

TEXAS SERENITY ACADEMY, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2019

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TEXAS SERENITY ACADEMY, INC.
(Federal Employer Identification Number 76-0575970)
170-801

CERTIFICATE OF BOARD
August 31, 2019

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Texas Serenity Academy, Inc. was reviewed and approved disapproved for the year ended August 31, 2019, at a meeting of the governing body of said charter holder on the 19 day of February, 2020



Signature of Board Secretary *VP*



Signature of Board President

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Texas Serenity Academy, Inc.
Houston, TX

Report on the Financial Statements

We have audited the accompanying financial statements of Texas Serenity Academy, Inc. (the Academy) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of August 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, on our consideration of Texas Serenity Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Texas Serenity Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Texas Serenity Academy's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Loney & Company".

Houston, TX
February 19, 2020

TEXAS SERENITY ACADEMY, INC
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ (65,604)
Grants Receivable	561,286
Other Receivables	142,611
Prepaid Expenses	<u>23,902</u>
TOTAL CURRENT ASSETS	<u>662,195</u>
 PROPERTY AND EQUIPMENT	
Building and Improvements	159,697
Furniture and Equipment	1,074,155
Vehicles	<u>452,540</u>
	1,686,392
Less: Accumulated Depreciation	<u>(1,212,457)</u>
	<u>473,935</u>
 TOTAL ASSETS	 <u>\$ 1,136,130</u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 519,329
Accrued Liabilities	100,440
Accrued Wages	231,158
Other Liabilities	4,596
Due to State	25,063
Line of Credit	78,659
Current Portion of Loan from Related Party	6,803
Current Portion Notes Payable	<u>508,277</u>
TOTAL CURRENT LIABILITIES	<u>1,474,325</u>
 LONG-TERM LIABILITIES	
Loan from Related Party, net of current of portion	29,278
Notes Payable, net of current portion	<u>835,120</u>
TOTAL LONG-TERM LIABILITIES	<u>864,398</u>
 TOTAL LIABILITIES	 <u>2,338,723</u>
 NET ASSETS	
Without Donor Restrictions	(1,238,593)
With Donor Restrictions	<u>36,000</u>
TOTAL NET ASSETS	<u>(1,202,593)</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,136,130</u>

See accompanying notes to the financial statements.

TEXAS SERENITY ACADEMY, INC

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Support:			
Other revenues from local sources	\$ 1,033,908	\$	\$ 1,033,908
Total Local Support	<u>1,033,908</u>		<u>1,033,908</u>
State Program Revenues		4,399,738	4,399,738
Total State Program Revenues		<u>4,399,738</u>	<u>4,399,738</u>
Federal Program Revenues		1,134,781	1,134,781
Total Federal Program Revenues		<u>1,134,781</u>	<u>1,134,781</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	6,280,708	(6,280,708)	
Total Revenues	<u>7,314,616</u>	<u>(746,189)</u>	<u>6,568,427</u>
EXPENSES			
Program Services			
Instruction and Instructional-Related Services	3,221,607		3,221,607
Instructional and School Leadership	616,603		616,603
Support Services- Student (Pupil)	1,431,849		1,431,849
Total Program Services	<u>5,270,059</u>		<u>5,270,059</u>
Support Services			
Administrative Support Services	859,086		859,086
Support Services- Non-Student Based	1,039,328		1,039,328
Debt Service	447,839		447,839
Total Support Services	<u>2,346,253</u>		<u>2,346,253</u>
Total Expenses	<u>7,616,312</u>		<u>7,616,312</u>
Loss on Disposal of Assets	(186,667)		(186,667)
CHANGE IN NET ASSETS	<u>(488,363)</u>	<u>(746,189)</u>	<u>(1,234,552)</u>
NET ASSETS, beginning of year, as restated	<u>(750,230)</u>	<u>782,189</u>	<u>31,959</u>
NET ASSETS, end of year	<u>\$ (1,238,593)</u>	<u>\$ 36,000</u>	<u>\$ (1,202,593)</u>

See accompanying notes to the financial statements.

TEXAS SERENITY ACADEMY, INC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2019

	Program Expense	Management and General	Total
Expenses			
Salaries	\$ 3,404,676	\$ 500,486	\$ 3,905,162
Employee Benefits	311,379	64,870	376,249
Payroll Taxes	67,907	8,957	76,864
Total Personnel and Related Benefits	<u>3,783,962</u>	<u>574,313</u>	<u>4,358,275</u>
Professional Fees	419,688	279,685	699,373
Utilities		166,829	166,829
Occupancy		323,779	323,779
Travel	46,522	16,059	62,581
Interest Expense		447,839	447,839
Insurance	238,713	70,566	309,279
Depreciation	33,974	18,238	52,212
Supplies	399,562	50,306	449,868
Miscellaneous Expenses	27,389	34,255	61,644
Equipment Lease	51,804	86,993	138,797
Repairs and Maintenance	178,530	277,391	455,921
Fuel/Freight	89,915		89,915
Total Non-Payroll Expenses	<u>1,486,097</u>	<u>1,771,940</u>	<u>3,258,037</u>
Total Expenses	<u>\$ 5,270,059</u>	<u>\$ 2,346,253</u>	<u>\$ 7,616,312</u>

See accompanying notes to financial statements.

TEXAS SERENITY ACADEMY, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (1,234,552)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Loss on Disposal of Fixed Assets	186,667
Depreciation expense	52,213
(Increase) Decrease in Grants Receivable	(4,945)
(Increase) Decrease in Other Receivables	84,716
Increase (Decrease) in Accounts Payable	319,731
Increase (Decrease) in Accrued Liabilities	(206,906)
Increase (Decrease) in Accrued Wages	73,673
Increase (Decrease) in Other Liabilities	(595,481)
Increase (Decrease) in Deferred Revenue	<u>(5,502)</u>
Total Adjustment	<u>(95,834)</u>
Net cash provided (used) by operating activities	<u>(1,330,386)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Fixed Assets	<u>(221,393)</u>
Net cash provided (used) by investing activities	(221,393)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Line of Credit	10,000
Proceeds from Notes Payable	1,740,000
Proceeds from Related Parties	40,000
Principal Payments on Line of Credit	(19,794)
Principal Payments on Notes Payable	(936,108)
Payments to Related Parties	<u>(3,919)</u>
Net cash provided (used) by financing activities	<u>830,179</u>
NET INCREASE (DECREASE) IN CASH	(721,600)
CASH AT BEGINNING OF YEAR	<u>655,996</u>
CASH AT END OF YEAR	<u><u>\$ (65,604)</u></u>
<u>Supplemental Disclosures</u>	
Cash Paid During the Year for:	
Interest	<u><u>\$ 447,839</u></u>

See accompanying notes to the financial statements.

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

A. Organization:

Texas Serenity Academy, Inc. (the Academy) (a Texas non-profit corporation) provides educational services for students from pre-kindergarten through twelfth grade. The Academy operates under an enrollment charter granted by the State of Texas Board of Education. The Academy charter was renewed for a period of ten years beginning August 1, 2016 and shall expire on July 31, 2026. The Academy is part of the public school system of the State of Texas and is therefore entitled to distribution from the State's available school fund. The Academy does not have the authority to impose ad valorem taxes or to charge tuition; however, the Academy charges fees for its extended day program, which is an after school service.

The charter holder Texas Serenity Academy, Inc. only operates a single charter school and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by the Academy, including required disclosures about liquidity and availability of resources, and increased disclosures on functional expenses. The new standard is effective beginning with the Academy's fiscal year ended August 31, 2019 and must be applied on a retrospective basis. The Academy adopted the ASU effective September 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

CLASSIFICATION OF NET ASSETS

The Academy reports its financial information based on the Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-205 Presentation of Financial Statements. Under FASB ASC 958-205, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets of the organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS – (CONTINUED)

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

CASH DONATIONS AND DONATED SERVICES

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

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

PROPERTY AND EQUIPMENT

Property and equipment purchased by the Academy are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a unit value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of 3 to 30 years based on classification of property and equipment. Gains or losses on retired or sale of property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

FUNCTIONAL EXPENSES

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

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give to the Academy, which is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

INCOME TAXES

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

CASH AND CASH EQUIVALENTS

The Academy considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All accounts are insured by the Federal Deposit Insurance Corporation and the National Credit Union Administration up to a limited amount of \$250,000 per account. As of August 31, 2018, Texas Serenity has not incurred any losses on amounts held in depository accounts in excess of federally insured limits.

ESTIMATES

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

C. Budget:

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

D. Pension Plan:

Plan Description

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

TEXAS SERENITY ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

D. Pension Plan: (Continued)

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

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (“ISD”) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2019 provided the following information (ABO refers to the accumulated benefit obligation):

Pension Fund	Total Plan Assets 2019	ABO 2019	Percent Funded
TRS	\$ 181,800,159,000	\$ 209,961,325,000	76.40%

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action. State law provides for a member contribution rate of 7.7% for the 2019 fiscal period. The state’s contribution rate as a non-employer contributing entity was 6.8% in 2019. The Academy’s employees’ contributions to the system for the year ended August 31, 2019 were \$296,448, equal to the required contributions for the year.

Other contributions made from federal and private grants and from the Academy for salaries above the statutory minimum were contributed at a rate of 6.8% totaling \$67,909 for the year ended August 31, 2019. The Academy’s contributions into this plan do not represent more than 5% of the total contributions to the plan and the charter school was not assessed a surcharge.

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

E. Liquidity and Availability of Financial Assets:

The following reflects the Academy’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end	
Cash	\$ (65,604)
Grants and Other Receivable	703,897
Prepays	23,902
Total Financial assets at year-end	\$ 662,195
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted imposed restrictions as to use and time:	-
Financial assets available to meet cash needs for general expenditure within one year	\$ 662,195

The Academy manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Academy.

F. Other Receivables:

The Academy has a Restitution Agreement of \$144,741 due from the Superintendent. The note is receivable in monthly installments of \$1,000, interest free and matures September 1, 2022. As of August 31, 2019, the remaining balance is \$67,241

G. Operating Lease Commitment:

The Academy is currently leasing its building, office space, and equipment on non-cancelable operating leases. The Academy’s minimum annual lease commitments are as follows:

Year ending August 31,	Amount
2020	\$ 410,882
2021	445,704
2022	424,338
2023	186,624
2024	151,020
Total	\$ 1,618,568

Operating lease expense amounted to \$462,576 for the year ended August 31, 2019.

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

H. Related Party:

The Superintendent has allowed the Academy to use proceeds from two loans held under his name with two different credit unions. The Academy has agreed to repay amounts from both loans in accordance with the terms of the loan agreements and as described in Note J. The balance for both of those loans at August 31, 2019 was \$36,081.

I. Notes Payable:

The Academy's obligations under notes payable consists of the following:

Note payable to Spirit of Texas secured by 10 vehicles. The note is dated May 5, 2017, at a 6.5% interest rate, payable in 120 installments of \$4,209.24 paid on the 22 nd of every month for the next ten years and a face amount of \$369,148. The date of maturity is May 22, 2027.	\$ 266,750
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Note payable to NextWave secured by school assets. The note is dated June 18, 2019, payable in 167 weekday installments of \$2,096, with a \$100,000 financing fee throughout the life of the loan. The face amount of the note is \$250,000. The maturity date of the loan is February 6, 2020.	176,647
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Notes payable due to an individual lender secured by school assets. The note is date January 11, 2019, payable in 26 monthly installments of \$25,000 plus one balloon payment of \$200,000 due on December 25, 2019. The financing fee over the life of the loan is \$250,000. The face amount on the note is \$850,000 and has a maturity date of August 25, 2022.	850,000
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Note payable to Sphinx secured by school assets. The note is dated on July 10, 2019 with an interest fee of \$29,000 over the life of the loan. The face amount on the note is \$50,000. The maturity date is on February 6, 2019.	50,000
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Unsecured note payable to Superintendent. The note is dated December 27, 2018 at a 9.99% interest rate, payable in 60 installments of \$533 paid on the 12 th of every month for the next five years and a face amount of \$25,000. The date of the maturity is January 12, 2024.	22,694
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Unsecured note payable to Superintendent. The note is dated December 30, 2018 at a 14% interest rate, payable in 60 installments of \$349 paid on the 30 th of every month for the next five years and a face amount of \$15,000. The date of the maturity is December 30, 2023.	13,387
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Total notes payable	1,379,478
Less: Current portion notes payable	(515,080)
Notes payable net of current portion	\$ 864,398

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. Notes Payable: (Continued)

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

<u>Year ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 515,080	\$ 372,325	\$ 887,405
2021	341,714	19,386	361,100
2022	345,230	15,869	361,099
2023	49,060	12,040	61,100
2024	45,957	8,146	54,103
Thereafter	82,437	6,183	88,620
Total	<u>\$ 1,379,478</u>	<u>\$ 433,949</u>	<u>\$ 1,813,427</u>

J. Revolving Line of Credit:

The Academy has a \$100,000 revolving line of credit with a bank. All advances on the credit line are payable on demand and carry an interest rate of Prime plus 11.25%. The credit line is unsecured, but guaranteed by Superintendent. The balance at August 31, 2019 is \$78,659.

K. Due to State:

Deferred revenue results from advances from government agencies, which have been restricted for a specific purpose. Revenue is recognized only to the extent that related expenses have been incurred. The following grant payments received were deferred at August 31, 2019:

<u>Grant Description</u>	<u>Amount</u>
SSI Grant	\$ 19,496
IDEA B	5,567
Total	<u>\$ 25,063</u>

L. Health Care Coverage:

During the year ended August 31, 2019 employees of the Academy were covered by a health insurance plan. The school contributed \$225 per month per employee, and \$2,194 per month for Superintendent (depending upon coverage selected) to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

M. Net Assets with Donor Restrictions:

Net assets with donor restrictions at August 31, 2019, are available for the following periods:

Periods after August 31, 2019:	
Disaster Grant Public Assistance	\$ 36,000
Total restricted funds	<u>\$ 36,000</u>

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

M. Net Assets with Donor Restrictions: (Continued)

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

State Funds	\$ 5,181,927
Federal Funds	1,086,198
School Health and Related Services (SHARS)	12,583
Total restrictions released	\$ 6,280,708

N. Commitments and Contingencies:

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

O. Texas Serenity Academy, Inc. Houston Special Education Cooperative:

Texas Serenity Academy, Inc. Houston Special Education Cooperative received \$330,386 and \$1,285 in IDEA-B Formula and IDEA-B Preschool funds for the year ended August 31, 2019. The cooperative has a TEA approved Shared Services Arrangement (SSA) with the following member schools/ entities, member revenue and member expense for the year ended August 31, 2019:

<u>Member/ Entity</u>	<u>Revenue</u>	<u>Expense</u>
Texas Serenity	111,359	111,359
George Gervin Academy	218,727	218,727
Total IDEA-B Formula Funds	\$ 330,086	\$ 330,086

<u>Member/ Entity</u>	<u>Revenue</u>	<u>Expense</u>
George Gervin Academy	18,141	18,141
Total IDEA-B Preschool Funds	\$ 18,141	\$ 18,141

P. Lawsuits & Uncertainties:

The Academy is subject to claims and lawsuits that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the company.

Q. Prior Year Adjustment:

During the year ended August 31, 2019, an adjustment was made to the Academy net assets in the amount of \$18,527 to correct accounts payable balance of prior year. The adjustment decreased accounts payable and increased net assets by the same amount.

TEXAS SERENITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

R. Debt Consolidation in Subsequent Period:

On January 17, 2020 the Academy signed a Promissory Note for loan of \$2,300,000 to consolidate all of its loans in an effort to improve its cash flows and decrease their interest expense. The lender initiated payoff wires to satisfy all of the Academy's loans, including two loans in the name of the Academy's Superintendent on behalf of the Academy. The note payable has 12% interest rate and is payable in one installment of \$34,504, ten installments of \$27,604, and one installment of \$2,269,215 on the 25th of each month. The maturity date of this note is January 25, 2021.

S. Evaluation of Subsequent Events:

The Academy has evaluated subsequent events through February 19, 2020 the date which the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Directors of
Texas Serenity Academy, Inc.
Houston, Texas

We have audited the financial statements of Texas Serenity Academy, Inc. (the Academy) as of and for the year ended August 31, 2019, and have issued our report thereon dated February 19, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School are presented on pages 17 to 20 for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Houston, TX
February 19, 2020

TEXAS SERENITY ACADEMY, INC

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Support:			
5740 Other Revenues from Local Sources	\$ 1,033,908	\$	\$ 1,033,908
Total Local Support	<u>1,033,908</u>		<u>1,033,908</u>
State Program Revenues:			
5810 Foundation School Program Act Revenues		4,396,897	4,396,897
5820 State Program Revenues Distributed by Texas Education Agency		<u>2,841</u>	<u>2,841</u>
Total State Program Revenues		<u>4,399,738</u>	<u>4,399,738</u>
Federal Program Revenues:			
5920 USDA Donated Commodities		891,049	891,049
5930 Federal Revenues Distributed by Other Government Agencies		<u>243,732</u>	<u>243,732</u>
Total Federal Program Revenues		<u>1,134,781</u>	<u>1,134,781</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>6,280,708</u>	<u>(6,280,708)</u>	
Total Revenues	<u>7,314,616</u>	<u>(746,189)</u>	<u>6,568,427</u>
EXPENSES			
11 Instruction	3,097,901		3,097,901
13 Curriculum Development and Instructional Staff Development	123,706		123,706
21 Instructional Leadership	87,203		87,203
23 School Leadership	529,401		529,401
31 Guidance, Counseling and Evaluating Services	12,058		12,058
33 Health Services	66,786		66,786
34 Student (Pupil) Transportation	922,478		922,478
35 Food Services	416,703		416,703
36 Cocurricular/Extracurricular Activities	13,823		13,823
41 General Administration	859,086		859,086
51 Plant Maintenance and Operations	1,009,137		1,009,137
52 Security and Monitoring Services	7,180		7,180
53 Data Processing Services	23,011		23,011
71 Debt Service	447,839		447,839
Total Expenses	<u>7,616,312</u>	<u>-</u>	<u>7,616,312</u>
Loss on Disposal of Assets	<u>(186,667)</u>		<u>(186,667)</u>
CHANGE IN NET ASSETS	<u>(488,363)</u>	<u>(746,189)</u>	<u>(1,234,552)</u>
NET ASSETS, beginning of year, as restated	<u>(750,230)</u>	<u>782,189</u>	<u>31,959</u>
NET ASSETS, end of year	<u>\$ (1,238,593)</u>	<u>\$ 36,000</u>	<u>\$ (1,202,593)</u>

See accompanying notes to the financial statements.

TEXAS SERENITY ACADEMY, INC
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

EXPENSES

6100 Payroll Costs	\$ 4,411,704
6200 Professional and Contracted Services	1,731,269
6300 Supplies and Materials	539,783
6400 Other Operating Costs	485,717
6500 Debt	447,839
Total Expenses	<u>\$ 7,616,312</u>

See accompanying notes to the financial statements.

TEXAS SERENITY ACADEMY, INC

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2019

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$	\$ (65,604)	\$
1520 Building and Improvements		144,869	14,828
1531 Vehicles		452,540	
1549 Furniture and Equipment	135,588	720,994	217,573
Total Capital Assets	\$ 135,588	\$ 1,252,799	\$ 232,401

See accompanying notes to the financial statements.

TEXAS SERENITY ACADEMY, INC
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 200	\$ 1,003,774	\$ 1,033,908	\$ 30,134
5750 Revenue from Cocurricular Activities	400	-	-	-
Total Local Support	<u>600</u>	<u>1,003,774</u>	<u>1,033,908</u>	<u>30,134</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	4,927,432	4,031,099	4,396,897	365,798
5820 State Program Revenues Distributed by Texas Education Agency	<u>2,000</u>	<u>2,798</u>	<u>2,841</u>	<u>43</u>
Total State Program Revenues	<u>4,929,432</u>	<u>4,033,897</u>	<u>4,399,738</u>	<u>365,841</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	293,000	1,048,213	891,049	(157,164)
5930 Federal Revenues Distributed by Other Government Agencies	<u>-</u>	<u>231,148</u>	<u>243,732</u>	<u>12,584</u>
Total Federal Program Revenues	<u>293,000</u>	<u>1,279,361</u>	<u>1,134,781</u>	<u>(144,580)</u>
 Total Revenues	 <u>5,223,032</u>	 <u>6,317,032</u>	 <u>6,568,427</u>	 <u>251,395</u>
EXPENSES				
11 Instruction	1,860,909	3,369,606	3,097,901	271,705
12 Instructional Resources and Media Services	20	-	-	-
13 Curriculum Development and Instructional Staff Development	350	111,398	123,706	(12,308)
21 Instructional Leadership	125,472	67,872	87,203	(19,331)
23 School Leadership	511,246	477,559	529,401	(51,842)
31 Guidance, Counseling and Evaluating Services	1,720	20,058	12,058	8,000
33 Health Services	53,764	53,245	66,786	(13,541)
34 Student (Pupil) Transportation	763,731	863,444	922,478	(59,034)
35 Food Services	387,083	364,351	416,703	(52,352)
36 Cocurricular/Extracurricular Activities	15,265	16,555	13,823	2,732
41 General Administration	521,215	969,870	859,086	110,784
51 Plant Maintenance and Operations	874,041	1,032,593	1,009,137	23,456
52 Security and Monitoring Services	1,505	-	7,180	(7,180)
53 Data Processing Services	18,050	-	23,011	(23,011)
61 Community Services	7,200	-	-	-
71 Debt Service	7,200	390,055	447,839	(57,784)
81 Fundraising	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>5,148,781</u>	<u>7,736,606</u>	<u>7,616,312</u>	<u>120,294</u>
 Loss on Disposal of Assets			 <u>(186,667)</u>	 <u>(186,667)</u>
 CHANGE IN NET ASSETS	 <u>74,251</u>	 <u>(1,419,574)</u>	 <u>(1,234,552)</u>	 <u>185,022</u>
NET ASSETS, beginning of year, as restated	<u>31,959</u>	<u>31,959</u>	<u>31,959</u>	<u>31,959</u>
NET ASSETS, end of year	<u>\$ 106,210</u>	<u>\$ (1,387,615)</u>	<u>\$ (1,202,593)</u>	<u>\$ 185,022</u>

See accompanying notes to the financial statements.

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

To the Board of Directors of
Texas Serenity Academy, Inc.
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Texas Serenity Academy, Inc. (the Academy) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2020.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Ramirez & Company". The signature is written in a cursive, flowing style.

Houston, TX
February 19, 2020

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

To the Board of Directors of
Texas Serenity Academy, Inc.
Houston, Texas

Report on Compliance for Each Major Federal Program

We have audited Texas Serenity Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Texas Serenity Academy's major federal programs for the year ended August 31, 2019. Texas Serenity Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Texas Serenity Academy 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 August 31, 2019.

Report on Internal Control over Compliance

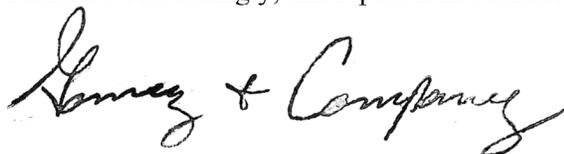
Management of Texas Serenity Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered Texas Serenity Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Texas Serenity Academy'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Houston, Texas
February 19, 2020

TEXAS SERENITY ACADEMY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2019

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses on internal control over major federal award program.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).

7. Major programs:

U.S. Department of Agriculture	
Passed – Through Texas Education Agency	
National School Lunch Program*	CFDA Number 10.555
School Breakfast Program*	CFDA Number 10.553
U.S. Department of Education	
Passed – Through Texas Education Agency	
Title I, Part A	CFDA Number 84.010A

8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Texas Serenity does not qualify as a low-risk auditee.

<u>Current Year Findings</u>	<u>Questioned Cost</u>
No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a).	\$-0-

*Denotes cluster

TEXAS SERENITY ACADEMY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019

No audit findings were noted as per governmental auditing standards for the year end August 31, 2018.

TEXAS SERENITY ACADEMY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2019

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Federal Expenditures	Amount Relating to Subrecipients
<u>U.S. Department of Education</u>				
Passed - Through Texas Education Agency:				
Title I, Part A, School Improvement	84.010A	18610101170801	15,087	
Title I, Part A, School Improvement	84.010A	19610101170801	247,699	
Title I, Part A, Priority and Focus	84.010A	19610141170801	107,100	
Idea - B Formula	84.027A	196600011708016000	111,359	218,727
Idea - B Preschool	84.173A	196610011708016000	-	18,141
Title II, Part A, Teacher/Principal Training & Recruiting	84.367A	18694501170801	12,926	
Emergency Impact Aid To LEAs	84.938A	18511701170801	24,385	
Texas Hurricane Homeless Youth	84.938B	19513701170801	36,766	
Title III, Part A-ELA	84.365A	18671001170801	1,337	
Total U.S. Department of Education			<u>556,659</u>	<u>236,868</u>
<u>U.S. Department of Agriculture</u>				
Passed - Through Texas Education Agency				
Federal Food Service Reimbursement				
School Breakfast	10.553	71401801	12,335	
School Breakfast	10.553	71401901	93,872	
National School Lunch	10.555	71301801	20,859	
National School Lunch	10.555	71301901	171,957	
Passed - Through Texas Department of Agriculture				
USDA Commodity Food Distribution	10.555		17,179	
NSLP Equipment Assistance Grant	10.579		18,189	
Total U.S. Department of Agriculture			<u>334,391</u>	-
<u>U.S. Department of Homeland Security</u>				
Passed - Through Texas Department of Public Safety				
Disaster Grant- Public Assistance	97.036	4332DRTXP0000001	195,148	
Total U.S. Department of Homeland Security			<u>195,148</u>	-
Total Expenditures of Federal Awards			<u>\$ 1,086,198</u>	<u>236,868</u>

TEXAS SERENITY ACADEMY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2019

NOTE 1- SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of Texas Serenity Academy under programs of the federal government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Texas Serenity Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of Texas Serenity Academy.

Summary of Significant Accounting Policies

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

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

Texas Serenity Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Reconciliation of Federal Revenues and Schedule of Expenditures of Federal Awards (SEFA):

Total expenditure of federal awards per the SEFA	\$ 1,086,198
Federal Funds not Expended – Disaster Grant Public Assistance	36,000
School Health and Related Services (SHARS)	12,583
Total federal revenues per the Audit Report	<u>\$ 1,134,781</u>