,642
Loan proceeds paid directly for prepaid interest and issuance costs	$ 2,922,260
Loan proceeds paid directly to refinance outstanding loans payable	$ 44,160,000

The accompanying notes are an integral part of these statements.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS Schools, Inc. (the Firm), an Arizona not-for-profit organization, was formed in fiscal year 1998-99. The Firm provides educational services to students in kindergarten through twelfth grades. The Firm operates under charter contracts with the Arizona State Board for Charter Schools, which mandates policy and operational guidelines. Each school operates under its respective charter contract with the Arizona State Board for Charter Schools and is funded primarily through State Equalization assistance. BDC, a Public Charter School, Inc. (BDC) is a separate 501(c)(3) corporation established in the District of Columbia in fiscal year 2011-12, whose sole member/owner is the Firm. BTX Schools, Inc. (BTX) is a separate 501(c)(3) corporation established in Texas in fiscal year 2011-12, whose sole member/owner is the Firm. To efficiently manage the schools, the Firm entered into a management services agreement with BASIS Educational Group Inc. (BASIS.ed, a related party) on June 25, 2009.

The Firm has campuses at the following locations:

School Name	First Year of Service	Grades served in 2015-2016
BASIS School, Tucson Primary	1998-99	K-6
BASIS School, Scottsdale	2003-04	5-12
BASIS School, Oro Valley	2010-11	6-12
BASIS School, Chandler	2011-12	5-12
BASIS School, Flagstaff	2011-12	4-12
BASIS School, Peoria	2011-12	5-12
BASIS School, Tucson North	2012-13	5-12
BASIS School, Phoenix	2012-13	5-12
BASIS School, Ahwatukee	2013-14	4-12
BASIS School, Mesa	2013-14	4-12
BASIS School, Oro Valley Primary	2014-15	K-5
BASIS School, Prescott	2014-15	K-11
BASIS School, Phoenix Central	2014-15	K-7
BASIS School, Chandler Primary	2015-16	K-4
BASIS School, Goodyear	2015-16	6-8
BASIS School, Goodyear Primary	2015-16	K-5
BASIS School, Scottsdale Primary	2015-16	K-4
BDC	2012-13	5-11
BTX	2013-14	5-10

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The significant accounting policies of the Firm are as follows:

Principles of Consolidation: Generally accepted accounting principles require the Firm to consolidate entities in which it has control and an economic interest when that control is evidenced through majority ownership or voting interests. The Firm is the sole member/owner of BDC and BTX, therefore consolidation is required. The consolidated financial statements include the accounts of the Firm, BDC and BTX. All significant inter-organization balances and transactions have been eliminated in consolidation.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. The Firm is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Firm does not have any permanently restricted net assets at June 30, 2016.

Use of Estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions: The Firm follows the FASB ASC subtopic of *Revenue Recognition* for *Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support based on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions (see Note 6).

Cash and Cash Equivalents: The Firm considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Due from Government: Due from government consists mainly of state approved payments to the Firm to operate the charter schools and federal grants passed through the State of Arizona. The Firm has never experienced any losses due to non-payment, expects none on the June 30, 2016 balances, and therefore has not established an allowance for uncollectibility.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Receivables: Other receivables consists of miscellaneous receivables due to the Firm that will be collected during the fiscal year subsequent to June 30, 2016.

Prepaid Expenses: Prepaid expenses consists of goods and/or services purchased before June 30, 2016 that are to be used subsequent to June 30, 2016.

Loan Issuance Costs: Loan issuance costs and origination fees are deferred and amortized over the term of the loans. During the year ended June 30, 2016, $1,277,653 of loan issuance costs were written off as part of debt refinancing.

Property and Equipment: Property and equipment with an initial cost of $300 or more and an estimated life of one year or more are capitalized. In addition, textbooks are always capitalized and considered a separate asset class. Assets are stated at cost. Depreciation and amortization is provided on the straight-line basis over the following estimated useful lives of the respective assets:

Buildings and improvements	40 years
Vehicles, furniture and equipment	3-5 years
Textbooks	3 years
Software	3 years
Leasehold improvements	Lesser of the estimated useful life or remaining term of applicable lease

Deferred Revenue: Deferred revenue represents amounts collected but not earned as of June 30, 2016.

Deposits Held For Others: Deposits held for others consists of student deposits required for the use of textbooks.

Advertising: Advertising costs are expensed as incurred and totaled $209,586 for the year ended June 30, 2016.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Firm and its subsidiaries are exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

NOTE 2 - RESTRICTED CASH

Restricted cash consists of required deposits associated with the long-term debt (see Note 5). The tax and insurance funds shall be used to pay real property taxes and premiums for the required insurance policies. The debt service reserve funds shall be used if the Firm is unable to make payments when due. The project funds shall be used solely to complete construction on the new campuses. The bond funds shall be used to pay the interest coming due. The accounts are held by Bank of Arizona as trustee.

Restricted cash as of June 30, 2016 consisted of the following:

Debt service reserve funds	$ 11,339,761
Project funds	13,357,232
Bond funds	2,726,988
Miscellaneous funds	230,640
Total	$ 27,654,621

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Firm maintains its unrestricted cash with various financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, such cash may be in excess of FDIC insurance limits. The Firm has not experienced any losses in such accounts and management believes it is not exposed to any significant risks related to these accounts.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2016 consists of the following:

Land and improvements	$ 45,929,990
Buildings and leasehold improvements	101,733,304
Vehicles, furniture and equipment	7,557,214
Textbooks	4,668,649
Software	5,291
Construction in progress	22,297,407
Total	182,191,855
Less accumulated depreciation	15,243,751
Property and equipment, net	$ 166,948,104

Depreciation for the year ended June 30, 2016 totaled $4,990,441.

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2016:

Education Revenue Bonds (BASIS Ahwatukee, Series 2013) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $8,835,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated February 1, 2013. The loan matures over 30 years with an interest rate of 6.75%. Monthly principal and interest payments vary, and principal payments range from a minimum of $9,583 to a maximum of $55,417, commencing on July 1, 2016. The loan proceeds were used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Ahwatukee's personal property and revenues, including revenues received from the State of Arizona under the BASIS Ahwatukee charter, and a deed of trust on real property located at the BASIS Ahwatukee site.	$ 8,720,000

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS San Antonio, Series 2013A and 2013B) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,265,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated April 1, 2013. The loan matures over 30 years with an interest rate of 6.00% - 7.00%. Monthly principal and interest payments vary, and principal payments range from a minimum of $11,667 to a maximum of $56,250, commencing on July 1, 2016. The loan proceeds were used by the Firm for the following purposes: (i) to purchase land and constructing, improving, and equipping a building; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by the Firm's personal property, all lease payments payable by BTX to the Firm, and a deed of trust on real property located at the BTX San Antonio site.	9,125,000
Education Revenue Bonds (BASIS Mesa, Series 2013) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $7,815,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated May 1, 2013. The loan matures over 30 years with an interest rate of 6.00% - 6.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $9,167 to a maximum of $47,500, commencing on July 1, 2016. The loan proceeds were used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Mesa's personal property and revenues, including revenues received from the State of Arizona under the BASIS Mesa charter, and a deed of trust on real property located at the BASIS Mesa site.	7,705,000

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS Phoenix Central, Series 2014) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,590,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated February 1, 2014. The loan matures over 30 years with an interest rate of 6.25% - 7.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $10,417 to a maximum of $63,333, commencing on July 1, 2017. The loan proceeds were used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Phoenix Central's personal property and revenues, including revenues received from the State of Arizona under the BASIS Phoenix Central charter, and a deed of trust on real property located at the BASIS Phoenix Central site.	9,590,000
Education Revenue Bonds (BASIS Prescott, Series 2014) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,020,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated February 1, 2014. The loan matures over 30 years with an interest rate of 6.25% - 7.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $9,583 to a maximum of $59,583, commencing on July 1, 2017. The loan proceeds were used by the Firm for the following purposes: (i) to pay the costs of acquiring, constructing, improving, and equipping facilities; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by BASIS Prescott's personal property and revenues, including revenues received from the State of Arizona under the BASIS Prescott charter, and a deed of trust on real property located at the BASIS Prescott site.	9,020,000

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS San Antonio North, Series 2014A and 2014B) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $9,640,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated March 1, 2014. The loan matures over 30 years with an interest rate of 6.25% - 7.50%. Monthly principal and interest payments vary, and principal payments range from a minimum of $10,417 to a maximum of $63,750, commencing on July 1, 2017. The loan proceeds were used by the Firm for the following purposes: (i) to purchase land and constructing, improving, and equipping a building; (ii) to pay for capitalized interest; and, (iii) to pay loan issuance costs. The loan is secured by the Firm's personal property, all lease payments payable by BTX to the Firm, and a deed of trust on real property located at the BTX San Antonio North site.	9,640,000
$1,725,250 promissory note payable to the City of Goodyear dated December 23, 2014. The loan matures over 30 years at an interest rate of 3.26%. Monthly principal and interest payments vary, and principal payments starting in January 2025 range from a minimum of $4,959 to a maximum of $9,485. The note matures in December 2044. The loan was used to purchase real property for BASIS Goodyear and BASIS Goodyear Primary and is secured by a deed of trust on real property.	1,675,250
$3,250,000 promissory note payable to CLI Capital dated June 1, 2015. The loan is amortized over 30 years at an interest rate of 6.50%, with monthly payments of principal and interest commencing in September 2015, followed by a balloon payment due upon maturity in July 2017. The majority of the loan was used to purchase real property for BASIS Chandler Primary and is secured by a deed of trust on real property.	3,019,206

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS, Series 2015A) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $89,140,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated March 1, 2015. The loan matures over 30 years with interest rates between 3.00% and 5.00%. Monthly principal and interest payments vary, and principal payments range from a minimum of $30,833 to a maximum of $470,833 commencing on July 1, 2016. The loan proceeds were used by the Firm for the following purposes: to (i) refinance the costs of acquiring, constructing, improving and equipping, as applicable, the Chandler Campus, the Flagstaff Campus, the Oro Valley Campus, the Peoria Campus, the Phoenix Campus, the Scottsdale Campus, the Tucson North Campus and the Tucson Primary Campus by refunding all of the Series 2006 Bonds, Series 2007 Bonds, Series 2010 Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2011 Bonds, Series 2012 Bonds and Series 2013 Bonds, (ii) finance the remaining costs of acquiring, constructing, improving and equipping the Goodyear Campus for use in connection with the operation of BASIS Goodyear and BASIS Goodyear Primary, (iii) finance the costs of acquiring additional equipment for use in connection with operation of BASIS Chandler Primary and BASIS Scottsdale Primary, (iv) fund a portion of a debt service reserve fund that will provide security for the Bonds, (v) pay capitalized interest on a portion of the Bonds, and (vi) pay certain issuance expenses related to the Bonds. The loan is secured by BASIS Tucson Primary, Scottsdale, Scottsdale Primary, Oro Valley, Oro Valley Primary, Chandler, Chandler Primary North, Flagstaff, Peoria, Phoenix, Tucson North, Goodyear, Goodyear Primary, and BDC's (the Obligated Schools) personal property and revenues, including revenues received from the State of Arizona and the District of Columbia under the Obligated Schools charters, and a deed of trust on real property located at the Obligated Schools sites. These Bonds were sold at a premium of $1,341,705, which is included in the unamortized net premium.	88,770,000

NOTE 5 - LONG-TERM DEBT - Continued

Education Revenue Bonds (BASIS, Series 2016A) were issued by the Industrial Development Authority of the City of Phoenix, Arizona in the aggregate principal amount of $84,160,000. The proceeds of the bonds were loaned to the Firm pursuant to a loan agreement, dated January 1, 2016. The loan matures over 30 years with interest rates between 3.00% and 5.00%. Monthly principal and interest payments vary, and principal payments range from a minimum of $57,500 to a maximum of $914,167 commencing on July 1, 2017. The loan proceeds were used by the Firm for the following purposes: to (i) finance the costs of acquiring, constructing, improving and equipping, as applicable, the Chandler Campus, the Chandler Primary North Campus, the Scottsdale Campus, the Scottsdale Primary Campus, and to refinance the BDC Campus and the Oro Valley Primary Campus (ii) fund a portion of a debt service reserve fund that will provide security for the Bonds (iii) pay capitalized interested on a portion of the Bonds (iv) pay certain issuance expenses related to the Bonds. The loan is secured by the Obligated Schools personal property and revenues, including revenues received from the State of Arizona and the District of Columbia under the Obligated Schools charters, and a deed of trust on real property located at the Obligated Schools sites. These Bonds were sold at a premium of $1,097,887, which is included in the unamortized net premium.	84,160,000
Total	231,424,456
Unamortized net premium	2,365,391
Less current maturities	3,042,858
	$230,746,989

NOTE 5 - LONG-TERM DEBT - Continued

The aggregate future minimum payments on long-term debt as of June 30, 2016, are as follows:

Year ending June 30:	
2017	$ 3,042,858
2018	6,766,350
2019	3,935,001
2020	4,080,001
2021	4,230,001
Thereafter	209,370,245
	231,424,456
Unamortized net premium	2,365,391
	$ 233,789,847

Under the loan agreements, the Firm is required to comply with certain financial covenants. At June 30, 2016 the Firm was in compliance with these covenants.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

The Firm received temporarily restricted contributions totaling $5,214,742, and disbursed $4,558,491 from these contributions during the year ended June 30, 2016, for extracurricular activities and the Annual Teacher Fund.

At June 30, 2016, $4,243,559 remained in net assets temporarily restricted for the Annual Teacher Fund.

NOTE 7 - ECONOMIC DEPENDENCY

Approximately 69% of the Firm's revenue for the year ended June 30, 2016 was derived from the State of Arizona through payments of State Equalization, Classroom Site Funds (Proposition 301), State of Arizona grants, and federal grants passed through the State of Arizona. Non-federal funds that are paid from the State of Arizona are subject to funding approval from the state legislature. Changes in state funding levels for charter schools could have a significant impact on the Firm's revenues.

Approximately 71% of the Firm's total expenses for the year ended June 30, 2016 were paid to BASIS.ed (a related party, see Note 8).

NOTE 8 - RELATED PARTY

Michael Block, an authorized agent for the Firm and a shareholder of BASIS.ed, maintained an active Board member position through November 2015. As a Board member, Mr. Block could influence the financial and operational activities of the Firm through voting authority. However, his voting power did not constitute a majority of the Firm's Board of Directors and Mr. Block recused himself from all votes involving BASIS.ed.

Under terms of the management agreement with BASIS.ed, the Firm incurred $61,512,302 for leased employee costs and $12,015,390 in management services fees, which is comprised of technology support, accounting, student enrollment and reporting, and new school development services. As of June 30, 2016, $1,101,771 was payable to BASIS.ed.

NOTE 9 - COMMITMENTS AND CONTINGENT LIABILITIES

Compliance: The Firm's compliance with certain laws and regulations is subject to review by the State of Arizona, Office of the Auditor General and Department of Education. Such reviews could result in adjustments or withholding of State Equalization assistance.

Commitments: The Firm has entered into agreements with BASIS.ed to provide charter school management, teaching services and administrative services for each of its schools, with various expiration dates through June 30, 2020. The Firm incurred $12,015,390 for such services during the fiscal year ended June 30, 2016. The fees are based on revenues and are adjusted for cost-of-living and growth in revenues in subsequent years. In addition, under the agreement the Firm leased all teachers and non-management on-site personnel from BASIS.ed.

During the fiscal year ending June 30, 2016, the Firm began construction of the new Scottsdale and Chandler campuses and renovations to the Scottsdale Primary and Chandler Primary campuses. As of June 30, 2016, the Firm had $22,297,407 in construction in progress related to these campuses, with remaining commitments of approximately $6,900,000 to complete the projects.

NOTE 10 - SUBSEQUENT EVENTS

The Firm has evaluated subsequent events through December 15, 2016, the date which the financial statements were available to be issued, and has concluded that no events have occurred since the year ended June 30, 2016 that would require an adjustment to or disclosure in the financial statements.

BASIS SCHOOLS, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2016

	BSI	BDC	BTX	Eliminations	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	$ 8,605,326	$ 1,461,589	$ 1,201,409		$ 11,268,324
Due from government	7,618,463	37,935	1,527,071		9,183,469
Other receivables	520,534	25,489	216,954		762,977
Prepaid expenses, current	4,064,281	27,196	236,349		4,327,826
Restricted cash, current	8,902,238				8,902,238
Total current assets	29,710,842	1,552,209	3,181,783		34,444,834
Noncurrent assets:					
Loan issuance costs, net of accumulated amortization of $282,709	5,320,800				5,320,800
Prepaid expenses, noncurrent	1,390,213				1,390,213
Restricted cash, noncurrent	18,752,383				18,752,383
Property and equipment, net	166,245,160	216,222	486,722		166,948,104
Deposits	55,154	1,375			56,529
Total noncurrent assets	191,763,710	217,597	486,722		192,468,029
Total assets	$ 221,474,552	$ 1,769,806	$ 3,668,505	$	$ 226,912,863
LIABILITIES AND NET ASSETS (DEFICIT)					
Current liabilities:					
Accounts payable and accrued expenses	$ 5,186,941	$ 320,673	$ 837,971		$ 6,345,585
Accrued construction costs	5,944,610				5,944,610
Deferred revenue	727,726	5,075	178,925		911,726
Due to related party	960,580	50,962	90,229		1,101,771
Deposits held for others	1,808,748				1,808,748
Current maturities of long-term debt	3,042,858				3,042,858
Total current liabilities	17,671,463	376,710	1,107,125		19,155,298
Long-term debt, net of current maturities	230,746,989				230,746,989
Total liabilities	248,418,452	376,710	1,107,125		249,902,287
Net assets (deficit):					
Unrestricted (deficit)	(30,681,881)	1,224,763	2,224,135		(27,232,983)
Temporarily restricted	3,737,981	168,333	337,245		4,243,559
Total net assets (deficit)	(26,943,900)	1,393,096	2,561,380		(22,989,424)
Total liabilities and net assets (deficit)	$ 221,474,552	$ 1,769,806	$ 3,668,505	$	$ 226,912,863

See independent auditors' report.

BASIS SCHOOLS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	BSI			BDC		
	Unrestricted	Temporarily Restricted	Subtotal	Unrestricted	Temporarily Restricted	Subtotal
Revenue and support:						
State Equalization	$ 65,913,581		$ 65,913,581	$ 8,535,908		$ 8,535,908
Federal grants	916,740		916,740	194,163		194,163
State grants	4,677,139		4,677,139			
Extra-curricular activities contributions	6,393,631	$ 479,942	6,873,573	132,226		132,226
Other contributions	302,006	4,038,835	4,340,841	585	$ 168,333	168,918
Other revenue	2,840,447		2,840,447	67,621		67,621
Net assets released from restrictions	4,033,370	(4,033,370)		159,818	(159,818)	
Total revenue and support	85,076,914	485,407	85,562,321	9,090,321	8,515	9,098,836
Expenses:						
Primary and secondary education	72,781,822		72,781,822	7,596,996		7,596,996
General and administrative	14,181,879		14,181,879	385,600		385,600
Fundraising	327,918		327,918	33,437		33,437
Total expenses	87,291,619		87,291,619	8,016,033		8,016,033
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties	(2,214,705)	485,407	(1,729,298)	1,074,288	8,515	1,082,803
Write-off of loan issuance costs and prepayment penalties	(9,921,879)		(9,921,879)			
Change in net assets (deficit)	(12,136,584)	485,407	(11,651,177)	1,074,288	8,515	1,082,803
Net assets (deficit), beginning of year	(18,545,297)	3,252,574	(15,292,723)	150,475	159,818	310,293
Net assets (deficit), end of year	$ (30,681,881)	$ 3,737,981	$ (26,943,900)	$ 1,224,763	$ 168,333	$ 1,393,096

See independent auditors' report.

BASIS SCHOOLS, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2016
(CONTINUED)

	BTX			Eliminations	Total		
	Unrestricted	Temporarily Restricted	Subtotal	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:							
State Equalization	$ 9,062,181		$ 9,062,181		$ 83,511,670		$ 83,511,670
Federal grants	338,010		338,010		1,448,913		1,448,913
State grants	82,927		82,927		4,760,066		4,760,066
Extra-curricular activities contributions	557,488		557,488		7,083,345	$ 479,942	7,563,287
Other contributions	689,916	$ 527,632	1,217,548		992,507	4,734,800	5,727,307
Other revenue				$ (2,574,919)	333,149		333,149
Net assets released from restrictions	365,303	(365,303)			4,558,491	(4,558,491)	
Total revenue and support	11,095,825	162,329	11,258,154	(2,574,919)	102,688,141	656,251	103,344,392
Expenses:							
Primary and secondary education	8,790,356		8,790,356	(2,233,451)	86,935,723		86,935,723
General and administrative	1,550,920		1,550,920	(341,468)	15,776,931		15,776,931
Fundraising	25,702		25,702		387,057		387,057
Total expenses	10,366,978		10,366,978	(2,574,919)	103,099,711		103,099,711
Change in net assets (deficit) before write-off of loan issuance costs and prepayment penalties	728,847	162,329	891,176		(411,570)	656,251	244,681
Write-off of loan issuance costs and prepayment penalties					(9,921,879)		(9,921,879)
Change in net assets (deficit)	728,847	162,329	891,176		(10,333,449)	656,251	(9,677,198)
Net assets (deficit), beginning of year	1,495,288	174,916	1,670,204		(16,899,534)	3,587,308	(13,312,226)
Net assets (deficit), end of year	$ 2,224,135	$ 337,245	$ 2,561,380	$	$ (27,232,983)	$ 4,243,559	$ (22,989,424)

See independent auditors' report.

BASIS SCHOOLS, INC.

OBLIGATED GROUP STATEMENT OF FINANCIAL POSITION

June 30, 2016

	Obligated Group (Existing Members)[1]
ASSETS	
Current assets:	
Cash and cash equivalents	$ 8,750,675
Other current assets	18,137,245
Total current assets	26,887,920
Noncurrent assets:	
Property and equipment, net	116,359,454
Other noncurrent assets	23,624,327
Total noncurrent assets	139,983,781
Total assets	$ 166,871,701
LIABILITIES AND NET ASSETS (DEFICIT)	
Current liabilities:	
Accounts payable and accrued expenses	$ 10,213,772
Other current liabilities	2,708,404
Total current liabilities	12,922,176
Long-term debt, net of current maturities	173,777,716
Total liabilities	186,699,892
Net assets (deficit)	(19,828,191)
Total liabilities and net assets (deficit)	$ 166,871,701

(1)Represents the audited results of the Pledged Schools financed as part of the Series 2015A and 2016A Bonds.

See independent auditors' report.

BASIS SCHOOLS, INC.

OBLIGATED GROUP STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

	Obligated Group (Existing Members)[1]
Revenues:	
State Equalization	$ 54,455,708
Grants	4,071,777
Contributions	3,172,368
Other revenue	5,837,243
Total revenue and support	67,537,096
Expenses:	
Salaries and payroll	39,792,237
Management fees	7,755,867
Other operating	9,783,019
Depreciation	2,957,211
Bond interest and amortization	6,793,784
Total expenses	67,082,118
Change in net assets (deficit) before non-recurring expenses	454,978
Non-recurring expenses[2]	(9,921,879)
Change in net assets (deficit)	(9,466,901)
Net assets (deficit), beginning of year	(10,361,290)
Net assets (deficit), end of year	$ (19,828,191)

(1)Represents the audited results of the Pledged Schools financed as part of the Series 2015A and 2016A Bonds.
(2)Non-recurring expenses reflect accounting non-cash expensing of certain debt issuance and refunding prepayment penalties/premiums related to the issuance of the 2015A and 2016A Bonds.

See independent auditors' report.

OG	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Student Count	15,496	15,459	15,614	15,786	15,874
Revenues:					
State Per Pupil Revenues	101,203,513	101,692,445	103,804,842	106,175,744	108,480,844
Grants	11,220,909	11,771,663	11,791,438	12,024,151	12,248,522
Contributions	5,830,683	7,109,501	7,227,251	7,349,585	7,615,513
Other	15,468,371	17,855,300	18,124,348	18,408,547	18,592,743
Total Revenues	**$133,723,477**	**$138,428,909**	**$140,947,879**	**$143,958,028**	**$146,937,621**
Expenses:					
Salaries & Payroll	81,555,579	81,043,328	82,419,069	83,470,152	84,640,658
Management Fees	15,445,614	16,061,181	16,346,167	16,686,749	17,042,203
Other Operating	17,559,490	19,706,487	19,610,671	19,827,639	19,373,448
Debt Service(Interest + Principal)	15,246,520	17,916,627	17,932,230	18,096,764	18,094,534
Total Expenses	**$129,807,204**	**$134,727,622**	**$136,308,138**	**$138,081,303**	**$139,150,843**
Net Surplus	**$3,916,273**	**$3,701,287**	**$4,639,741**	**$5,876,725**	**$7,786,778**
Net Income for Debt Service	**$19,162,793**	**$21,617,913**	**$22,571,971**	**$23,973,489**	**$25,881,312**
Projected Debt Service Coverage Ratio	**1.26**	**1.21**	**1.26**	**1.32**	**1.43**
Capital Expenditures	888,141	934,326	924,052	916,419	911,170
Cash	**$34,627,292**	**$37,394,252**	**$41,109,941**	**$46,070,248**	**$52,945,856**
Days Cash on Hand	97	101	110	122	139

Debt Ratio Statement

	BASIS Schools, Inc. FY15 Audited	BASIS Schools, Inc. FY16 Audited
Total Revenue and Support	$84,472,972	$103,344,392
Debt Service (Principal + Interest)*	$11,370,255	$11,414,315
Debt Ratio	7.43	9.05

** Sum of "Principal payments on long-term debt," "Cash paid during the year for interest expensed," and "Cash paid during the year for interest capitalized" on the Consolidated Statements of Cash Flows.*

OG	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Student Count	15,496	15,459	15,614	15,786	15,874
Revenues:					
State Per Pupil Revenues	101,203,513	101,692,445	103,804,842	106,175,744	108,480,844
Grants	11,220,909	11,771,663	11,791,438	12,024,151	12,248,522
Contributions	5,830,683	7,109,501	7,227,251	7,349,585	7,615,513
Other	15,468,371	17,855,300	18,124,348	18,408,547	18,592,743
Total Revenues	**$133,723,477**	**$138,428,909**	**$140,947,879**	**$143,958,028**	**$146,937,621**
Expenses:					
Salaries & Payroll	81,555,579	81,043,328	82,419,069	83,470,152	84,640,658
Management Fees	15,445,614	16,061,181	16,346,167	16,686,749	17,042,203
Other Operating	17,559,490	19,706,487	19,610,671	19,827,639	19,373,448
Debt Service(Interest + Principal)	15,246,520	17,916,627	17,932,230	18,096,764	18,094,534
Total Expenses	**$129,807,204**	**$134,727,622**	**$136,308,138**	**$138,081,303**	**$139,150,843**
Net Surplus	**$3,916,273**	**$3,701,287**	**$4,639,741**	**$5,876,725**	**$7,786,778**
Net Income for Debt Service	**$19,162,793**	**$21,617,913**	**$22,571,971**	**$23,973,489**	**$25,881,312**
Projected Debt Service Coverage Ratio	**1.26**	**1.21**	**1.26**	**1.32**	**1.43**
Capital Expenditures	888,141	934,326	924,052	916,419	911,170
Cash	**$34,627,292**	**$37,394,252**	**$41,109,941**	**$46,070,248**	**$52,945,856**
Days Cash on Hand	97	101	110	122	139

BASIS Schools, Inc.
Board of Directors

Name	Board Position/ Corporate Office	Current or Past Employment
Craig R. Barrett, Ph.D.	Board Chair & President	Retired Chairman and President, Intel Corporation
Donald Budinger	Board Secretary	Chairman and Founding Director of the Rodel Foundations (retired President of Rodel, Inc.)
John Morton	Board Treasurer	Retired Teacher; former Vice President of Academic Programs, Council on Economic Education, NYC
Terry Sarvas	Board Member	Principal, Sarvas, King and Coleman, P.C.
Steven J. Twist	Board Member	Vice President & General Counsel, Services Group of America
Mittida Raksanaves, DDS	Board Member	Private-Practice Orthodontist
Shelly M. Esque	Board Member	Retired Vice President of Legal and Corporate Affairs, Intel Corporation

Dr. Craig R. Barrett. Dr. Barrett received his Bachelor of Science, Master of Science and Ph.D. degrees in Materials Science from Stanford University, serving on the faculty of Stanford after graduation. He was a Fulbright Fellow at Danish Technical University in Denmark and a NATO Postdoctoral Fellow at the National Physical Laboratory in England. In 1974 Dr. Barrett joined Intel Corporation. He was elected to Intel Corporation's Board of Directors in 1992, became Intel's fourth president in 1997, chief executive officer in 1998 and chairman of the board in 2005; a post held until he retired in May 2009. Dr. Barrett is a leading advocate for improving education in the United States and the world, and is a vocal spokesman for the value technology can provide in raising social and economic standards globally. He serves as the chairman of the Board of Directors for BASIS Schools, Inc. and chairs the boards for Change The Equation, STAND for Children Arizona, Dossia, Smithsonian Gem, Mineral Collectors and the National Forest Foundation. He co-chairs the Skolkovo Foundation Council and the Lawrence Berkeley National Laboratory Advisory Board. He is the vice chair for Science Foundation Arizona and serves on the boards of Achieve, K12, Society for Science and the Public, Carnegie Institution for Science, the Arizona Commerce Authority, Tallwave, Impele and Geothermic Solution. Dr. Barrett served as Chairman of the National Academy of Engineering and the United Nations Global Alliance for Information and Communication Technologies and Development. He co-chaired the Business Coalition for Student Achievement and the National Innovation Initiative Leadership Council and served as a member of the Board of Trustees for the U.S. Council for International Business and the Clinton Global Initiative Education Advisory Board.

Donald Budinger. Mr. Budinger is one of the founders and the former President of Rodel, Inc., a garage start up that grew to become the world's largest manufacturer of the surface finishing chemicals used to make computer chips, rigid memory disks and specialty optics. When Rodel was sold in 1999, a significant portion of the proceeds was contributed to create The Rodel Foundations. The purpose of the Rodel Foundations is to improve the pre-kindergarten through 12th grade public education systems in Delaware and Arizona so that they will be widely recognized as two of the best in the nation. Currently, Mr. Budinger is Chairman and Founding Director of the Rodel Foundations, Chairman and Founding Director of Science Foundation Arizona, Board Member and Founding Chairman of the Arizona College Scholarship Foundation, Board Member of Tucson Values Teachers, The Morrison Institute, Greater Phoenix Economic Council and Greater Phoenix Leadership. In addition, Mr. Budinger serves on the Bioscience Roadmap Steering Committee, the Southern Arizona Leadership Council and the O'Connor House Advisory Group.

John Morton. Mr. Morton serves as the Treasurer of the Board of Directors. He is the founder and former president of the Arizona Council on Economic Education. Previously, he taught high school economics in Illinois and was the founder and director of the Governors State University Center for Economic Education. He was vice president for program development for the National Council on Economic Education and chaired the advisory board of The Wall Street Journal Classroom Edition. Mr. Morton has written over 40 publications and books of instructional activities for high school economics courses, including four widely used textbooks. He was greatly involved in establishing economics as an Advanced Placement® course and served three years on the College Board task force to develop the AP® Economics curriculum and a subsequent four years on the test development committee. Mr. Morton is also the author of the widely used supplemental package for the AP® Economics course, Advanced Placement® Economics. He received his Bachelor of Science from Miami University in Ohio and his Master of Arts from the

University of Illinois (Urbana-Champaign) and did post-Masters work at the University of Chicago.

Terry Sarvas. Mr. Sarvas graduated *magna cum laude* from Arizona State University with a Bachelor of Science in Accounting. He is a principal in Sarvas King & Coleman, P.C., an accounting services firm, and he has been providing services in corporate compliance, taxation, accounting, financial consulting and litigation support since 1980. Prior to founding the accounting firm, Mr. Sarvas spent six years with the office of the Arizona Attorney General. He has extensive experience with closely-held businesses, public companies, corporate compliance and ethics programs, attorney trust funds, bankruptcy/receivership, commercial litigation, including litigation in health care, insurance loss, RICO, environmental litigation, forensic accounting, fraud audits, governmental accounting and budgeting and school finance. As an active participant in the business community, Mr. Sarvas is a member of the American Institute of Certified Public Accountants, the Arizona Society of Certified Public Accountants, the American College of Forensic Examiners and the Association of Certified Fraud Examiners. Mr. Sarvas is also a diplomat of the American Board of Forensic Accounting. Away from the office, he is a member of the Goldwater Institute for Public Policy Research, the Arizona Voice for Crime Victims and the Arizona Economic Forum.

Steven J. Twist. Mr. Twist is an adjunct professor at the ASU College of Law where he teaches crime victim's rights law. He also serves as Vice President and General Counsel for Services Group of America (SGA), the largest privately held company in Arizona. Prior to joining SGA, he was Assistant General Counsel for Viad Corp in Phoenix, had his own private practice of law and served as the Chief Assistant Attorney General for the State of Arizona. He is a founder of the Goldwater Institute, Arizona Voice for Crime Victims and the Arizona Economic Forum. He served as a member of the Arizona State Board for Charter Schools, also serving as its President, and the Arizona Juvenile Justice Commission (both gubernatorial appointments). In addition to serving on the Board of Directors for BASIS Schools, Inc., he served on the board of E-cademie, a school operated by the Goodwill of Central Arizona and the Board of the Arizona Charter School Association. Mr. Twist is the author of the Arizona Victims' Bill of Rights constitutional amendment which the Arizona voters adopted in 1990 and is co-author of Victims in Criminal Procedure, 3d Ed. (Carolina Academic Press, 2010), a textbook in crime victim's rights law.

Dr. Mittida Raksanaves. Dr. Raksanaves graduated first in her dental school class of 93 students from the highest ranking dental school in Thailand. She holds a Doctor of Dental Surgery Degree with Highest Honors, a Specialty Certificate in Orthodontics and Master's Degree in Oral Biology. After graduation she was a faculty member at the University of Louisville and was in charge of the Undergraduate Orthodontic Program. She moved to Arizona to join her husband's practice and has been practicing dentistry in Tucson for 20 years. She is a Full Member of the Edward H. Angle Society of Orthodontists and a Diplomate of the American Board of Orthodontics.

Shelly M. Esque. Ms. Esque retired from Intel Corporation in January 2016 as Vice President of Legal and Corporate Affairs, Global Director of the Corporate Affairs Group and Chairman of the Board of the Intel Foundation. With oversight of teams in more than 35 countries, she worked to enhance Intel's reputation as the world's leading technology brand and corporate citizen. Ms. Esque has a passion for coaching and mentoring women, attributing her success to guidance from women as she traversed her path from farm girl, to Arizona State University college student, to young professional and beyond. She has participated as a speaker at world events, including the World Economic Forum, World Bank and UNESCO education forums, the Clinton Global Initiative, as well as international Corporate Responsibility conferences. She regularly interviews with media and meets with key government leaders around the world. Recipient of the Greater Phoenix Chamber of Commerce 2011 ATHENA Businesswoman of the Year Award, Shelly was honored for her excellence in business and leadership, exemplary community service and support and mentorship of other women. She was also recognized by AZ Business Magazine as one of the 50 Most Influential Women in Arizona. Although her Intel career took her around the globe, she has deep roots in Arizona, supporting numerous local community and educational organizations, including service on the boards or advisory councils of Greater Phoenix Leadership, Expect More Arizona, the Arizona Business and Education Coalition, Valley of the Sun United Way, KAET Channel 8, and many more.

BASIS Schools in Arizona
Governing Body

Name	Governing Body Position/Office	Current or Past Employment
DeAnna Rowe	Board Chair	Executive Director, BASIS Schools, Inc.
Carolyn McGarvey	Board Member	Chief Schools Officer, BASIS.ed
Shashi Jasthi	Board Member	CEO, Solugenix Corporation
Anthony Pitucco	Board Member	Department Chair, Pima Community College
Hanquing Jiang	Board Member	Faculty, Arizona State University
Mittida Raksanaves	Board Member	Orthodontist
Rizwan Safdar	Board Member	Private Practice Medical Doctor
Kristen Jordison	Board Member	Head of School, BASIS Scottsdale
Michael Beaulieu	Board Member	Head of Operations, BASIS Goodyear

Senior Staff, BASIS Schools, Inc.

Ms. DeAnna Rowe, Executive Director of BASIS Schools, Inc., BBR, and BDC, A Public Charter School, Inc.

Ms. Rowe is the Executive Director of BASIS Schools, Inc. and BDC. She serves as the liaison between the Board of Directors and BASIS.ed. She also serves as the Executive Director of BDC. In her role as the Executive Director, Ms. Rowe serves as the Chair of the Governing Body for the BASIS Schools in Arizona. Prior to her employment by BASIS Schools, Inc., she served for eight years as the Executive Director of the ASBCS and for six years as the ASBCS Director of Academic Affairs. Ms. Rowe holds a Bachelor of Science in Business from Arizona State University and a Master of Arts in Education from Chapman University.

Senior Staff, BASIS.ed

Ms. Olga V. Block, Co-Founder

Ms. Block is a Co-Founder of BASIS.ed. Ms. Block co-founded BASIS Schools, Inc. (BSI) and served as its Executive Director from its inception until the formation of BASIS.ed. As the Executive Director of BSI, Ms. Block served as the chief administrative officer for both BASIS Tucson and BASIS Scottsdale, oversaw the academic program and was responsible for all external relations and for managing the financial reporting for BSI. The Heads of School (i.e., the chief administrators) for all of BSI's schools reported to Ms. Block. Prior to co-founding BASIS, Ms. Block was Vice Dean for Academic Programs at the School of Social Science of Charles University in Prague (Czech Republic), where she designed the undergraduate program, roughly modeled on the American model, after the "Velvet Revolution." Ms. Block has a Bachelor's Degree from the University of Economics in Prague and did graduate work in Economics at Cornell University, Ithaca, New York.

Dr. Michael K. Block, Co-Founder

Dr. Block is a Co-Founder of BASIS.ed. Dr. Block co-founded BSI and served as its Secretary-Treasurer and Chief Operating Officer from its inception until the formation of BASIS.ed. In that position, Dr. Block was responsible for strategic planning, financial planning and non-educational operations of BSI's charter schools. In addition, he shared the recruiting and curriculum responsibilities with Ms. Block. Until June 2006, he was a faculty member of the Eller School of Management at The University of Arizona (currently a Professor *Emeritus*) and, prior to that position, he was a senior research Fellow at the Hoover Institution at Stanford University. Dr. Block has been a government official at both the state and federal levels. He received his Bachelor of Arts, Masters and Ph.D. degrees in Economics from Stanford University.

Dr. Peter Bezanson, Chief Executive Officer

Dr. Bezanson has been the CEO of BASIS.ed since August 2014. He came to BASIS.ed from Great Hearts Academies, where for the previous two years he helped to lead national expansion for Great Hearts Academies. He served as Chief Growth Officer for Great Hearts America and President/Superintendent of Great Hearts Texas. Before that, he spent seven years as the Chief Academic Officer for Great Hearts Arizona. Dr. Bezanson has also taught courses in calculus, physics and philosophy. He has participated in business and strategic planning for the Arizona Charter Schools Association and, until 2015, served as a director on the ASBCS, the primary charter authorizer in Arizona. Dr. Bezanson received his Bachelor of Arts in Mathematics and Philosophy from St. John's College and his Master of Arts and Ph.D. in Philosophy from the University of Iowa.

Ms. Carolyn McGarvey, Chief Schools Officer

Ms. McGarvey is the Chief Schools Officer for BASIS.ed. Her responsibilities include overseeing the operations and educational programing for the BASIS Schools. The Heads of School (i.e., the chief administrators) for all of the BASIS Schools report to Ms. McGarvey. Ms. McGarvey was employed as a registered nurse from 1978 through 2003. She began her association with BASIS as a volunteer nurse. Upon accepting employment with BASIS, Ms. McGarvey served as Head of School for BASIS Tucson[14] and, subsequently, added the supervision of all BASIS's teachers and several administrative and program assistants. Because of her knowledge of operations and managerial skills, BSI's management asked her to be the Head of School for BASIS Oro Valley during its initial start-up years. Ms. McGarvey holds an RG.N. (nursing degree) from Victoria Infirmary, Glasgow, Scotland, an RM (midwifery) from Simpson Memorial Hospital in Edinburgh, Scotland, and a Master's of Education in Supervision and Leadership from Arizona State University.

Mr. Bill Driscoll, Chief Operating Officer

Mr. Driscoll is the Chief Operating Officer of BASIS.ed. His responsibilities include the daily operations of BASIS.ed including safeguarding corporate assets, creating operational efficiencies and making organizational changes as necessary to achieve corporate goals and objectives. Mr. Driscoll has over 25 years of experience in various accounting, finance and operational functions including internal and external auditing, financial analysis, corporate controllership, risk management and treasury management. Mr. Driscoll holds a BS in Business Administration with a concentration in Accountancy from Bryant University and an MBA in Finance from Arizona State University.

Mr. Sean Minner, Vice President of Human Resources and Talent Acquisition

Mr. Minner is the Vice President of Human Resources and Talent Acquisition for BASIS.ed. Sean is responsible for overseeing all Human Resource services to include but not limited to employee relations, benefits, HRIS operations, talent development and recruitment. Mr. Minner has more than 20 years of experience in various Human Resources roles and industries which includes Commercial Aviation, Telecommunications, Healthcare and Education. Mr. Minner holds a Bachelor's of Science degree in Business Communications from The Ohio State University and an MBA from Strayer University.

Ms. Julia Toews, Vice President of Academics

Ms. Toews is the Vice President of Academics for BASIS.ed. She oversees the implementation of the entire BASIS Schools' K-12 curriculum, which includes managing the internal BASIS Schools' standardized testing program, conducting rigorous data analysis of student academic results, providing coaching and support to teachers in need of assistance and managing the BASIS.ed proprietary syllabus management system. Ms. Toews joined BASIS in 2004 as a college counselor and English teacher at BASIS Tucson. Subsequently, she served as Upper School Director at BASIS Tucson and Head of School at both BASIS Tucson and BASIS Tucson North. Ms. Toews holds a Bachelor of Arts in English from Reed College and a Master of Arts in English from the Johns Hopkins University.

Ms. Lyn Music, Vice President of Growth and Business Development

Ms. Music is the Vice President of Growth and Business Development for BASIS.ed. She oversees BASIS.ed divisions associated with national growth, facilities, central-office operations, marketing and student recruitment. Prior to her current position, Ms. Music served as the Senior Director of Operations & Logistics for the Arizona Super Bowl Committee, an Associate Athletic Director of Operations and Facilities for Arizona State University and similar positions related to production, operations and logistics. Ms. Music holds a Bachelor of Arts

in Political Science and Government and a Master of Public Administration, both from Arizona State University.

Mr. David Tyler, Vice President of Finance

Mr. Tyler is the Vice President of Finance for BASIS.ed. His responsibilities include oversight and management of the accounting and finance functions for BASIS Schools. Prior to his current position, he served as the CFO of Dolce Salon & Spa. Mr. Tyler holds a Bachelor of Finance from Pennsylvania State University and a Master's of Business Administration from Arizona State University.

Charter Litigation

BASIS Schools, Inc. (BSI) is currently a named defendant in an ongoing construction defect lawsuit in Texas that involves the BASIS San Antonio Medical Center property. BSI is confident it will prevail; however, we cannot provide further comment until this ongoing litigation is resolved.

BASIS Schools, Inc. (BSI) was the defendant in Monroe v. BASIS Schools, Inc. The plaintiff, a former student of BASIS Tucson (now known as BASIS Tucson Primary), alleged negligent supervision stemming from injuries sustained 11 years ago while riding a bicycle in a crosswalk on her way home after school released for the day. In 2014, BSI prevailed when the Court of Appeals affirmed the Pima County Superior Court and held BSI did not owe a common-law duty to the plaintiff under the circumstances.

BSI is currently engaged in negotiations to settle a student's claim for $500,000 in damages in connection with an incident in which a teacher allegedly bullied the student during class in front of other students. If the parties are unable to settle the matter and the student files a lawsuit with respect to the claim, any resulting judgment and related legal fees (excluding those related to intentional conduct on the part of BSI) is fully covered by insurance. If there is a finding, either by admission or the court, of intentional conduct by BSI (the student is currently claiming an intentional infliction of emotional distress), BSI would risk losing insurance coverage for that portion of the judgment and related legal fees. Notwithstanding such outcome, required payment by BSI of the entire amount ($500,000) would not adversely impact the financial condition of the Obligated Group or its ability to make payments on the Obligations, including Obligation No. 4 and, in turn, debt service on the Bonds.

There are no other material or substantial legal issues to report during the past three years.

OG	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Student Count	15,496	15,459	15,614	15,786	15,874
Revenues:					
State Per Pupil Revenues	101,203,513	101,692,445	103,804,842	106,175,744	108,480,844
Grants	11,220,909	11,771,663	11,791,438	12,024,151	12,248,522
Contributions	5,830,683	7,109,501	7,227,251	7,349,585	7,615,513
Other	15,468,371	17,855,300	18,124,348	18,408,547	18,592,743
Total Revenues	**$133,723,477**	**$138,428,909**	**$140,947,879**	**$143,958,028**	**$146,937,621**
Expenses:					
Salaries & Payroll	81,555,579	81,043,328	82,419,069	83,470,152	84,640,658
Management Fees	15,445,614	16,061,181	16,346,167	16,686,749	17,042,203
Other Operating	17,559,490	19,706,487	19,610,671	19,827,639	19,373,448
Debt Service(Interest + Principal)	15,246,520	17,916,627	17,932,230	18,096,764	18,094,534
Total Expenses	**$129,807,204**	**$134,727,622**	**$136,308,138**	**$138,081,303**	**$139,150,843**
Net Surplus	**$3,916,273**	**$3,701,287**	**$4,639,741**	**$5,876,725**	**$7,786,778**
Net Income for Debt Service	**$19,162,793**	**$21,617,913**	**$22,571,971**	**$23,973,489**	**$25,881,312**
Projected Debt Service Coverage Ratio	**1.26**	**1.21**	**1.26**	**1.32**	**1.43**
Capital Expenditures	888,141	934,326	924,052	916,419	911,170
Cash	**$34,627,292**	**$37,394,252**	**$41,109,941**	**$46,070,248**	**$52,945,856**
Days Cash on Hand	97	101	110	122	139

BASIS Schools in Arizona - Enrollment Projec 17-18		18-19	19-20	20-21
	Grade			
Ahwatukee		**772**	**780**	**772**	**758**
	4	102	120	120	120
	5	135	115	120	120
	6	137	136	109	114
	7	134	111	118	95
	8	89	106	98	104
	9	66	57	60	56
	10	51	55	52	55
	11	31	51	53	50
	12	27	29	42	44
Chandler		**978**	**1001**	**1032**	**1079**
	5	224	224	224	224
	6	180	213	213	213
	7	160	167	198	198
	8	150	147	154	182
	9	59	77	75	79
	10	50	52	68	66
	11	72	50	51	67
	12	83	71	49	50
Chandler Primary North		**584**	**584**	**578**	**576**
	K	128	120	120	120
	1	120	122	114	114
	2	114	114	116	114
	3	114	114	114	114
	4	108	114	114	114
Chandler Primary South		**474**	**475**	**475**	**475**
	K	95	95	95	95
	1	95	95	95	95
	2	95	95	95	95
	3	94	95	95	95
	4	95	95	95	95
Flagstaff		**631**	**831**	**828**	**822**
	K		64	64	64
	1		64	64	64
	2		64	64	64
	3	63	64	64	64
	4	63	64	64	64
	5	94	96	96	96
	6	85	89	91	91
	7	70	66	69	71
	8	69	65	61	64
	9	62	49	46	43
	10	51	58	46	43
	11	44	48	55	44
	12	30	40	44	50

Goodyear	**214**	**278**	**328**	**355**
6	90	91	91	91
7	62	84	85	85
8	29	56	76	77
9	17	17	33	45
10	16	15	15	30
11		15	14	14
12			14	13
Goodyear Primary	**626**	**634**	**646**	**658**
K	120	120	120	120
1	122	120	120	120
2	96	106	108	108
3	96	96	106	108
4	96	96	96	106
5	96	96	96	96
Oro Valley	**557**	**560**	**555**	**558**
6	120	126	122	126
7	115	104	110	106
8	102	106	96	101
9	70	59	61	56
10	53	65	55	57
11	50	50	61	52
12	47	50	50	60
Oro Valley Primary	**758**	**756**	**758**	**756**
K	128	128	128	128
1	127	127	127	127
2	128	126	126	126
3	127	127	125	125
4	122	126	126	124
5	126	122	126	126
Peoria	**793**	**803**	**813**	**823**
5	160	160	160	160
6	165	152	152	152
7	165	133	132	132
8	126	113	112	111
9	71	78	70	69
10	53	67	74	67
11	52	50	64	70
12	43	50	49	62
Peoria Primary	**596**	**592**	**600**	**608**
K	128	128	128	128
1	126	122	122	122
2	126	114	122	122
3	126	114	114	122
4	126	114	114	114
5	0	0	0	0
Phoenix	**786**	**696**	**739**	**754**

	5	128	0	0	0
	6	125	152	143	143
	7	112	114	138	130
	8	128	101	103	124
	9	96	104	92	93
	10	85	90	98	86
	11	56	82	87	95
	12	56	53	78	83
Phoenix Central		**895**	**749**	**748**	**740**
	K	150	120	120	120
	1	150	105	108	108
	2	150	111	99	102
	3	150	113	105	94
	4	110	105	102	95
	5	60	80	105	102
	6	60	36	48	63
	7	45	45	27	36
	8	20	34	34	20
	9	0	0	0	0
	10		0	0	0
	11			0	0
	12				0
Phoenix Primary			**750**	**750**	**750**
	K		120	120	120
	1		120	120	120
	2		120	120	120
	3		120	120	120
	4		120	120	120
	5		150	150	150
Phoenix South		**203**	**270**	**360**	**448**
	K	93	90	90	90
	1	53	90	90	90
	2	57	45	90	90
	3	0	45	45	90
	4	0	0	45	45
	5	0	0	0	43
	6				
Prescott		**769**	**735**	**727**	**725**
	K	64	64	64	64
	1	64	64	64	64
	2	64	64	64	64
	3	64	64	64	64
	4	96	64	64	64
	5	64	96	96	96
	6	93	61	91	91
	7	74	74	49	73
	8	75	67	67	44

	9	40	35	31	31
	10	29	34	29	26
	11	30	21	25	21
	12	12	27	19	23
Scottsdale		**1145**	**1160**	**1033**	**1067**
	4	156	150	0	0
	5	180	175	175	175
	6	180	175	170	170
	7	167	168	173	168
	8	117	149	156	161
	9	103	92	110	115
	10	80	88	89	107
	11	94	77	87	88
	12	68	86	73	83
Scottsdale Primary		**521**	**520**	**520**	**520**
	K	129	104	104	104
	1	129	104	104	104
	2	132	104	104	104
	3	131	104	104	104
	4		104	104	104
Tucson North		**986**	**986**	**972**	**934**
	5	160	160	160	160
	6	155	152	152	152
	7	146	130	128	128
	8	154	136	114	113
	9	99	122	101	84
	10	111	99	116	96
	11	96	104	99	109
	12	65	83	102	92
Tucson Primary		**800**	**800**	**800**	**800**
	K	160	160	160	160
	1	160	160	160	160
	2	160	160	160	160
	3	160	160	160	160
	4	160	160	160	160
Grand Total		**13076**	**14995**	**15151**	**15428**

21-22
743
120
120
114
99
84
59
52
53
42
1111
224
213
198
182
93
70
65
66
576
120
114
114
114
114
475
95
95
95
95
95
810
64
64
64
64
64
96
91
71
66
45
40
41
40

381
91
85
77
45
41
29
13
658
120
120
108
108
106
96
550
126
110
98
59
52
54
51
754
128
127
126
125
124
124
822
160
152
132
111
69
66
64
68
616
128
122
122
122
122
0
752

0
143
130
117
102
87
83
90
742
120
108
102
97
85
95
61
47
27
0
0
0
0
750
120
120
120
120
120
150
532
90
90
90
90
90
43
39
730
64
64
64
64
64
96
91
73
66

20
26
19
19
1097
0
175
170
168
156
119
119
106
84
520
104
104
104
104
104
901
160
152
128
113
84
80
90
94
800
160
160
160
160
160
15631

BASIS Schools in Arizona
Historical Enrollment

BASIS School	Grade	2011-12	2012-13	2013-14	2014-15	2015-16
BASIS Ahwatukee	4	--	--	--	126	126
	5	--	--	171	147	133
	6	--	--	140	144	153
	7	--	--	91	122	122
	8	--	--	66	75	111
	9	--	--	24	48	42
	10	--	--	13	19	29
	11	--	--	--	10	12
	12	--	--	--	--	7
Total:		--	--	505	691	735
BASIS Chandler	5	178	90	85	119	122
	6	178	181	90	120	120
	7	146	177	159	89	120
	8	89	130	159	142	90
	9	61	57	68	100	90
	10	29	46	53	66	90
	11	--	30	40	50	62
	12	--	--	28	37	48
Total:		681	711	682	723	742
BASIS Chandler Primary – South Campus	K	--	--	--	64	58
	1	--	--	--	94	95
	2	--	--	--	96	94
	3	--	--	--	96	97
	4	--	--	--	95	95
Total:		--	--	--	445	439
BASIS Flagstaff	3	--	--	--	--	--
	4	--	--	--	--	59
	5	105	111	106	98	89
	6	121	101	109	114	91
	7	104	110	86	90	99
	8	82	86	90	80	79
	9	46	59	49	53	50
	10	11	26	48	36	44
	11	--	8	21	40	33
	12	--	--	6	17	35
Total:		469	501	515	528	579
BASIS Goodyear	6	--	--	--	--	61
	7	--	--	--	--	61
	8	--	--	--	--	32
	9	--	--	--	--	--
	10	--	--	--	--	--
	11	--	--	--	--	--
	12	--	--	--	--	--
Total:		--	--	--	--	124
BASIS Goodyear Primary	K	--	--	--	--	86
	1	--	--	--	--	63
	2	--	--	--	--	62
	3	--	--	--	--	63
	4	--	--	--	--	62
	5	--	--	--	--	62
Total:		--	--	--	--	398

BASIS School	Grade	2011-12	2012-13	2013-14	2014-15	2015-16
BASIS Mesa	4	--	--	--	112	92
	5	--	--	103	96	109
	6	--	--	79	121	112
	7	--	--	85	92	112
	8	--	--	41	84	86
	9	--	--	28	35	60
	10	--	--	17	22	18
	11	--	--	--	11	19
	12	--	--	--	--	7
Total:		--	--	353	573	615
BASIS Oro Valley	5	140	116	118	--	--
	6	168	118	117	120	121
	7	155	138	109	120	115
	8	78	116	105	89	102
	9	55	56	93	60	60
	10	36	45	50	78	51
	11	15	27	38	43	70
	12	--	13	25	32	39
Total:		647	629	655	542	558
BASIS Oro Valley Primary	K	--	--	--	102	124
	1	--	--	--	106	126
	2	--	--	--	106	123
	3	--	--	--	114	124
	4	--	--	--	108	126
	5	--	--	--	122	122
Total:		--	--	--	658	745
BASIS Peoria	5	169	167	121	146	153
	6	176	174	154	148	162
	7	118	154	156	140	144
	8	86	87	145	137	119
	9	49	63	47	72	61
	10	16	35	36	35	49
	11	--	13	32	29	31
	12	--	--	9	29	28
Total:		614	693	700	736	747
BASIS Phoenix	5	--	166	161	152	128
	6	--	127	173	148	150
	7	--	124	114	150	147
	8	--	69	112	101	134
	9	--	43	50	82	67
	10	--	18	41	43	69
	11	--	--	13	29	38
	12	--	--	--	13	24
Total:		--	547	664	718	757
BASIS Phoenix Central	K	--	--	--	155	131
	1	--	--	--	88	163
	2	--	--	--	88	92
	3	--	--	--	95	116
	4	--	--	--	61	109
	5	--	--	--	55	73
	6	--	--	--	34	66
	7	--	--	--	--	51
	8	--	--	--	--	--
Total:		--	--	--	576	801

BASIS School	Grade	2011-12	2012-13	2013-14	2014-15	2015-16
BASIS Prescott	**K**	--	--	--	--	50
	1	--	--	--	--	64
	2	--	--	--	--	65
	3	--	--	--	--	64
	4	--	--	--	--	65
	5	--	--	--	64	90
	6	--	--	--	100	92
	7	--	--	--	84	96
	8	--	--	--	81	77
	9	--	--	--	23	50
	10	--	--	--	18	19
	11	--	--	--	--	12
	12	--	--	--	--	--
Total:		--	--	--	**370**	**744**
BASIS Scottsdale	**5**	142	119	144	92	96
	6	144	142	135	143	94
	7	136	111	128	119	122
	8	125	113	100	119	112
	9	54	91	78	74	93
	10	43	46	89	73	70
	11	33	40	45	86	71
	12	20	32	35	44	82
Total:		**697**	**694**	**754**	**750**	**740**
BASIS Scottsdale Primary	**K**	--	--	--	--	54
	1	--	--	--	--	28
	2	--	--	--	--	30
	3	--	--	--	--	30
	4	--	--	--	--	30
Total:		--	--	--	--	**172**
BASIS Tucson North	**5**	--	166	149	129	117
	6	--	127	149	152	152
	7	--	84	195	220	221
	8	--	131	153	152	172
	9	--	82	81	92	113
	10	--	76	68	76	80
	11	--	44	71	58	63
	12	--	54	41	61	54
Total:		--	**764**	**907**	**940**	**972**
BASIS Tucson Primary[1]	**K**	--	--	90	126	150
	1	--	--	118	127	155
	2	--	--	124	127	155
	3	--	--	121	125	125
	4	--	--	117	127	124
	5	135	114	113	110	77
	6	133	124	144	104	75
	7	113	115	--	--	--
	8	102	--	--	--	--
	9	76	--	--	--	--
	10	53	--	--	--	--
	11	56	--	--	--	--
	12	34	--	--	--	--
Total:		**702**	**353**	**827**	**846**	**861**

[1] From its inception until the 2012-2013 school year, BASIS Tucson (now known as BASIS Tucson Primary) served grades 5 through 12. When BASIS Tucson North opened in the 2012-2013 school year, grades 8 through 12 transitioned to the new school and, in the subsequent year, BASIS Tucson was converted into a primary school serving grades kindergarten through 6. Starting in the 2016-2017 school year, BASIS Tucson Primary serves grades kindergarten through 4.

OG	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Student Count	15,496	15,459	15,614	15,786	15,874
Revenues:					
State Per Pupil Revenues	101,203,513	101,692,445	103,804,842	106,175,744	108,480,844
Grants	11,220,909	11,771,663	11,791,438	12,024,151	12,248,522
Contributions	5,830,683	7,109,501	7,227,251	7,349,585	7,615,513
Other	15,468,371	17,855,300	18,124,348	18,408,547	18,592,743
Total Revenues	**$133,723,477**	**$138,428,909**	**$140,947,879**	**$143,958,028**	**$146,937,621**
Expenses:					
Salaries & Payroll	81,555,579	81,043,328	82,419,069	83,470,152	84,640,658
Management Fees	15,445,614	16,061,181	16,346,167	16,686,749	17,042,203
Other Operating	17,559,490	19,706,487	19,610,671	19,827,639	19,373,448
Debt Service(Interest + Principal)	15,246,520	17,916,627	17,932,230	18,096,764	18,094,534
Total Expenses	**$129,807,204**	**$134,727,622**	**$136,308,138**	**$138,081,303**	**$139,150,843**
Net Surplus	**$3,916,273**	**$3,701,287**	**$4,639,741**	**$5,876,725**	**$7,786,778**
Net Income for Debt Service	**$19,162,793**	**$21,617,913**	**$22,571,971**	**$23,973,489**	**$25,881,312**
Projected Debt Service Coverage Ratio	**1.26**	**1.21**	**1.26**	**1.32**	**1.43**
Capital Expenditures	888,141	934,326	924,052	916,419	911,170
Cash	**$34,627,292**	**$37,394,252**	**$41,109,941**	**$46,070,248**	**$52,945,856**
Days Cash on Hand	97	101	110	122	139

S&P Global
Ratings

RatingsDirect®

Arizona Industrial Development Authority
BASIS Schools Inc.; Charter Schools

Primary Credit Analyst:
James Gallardo, Centennial 303-721-4391; james.gallardo@spglobal.com

Secondary Contact:
Luke J Gildner, Centennial (303) 721-4124; luke.gildner@spglobal.com

Table Of Contents

Arizona Industrial Development Authority BASIS Schools Inc.; Charter Schools

Credit Profile		
US$51.085 mil ed rev bnds (BASIS Schools Inc.) (Basis Schools Inc. Projects) ser 2017D due 07/01/2020		
Long Term Rating	BB/Stable	New
US$3.655 mil ed rev bnds (BASIS Schools Inc.) (Basis Schools Inc. Projects) ser 2017C due 07/01/2051		
Long Term Rating	AA-/Stable	New
Underlying Rating for Credit Program	BB/Stable	New
US$0.225 mil ed rev bnds (BASIS Schools Inc.) (Basis Schools Inc. Projects) ser 2017E due 07/01/2051		
Long Term Rating	BB/Stable	New
Arizona Industrial Development Authority, Arizona		
BASIS Schools Inc., Arizona		
Arizona Industrial Development Authority (BASIS Schools Inc.) ed rev bnds		
Long Term Rating	BB/Stable	Affirmed
Phoenix Indl Dev Auth, Arizona		
BASIS Schools Inc., Arizona		
Phoenix Indl Dev Auth (BASIS Schools Inc.) CHARTERSCH		
Long Term Rating	BB/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA-' enhanced program rating and 'BB' underlying rating for credit program to the Arizona Industrial Development Authority's series 2017 C educational facility revenue bonds, issued on behalf of BASIS Schools Inc. (BSI). Additionally, S&P Global Ratings assigned its 'BB' long-term rating to BSI's series 2017 D and E educational facility revenue bonds, also issued by the Arizona Industrial Development Authority. At the same time, S&P Global Ratings affirmed its 'BB' rating on the Arizona Industrial Development Authority's and the Phoenix Industrial Development Authority, Ariz.'s existing educational facility revenue bonds, also issued for BASIS Schools Inc. The outlook is stable.

The 'AA-' long-term rating on the series 2017 C bonds is based on the academy's inclusion in the Arizona Public School Credit Enhancement Program. This 'BB' underlying rating reflects only the underlying characteristics of the charter school and does not assess the enhancement program or the school's qualification under that program.

Based on the group rating methodology (GRM), released Nov. 19, 2013, the rating analysis encompasses the entire organization (BASIS Schools Inc., or BSI), and includes its schools. The 'BB' rating is based on our group credit profile on BSI (bb) and our view that the 23 schools that are obligated to support the bonds are "core" to the organization, as the group constitutes the majority of assets, revenue, and enrollment of BSI. Given the obligated group's core status, its rating is therefore equal to BSI's group credit profile. The rating applies only to the bonds and not to BSI as an organization.

We assessed BSI's enterprise profile as strong, characterized by solid demand with robust enrollment growth, excellent academics, and a stable management team. We assessed BSI's financial profile as vulnerable, with weak liquidity, very weak maximum annual debt service (MADS) coverage, and a high pro forma debt burden. We believe that, combined, these credit factors lead to an indicative standalone credit profile of 'bb+' and a final rating of 'BB'. Although we recognize that BSI's large and diverse enrollment base helps to diffuse many of the enterprise and financial risks that smaller operators face, we believe the 'BB' rating better reflects the risks associated with BSI's rapid expansion plans and its corresponding leveraged balance sheet and negative unrestricted net asset position. In our view, BSI is at its debt capacity, barring financial improvement to levels needed to absorb additional debt.

The 'BB' rating reflects the following credit risks:

- BSI's appetite for expansion and aggressive debt issuance plans, which inherently poses some uncertainties and risks;
- BSI's weak pro forma lease-adjusted MADS coverage, and expected new debt plans that may continue to pressure coverage;
- Negative and declining unrestricted net assets;
- BSI's weak days' cash on hand and high debt per student; and
- The potential that BSI's various charters could be revoked or not be renewed (a risk common to all charter schools) prior to the bonds' final maturity.

In our view, partly mitigating the preceding credit factors are the organization's:

- Experienced management team;
- Healthy demand, enrollment growth, and excellent academic performance at all schools;
- Stable state funding in all locations, with moderately positive annual increases, a pattern that is expected to continue in fiscal 2018; and
- A long-established organizational history, with its first charter received in 1998, and successful charter renewals since then.

BSI is an Arizona-based nonprofit corporation founded in 1998 with a mission to raise the level of American education to match the highest international standards. BSI opened its first school in Tucson and its second school in Scottsdale in 2003, and has expanded annually since 2010. Beginning in fall 2017, the organization will serve close to 16,900 students across 23 schools in three states and the District of Columbia. BSI is also the sole corporate member of BDC, A Public Charter School Inc.

The 2017 C, D, and E bonds are secured by revenues of an obligated group, which includes 23 BASIS schools (one of which will open in fall 2017), in Arizona, Texas, Louisiana, and Washington, D.C. The approximately $55 million, fixed-rate series 2017 bonds will be used to acquire additional land and new facilities, construct and renovate facilities, and refund existing debt. The school will also use the proceeds to fund capitalized interest and a debt service reserve fund; pay costs of issuance; and purchase furniture, fixtures, and equipment. There is a first-lien mortgage and security interest in the financed property that secures the 2017 bonds. Given the core nature of the obligated group to BSI, all references reflect BSI at the consolidated level.

Outlook

Based on the application of the GRM and given that the obligated group is capped at BSI's rating, the stable outlook reflects our anticipation that BSI's enrollment and demand trends will continue to support positive operating trends. We also anticipate BSI will manage its expansion and growth so that MADS coverage will exceed 1x in fiscal 2017 and will be sustained above that level, and that days' cash on hand improves from current levels.

Downside scenario

We could consider a negative rating action over the one-year outlook period if MADS coverage fails to improve to closer to 1x, liquidity declines from current levels, financial performance returns to deficit trends, or BSI issues additional debt that pressures metrics relative to category medians. Although not expected, a material weakening in BSI's enrollment or demand trends would also be viewed negatively.

Upside scenario

We do not expect to take a positive rating action during the outlook time frame, due to BSI's current financial metrics and expected growth plans. However, we could consider a positive rating or outlook change beyond the outlook period, based on BSI's successful expansion, improved cash levels and financial performance, a reduction of the MADS burden, and an increase in the MADS coverage.

Enterprise Profile

Economic fundamentals

BASIS is located in multiple counties in three states and the District of Columbia. Most of BSI's schools are located in Maricopa County, where the minor population is healthy, at about 1.4 million, and where growth is expected to remain excellent, with projections indicating an increase of 6.5% through 2020.

Industry risk

Industry risk addresses the charter school sector's overall cyclicality and competitive risk and growth by applying various stress scenarios and evaluating barriers to entry, levels and trends of profitability, substitution risk, and growth trends observed in the industry. We believe the charter school sector represents a moderately high credit risk when compared with other industries and sectors.

Market position

In our opinion, BSI has an excellent demand profile, demonstrated by substantial enrollment growth and very strong academic performance. The organization also benefits from diversification, with enrollment currently spread across 23 schools, and with four additional schools opening in fall 2018 in Arizona and Baton Rouge, La. Enrollment has grown over 250% in the past five years to nearly 14,800 in fiscal year 2017, compared to 12,665 and 10,256 in fiscal years 2016 and 2015, respectively. The obligated group expansion has also boosted enrollment substantially in the past five years, to 13,348 students in fiscal year 2017 from 9,077 in fiscal year 2016. The obligated group enrollment in fall 2017 is expected to be 15,496. Management projects significant, continued enrollment growth due to the recent and planned expansions. BSI's wait list, which management purges annually, was 6,866 for the fall of 2016, or what we view as a

modest 45% of enrollment. Management reported that BSI's wait list for fall 2017 is 7,490, a 9% increase. BSI has an enrollment cap of 19,370 in current facilities.

In our view, the schools' excellent academics contribute to the schools' ability to grow their demand metrics within all of their markets across all three states and the District of Columbia. BSI continues to outperform school districts and states where the schools reside, garnering national recognition for its students' academic achievements. Each of its schools received a grade ranking of 'A' (the highest on an A-F scale) in Arizona's 2014 ratings system. In 2016, BSI schools also outperformed the state in Arizona's Measurement of Educational Readiness to Inform Teaching (AzMERIT) test in math and English. In addition, BSI has received national recognition, including five of its high schools being ranked by The Washington Post among America's Most Challenging High Schools.

We consider state funding environment in Arizona, Texas, and Washington, D.C. to be stable, with moderate funding increases in recent years after a period of negative funding. Funding increased 2% in fiscals 2016 and 2017, and we anticipate a similar increase in fiscal 2018. We view the schools' standing with the authorizers as very good, with 20 of the 23 schools receiving 15-year charter authorization and the Texas and Louisiana charters receiving the state charter authorization maximum of five years. The statutory framework assessment reflects our opinion that, while there may be some areas of risk, the framework is not likely to negatively affect its future ability to pay debt service.

Management and governance

BSI is governed by a seven-member board of directors that we consider experienced and highly capable. The board is responsible for managing BSI's corporate affairs. The board appoints one governing body for all BASIS schools in Arizona and a board of trustees for BASIS D.C. (BDC) and Basis Texas (BTX); these entities act as separate boards and handle tasks such as adopting annual school budgets and establishing school policies. The governing body and the BDC and BTX boards consist of nine, seven and five members, respectively. Each of the boards includes individuals with diverse backgrounds and skill sets. We view the relationship to be good between the board and senior management. The board has been supportive of senior management's long-term expansion goals.

The board delegates responsibility for the comprehensive support services of all BASIS schools to BASIS Educational Group Inc. (BASIS.ed), an educational management company. BASIS.ed's principals founded BSI. BSI currently contracts with BASIS.ed under a service fee agreement that incorporates staffing for each school. Services provided by BASIS.ed include accounting, recruiting, professional training and human resources, site management, regulatory and corporate compliance, public relations, grant writing and fundraising, charter compliance, curriculum selection, design and administration, student testing and assessment, special education management, vendor relationships and administration, and new school development.

In our view, management continues to be active in assessing the schools' long-term demand goals and applying solutions to meet those goals. It sets a very high academic standard that continues to strengthen the overall schools' profile within the market and nationally. However, in our opinion, senior leadership at BSI has been limited from a professional financial perspective, which could ultimately inhibit the academy's enterprise profile.

Financial Profile

Financial performance

The school's financial performance is characterized by consistently negative operating margins, with very weak pro forma lease-adjusted MADS coverage. In fiscal 2016, BSI generated an operating surplus of $244,000, which is much improved from recent operating losses. In fiscals 2013 through 2016, BSI recognized nonrecurring expenses as accounting losses as opposed to real cash losses, which contributed to weaker operations. In fiscals 2015 and 2016, losses occurred as loan issuance cost and prepayment penalties were written off. In fiscal 2014, a $2.2 million loss was recognized to reflect a capitalization threshold increase, and in fiscal 2013, a $2.8 million loss was recognized due to an extraordinary loss on the sale of the Tucson campus. Including the 2017 C, D, and E issuance, BSI's pro forma MADS burden (based on fiscal year 2016 financial results) is extremely high, at 21.1%. BSI's pro forma lease-adjusted MADS coverage (based on fiscal year 2016 financial results), assuming $21.8 million MADS in 2020, is weak, at 0.69x. Management is expecting positive operations in fiscal 2017. We would expect available net revenue, and resulting MADS coverage, to improve when factoring the corresponding growth. Based on the projected operational improvement budgeted for fiscal 2018, pro forma MADS coverage is expected to surpass 1x, which we view as sufficient for the rating category.

Liquidity and financial flexibility

We view the schools' cash position as weak when compared to rating category medians. BSI and the obligated group's cash has grown slightly over time. BSI ended fiscal 2016 with $11.2 million in cash, which translates to 42 days' cash on hand. BSI had assets of negative $3.7 million and negative $5.7 million as of June 30, 2015, and June 30, 2014, respectively. This was due primarily to increased long-term debt as BSI expands and opens new campuses. We expect that BSI will continue to grow unrestricted reserves with expected operating improvement and cash flow, but that days' cash will remain near current levels due to the organization's growing expenses.

Debt burden

BSI management plans to issue roughly $10 million in new debt with each new school that it opens. It anticipates adding $30 million to $50 million each year through 2019. This debt could introduce further risks associated with overleveraging, in our view, if BSI and the obligated group's overall debt becomes too high. We will continue to monitor debt levels as new debt is added and existing debt is refinanced.

Financial policies

The school has formal policies for liquidity and debt. BSI meets standard annual disclosure requirements. The financial policies assessment reflects our opinion that, while there may be some areas of risk, the organization's overall financial policies are not likely to negatively affect its future ability to pay debt service. Our analysis of financial policies includes a review of the organization's financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liabilities, and legal structure and a comparison of these policies to those of comparable providers.

Ratings Detail (As Of September 6, 2017)
Arizona Industrial Development Authority, Arizona
BASIS Schools Inc., Arizona
Arizona Industrial Development Authority (BASIS Schools Inc.) ed rev bnds (BASIS Schools Inc.) (Basis Schools Inc. Projects) ser

Ratings Detail (As Of September 6, 2017) (cont.)		
2017C due 07/01/2051		
Long Term Rating	AA-/Stable	Rating Assigned
Underlying Rating for Credit Program	BB/Stable	Rating Assigned

BASIS Schools, Inc. Total Outstanding Debt as of October 20, 2017

Description of Debt	Total
BASIS existing obligated group debt service	$ 290,010,000
BASIS Mesa bond	$ 7,585,000
BASIS San Antonio bond	$ 8,985,000
Carryback financing, City of Goodyear	$ 1,675,250
Grand total	**$308,255,250**

International Benchmark Testing

During recent years, much of the discussion surrounding education in the United States has focused on the performance of students in the United States in comparison with students in other industrialized nations. The Program for International Student Assessment ("*PISA*") is a worldwide study by the Organization for Economic Cooperation and Development ("*OECD*") in member and non-member nations of 15-year-old school pupils' scholastic performance in mathematics, science and reading. It was first performed in 2000 and has been repeated every three years. It is done with view to improving education policies and outcomes throughout the world. The data has increasingly been used both to assess the impact of education quality on incomes and growth and for understanding what causes differences in achievement across nations.

The test results for the PISA are reported for 65 industrialized nations. For test-year 2012,[1] the five top-performing nations were China (Shanghai), Singapore, China (Hong Kong), South Korea, and Japan. The United States ranked number 37.

The table below shows the worldwide OECD average scores on the PISA, the mean scores for students in the five top-performing economies,[2] the mean scores for students in the United States and the mean scores for students at BASIS Chandler, BASIS Flagstaff, BASIS Oro Valley, BASIS Peoria, BASIS Phoenix, BASIS Scottsdale and BASIS Tucson North.[3]

Table A-1-12
OECD Test for Schools- Results for 2017

Worldwide Ranking[1]	Testing Country/Organization	Math Scores	Reading Scores	Science Scores	Cumulative Scores
	Mean Scores[2]				
	OECD Average	494	496	501	1491
1	**BASIS Scottsdale**	**640**	**627**	**623**	**1890**
2	**BASIS Chandler**	**639**	**612**	**606**	**1857**
3	**BASIS Tucson North**	**630**	**604**	**622**	**1856**
4	**BASIS Peoria**	**633**	**610**	**605**	**1848**
5	**BASIS Oro Valley**	**623**	**613**	**605**	**1841**
6	**BASIS Flagstaff**	**622**	**607**	**592**	**1821**
7	**BASIS Phoenix**	**619**	**604**	**589**	**1812**
8	China (Shanghai)	613	570	580	1763
9	Singapore	573	542	551	1666
10	China (Hong Kong)	561	545	555	1661
11	South Korea	554	536	538	1628
12	Japan	536	538	547	1621
37	United States of America	481	498	497	1476

1 The PISA test at the "economies" level happens every three years and results for each test are published one year after the test is administered. The results shown here are from 2012 because the 2017 OECD Test for Schools was benchmarked to the 2012 PISA. BASIS Schools, Inc. administers the OECD Test for Schools at individual BASIS Schools annually and the results of such tests are benchmarked the results to the most recent PISA test results (i.e., 2012).

2 The tem "economies" is used because Shanghai and Hong Kong are tested separately but are not separate countries.

3 BASIS Chandler, BASIS Scottsdale, BASIS Flagstaff, BASIS Tucson North, BASIS Phoenix, BASIS Peoria and BASIS Oro Valley were selected for the PISA test because these are the only BASIS Schools eligible to take the OECD test based upon their age and the size of the graduating classes. Table A-1-12 includes only the "economies" ranking plus eligible BASIS Schools and does not include any other individual schools.

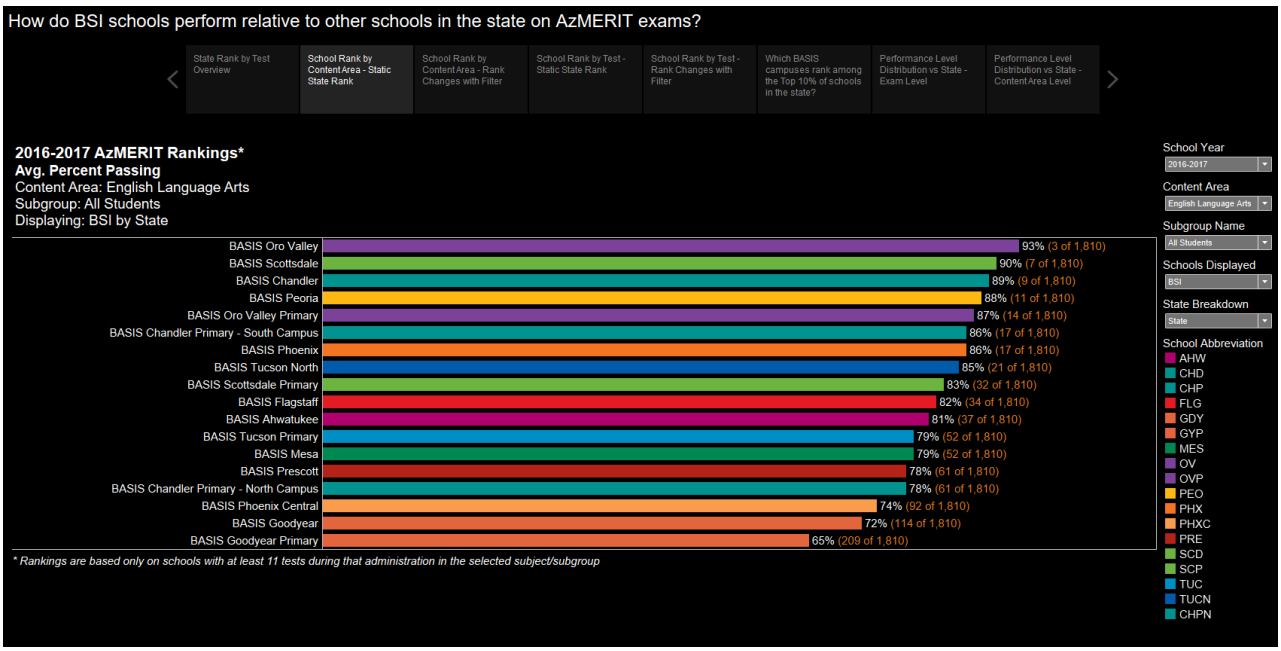
4 As indicated by the test scores shown.

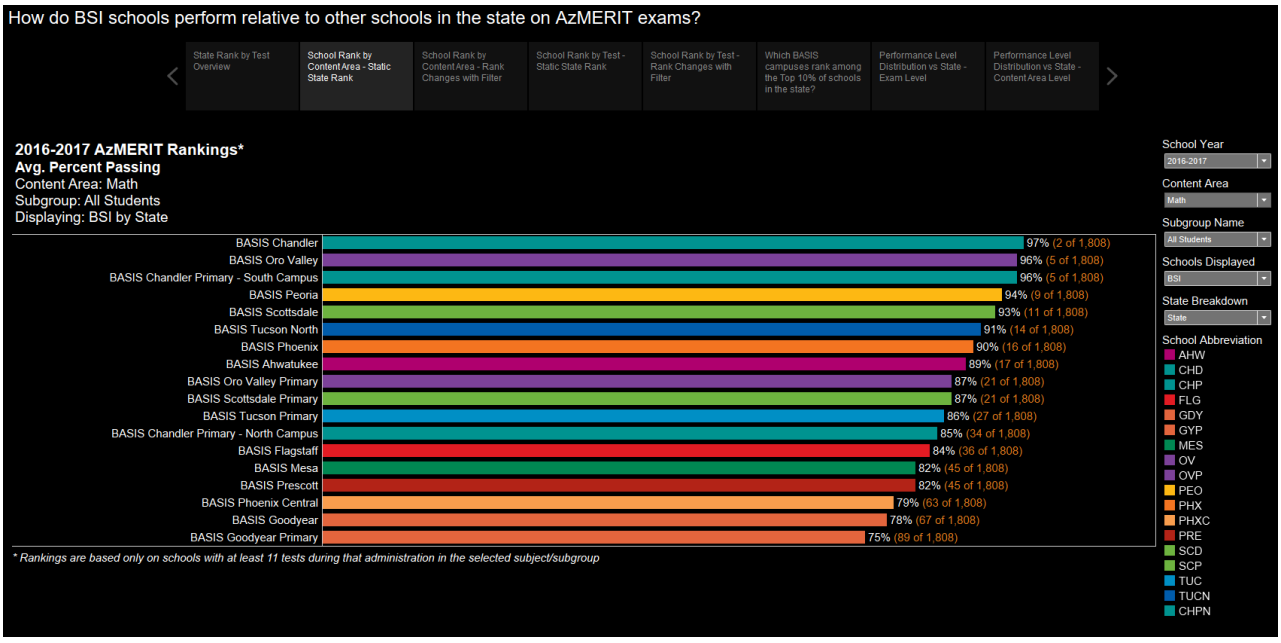
As indicated in Table A-1-12, students at BASIS Chandler, BASIS Scottsdale, BASIS Flagstaff, BASIS Tucson North, BASIS Phoenix, BASIS Peoria and BASIS Oro Valley outperformed students worldwide.

School Accountability and Standardized Test Scores – Arizona

AzMERIT

BASIS schools continue to perform very well on the AzMERIT exam, regularly outperforming state averages by a significant margin.





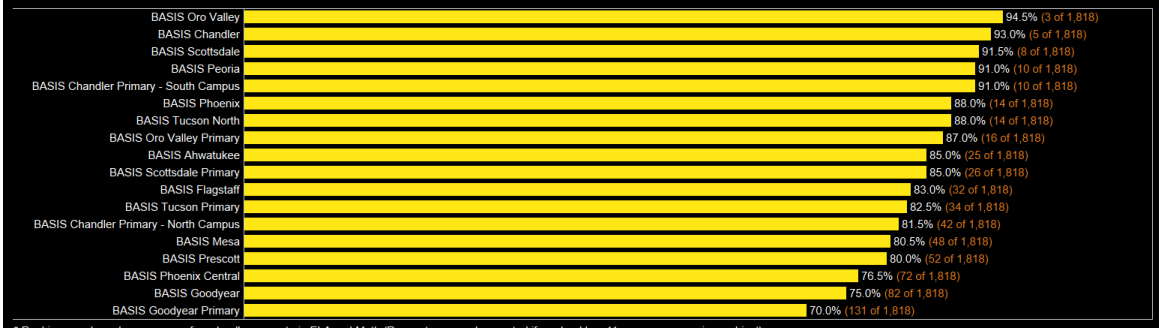
How do BSI schools perform relative to other schools in the state on AzMERIT exams?

State Rank by Test Overview | School Rank by Content Area - Static State Rank | School Rank by Content Area - Rank Changes with Filter | School Rank by Test - Static State Rank | School Rank by Test - Rank Changes with Filter | Which BASIS campuses rank among the Top 10% of schools in the state? | Performance Level Distribution vs State - Exam Level | Performance Level Distribution vs State - Content Area Level

2016-2017 AzMERIT Rankings*
BASIS Schools in the Top 10%
Subgroup: All Students

School Year: 2016-2017

Subgroup Name: All Students



** Rankings are based an average of a school's pass rate in ELA and Math (Pass rates are only reported if a school has 11 or more exams in a subject)*

In addition to exceptional results on AzMERIT and PISA, students attending BASIS Schools consistently earn college-admission test scores well above the national average. The table below shows the SAT results for top high schools in Arizona, along with three of the top private schools in the United States.

BASIS Schools SAT Results

School/State	Exam Year	SAT Composite Score
Arizona Average	**2016**	**1552**
U.S. National Average	**2016**	**1490**
BASIS Scottsdale	2016	2145
Harvard Westlake School (California)	2016	2114
Philips Academy Andover (Massachusetts)	2016	2112
Philips Exeter Academy (New Hampshire)	2016	2084
BASIS Chandler	2016	2025
BASIS Schools' Average	**2016**	**2008**
BASIS Ahwatukee	2016	1989
BASIS Tucson North	2016	1981
Phoenix Country Day School	---	1980
BASIS Peoria	2016	1979
BASIS Phoenix	2016	1944
Great Hearts Academies – Scottsdale Prep	2014	1905
BASIS Oro Valley	2016	1900
BASIS Flagstaff	2016	1850
BASIS Mesa	2016	1836
University High School (Tucson)	2016	1775

National Rankings

The BASIS Schools' academic model has gained national recognition, with BASIS Tucson (prior to opening of BASIS Tucson North) and BASIS Tucson North being ranked among the best high schools in the United States of America each year since 2006 by both *Newsweek* and *U.S. News & World Report*.

In 2017, BASIS Scottsdale ranked number 1, BASIS Tucson North ranked number 2, BASIS Oro Valley ranked number 3, BASIS Peoria ranked number 5, and BASIS Chandler ranked number 7 in *U.S. News and World Report*. In the same year, BASIS Phoenix ranked number 1, BASIS Oro Valley ranked number 8, and BASIS Flagstaff ranked number 10 in *The Washington Post*'s list of America's Most Challenging High Schools. Additionally, *The Washington Post* included BASIS Chandler, BASIS Peoria, BASIS Scottsdale, and BASIS Tucson North in its list of "Top-Performing Students with Elite Students."

In 2016, BASIS Scottsdale ranked number 2, BASIS Tucson North ranked number 3 and BASIS Oro Valley ranked number 6 in *U.S. News and World Report*. In the same year, BASIS Oro Valley ranked number 1, BASIS Flagstaff ranked number 2 and BASIS Tucson North ranked number 5 in *The Washington Post*'s list of America's Most Challenging High Schools. Additionally, *The Washington Post* included BASIS Chandler, BASIS Peoria, and BASIS Scottsdale in its list of "Top-Performing Students with Elite Students."

In the 2015 edition of "America's Most Challenging High Schools" by *The Washington Post*, BASIS Oro Valley ranked number 1, BASIS Chandler ranked number 2 and BASIS Tucson North ranked number 7 in the nation. Additionally, BASIS Scottsdale was included in the list of "Top-Performing Schools with Elite Students."

In 2014, BASIS Scottsdale ranked number 2 and BASIS Tucson North ranked 5 in *U.S. News & World Report*. *The Daily Beast* in 2014 ranked BASIS Scottsdale number 2 and, eligible for the first time, ranked BASIS

Oro Valley number 7 in the nation.[6] In the 2013 edition of America's Best High Schools (*Newsweek*), BASIS Tucson North ranked number 7 and BASIS Scottsdale ranked number 2 in the nation. In 2008, just one year after opening to high school grades, BASIS Scottsdale was ranked the "Top Arizona High School for Overall Academic Performance" by *BusinessWeek* (based on students' AIMS results). For the 2010-2011 school year, BASIS Scottsdale was the only Arizona school wherein 100 percent of its students met or exceeded every component of the Arizona Instrument to Measure Standards ("*AIMS*") test. For the 2011-2012 school year, BASIS Chandler joined BASIS Scottsdale as two of three Arizona schools where 100 percent of the students met or exceeded every component of the AIMS test. For the 2012-2013 school year, 100 percent of the students tested at BASIS Tucson North and BASIS Oro Valley joined the students tested at BASIS Scottsdale in meeting or exceeding every component of the AIMS test. Finally, each of the BASIS Schools that opened in 2011, 2012 and 2013 achieved a letter grade of "A" during their first year of operations.

---

[6] BASIS Scottsdale, BASIS Tucson North and BASIS Oro Valley are the only three BASIS Schools eligible for most rankings prior to the 2015-2016 school year. BASIS Chandler became eligible for *Washington Post* rankings in 2015 and BASIS Flagstaff and BASIS Peoria became eligible in 2016.

Personal Benefit Disclosure

No personal benefit will inure to any employee of BSI or the school operator or an immediate relative, including a parent, spouse, sibling or child, of any such employee or operator.

Financial Statements

Note on the BASIS Obligated Group

Prior to 2015, each BASIS school facility was financed by standalone bond issuances. In 2015, BASIS consolidated many of its schools into a single bond, allowing these schools to be cross-collateralized. This group of schools is known as the "Obligated Group," and in each year since its creation, the group has added new BASIS schools as well as existing BASIS schools through refinances. The financing contemplated in this credit enhancement application would be added to the Obligated Group.

The Obligated Group includes the following schools as of the closing of the 2017D and 2017E series of bonds in October 2017:

1. BASIS Ahwatukee
2. BASIS Chandler
3. BASIS Chandler Primary – North Campus
4. BASIS Chandler Primary – South Campus
5. BASIS DC
6. BASIS Flagstaff
7. BASIS Goodyear
8. BASIS Goodyear Primary
9. BASIS Oro Valley
10. BASIS Oro Valley Primary
11. BASIS Peoria
12. BASIS Peoria Primary
13. BASIS Phoenix
14. BASIS Phoenix Central
15. BASIS Phoenix South Primary
16. BASIS Prescott
17. BASIS San Antonio Primary – North Central Campus
18. BASIS Scottsdale
19. BASIS Scottsdale Primary
20. BASIS Tucson North
21. BASIS Tucson Primary

BASIS SCHOOLS, INC.

Estimated $38,185,000 Education Revenue Bonds, Series 2017F

	Obligated Group Outstanding Debt Service Requirements [1]						2017F Obligated Group (Arizona - Enhanced) Estimated Debt Service Requirements (Dated: 12/5/2017)						Estimated Combined Outstanding Obligated Group Debt Service Requirements							
Fiscal Year	Principal	Interest	Enhancement Fee (25bps)	Capitalized Interest [2]	DSRF [3]	Total Net Debt Service	Principal	Interest	Enhancement Fee	Capitalized Interest [4]	DSRF [3]	Total Net Debt Service	Principal	Interest	Enhancement Fee	Capitalized Interest	DSRF	Total Net Debt Service	Gross Unenhanced Debt Service	Gross Enhanced Debt Service
2018	$3,795,000	$13,649,056	$4,788	($2,261,142)		$15,187,701		$956,441	$47,731	($956,441)		$47,731	$3,795,000	$14,605,496	$52,519	($3,217,583)		$15,235,432	$17,325,769	$1,074,727
2019	3,910,000	14,143,513	9,575	(139,550)		17,923,538		1,671,450	95,463	(835,725)		931,188	3,910,000	15,814,963	105,038	(975,275)		18,854,725	17,885,863	1,839,100
2020	4,110,000	14,016,825	9,575			18,136,400		1,671,450	95,463			1,766,913	4,110,000	15,688,275	105,038			19,903,313	17,959,175	1,839,100
2021	4,300,000	13,883,188	9,506			18,192,694	$560,000	1,671,450	94,763			2,326,213	4,860,000	15,554,638	104,269			20,518,906	17,960,538	2,454,100
2022	4,425,000	13,711,500	9,363			18,145,863	580,000	1,649,050	93,338			2,322,388	5,005,000	15,360,550	102,700			20,468,250	17,911,050	2,454,500
2023	4,600,000	13,528,650	9,213			18,137,863	605,000	1,625,850	91,856			2,322,706	5,205,000	15,154,500	101,069			20,460,569	17,905,800	2,453,900
2024	4,860,000	13,336,050	9,056			18,205,106	625,000	1,601,650	90,319			2,318,969	5,485,000	14,937,700	99,375			20,522,075	17,970,400	2,452,300
2025	5,050,000	13,132,700	8,894			18,191,594	655,000	1,576,650	88,719			2,320,369	5,705,000	14,709,350	97,613			20,511,963	17,959,650	2,454,700
2026	5,280,000	12,921,350	8,725			18,210,075	685,000	1,550,450	87,044			2,322,494	5,965,000	14,471,800	95,769			20,532,569	17,975,900	2,460,900
2027	5,525,000	12,661,600	8,550			18,195,150	720,000	1,523,050	85,288			2,328,338	6,245,000	14,184,650	93,838			20,523,488	17,963,950	2,465,700
2028	5,785,000	12,388,650	8,369			18,182,019	750,000	1,494,250	83,450			2,327,700	6,535,000	13,882,900	91,819			20,509,719	17,948,800	2,469,100
2029	6,085,000	12,098,988	8,175			18,192,163	780,000	1,464,250	81,538			2,325,788	6,865,000	13,563,238	89,713			20,517,950	17,957,138	2,471,100
2030	6,400,000	11,794,319	7,975			18,202,294	810,000	1,433,050	79,550			2,322,600	7,210,000	13,227,369	87,525			20,524,894	17,970,569	2,466,700
2031	6,720,000	11,473,831	7,769			18,201,600	850,000	1,400,650	77,475			2,328,125	7,570,000	12,874,481	85,244			20,529,725	17,958,381	2,476,100
2032	7,065,000	11,137,331	7,550			18,209,881	885,000	1,366,650	75,306			2,326,956	7,950,000	12,503,981	82,856			20,536,838	17,975,281	2,478,700
2033	7,405,000	10,783,563	7,325			18,195,888	925,000	1,331,250	73,044			2,329,294	8,330,000	12,114,813	80,369			20,525,181	17,965,113	2,479,700
2034	7,785,000	10,412,725	7,094			18,204,819	960,000	1,294,250	70,688			2,324,938	8,745,000	11,706,975	77,781			20,529,756	17,972,875	2,479,100
2035	8,160,000	10,022,863	6,850			18,189,713	1,005,000	1,255,850	68,231			2,329,081	9,165,000	11,278,713	75,081			20,518,794	17,956,813	2,486,900
2036	8,570,000	9,614,225	6,594			18,190,819	1,040,000	1,215,850	65,675			2,321,325	9,610,000	10,829,875	72,269			20,512,144	17,957,175	2,482,700
2037	9,000,000	9,185,044	6,325			18,191,369	1,085,000	1,174,050	63,019			2,322,069	10,085,000	10,359,094	69,344			20,513,438	17,957,194	2,486,900
2038	9,470,000	8,734,319	6,044			18,210,363	1,130,000	1,130,850	60,250			2,320,900	10,600,000	9,864,969	66,294			20,531,263	17,975,869	2,489,100
2039	9,940,000	8,257,006	5,750			18,202,756	1,195,000	1,074,150	57,344			2,326,494	11,135,000	9,331,156	63,094			20,529,250	17,969,306	2,496,850
2040	10,445,000	7,755,981	5,444			18,206,425	1,245,000	1,014,400	54,294			2,313,694	11,690,000	8,770,381	59,738			20,520,119	17,974,281	2,486,100
2041	10,960,000	7,229,494	5,119			18,194,613	1,320,000	952,150	51,088			2,323,238	12,280,000	8,181,644	56,206			20,517,850	17,959,044	2,502,600
2042	11,520,000	6,677,044	4,775			18,201,819	1,390,000	886,150	47,700			2,323,850	12,910,000	7,563,194	52,475			20,525,669	17,968,344	2,504,850
2043	12,085,000	6,096,356	4,419			18,185,775	1,470,000	816,650	44,125			2,330,775	13,555,000	6,913,006	48,544			20,516,550	17,954,656	2,513,350
2044	12,705,000	5,487,181	4,044			18,196,225	1,530,000	743,150	40,375			2,313,525	14,235,000	6,230,331	44,419			20,509,750	17,962,731	2,502,600
2045	13,350,000	4,846,719	3,650			18,200,369	1,620,000	666,650	36,438			2,323,088	14,970,000	5,513,369	40,088			20,523,456	17,970,019	2,513,350
2046	14,025,000	4,173,744	3,238			18,201,981	1,710,000	585,650	32,275			2,327,925	15,735,000	4,759,394	35,513			20,529,906	17,970,044	2,524,350
2047	11,050,000	3,467,956	2,800			14,520,756	1,795,000	500,150	27,894			2,323,044	12,845,000	3,968,106	30,694			16,843,800	14,287,756	2,525,350
2048	12,510,000	2,891,431	2,338			15,403,769	1,880,000	410,400	23,300			2,313,700	14,390,000	3,301,831	25,638			17,717,469	15,170,231	2,521,600
2049	13,310,000	2,229,900	1,856			15,541,756	1,965,000	335,200	18,494			2,318,694	15,275,000	2,565,100	20,350			17,860,450	15,311,300	2,528,800
2050	15,330,000	1,527,125	1,356			16,858,481	2,045,000	256,600	13,481			2,315,081	17,375,000	1,783,725	14,838			19,173,563	16,626,325	2,532,400
2051	14,365,000	725,100	831		($17,975,900)	(2,884,969)	2,140,000	174,800	8,250			2,323,050	16,505,000	899,900	9,081		($17,975,900)	(561,919)	14,857,500	2,547,400
2052	225,000	9,000	281		(234,000)	281	2,230,000	89,200	2,788		(2,319,200)	2,788	2,455,000	98,200	3,069		($2,553,200)	3,069	0	2,553,200
	$290,120,000	$314,004,324		($2,400,692)	($18,209,900)	$583,726,944	$38,185,000	$38,563,341	$2,126,050	($1,792,166)	($2,319,200)	$74,763,025	$328,305,000	$352,567,665	$2,339,263	($4,192,858)	($20,529,100)	$658,489,969	$596,404,738	$84,457,927

[1] Represents debt service on the outstanding Series 2015A, 2016A, 2017A&B and 2017CD&E bonds.

[2] Interest on the Series 2016A Bonds was capitalized through 1/1/2017; 1/1/2018 for the Series 2017A New Money Projects; and 8/1/2018 for the 2017C&D New Money Bonds

[3] Debt service reserve fund reflects the gross amount funded with the Series 2015A, 2016A, 2017ABC&D bonds and proposed 2017F bonds. Does not include any interest earnings.

[4] Estimated capitalized interest through 1/1/2019 for the proposed Series 2017F projects.

Debt Service Reserve Funds	
Series 2015A	$5,817,100
Series 2016A	5,383,150
Series 2017A&B	4,553,731
Series 2017C (Enh.)	234,000
Series 2017D	2,221,919
Current Total	18,209,900
Series 2017F (Enh.)	$2,319,200
Est. Combined Total	20,529,100
Agg. Gross MADS	$20,494,394

Maximum Annual Debt Service	
$17,975,900	$2,553,200

Debt Service Reserve Funds	
$17,975,900	$2,553,200

RBC Capital Markets®

BASIS SCHOOLS, INC.

Estimated $38,185,000 Education Revenue Bonds, Series 2017F

	Existing Obligated Group Debt Service Requirements		December 2017 Financing		Total Obligated Group Post-December	
Fiscal Year	Principal	Total Net Debt Service [1]	Enhanced Principal	Total Net Debt Service [1]	Principal	Total Net Debt Service [1]
2018	$ 3,795,000	$ 15,187,701	$ -	$ 47,731	$ 3,795,000	$ 15,235,432
2019	3,910,000	17,923,538	-	931,188	3,910,000	18,854,725
2020	4,110,000	18,136,400	-	1,766,913	4,110,000	19,903,313
2021	4,300,000	18,192,694	560,000	2,326,213	4,860,000	20,518,906
2022	4,425,000	18,145,863	580,000	2,322,388	5,005,000	20,468,250
2023	4,600,000	18,137,863	605,000	2,322,706	5,205,000	20,460,569
2024	4,860,000	18,205,106	625,000	2,316,969	5,485,000	20,522,075
2025	5,050,000	18,191,594	655,000	2,320,369	5,705,000	20,511,963
2026	5,280,000	18,210,075	685,000	2,322,494	5,965,000	20,532,569
2027	5,525,000	18,195,150	720,000	2,328,338	6,245,000	20,523,488
2028	5,785,000	18,182,019	750,000	2,327,700	6,535,000	20,509,719
2029	6,085,000	18,192,163	780,000	2,325,788	6,865,000	20,517,950
2030	6,400,000	18,202,294	810,000	2,322,600	7,210,000	20,524,894
2031	6,720,000	18,201,600	850,000	2,328,125	7,570,000	20,529,725
2032	7,065,000	18,209,881	885,000	2,326,956	7,950,000	20,536,838
2033	7,405,000	18,195,888	925,000	2,329,294	8,330,000	20,525,181
2034	7,785,000	18,204,819	960,000	2,324,938	8,745,000	20,529,756
2035	8,160,000	18,189,713	1,005,000	2,329,081	9,165,000	20,518,794
2036	8,570,000	18,190,819	1,040,000	2,321,325	9,610,000	20,512,144
2037	9,000,000	18,191,369	1,085,000	2,322,069	10,085,000	20,513,438
2038	9,470,000	18,210,363	1,130,000	2,320,900	10,600,000	20,531,263
2039	9,940,000	18,202,756	1,195,000	2,326,494	11,135,000	20,529,250
2040	10,445,000	18,206,425	1,245,000	2,313,694	11,690,000	20,520,119
2041	10,960,000	18,194,613	1,320,000	2,323,238	12,280,000	20,517,850
2042	11,520,000	18,201,819	1,390,000	2,323,850	12,910,000	20,525,669
2043	12,085,000	18,185,775	1,470,000	2,330,775	13,555,000	20,516,550
2044	12,705,000	18,196,225	1,530,000	2,313,525	14,235,000	20,509,750
2045	13,350,000	18,200,369	1,620,000	2,323,088	14,970,000	20,523,456
2046	14,025,000	18,201,981	1,710,000	2,327,925	15,735,000	20,529,906
2047	11,050,000	14,520,756	1,795,000	2,323,044	12,845,000	16,843,800
2048	12,510,000	15,403,769	1,880,000	2,313,700	14,390,000	17,717,469
2049	13,310,000	15,541,756	1,965,000	2,318,694	15,275,000	17,860,450
2050	15,330,000	16,858,481	2,045,000	2,315,081	17,375,000	19,173,563
2051	14,365,000	(2,884,969)	2,140,000	2,323,050	16,505,000	(561,919)
2052	225,000	281	2,230,000	2,788	2,455,000	3,069
	$ 290,120,000	$ 583,726,944	$ 38,185,000	$ 74,763,025	$ 328,305,000	$ 658,489,969

[1] Net of funded capitalized interest and reserve fund principal (in final year). Includes annual enhancement fees.

BASIS SCHOOLS, INC.
Estimated Aggregate BSI Debt Service Requirements after December 2017 Issuance

Fiscal Year	Other BSI Schools D/S: BASIS Mesa	Other BSI Schools D/S: BASIS San Antonio	Current Outstanding Obligated Group Net Debt Service	Estimated Obligated Group Net Debt Service Series 2017 (Dec)	Total BSI Payments After December 2017 Issuance
2018	$605,225	$718,900	$15,187,701	$47,731	$16,559,557
2019	607,725	719,900	17,923,538	931,188	20,182,350
2020	604,625	715,300	18,136,400	1,766,913	21,223,238
2021	606,225	715,400	18,192,694	2,326,213	21,840,531
2022	607,225	719,900	18,145,863	2,322,388	21,795,375
2023	607,625	718,500	18,137,863	2,322,706	21,786,694
2024	607,425	716,500	18,205,106	2,316,969	21,846,000
2025	606,625	718,900	18,191,594	2,320,369	21,837,488
2026	605,225	715,400	18,210,075	2,322,494	21,853,194
2027	603,225	716,300	18,195,150	2,328,338	21,843,013
2028	605,625	716,300	18,182,019	2,327,700	21,831,644
2029	607,125	715,400	18,192,163	2,325,788	21,840,475
2030	602,125	717,900	18,202,294	2,322,600	21,844,919
2031	606,500	719,150	18,201,600	2,328,125	21,855,375
2032	604,625	719,150	18,209,881	2,326,956	21,860,613
2033	606,813	717,900	18,195,888	2,329,294	21,849,894
2034	602,750	715,400	18,204,819	2,324,938	21,847,906
2035	606,950	715,700	18,189,713	2,329,081	21,841,444
2036	604,525	719,375	18,190,819	2,321,325	21,836,044
2037	605,800	716,100	18,191,369	2,322,069	21,835,338
2038	605,450	716,200	18,210,363	2,320,900	21,852,913
2039	603,475	719,350	18,202,756	2,326,494	21,852,075
2040	604,875	720,225	18,206,425	2,313,694	21,845,219
2041	604,325	718,825	18,194,613	2,323,238	21,841,000
2042	606,825	720,150	18,201,819	2,323,850	21,852,644
2043	607,050	718,875	18,185,775	2,330,775	21,842,475
2044			18,196,225	2,313,525	20,509,750
2045			18,200,369	2,323,088	20,523,456
2046			18,201,981	2,327,925	20,529,906
2047			14,520,756	2,323,044	16,843,800
2048			15,403,769	2,313,700	17,717,469
2049			15,541,756	2,318,694	17,860,450
2050			16,858,481	2,315,081	19,173,563
2051			(2,884,969)	2,323,050	(561,919)
2052			281	2,788	3,069
	$15,745,988	$18,661,000	$583,726,944	$74,763,025	$692,896,957

RBC Capital Markets*

TABLE OF CONTENTS

Arizona Industrial Development Authority
Education Revenue Bonds
Series 2017F (Credit Enhanced)
(BASIS Schools Projects)
****
Preliminary

SOURCES AND USES OF FUNDS

Arizona Industrial Development Authority
Education Revenue Bonds
Series 2017F (Credit Enhanced)
(BASIS Schools Projects)
****
Preliminary

Dated Date 12/05/2017
Delivery Date 12/05/2017

Sources:	Goodyear	Phoenix	Phoenix Primary	Phoenix Primary South	Mesa	Flagstaff
Bond Proceeds:						
Par Amount	4,765,000.00	11,955,000.00	3,370,000.00	1,255,000.00	4,910,000.00	11,930,000.00
Premium	305,441.40	765,501.80	215,925.10	80,520.80	314,569.60	763,556.75
	5,070,441.40	12,720,501.80	3,585,925.10	1,335,520.80	5,224,569.60	12,693,556.75

Uses:	Goodyear	Phoenix	Phoenix Primary	Phoenix Primary South	Mesa	Flagstaff
Project Fund Deposits:						
Deposit to Project Fund	4,433,099.00	11,122,172.00	3,138,298.00	1,168,955.00	4,566,629.00	11,104,364.00
Other Fund Deposits:						
Capitalized Interest Fund (through 1/1/2019)	223,665.56	561,093.89	158,152.78	58,918.61	230,474.17	559,860.83
Debt Service Reserve Fund	289,406.52	726,097.58	204,679.95	76,223.54	298,213.23	724,579.18
	513,072.08	1,287,191.47	362,832.73	135,142.15	528,687.40	1,284,440.01
Delivery Date Expenses:						
Cost of Issuance	63,339.80	158,914.41	44,796.45	16,682.37	65,267.23	158,582.05
Underwriter's Discount	59,562.50	149,437.50	42,125.00	15,687.50	61,375.00	149,125.00
	122,902.30	308,351.91	86,921.45	32,369.87	126,642.23	307,707.05
Other Uses of Funds:						
Additional Proceeds	1,368.02	2,786.42	-2,127.08	-946.22	2,610.97	-2,954.31
	5,070,441.40	12,720,501.80	3,585,925.10	1,335,520.80	5,224,569.60	12,693,556.75

Notes:

SOURCES AND USES OF FUNDS

Arizona Industrial Development Authority
Education Revenue Bonds
Series 2017F (Credit Enhanced)
(BASIS Schools Projects)
****
Preliminary

Sources:	Total
Bond Proceeds:	
Par Amount	38,185,000.00
Premium	2,445,515.45
	40,630,515.45

Uses:	Total
Project Fund Deposits:	
Deposit to Project Fund	35,533,517.00
Other Fund Deposits:	
Capitalized Interest Fund (through 1/1/2019)	1,792,165.84
Debt Service Reserve Fund	2,319,200.00
	4,111,365.84
Delivery Date Expenses:	
Cost of Issuance	507,582.31
Underwriter's Discount	477,312.50
	984,894.81
Other Uses of Funds:	
Additional Proceeds	737.80
	40,630,515.45

Notes:

BOND PRICING

Arizona Industrial Development Authority
Education Revenue Bonds
Series 2017F (Credit Enhanced)
(BASIS Schools Projects)
****
Preliminary

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:									
	07/01/2021	560,000	4.000%	2.040%	106.718				37,620.80
	07/01/2022	580,000	4.000%	2.290%	107.381				42,809.80
	07/01/2023	605,000	4.000%	2.460%	107.971				48,224.55
	07/01/2024	625,000	4.000%	2.640%	108.154				50,962.50
	07/01/2025	655,000	4.000%	2.760%	108.419				55,144.45
	07/01/2026	685,000	4.000%	2.880%	108.452				57,896.20
	07/01/2027	720,000	4.000%	2.980%	108.438				60,753.60
	07/01/2028	750,000	4.000%	3.120%	107.231 C	3.189%	07/01/2027	100.000	54,232.50
	07/01/2029	780,000	4.000%	3.290%	105.787 C	3.391%	07/01/2027	100.000	45,138.60
	07/01/2030	810,000	4.000%	3.350%	105.283 C	3.477%	07/01/2027	100.000	42,792.30
	07/01/2031	850,000	4.000%	3.420%	104.698 C	3.560%	07/01/2027	100.000	39,933.00
	07/01/2032	885,000	4.000%	3.480%	104.200 C	3.626%	07/01/2027	100.000	37,170.00
		8,505,000							572,678.30
Term Bond - 2037:									
	07/01/2033	925,000	4.000%	3.710%	102.316 C	3.831%	07/01/2027	100.000	21,423.00
	07/01/2034	960,000	4.000%	3.710%	102.316 C	3.831%	07/01/2027	100.000	22,233.60
	07/01/2035	1,005,000	4.000%	3.710%	102.316 C	3.831%	07/01/2027	100.000	23,275.80
	07/01/2036	1,040,000	4.000%	3.710%	102.316 C	3.831%	07/01/2027	100.000	24,086.40
	07/01/2037	1,085,000	4.000%	3.710%	102.316 C	3.831%	07/01/2027	100.000	25,128.60
		5,015,000							116,147.40
Term Bond - 2047:									
	07/01/2038	1,130,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	137,803.50
	07/01/2039	1,195,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	145,730.25
	07/01/2040	1,245,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	151,827.75
	07/01/2041	1,320,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	160,974.00
	07/01/2042	1,390,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	169,510.50
	07/01/2043	1,470,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	179,266.50
	07/01/2044	1,530,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	186,583.50
	07/01/2045	1,620,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	197,559.00
	07/01/2046	1,710,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	208,534.50
	07/01/2047	1,795,000	5.000%	3.490%	112.195 C	4.270%	07/01/2027	100.000	218,900.25
		14,405,000							1,756,689.75
Term Bond - 2052:									
	07/01/2048	1,880,000	4.000%	4.000%	100.000				
	07/01/2049	1,965,000	4.000%	4.000%	100.000				
	07/01/2050	2,045,000	4.000%	4.000%	100.000				
	07/01/2051	2,140,000	4.000%	4.000%	100.000				
	07/01/2052	2,230,000	4.000%	4.000%	100.000				
		10,260,000							
		38,185,000							2,445,515.45

Dated Date	12/05/2017	
Delivery Date	12/05/2017	
First Coupon	01/01/2018	
Par Amount	38,185,000.00	
Premium	2,445,515.45	
Production	40,630,515.45	106.404388%
Underwriter's Discount	-477,312.50	-1.250000%
Purchase Price	40,153,202.95	105.154388%
Accrued Interest		
Net Proceeds	40,153,202.95	

BOND SUMMARY STATISTICS

Arizona Industrial Development Authority
Education Revenue Bonds
Series 2017F (Credit Enhanced)
(BASIS Schools Projects)
****
Preliminary

Dated Date	12/05/2017
Delivery Date	12/05/2017
Last Maturity	07/01/2052
Arbitrage Yield	3.937118%
True Interest Cost (TIC)	4.055608%
Net Interest Cost (NIC)	4.195390%
All-In TIC	4.384978%
Average Coupon	4.421031%
Average Life (years)	22.843
Duration of Issue (years)	14.248
Par Amount	38,185,000.00
Bond Proceeds	40,630,515.45
Total Interest	38,563,340.84
Net Interest	36,595,137.89
Total Debt Service	76,748,340.84
Maximum Annual Debt Service	2,319,200.00
Average Annual Debt Service	2,219,942.37
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	105.154388

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	8,505,000.00	106.733	4.000%	9.574	6,222.55
Term Bond - 2037	5,015,000.00	102.316	4.000%	17.652	4,062.15
Term Bond - 2047	14,405,000.00	112.195	5.000%	25.495	12,532.35
Term Bond - 2052	10,260,000.00	100.000	4.000%	32.658	19,083.60
	38,185,000.00			22.843	41,900.65

	TIC	All-In TIC	Arbitrage Yield
Par Value	38,185,000.00	38,185,000.00	38,185,000.00
+ Accrued Interest			
+ Premium (Discount)	2,445,515.45	2,445,515.45	2,445,515.45
- Underwriter's Discount	-477,312.50	-477,312.50	
- Cost of Issuance Expense		-507,582.31	
- Other Amounts			
Target Value	40,153,202.95	39,645,620.64	40,630,515.45
Target Date	12/05/2017	12/05/2017	12/05/2017
Yield	4.055608%	4.384978%	3.937118%

NET DEBT SERVICE

Arizona Industrial Development Authority
Education Revenue Bonds
Series 2017F (Credit Enhanced)
(BASIS Schools Projects)
****
Preliminary

Period Ending	Principal	Interest	Total Debt Service	Enhancement Fee (25bps December)	Capitalized Interest Fund (through 1/1/2019)	Debt Service Reserve Fund	Net Debt Service
07/01/2018		956,440.84	956,440.84	47,731.25	956,440.84		47,731.25
07/01/2019		1,671,450.00	1,671,450.00	95,462.50	835,725.00		931,187.50
07/01/2020		1,671,450.00	1,671,450.00	95,462.50			1,766,912.50
07/01/2021	560,000	1,671,450.00	2,231,450.00	94,762.50			2,326,212.50
07/01/2022	580,000	1,649,050.00	2,229,050.00	93,337.50			2,322,387.50
07/01/2023	605,000	1,625,850.00	2,230,850.00	91,856.25			2,322,706.25
07/01/2024	625,000	1,601,650.00	2,226,650.00	90,318.75			2,316,968.75
07/01/2025	655,000	1,576,650.00	2,231,650.00	88,718.75			2,320,368.75
07/01/2026	685,000	1,550,450.00	2,235,450.00	87,043.75			2,322,493.75
07/01/2027	720,000	1,523,050.00	2,243,050.00	85,287.50			2,328,337.50
07/01/2028	750,000	1,494,250.00	2,244,250.00	83,450.00			2,327,700.00
07/01/2029	780,000	1,464,250.00	2,244,250.00	81,537.50			2,325,787.50
07/01/2030	810,000	1,433,050.00	2,243,050.00	79,550.00			2,322,600.00
07/01/2031	850,000	1,400,650.00	2,250,650.00	77,475.00			2,328,125.00
07/01/2032	885,000	1,366,650.00	2,251,650.00	75,306.25			2,326,956.25
07/01/2033	925,000	1,331,250.00	2,256,250.00	73,043.75			2,329,293.75
07/01/2034	960,000	1,294,250.00	2,254,250.00	70,687.50			2,324,937.50
07/01/2035	1,005,000	1,255,850.00	2,260,850.00	68,231.25			2,329,081.25
07/01/2036	1,040,000	1,215,650.00	2,255,650.00	65,675.00			2,321,325.00
07/01/2037	1,085,000	1,174,050.00	2,259,050.00	63,018.75			2,322,068.75
07/01/2038	1,130,000	1,130,650.00	2,260,650.00	60,250.00			2,320,900.00
07/01/2039	1,195,000	1,074,150.00	2,269,150.00	57,343.75			2,326,493.75
07/01/2040	1,245,000	1,014,400.00	2,259,400.00	54,293.75			2,313,693.75
07/01/2041	1,320,000	952,150.00	2,272,150.00	51,087.50			2,323,237.50
07/01/2042	1,390,000	886,150.00	2,276,150.00	47,700.00			2,323,850.00
07/01/2043	1,470,000	816,650.00	2,286,650.00	44,125.00			2,330,775.00
07/01/2044	1,530,000	743,150.00	2,273,150.00	40,375.00			2,313,525.00
07/01/2045	1,620,000	666,650.00	2,286,650.00	36,437.50			2,323,087.50
07/01/2046	1,710,000	585,650.00	2,295,650.00	32,275.00			2,327,925.00
07/01/2047	1,795,000	500,150.00	2,295,150.00	27,893.75			2,323,043.75
07/01/2048	1,880,000	410,400.00	2,290,400.00	23,300.00			2,313,700.00
07/01/2049	1,965,000	335,200.00	2,300,200.00	18,493.75			2,318,693.75
07/01/2050	2,045,000	256,600.00	2,301,600.00	13,481.25			2,315,081.25
07/01/2051	2,140,000	174,800.00	2,314,800.00	8,250.00			2,323,050.00
07/01/2052	2,230,000	89,200.00	2,319,200.00	2,787.50		2,319,200	2,787.50
	38,185,000	38,563,340.84	76,748,340.84	2,126,050.00	1,792,165.84	2,319,200	74,763,025.00

NET DEBT SERVICE

December Enhanced (Arizona)

Period Ending	Principal	Interest	Total Debt Service	Enhancement Fee (25bps December)	Capitalized Interest Fund (through 1/1/2019)	Debt Service Reserve Fund	Net Debt Service
07/01/2018		119,365.56	119,365.56	5,956.25	119,365.56		5,956.25
07/01/2019		208,600.00	208,600.00	11,912.50	104,300.00		116,212.50
07/01/2020		208,600.00	208,600.00	11,912.50			220,512.50
07/01/2021	70,000	208,600.00	278,600.00	11,825.00			290,425.00
07/01/2022	75,000	205,800.00	280,800.00	11,643.75			292,443.75
07/01/2023	75,000	202,800.00	277,800.00	11,456.25			289,256.25
07/01/2024	80,000	199,800.00	279,800.00	11,262.50			291,062.50
07/01/2025	80,000	196,600.00	276,600.00	11,062.50			287,662.50
07/01/2026	85,000	193,400.00	278,400.00	10,856.25			289,256.25
07/01/2027	90,000	190,000.00	280,000.00	10,637.50			290,637.50
07/01/2028	95,000	186,400.00	281,400.00	10,406.25			291,806.25
07/01/2029	95,000	182,600.00	277,600.00	10,168.75			287,768.75
07/01/2030	100,000	178,800.00	278,800.00	9,925.00			288,725.00
07/01/2031	105,000	174,800.00	279,800.00	9,668.75			289,468.75
07/01/2032	110,000	170,600.00	280,600.00	9,400.00			290,000.00
07/01/2033	115,000	166,200.00	281,200.00	9,118.75			290,318.75
07/01/2034	120,000	161,600.00	281,600.00	8,825.00			290,425.00
07/01/2035	125,000	156,800.00	281,800.00	8,518.75			290,318.75
07/01/2036	130,000	151,800.00	281,800.00	8,200.00			290,000.00
07/01/2037	135,000	146,600.00	281,600.00	7,868.75			289,468.75
07/01/2038	140,000	141,200.00	281,200.00	7,525.00			288,725.00
07/01/2039	150,000	134,200.00	284,200.00	7,162.50			291,362.50
07/01/2040	155,000	126,700.00	281,700.00	6,781.25			288,481.25
07/01/2041	165,000	118,950.00	283,950.00	6,381.25			290,331.25
07/01/2042	175,000	110,700.00	285,700.00	5,956.25			291,656.25
07/01/2043	185,000	101,950.00	286,950.00	5,506.25			292,456.25
07/01/2044	190,000	92,700.00	282,700.00	5,037.50			287,737.50
07/01/2045	200,000	83,200.00	283,200.00	4,550.00			287,750.00
07/01/2046	215,000	73,200.00	288,200.00	4,031.25			292,231.25
07/01/2047	225,000	62,450.00	287,450.00	3,481.25			290,931.25
07/01/2048	235,000	51,200.00	286,200.00	2,906.25			289,106.25
07/01/2049	245,000	41,800.00	286,800.00	2,306.25			289,106.25
07/01/2050	255,000	32,000.00	287,000.00	1,681.25			288,681.25
07/01/2051	265,000	21,800.00	286,800.00	1,031.25			287,831.25
07/01/2052	280,000	11,200.00	291,200.00	350.00		289,406.52	2,143.48
	4,765,000	4,813,015.56	9,578,015.56	265,312.50	223,665.56	289,406.52	9,330,255.98

NET DEBT SERVICE

2017 Phoenix

Period Ending	Principal	Interest	Total Debt Service	Enhancement Fee (25bps December)	Capitalized Interest Fund (through 1/1/2019)	Debt Service Reserve Fund	Net Debt Service
07/01/2018		299,443.89	299,443.89	14,943.75	299,443.89		14,943.75
07/01/2019		523,300.00	523,300.00	29,887.50	261,650.00		291,537.50
07/01/2020		523,300.00	523,300.00	29,887.50			553,187.50
07/01/2021	175,000	523,300.00	698,300.00	29,668.75			727,968.75
07/01/2022	180,000	516,300.00	696,300.00	29,225.00			725,525.00
07/01/2023	190,000	509,100.00	699,100.00	28,762.50			727,862.50
07/01/2024	195,000	501,500.00	696,500.00	28,281.25			724,781.25
07/01/2025	205,000	493,700.00	698,700.00	27,781.25			726,481.25
07/01/2026	215,000	485,500.00	700,500.00	27,256.25			727,756.25
07/01/2027	225,000	476,900.00	701,900.00	26,706.25			728,606.25
07/01/2028	235,000	467,900.00	702,900.00	26,131.25			729,031.25
07/01/2029	245,000	458,500.00	703,500.00	25,531.25			729,031.25
07/01/2030	255,000	448,700.00	703,700.00	24,906.25			728,606.25
07/01/2031	265,000	438,500.00	703,500.00	24,256.25			727,756.25
07/01/2032	275,000	427,900.00	702,900.00	23,581.25			726,481.25
07/01/2033	290,000	416,900.00	706,900.00	22,875.00			729,775.00
07/01/2034	300,000	405,300.00	705,300.00	22,137.50			727,437.50
07/01/2035	315,000	393,300.00	708,300.00	21,368.75			729,668.75
07/01/2036	325,000	380,700.00	705,700.00	20,568.75			726,268.75
07/01/2037	340,000	367,700.00	707,700.00	19,737.50			727,437.50
07/01/2038	355,000	354,100.00	709,100.00	18,868.75			727,968.75
07/01/2039	375,000	336,350.00	711,350.00	17,956.25			729,306.25
07/01/2040	390,000	317,600.00	707,600.00	17,000.00			724,600.00
07/01/2041	415,000	298,100.00	713,100.00	15,993.75			729,093.75
07/01/2042	435,000	277,350.00	712,350.00	14,931.25			727,281.25
07/01/2043	460,000	255,600.00	715,600.00	13,812.50			729,412.50
07/01/2044	480,000	232,600.00	712,600.00	12,637.50			725,237.50
07/01/2045	505,000	208,600.00	713,600.00	11,406.25			725,006.25
07/01/2046	535,000	183,350.00	718,350.00	10,106.25			728,456.25
07/01/2047	560,000	156,600.00	716,600.00	8,737.50			725,337.50
07/01/2048	590,000	128,600.00	718,600.00	7,300.00			725,900.00
07/01/2049	615,000	105,000.00	720,000.00	5,793.75			725,793.75
07/01/2050	640,000	80,400.00	720,400.00	4,225.00			724,625.00
07/01/2051	670,000	54,800.00	724,800.00	2,587.50			727,387.50
07/01/2052	700,000	28,000.00	728,000.00	875.00		726,097.58	2,777.42
	11,955,000	12,074,793.89	24,029,793.89	665,725.00	561,093.89	726,097.58	23,408,327.42

NET DEBT SERVICE

2017 Phoenix Primary

Period Ending	Principal	Interest	Total Debt Service	Enhancement Fee (25bps December)	Capitalized Interest Fund (through 1/1/2019)	Debt Service Reserve Fund	Net Debt Service
07/01/2018		84,402.78	84,402.78	4,212.50	84,402.78		4,212.50
07/01/2019		147,500.00	147,500.00	8,425.00	73,750.00		82,175.00
07/01/2020		147,500.00	147,500.00	8,425.00			155,925.00
07/01/2021	50,000	147,500.00	197,500.00	8,362.50			205,862.50
07/01/2022	50,000	145,500.00	195,500.00	8,237.50			203,737.50
07/01/2023	55,000	143,500.00	198,500.00	8,106.25			206,606.25
07/01/2024	55,000	141,300.00	196,300.00	7,968.75			204,268.75
07/01/2025	60,000	139,100.00	199,100.00	7,825.00			206,925.00
07/01/2026	60,000	136,700.00	196,700.00	7,675.00			204,375.00
07/01/2027	65,000	134,300.00	199,300.00	7,518.75			206,818.75
07/01/2028	65,000	131,700.00	196,700.00	7,356.25			204,056.25
07/01/2029	70,000	129,100.00	199,100.00	7,187.50			206,287.50
07/01/2030	70,000	126,300.00	196,300.00	7,012.50			203,312.50
07/01/2031	75,000	123,500.00	198,500.00	6,831.25			205,331.25
07/01/2032	80,000	120,500.00	200,500.00	6,637.50			207,137.50
07/01/2033	80,000	117,300.00	197,300.00	6,437.50			203,737.50
07/01/2034	85,000	114,100.00	199,100.00	6,231.25			205,331.25
07/01/2035	90,000	110,700.00	200,700.00	6,012.50			206,712.50
07/01/2036	90,000	107,100.00	197,100.00	5,787.50			202,887.50
07/01/2037	95,000	103,500.00	198,500.00	5,556.25			204,056.25
07/01/2038	100,000	99,700.00	199,700.00	5,312.50			205,012.50
07/01/2039	105,000	94,700.00	199,700.00	5,056.25			204,756.25
07/01/2040	110,000	89,450.00	199,450.00	4,787.50			204,237.50
07/01/2041	115,000	83,950.00	198,950.00	4,506.25			203,456.25
07/01/2042	120,000	78,200.00	198,200.00	4,212.50			202,412.50
07/01/2043	130,000	72,200.00	202,200.00	3,900.00			206,100.00
07/01/2044	135,000	65,700.00	200,700.00	3,568.75			204,268.75
07/01/2045	145,000	58,950.00	203,950.00	3,218.75			207,168.75
07/01/2046	150,000	51,700.00	201,700.00	2,850.00			204,550.00
07/01/2047	160,000	44,200.00	204,200.00	2,462.50			206,662.50
07/01/2048	165,000	36,200.00	201,200.00	2,056.25			203,256.25
07/01/2049	175,000	29,600.00	204,600.00	1,631.25			206,231.25
07/01/2050	180,000	22,600.00	202,600.00	1,187.50			203,787.50
07/01/2051	190,000	15,400.00	205,400.00	725.00			206,125.00
07/01/2052	195,000	7,800.00	202,800.00	243.75		204,679.95	-1,636.20
	3,370,000	3,401,452.78	6,771,452.78	187,525.00	158,152.78	204,679.95	6,596,145.05

NET DEBT SERVICE

2017 Phoenix Primary South

Period Ending	Principal	Interest	Total Debt Service	Enhancement Fee (25bps December)	Capitalized Interest Fund (through 1/1/2019)	Debt Service Reserve Fund	Net Debt Service
07/01/2018		31,443.61	31,443.61	1,568.75	31,443.61		1,568.75
07/01/2019		54,950.00	54,950.00	3,137.50	27,475.00		30,612.50
07/01/2020		54,950.00	54,950.00	3,137.50			58,087.50
07/01/2021	20,000	54,950.00	74,950.00	3,112.50			78,062.50
07/01/2022	20,000	54,150.00	74,150.00	3,062.50			77,212.50
07/01/2023	20,000	53,350.00	73,350.00	3,012.50			76,362.50
07/01/2024	20,000	52,550.00	72,550.00	2,962.50			75,512.50
07/01/2025	20,000	51,750.00	71,750.00	2,912.50			74,662.50
07/01/2026	20,000	50,950.00	70,950.00	2,862.50			73,812.50
07/01/2027	25,000	50,150.00	75,150.00	2,806.25			77,956.25
07/01/2028	25,000	49,150.00	74,150.00	2,743.75			76,893.75
07/01/2029	25,000	48,150.00	73,150.00	2,681.25			75,831.25
07/01/2030	25,000	47,150.00	72,150.00	2,618.75			74,768.75
07/01/2031	30,000	46,150.00	76,150.00	2,550.00			78,700.00
07/01/2032	30,000	44,950.00	74,950.00	2,475.00			77,425.00
07/01/2033	30,000	43,750.00	73,750.00	2,400.00			76,150.00
07/01/2034	30,000	42,550.00	72,550.00	2,325.00			74,875.00
07/01/2035	35,000	41,350.00	76,350.00	2,243.75			78,593.75
07/01/2036	35,000	39,950.00	74,950.00	2,156.25			77,106.25
07/01/2037	35,000	38,550.00	73,550.00	2,068.75			75,618.75
07/01/2038	35,000	37,150.00	72,150.00	1,981.25			74,131.25
07/01/2039	40,000	35,400.00	75,400.00	1,887.50			77,287.50
07/01/2040	40,000	33,400.00	73,400.00	1,787.50			75,187.50
07/01/2041	45,000	31,400.00	76,400.00	1,681.25			78,081.25
07/01/2042	45,000	29,150.00	74,150.00	1,568.75			75,718.75
07/01/2043	50,000	26,900.00	76,900.00	1,450.00			78,350.00
07/01/2044	50,000	24,400.00	74,400.00	1,325.00			75,725.00
07/01/2045	55,000	21,900.00	76,900.00	1,193.75			78,093.75
07/01/2046	55,000	19,150.00	74,150.00	1,056.25			75,206.25
07/01/2047	60,000	16,400.00	76,400.00	912.50			77,312.50
07/01/2048	60,000	13,400.00	73,400.00	762.50			74,162.50
07/01/2049	65,000	11,000.00	76,000.00	606.25			76,606.25
07/01/2050	65,000	8,400.00	73,400.00	443.75			73,843.75
07/01/2051	70,000	5,800.00	75,800.00	275.00			76,075.00
07/01/2052	75,000	3,000.00	78,000.00	93.75		76,223.54	1,870.21
	1,255,000	1,267,743.61	2,522,743.61	69,862.50	58,918.61	76,223.54	2,457,463.96

NET DEBT SERVICE

2017 Mesa

Period Ending	Principal	Interest	Total Debt Service	Enhancement Fee (25bps December)	Capitalized Interest Fund (through 1/1/2019)	Debt Service Reserve Fund	Net Debt Service
07/01/2018		122,999.17	122,999.17	6,137.50	122,999.17		6,137.50
07/01/2019		214,950.00	214,950.00	12,275.00	107,475.00		119,750.00
07/01/2020		214,950.00	214,950.00	12,275.00			227,225.00
07/01/2021	70,000	214,950.00	284,950.00	12,187.50			297,137.50
07/01/2022	75,000	212,150.00	287,150.00	12,006.25			299,156.25
07/01/2023	75,000	209,150.00	284,150.00	11,818.75			295,968.75
07/01/2024	80,000	206,150.00	286,150.00	11,625.00			297,775.00
07/01/2025	85,000	202,950.00	287,950.00	11,418.75			299,368.75
07/01/2026	90,000	199,550.00	289,550.00	11,200.00			300,750.00
07/01/2027	90,000	195,950.00	285,950.00	10,975.00			296,925.00
07/01/2028	95,000	192,350.00	287,350.00	10,743.75			298,093.75
07/01/2029	100,000	188,550.00	288,550.00	10,500.00			299,050.00
07/01/2030	105,000	184,550.00	289,550.00	10,243.75			299,793.75
07/01/2031	110,000	180,350.00	290,350.00	9,975.00			300,325.00
07/01/2032	115,000	175,950.00	290,950.00	9,693.75			300,643.75
07/01/2033	120,000	171,350.00	291,350.00	9,400.00			300,750.00
07/01/2034	125,000	166,550.00	291,550.00	9,093.75			300,643.75
07/01/2035	130,000	161,550.00	291,550.00	8,775.00			300,325.00
07/01/2036	135,000	156,350.00	291,350.00	8,443.75			299,793.75
07/01/2037	140,000	150,950.00	290,950.00	8,100.00			299,050.00
07/01/2038	145,000	145,350.00	290,350.00	7,743.75			298,093.75
07/01/2039	155,000	138,100.00	293,100.00	7,368.75			300,468.75
07/01/2040	160,000	130,350.00	290,350.00	6,975.00			297,325.00
07/01/2041	170,000	122,350.00	292,350.00	6,562.50			298,912.50
07/01/2042	180,000	113,850.00	293,850.00	6,125.00			299,975.00
07/01/2043	190,000	104,850.00	294,850.00	5,662.50			300,512.50
07/01/2044	195,000	95,350.00	290,350.00	5,181.25			295,531.25
07/01/2045	210,000	85,600.00	295,600.00	4,675.00			300,275.00
07/01/2046	220,000	75,100.00	295,100.00	4,137.50			299,237.50
07/01/2047	230,000	64,100.00	294,100.00	3,575.00			297,675.00
07/01/2048	240,000	52,600.00	292,600.00	2,987.50			295,587.50
07/01/2049	250,000	43,000.00	293,000.00	2,375.00			295,375.00
07/01/2050	265,000	33,000.00	298,000.00	1,731.25			299,731.25
07/01/2051	275,000	22,400.00	297,400.00	1,056.25			298,456.25
07/01/2052	285,000	11,400.00	296,400.00	356.25		298,213.23	-1,456.98
	4,910,000	4,959,649.17	9,869,649.17	273,400.00	230,474.17	298,213.23	9,614,361.77

NET DEBT SERVICE

2017 Flagstaff (Enhanced)

Period Ending	Principal	Interest	Total Debt Service	Enhancement Fee (25bps December)	Capitalized Interest Fund (through 1/1/2019)	Debt Service Reserve Fund	Net Debt Service
07/01/2018		298,785.83	298,785.83	14,912.50	298,785.83		14,912.50
07/01/2019		522,150.00	522,150.00	29,825.00	261,075.00		290,900.00
07/01/2020		522,150.00	522,150.00	29,825.00			551,975.00
07/01/2021	175,000	522,150.00	697,150.00	29,606.25			726,756.25
07/01/2022	180,000	515,150.00	695,150.00	29,162.50			724,312.50
07/01/2023	190,000	507,950.00	697,950.00	28,700.00			726,650.00
07/01/2024	195,000	500,350.00	695,350.00	28,218.75			723,568.75
07/01/2025	205,000	492,550.00	697,550.00	27,718.75			725,268.75
07/01/2026	215,000	484,350.00	699,350.00	27,193.75			726,543.75
07/01/2027	225,000	475,750.00	700,750.00	26,643.75			727,393.75
07/01/2028	235,000	466,750.00	701,750.00	26,068.75			727,818.75
07/01/2029	245,000	457,350.00	702,350.00	25,468.75			727,818.75
07/01/2030	255,000	447,550.00	702,550.00	24,843.75			727,393.75
07/01/2031	265,000	437,350.00	702,350.00	24,193.75			726,543.75
07/01/2032	275,000	426,750.00	701,750.00	23,518.75			725,268.75
07/01/2033	290,000	415,750.00	705,750.00	22,812.50			728,562.50
07/01/2034	300,000	404,150.00	704,150.00	22,075.00			726,225.00
07/01/2035	310,000	392,150.00	702,150.00	21,312.50			723,462.50
07/01/2036	325,000	379,750.00	704,750.00	20,518.75			725,268.75
07/01/2037	340,000	366,750.00	706,750.00	19,687.50			726,437.50
07/01/2038	355,000	353,150.00	708,150.00	18,818.75			726,968.75
07/01/2039	370,000	335,400.00	705,400.00	17,912.50			723,312.50
07/01/2040	390,000	316,900.00	706,900.00	16,962.50			723,862.50
07/01/2041	410,000	297,400.00	707,400.00	15,962.50			723,362.50
07/01/2042	435,000	276,900.00	711,900.00	14,906.25			726,806.25
07/01/2043	455,000	255,150.00	710,150.00	13,793.75			723,943.75
07/01/2044	480,000	232,400.00	712,400.00	12,625.00			725,025.00
07/01/2045	505,000	208,400.00	713,400.00	11,393.75			724,793.75
07/01/2046	535,000	183,150.00	718,150.00	10,093.75			728,243.75
07/01/2047	560,000	156,400.00	716,400.00	8,725.00			725,125.00
07/01/2048	590,000	128,400.00	718,400.00	7,287.50			725,687.50
07/01/2049	615,000	104,800.00	719,800.00	5,781.25			725,581.25
07/01/2050	640,000	80,200.00	720,200.00	4,212.50			724,412.50
07/01/2051	670,000	54,600.00	724,600.00	2,575.00			727,175.00
07/01/2052	695,000	27,800.00	722,800.00	868.75		724,579.18	-910.43
	11,930,000	12,046,685.83	23,976,685.83	664,225.00	559,860.83	724,579.18	23,356,470.82

Use of Guaranteed Financing

Receiving approval of this credit enhancement application will bring significant benefits to the entire BASIS network and allow for hundreds of students to join BASIS schools who are currently unable to enroll. In detail:

1. An indoor play room, bathrooms and storage will be added to BASIS Phoenix South Primary for the 2017-2018 school year, ensuring that the school's continually growing student population has a place for PE, even in inclement weather. Currently we utilize several classrooms for indoor play. This expansion will serve to relocate Physical Education so that we may utilize classrooms for core instructional time. BASIS Phoenix Primary South is the first Arizona BASIS school that will participate in the National School Lunch Program. BASIS has not collected information in the past to determine free or reduced lunch eligibility percentages at its other Arizona schools. Based on our current student enrollment, 60% of the families at BASIS Phoenix Primary South are eligible for free or reduced price lunch.
2. Due to weather and soil conditions in Flagstaff, we opted to utilize phasing for this project. Phase 1 addresses drainage issues and site preparation work before the winter months, and the seasonal closing of the construction industry. Phase 2 will finish the project over a compressed schedule. The increase in funding accommodates expedited fees required to open on time for the school year, along with unanticipated drainage concerns to ensure a water-tight school facility. The expansion of BASIS Flagstaff will allow an additional 200 students in grades K-2 to enroll at BASIS Flagstaff in the next two years.
3. The expansion of BASIS Mesa will allow an additional 200 students in grades K-2 to enroll at BASIS Mesa in the next two years. Changes to the original request will accommodate the build of a multi-use space for continually increasing number of high school students (college counseling, senior lounge), an additional $650,000 will build us a sustainable facility for projected numbers, 925 total students at its fullest maturity, or 250 seats.
4. The expansion of BASIS Goodyear will allow an additional 100 students in grades 6-12 to enroll at BASIS Goodyear in the next two years, and 100 more students in addition to that within five years. There are no changes to our original request in funding for this project.
5. BASIS Phoenix Primary will be a new school opening to grades K-5 in fall 2018 in the building currently occupied by BASIS Phoenix near 32nd Street and Cactus Road in Phoenix. It will be designed to serve 750 students in its first year and remain at that level for the foreseeable future. Many of these students will come from the current, substantial wait list at BASIS Scottsdale Primary. Additional funding will accommodate design changes to accommodate a younger student population.
6. BASIS Phoenix will be moving to a new location on the campus of Dream City Church near Cave Creek Road and Thunderbird Road in Phoenix. The funds contemplated here will be sufficient to fully renovate two existing buildings and construct a new, 15,000-square-foot building with state-of-the-art science labs. Through this move, BASIS Phoenix will be able to add amenities such as a full-size gymnasium and soccer field, and also increase its enrollment from the current 777 students to 880 initially, accommodating 1000 students in total as it matures over the next three years. Our original ask in August accommodated only 100 additional students. Through a change in our feeding pattern, we anticipate an additional 230 students over three years.

Financial Statements

Note on the BASIS Obligated Group

Prior to 2015, each BASIS school facility was financed by standalone bond issuances. In 2015, BASIS consolidated many of its schools into a single bond, allowing these schools to be cross-collateralized. This group of schools is known as the "Obligated Group," and in each year since its creation, the group has added new BASIS schools as well as existing BASIS schools through refinances. The financing contemplated in this credit enhancement application would be added to the Obligated Group.

The Obligated Group includes the following schools as of the closing of the 2017D and 2017E series of bonds in October 2017:

1. BASIS Ahwatukee
2. BASIS Chandler
3. BASIS Chandler Primary – North Campus
4. BASIS Chandler Primary – South Campus
5. BASIS DC
6. BASIS Flagstaff
7. BASIS Goodyear
8. BASIS Goodyear Primary
9. BASIS Oro Valley
10. BASIS Oro Valley Primary
11. BASIS Peoria
12. BASIS Peoria Primary
13. BASIS Phoenix
14. BASIS Phoenix Central
15. BASIS Phoenix South Primary
16. BASIS Prescott
17. BASIS San Antonio Primary – North Central Campus
18. BASIS Scottsdale
19. BASIS Scottsdale Primary
20. BASIS Tucson North
21. BASIS Tucson Primary

School	Pledged real property address	Property status	Property owner
BASIS Ahwatukee	10210 S 50th Pl, Phoenix, AZ 85044	Owned	BASIS Schools, Inc. (Applicant and charter holder)
BASIS Flagstaff	1700 N Gemini Rd, Flagstaff, AZ 86001 and adjacent parcel 101-46-005A	Owned	BASIS Schools, Inc. (Applicant and charter holder)
BASIS Goodyear	15800 W Sherman St, Goodyear, AZ 85338	Owned	BASIS Schools, Inc. (Applicant and charter holder)
BASIS Mesa	5010 S Eastmark Pkwy, Mesa, AZ 85212	Owned	BASIS Schools, Inc. (Applicant and charter holder)
BASIS Phoenix (new campus)	13613 N Cave Creek Rd, Phoenix, AZ 85022	To be leased	13613 N Cave Creek Rd LLC
BASIS Phoenix Primary	11850 N 32nd St, Phoenix, AZ 85028	Owned	BASIS Schools, Inc. (Applicant and charter holder)
BASIS Phoenix South Primary	5700 S 19th Ave, Phoenix, AZ 85041	Owned	BASIS Schools, Inc. (Applicant and charter holder)
BASIS Tucson North (adjacent land)	3600, 3620 and 3640 N Calle Rosario, Tucson, AZ 85711	Owned	BASIS Schools, Inc. (Applicant and charter holder)

BASIS Schools in Arizona
Teacher Retention Rates

School	Percent Retention from 2016-17 to 2017-18
BASIS Ahwatukee	78%
BASIS Chandler	86%
BASIS Chandler Primary North	92%
BASIS Chandler Primary South	78%
BASIS Flagstaff	87%
BASIS Goodyear	75%
BASIS Goodyear Primary	83%
BASIS Mesa	96%
BASIS Oro Valley	93%
BASIS Oro Valley Primary	68%
BASIS Peoria	94%
BASIS Phoenix	74%
BASIS Phoenix Central	73%
BASIS Prescott	87%
BASIS Scottsdale	90%
BASIS Scottsdale Primary	71%
BASIS Tucson North	82%
BASIS Tucson Primary	91%

2014-15 End of Year Parent Survey

Survey Content

Parents were asked "How much do you agree or disagree with the following statements?"
Strongly Agree – 4, Agree – 3, Neither Agree nor Disagree – 2, Disagree – 1, Strongly Disagree - 0

Standards of achievement are high at this school.	I am happy with the content taught and the instructional methods used at this school.	I am satisfied with the disciplinary atmosphere at this school.	This school does a good job educating students.	I would recommend BASIS to other families with school-aged children.	I would recommend BASIS to other families with students who are willing to work hard.

Survey Responses

2015-16 End of Year Parent Survey

Survey Content

Parents were asked "How much do you agree or disagree with the following statements?"
Strongly Agree – 3, Agree – 2, Disagree – 1, Strongly Disagree - 0

Avg. I am happy with the content taught and the instructional methods used at this school.	Avg. I am satisfied overall with my experience at this school.	Avg. I am satisfied with the disciplinary atmosphere at this school.	Avg. I would recommend this school to other families with students who are willing to work hard.	Avg. Standards of achievement are high at this school.	Avg. This school does a good job educating students.	Avg. I am satisfied with the college counseling program at this school.	Avg. The office staff at this school is friendly.

Survey Responses

2016-17 End of Year Parent Survey

Parents were asked "How much do you agree or disagree with the following statements?"

Strongly Agree 3
Agree 1
Disagree -1
Strongly Disagree -3

Question Block #1

Parents were asked: "How much do you agree or disagree with the following statements?"

	Most of my child's teachers seem competent and dedicated	Standards of achievement are high in my child's school	I am happy with the content taught and the instructional methods used in my child's school	I am satisfied with the disciplinary atmosphere in my child's school	My child's progress is carefully monitored by the school	My child's school provides regular and useful information on my child's progress	My child's school does a good job in educating students
Ahwatukee	1.60	2.10	1.31	1.10	1.41	1.26	1.82
Chandler	1.40	1.85	1.15	1.15	1.06	0.80	1.31
Chandler Primary - North Campus	1.42	1.93	1.48	1.64	1.56	1.34	1.69
Chandler Primary - South Campus	1.60	2.00	1.65	1.75	1.65	1.56	1.75
Flagstaff	1.91	2.42	1.83	1.47	1.52	1.27	2.14
Goodyear	1.27	1.53	0.91	0.69	0.91	0.69	1.18
Goodyear Primary	1.44	1.91	1.44	0.77	1.23	1.04	1.65
Mesa	1.85	2.21	1.70	1.40	1.47	1.19	2.14
Oro Valley	1.93	2.43	1.68	1.49	1.70	1.34	2.04
Oro Valley Primary	1.89	2.32	1.75	1.59	1.85	1.84	2.16
Peoria	1.69	1.85	1.31	1.00	1.00	0.92	1.69
Phoenix	1.45	2.42	1.52	1.41	1.43	1.00	1.80
Phoenix Central	1.70	2.07	1.26	1.26	1.45	1.45	1.68
Prescott	1.81	2.37	1.42	0.86	1.12	0.86	1.86
Scottsdale	1.70	2.41	1.66	1.27	1.59	1.40	2.10
Scottsdale Primary	2.18	2.46	2.14	2.02	2.36	2.04	2.26
Tucson North	1.92	2.34	1.66	1.54	1.52	1.06	1.99
Tucson Primary	2.28	2.45	2.02	1.75	1.95	1.67	2.27

Question Block #2

	I am satisfied overall with my experience at this school	I would recommend this school to other families with students who are willing to work hard	I am happy with the variety and quality of the extracurricular activities provided by this school	The school provides facilities that support and enhance my child's education	The social/community events provided by my child's school are enjoyable and informative	The office staff at this school is friendly	The school is responsive to my inquiries
Ahwatukee	1.31	1.57	0.88	1.24	1.51	1.44	1.54
Chandler	1.25	1.31	0.60	1.04	0.80	1.53	1.24
Chandler Primary - North Campus	1.56	1.67	1.08	1.42	1.39	1.97	1.94
Chandler Primary - South Campus	1.65	1.75	1.10	1.60	1.55	1.95	1.85
Flagstaff	1.83	1.93	1.36	1.12	1.14	2.27	1.72
Goodyear	0.91	1.23	-0.07	0.78	0.42	0.78	0.73
Goodyear Primary	1.25	1.58	0.54	1.17	1.04	1.33	1.27
Mesa	1.85	1.98	0.72	1.14	1.60	1.95	1.76
Oro Valley	1.75	1.91	1.07	1.41	1.49	2.07	1.86
Oro Valley Primary	1.76	1.97	1.19	1.66	1.55	2.14	1.90
Peoria	1.56	1.69	1.08	1.00	1.23	1.62	1.15
Phoenix	1.68	2.01	0.89	1.09	1.00	1.62	1.38
Phoenix Central	1.41	1.67	0.70	0.78	0.70	1.81	1.41
Prescott	1.49	1.88	1.07	0.98	0.57	1.44	1.23
Scottsdale	1.80	2.10	0.96	1.57	1.05	1.87	1.74
Scottsdale Primary	2.23	2.38	1.63	1.76	1.42	2.32	2.24
Tucson North	1.69	1.96	0.94	1.17	1.20	2.00	1.91
Tucson Primary	2.10	2.26	1.68	1.83	1.46	2.25	2.06