

# St. Mary's Academy Charter School



**Annual Financial Report  
for the fiscal years ended**

**August 31, 2023 and 2022**

**Raul Hernandez & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

5402 Holly Rd. Suite 102 Corpus Christi, TX 78411

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**ST. MARY'S CHARTER SCHOOL**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**





**ST. MARY’S CHARTER SCHOOL**

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**ST. MARY'S CHARTER SCHOOL  
(COUNTY-DISTRICT NUMBER: 013-801)  
CERTIFICATE OF BOARD**

We, the undersigned, certify that the attached Annual Financial and Compliance Report of St. Mary's Charter School was reviewed and (check one)  approved  disapproved for the years ended August 31, 2023 and 2022, at a meeting of the governing body on the 14 day of December, 2023.

  
Signature of Board Secretary *Secretary*

  
Signature of Board President

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

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## **Raul Hernandez & Company, P. C.**

Certified Public Accountants  
5402 Holly Rd, Suite 102  
Corpus Christi, Texas 78411  
Office (361)980-0428 Fax (361)980-1002

### **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
St. Mary's Charter School  
Beeville, Texas

Members of the Board of Directors:

#### ***Opinion***

We have audited the accompanying financial statements of St. Mary's Charter School (a non-profit organization) which comprise the statement of financial position as of August 31, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mary's Charter School as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Mary's Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Mary's Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 St. Mary's Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Mary's Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial schedules noted as supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts of the financial statements. 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 procedures 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.

***Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of St. Mary's Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 St. Mary's Charter School's internal control over financial reporting and compliance.

*Raul Hernandez + Company, P.C.*  
Corpus Christi, TX  
December 14, 2023

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**FINANCIAL SECTION**

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**ST. MARY'S CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

**Exhibit A-1**

<i>Assets</i>	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 1,339,711	\$ 1,316,143
Inventory	5,461	3,901
Receivables	813,330	562,665
Accrued interest receivable	2,372	-
Due from other funds	20,000	-
Other receivables	10,943	7,266
Prepaid expenses	66,947	47,758
Total current assets	<u>2,258,764</u>	<u>1,937,733</u>
Property and equipment at cost, net	<u>4,060,202</u>	<u>3,932,867</u>
Total assets	<u>\$ 6,318,966</u>	<u>\$ 5,870,600</u>
 <i>Liabilities and Net Assets</i>		
Current liabilities		
Accounts payable	\$ 90,367	\$ 167,802
Accrued wages payable	433,032	379,518
Payable to state	7,746	-
Due to other funds	20,000	-
Loan interest payable	700	-
Deferred revenue	65,775	50,363
Other liabilities	30,006	37,218
Line of Credit	400,000	-
Notes payable - current portion	175,256	101,187
Total current liabilities	<u>1,222,882</u>	<u>736,088</u>
Noncurrent liabilities		
Notes payable	<u>1,064,790</u>	<u>863,345</u>
Total noncurrent liabilities	<u>1,064,790</u>	<u>863,345</u>
Total liabilities	<u>2,287,672</u>	<u>1,599,433</u>
Net assets		
Without Donor Restrictions	1,253,579	1,418,321
With Donor Restrictions	2,777,715	2,852,846
Total net assets	<u>4,031,294</u>	<u>4,271,167</u>
Total liabilities and net assets	<u>\$ 6,318,966</u>	<u>\$ 5,870,600</u>

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

**ST. MARY'S CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITY**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>SUPPORT AND REVENUE:</b>				
<b>Local Support</b>				
Interest Income	\$ 23,830	\$ -	\$ 23,830	\$ 3,755
Contributions	49,150	-	49,150	54,747
Other Local Revenue	48,140	-	48,140	34,481
Total local support	<u>121,120</u>	<u>-</u>	<u>121,120</u>	<u>92,983</u>
<b>State program revenues</b>				
Foundation School Program	-	4,018,189	4,018,189	4,042,620
Other State Aid	-	168,404	168,404	27,295
Total state program revenues	<u>-</u>	<u>4,186,593</u>	<u>4,186,593</u>	<u>4,069,915</u>
<b>Federal Program revenues</b>				
Miscellaneous Fed Revenue-County Pass	-	13,950	13,950	-
School Breakfast Program	-	117,500	117,500	148,650
N.S. Lunch Program	-	253,606	253,606	278,644
USDA Donated Commodities	-	22,426	22,426	29,352
Miscellaneous Fed Dist Revenue-TEA	-	988,097	988,097	1,824,913
Miscellaneous Fed Dist Revenue-TDEM	-	-	-	15,081
Miscellaneous Fed Revenue-SBA	-	8,631	8,631	904
Total federal program revenues	<u>-</u>	<u>1,404,210</u>	<u>1,404,210</u>	<u>2,297,544</u>
<b>Net assets released from restrictions:</b>				
Restrictions satisfied by payments	5,665,934	(5,665,934)	-	-
Total support and revenue	<u>5,787,054</u>	<u>(75,131)</u>	<u>5,711,923</u>	<u>6,460,442</u>
<b>EXPENSES</b>				
<b>Program Services:</b>				
Instruction and Instructional-Related Services	3,057,802	-	3,057,802	2,691,777
Instructional and School Leadership	570,820	-	570,820	498,134
<b>Support Services:</b>				
Administrative Support Services	564,760	-	564,760	553,429
Ancillary Services	765,785	-	765,785	824,657
Support Services-Non-Student Based	71,238	-	71,238	57,961
Support Services-Student (Pupil)	695,851	-	695,851	655,233
Fundraising	40,519	-	40,519	12,209
Total expenses	<u>5,766,775</u>	<u>-</u>	<u>5,766,775</u>	<u>5,293,400</u>
Change in net assets	20,279	(75,131)	(54,852)	1,167,042
Loss on sale of assets	(151,302)	-	(151,302)	-
Net assets, beginning of year	1,418,321	2,852,846	4,271,167	3,104,125
Prior Period Adjustment	(33,719)	-	(33,719)	-
Net assets, beginning of year, restated	<u>1,384,602</u>	<u>2,852,846</u>	<u>4,237,448</u>	<u>3,104,125</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,253,579</u>	<u>\$ 2,777,715</u>	<u>\$ 4,031,294</u>	<u>\$ 4,271,167</u>

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

**ST. MARY'S CHARTER SCHOOL**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Exhibit A-3

	PROGRAM ACTIVITIES		SUPPORTING ACTIVITIES		2023 TOTAL	2022 TOTAL
	EDUCATIONAL	GENERAL AND ADMINISTRATIVE	FUNDRAISING			
EXPENSES						
Salaries and Wages	\$ 2,419,024	\$ 996,935	\$ 3,877		\$ 3,419,836	\$ 3,242,790
Benefits	261,005	132,811	104		393,920	403,090
Payroll Taxes	187,946	76,345	331		264,622	236,974
TOTAL PAYROLL EXPENSES	<u>2,867,975</u>	<u>1,206,091</u>	<u>4,312</u>		<u>4,078,378</u>	<u>3,882,854</u>
Legal	-	20,390	-		20,390	3,722
Accounting	-	14,800	-		14,800	11,800
Contracted Services	225,263	200,585	10,093		435,941	420,491
Advertising	5,713	1,963	-		7,676	3,825
Supplies and Office Expenses	130,655	231,819	10,844		373,318	319,059
Information Techonology	176,803	56,885	-		233,688	153,317
Occupancy	171,371	47,312	-		218,683	277,595
Travel	15,524	15,584	-		31,108	19,213
Conferences	9,355	13,166	-		22,521	17,574
Interest other than Mortgage	-	2,039	-		2,039	
Depreciation	191,132	62,552	-		253,684	134,474
Insurance other than Property	-	12,925	-		12,925	2,933
Dues	145	10,098	-		10,243	10,532
Miscellaenous Operating Expenses	6,057	23,350	21,974		51,381	36,011
TOTAL NON-PAYROLL EXPENSES	<u>932,018</u>	<u>713,468</u>	<u>42,911</u>		<u>1,688,397</u>	<u>1,410,546</u>
TOTAL EXPENSES	<u>\$ 3,799,993</u>	<u>\$ 1,919,559</u>	<u>\$ 47,223</u>		<u>\$ 5,766,775</u>	<u>\$ 5,293,400</u>

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

**ST. MARY'S CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Exhibit A-4

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Foundation School Program Payments	\$ 3,985,490	\$ 3,991,219
Local support	115,071	86,887
Federal and state grants	1,362,396	2,348,182
Payments to vendors for goods and services rendered	(1,469,210)	(1,092,736)
Payments to charter school personnel for services rendered	(4,024,864)	(3,860,969)
Interest payments	(54,788)	(39,473)
Net cash provided by operating activities	(85,905)	1,433,110
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds on sale of asset	26,500	-
Purchase of property and equipment	(150,535)	(1,079,224)
Net cash provided by investing activities	(124,035)	(1,079,224)
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Line of Credit	400,000	-
Repayment of debt	(166,492)	(97,309)
Net cash provided by financing activities	233,508	(97,309)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>23,568</b>	<b>256,577</b>
Cash and Cash Equivalents - beginning of year	1,316,143	1,059,566
Cash and Cash Equivalents - end of year	\$ 1,339,711	\$ 1,316,143
Reconciliation of change in net assets to net cash provided		
by operating activities:		
Change in net assets	\$ (54,852)	\$ 1,167,042
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Depreciation	253,685	134,474
(Increase) decrease in inventory	(1,560)	4,063
(Increase) decrease in grants receivable	(250,665)	(1,294)
(Increase) decrease in due from other funds	(20,000)	7,466
(Increase) decrease in accrued interest receivable	(2,372)	-
(Increase) decrease in other receivables	(3,677)	(6,096)
(Increase) decrease in prepaid expenses	(19,189)	(6,798)
Increase (decrease) in accounts payable	(77,435)	122,755
Increase (decrease) in payable to state	7,746	(26,763)
Increase (decrease) in accrued wages payable	53,514	21,885
Increase (decrease) in due to other funds	20,000	(7,466)
Increase (decrease) in interest payable	700	-
Increase (decrease) in deferred revenue	15,412	3,021
Increase (decrease) in other liabilities	(7,212)	20,821
Net cash provided by operating activities	\$ (85,905)	\$ 1,433,110

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

**NOTES TO FINANCIAL STATEMENTS**

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**1. ORGANIZATION**

St. Mary's Charter School (the corporation) is a not-for-profit organization incorporated in the State of Texas in 2001 and is exempt from federal income taxes pursuant to Section 501(c) (3) of the Internal Revenue Code. The corporation is governed by a board of directors comprised of seven members. The board of directors is selected pursuant to the bylaws of the corporation and has the authority to make decisions. The board of directors has the primary accountability for the fiscal affairs of the corporation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of St. Mary's Charter School (the corporation), d.b.a. St. Mary's Academy Charter School were prepared in conformity with accounting principles generally accepted in the United States. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Since the Charter School received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

A. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, management made certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The financial statements of the Charter School have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Charter School to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Charter School management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Charter School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities as net assets released from restrictions.

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Charter School has adjusted the presentation of these statements accordingly.



**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**B. Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**C. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Charter School groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- |         |   |
|---------|---|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.   |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none"><li>• Quoted prices for similar assets/liabilities in active markets;</li><li>• Quoted prices for identical or similar assets in non-active markets;</li><li>• Inputs other than quoted prices that are observable for the asset/liability; and,</li><li>• Inputs that are derived principally from or corroborated by other observable market data.</li></ul> |
| Level 3 | Unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.  |

The Charter School does not have any financial instruments that apply to this three-tier hierarchy.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**D. Cash and Cash Equivalents**

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

**E. Capital Assets**

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the corporation as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to forty years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

**F. Use of Estimates**

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

**G. Comparative Totals and Reclassifications**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended August 31 of the prior year, from which the summarized information was derived.

**H. Functional expenses**

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Right to Use Building Interest	Square footage
Electricity	Usage per building
Utilities	Square footage
Insurance (property only)	Square footage
Mortgage interest	Building usage

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**I. New Accounting Pronouncement**

The new lease accounting standard consists of the statement ASC 842 which changed the way leases are documented on financial statements to ensure that financial statements are more transparent for leases. The lease standard effective date is fiscal years starting after December 15, 2021, for non-profit organizations. ASC 842 classifies leases as either operating or finance leases. The term "finance lease" replaced "capital lease" in ASC 842 as well as the criteria that defined each. On balance sheets, lessees are required to recognize the assets and liabilities for both operating and finance leases. The lease liability is calculated as the present value of lease payments. The right-of-use asset is the lease liability.

**3. AVAILABILITY AND LIQUIDITY**

The Charter School relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, St. Mary's Charter School considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities, to be general expenditures. The following represents the Charter School's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year of August 31, 2023 and 2022:

Financial Assets at August 31:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$1,339,711	\$1,316,143
Receivables	813,330	562,665
Accrued interest receivable	<u>2,372</u>	<u>-</u>
 Total Financial Assets Available for General Expenditures over the next 12 months	 <u>\$2,155,413</u>	 <u>\$1,878,808</u>

As part of St. Mary's Charter School's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

**4. CASH AND CASH EQUIVALENTS**

At August 31, 2023 the carrying amount of the Charter School's deposits (cash, certificates of deposit, and interest-bearing accounts) was \$1,339,711. St. Mary's Charter School bank balance of \$1,380,859 was within the contracted depository banks consisting of the following:

Prosperity Bank Local Fund	\$ 2,455
Prosperity Bank Activity Fund	100,298
Prosperity Bank Cafeteria Fund	7,378
Prosperity Bank Operating Fund	373,063
Prosperity Bank Certificate of Deposit	200,000
Prosperity Bank Money Market	<u>697,665</u>
Total	<u>\$1,380,859</u>

The bank deposits at Prosperity Bank were all fully secured at the balance sheet date by securities pledged at Prosperity Bank to secure the balance in the accounts above the FDIC coverage of \$250,000.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**5. CAPITAL ASSETS**

Capital assets at August 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 156,303	\$ 156,303
Buildings and improvements	4,686,929	4,969,002
Leasehold improvements	105,722	96,547
Vehicles and equipment	140,457	115,746
Right to Use Asset-Building	605,887	-
Right to Use Asset-Equipment	56,143	-
Library Books and Media	9,800	-
Total property and equipment	<u>5,761,241</u>	<u>5,337,598</u>
Less: accumulated depreciation	<u>( 1,701,039)</u>	<u>(1,404,731)</u>
Property and equipment, net	<u>\$ 4,060,202</u>	<u>\$ 3,932,867</u>

Depreciation expense for the year ended August 31, 2023 was \$253,685.

Capital assets acquired with public funds received by the corporation for the operation of St. Mary's Academy Charter School constitute public property pursuant to Chapter 12 of the Texas Education Code. All capital assets of the corporation are pledged as security for the loan payable to Self-Help Credit Union.

**6. LONG TERM DEBT AND RIGHT TO USE LIABILITY**

Long-term debt at August 31, 2023 consists of the following:

The charter holder entered into a construction loan on November 7, 2008 in the amount of \$1,130,000 for a multi-purpose building and a play pavilion. The interest rate of the loan is 2.99% with a maturity date of September 1, 2029, secured by real undeveloped, real estate commercial-multiple parcels together with all buildings and other improvements now or hereafter erected thereon, and all personal property now owned or hereafter acquired to include equipment, inventory, investments, fixtures, general intangibles, deposit accounts, chattel paper, documents, and accounts receivable. Monthly payments are \$7,585.32. Payments began after completion of the construction on October 1, 2009. The balance at August 31, 2023 was \$389,005.

The charter holder entered into a construction loan on July 19, 2013 in the amount of \$640,000 for the third grade and library building. The interest rate of the loan is 4.66% with a maturity date of May 1, 2038, secured by real undeveloped, real estate commercial-multiple parcels together with all buildings and other improvements now or hereafter erected thereon, and all personal property now owned or hereafter acquired to include equipment, inventory, investments, fixtures, general intangibles, deposit accounts, chattel paper, documents, and accounts receivable. The payments of principal and interest started March 1, 2014 in the amount of \$3,813.23. The balance at August 31, 2023 was \$474,846.

The charter holder entered into a capital lease on August 17, 2018 with the Diocese of Corpus Christi in the amount of \$605,888 to lease a school building, a cafeteria building, and parking spaces. The interest rate of the note is 4.7% with a maturity date of August 31, 2028. The balance as of August 31, 2023 was \$337,050.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**6. LONG TERM DEBT AND RIGHT TO USE LIABILITY(Continued):**

The charter holder entered into a capital lease on December 10, 2020 with Ricoh USA, Inc. in the amount of \$21,352 to lease two copiers. The interest rate of the note is 5.64% with a maturity date of December 10, 2024. The balance at August 31, 2023 was \$6,293.

The charter holder entered into a capital lease on March 3, 2023 with Ricoh USA, Inc. in the amount of \$34,791 to lease four copiers. The interest rate of the note is 7.47% with a maturity date of March 2, 2028. The balance at August 31, 2023 was \$32,852.

DESCRIPTION	Interest Rate Payable	Interest Current Year	Amounts Outstanding 9/1/2022	Increase	Decrease	Amounts Outstanding 8/31/2023	Current Portion
Self-Help Credit Union Loan No. 964442	2.99%	\$ 13,080	\$ 466,949	\$ -	\$ 77,944	\$ 389,005	\$ 80,490
Self-Help New Markets X, LLC Loan No. 980442	4.66%	23,022	497,583	-	22,737	474,846	24,142
Diocese of Corpus Christi	4.70%	17,347	-	396,503	59,453	337,050	59,837
Ricoh USA, Inc. Lease No. 359493-1034793A1	5.64%	491	-	10,713	4,420	6,293	4,675
Ricoh USA, Inc. Lease No. 359493-1034793A2	7.47%	848	-	34,790	1,938	32,852	6,112
		<u>\$ 54,788</u>	<u>\$ 964,532</u>	<u>\$ 442,006</u>	<u>\$ 166,492</u>	<u>\$ 1,240,046</u>	<u>\$ 175,256</u>

Year ended August 31	Principal	Interest	Total
2024	\$ 175,256	\$ 49,197	\$ 224,453
2025	179,134	42,046	221,180
2026	187,207	34,736	221,943
2027	194,881	27,062	221,943
2028	161,488	19,270	180,758
Thereafter	342,080	79,283	421,363
	<u>\$ 1,240,046</u>	<u>\$ 251,594</u>	<u>\$ 1,491,640</u>

**7. HEALTH CARE COVERAGE**

During the year ended August 31, 2023, employees of the charter holder were covered by a Health Insurance Plan (the Plan). The charter holder contributed \$401 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**8. DONOR RESTRICTED NET ASSETS**

Donor restricted net assets at August 31, 2023 and 2022 consisted of the following:

	2023	2022
State Funded Temporarily Restricted Net Assets	\$ 2,694,124	\$ 2,767,837
Local Trust	2,452	1,550
Federal NSLP	5,460	3,901
Campus Activity Net Asset Class	75,679	79,558
Total	\$ 2,777,715	\$ 2,852,846

**9. COMMITMENTS AND CONTINGENCIES**

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

**10. OTHER RECEIVABLES**

Other Receivables at August 31, 2023 of \$10,943 consists of Spectrum/Time Warner - \$7,525, Due from students - \$285, and Diocese of Corpus Christi Insurance - \$3,133.

**11. CONTRIBUTED SERVICES**

The fair value of contributed services is not recognized as revenues as their value cannot be estimated. Contributed services were for various activities associated in and around daily school functions including fundraising activities.

**12. PREPAID EXPENSES**

Prepaid expenses of \$66,947 consist of the following: insurance - \$18,410, dues - \$225, software expense - \$27,465, rent - \$6,200, movie site license - \$269, textbooks and online learning - \$10,190, Co-op vision - \$13, IRS employee payments - \$25, employee sayings - \$150, and financial audit - \$4,000. The charter holder records purchase of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.



**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**13. PENSION DISCLOSURE**

**Plan Description**

The Charter School participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. The plan is different from a single-employer plan in that the charter schools and ISD's are legally separate entities from the state and each other. The assets contributed by one charter or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter and there is no withdrawal penalty for leaving the TRS system. There is no collective bargaining agreement and a funding improvement plan or rehabilitation plan is not applicable.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Name of Plan: Teacher Retirement System of Texas

Plan Number: N/A

Zone status: Unknown

(Dollars in Thousands)

	2022	2021
1. Total Plan Assets	\$ 207,621,898	\$ 223,172,755
2. Accumulated Benefit Obligations	243,553,045	227,273,464
3. The plans funded %	75.62%	88.79%

Detailed information about TRS' fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**13. PENSION DISCLOSURE (continued)**

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the 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 31 years, the period would be increased by such action.

In May, 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound.

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee and employer contribution rates for fiscal years 2022 thru 2025.

	<u>Contribution Rate</u>	
	<u>2023</u>	<u>2022</u>
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	8.0%	7.75%
Employers	8.0%	7.75%
	<u>2023</u>	<u>2022</u>
Employer Contributions	\$103,772	\$ 87,246
Employer Surcharges	\$ 13	\$ 6,320
Member Contributions	\$227,235	\$212,660
Non-Employer Contributing Entity (State)	\$204,846	\$184,994

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). The School's contribution does not represent more than 5 percent of total contributions to the TRS plan.



**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**13. PENSION DISCLOSURE (continued)**

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Public School employers are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public or charter school, the employer shall contribute 1.8% of covered payroll to the pension fund beginning in fiscal year 2023.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

The charter school did not contribute to any other defined benefit pension plans.

**14. DEFERRED REVENUE AND OTHER LIABILITIES**

Deferred revenue of \$65,775 consists of revenue received this year for Barnhart Foundation - \$45,000, Staff Funeral Flowers Allotment - \$4,243, Supply chain grant - \$14,748, Textbooks - \$1,463, and cafeteria lunch money - \$321. Other liabilities of \$30,006 consist of various payroll liabilities including state unemployment taxes - \$203, TRS - \$29,551, and Aflac - \$252.

**15. GRANTS RECEIVABLE**

The grants receivable at August 31, 2023 are for various federal and state grants received by the corporation and are 100 percent collectible as they were all received in the subsequent year and therefore there was no allowance for doubtful accounts at year end.

**16. PAYABLE TO STATE**

The payable to state in the amount of \$7,746 at August 31, 2023, is for the Foundation Allotment settle-up amount due from the Summary of Finance.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**17. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of (\$33,719) was made to the beginning of the year net position to adjust the net effect of recording the Right-to-Use-Lease Asset/Liability in accordance with Accounting Standards Update (ASU) No. 2019-02, Leases (Topic 842) which decreased the net position.

**18. EVALUATION OF SUBSEQUENT EVENTS**

The charter holder has evaluated subsequent events through December 14, 2023, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

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**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION FOR INDIVIDUAL CHARTER SCHOOL**  
**AUGUST 31, 2023 AND 2022**

**Exhibit B-1**

<i><b>Assets</b></i>	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,339,711	\$ 1,316,143
Inventory	5,461	3,901
Receivables	813,330	562,665
Accrued Interest Payable	2,372	-
Due from other funds	20,000	-
Other receivables	10,943	7,266
Prepaid expenses	66,947	47,758
Total current assets	2,258,764	1,937,733
Property and equipment at cost, net	4,060,202	3,932,867
Total assets	\$ 6,318,966	\$ 5,870,600
 <i><b>Liabilities and Net Assets</b></i>		
Current liabilities		
Accounts payable	\$ 90,367	\$ 167,802
Accrued wages payable	433,032	379,518
Payable to state	7,746	-
Due to other funds	20,000	-
Loan interest payable	700	-
Deferred revenue	65,775	50,363
Other liabilities	30,006	37,218
Line of Credit	400,000	-
Notes payable - current portion	175,256	101,187
Total current liabilities	1,222,882	736,088
Noncurrent liabilities		
Notes payable	1,064,790	863,345
Total noncurrent liabilities	1,064,790	863,345
Total liabilities	2,287,672	1,599,433
Net assets		
Without Donor Restrictions	1,253,579	1,418,321
With Donor Restrictions	2,777,715	2,852,846
Total net assets	4,031,294	4,271,167
Total liabilities and net assets	\$ 6,318,966	\$ 5,870,600

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**Exhibit B-2**

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>SUPPORT AND REVENUE:</b>				
<b>Local Support</b>				
5729 Other Local Revenue	\$ -	\$ -	\$ -	\$ 10,700
5742 Interest Income	23,830	-	23,830	3,755
5744 Gifts	49,150	-	49,150	54,747
5751 Food Services	8,203	-	8,203	7,400
5755 Income from Sales	39,937	-	39,937	16,381
Total local support	<u>121,120</u>	<u>-</u>	<u>121,120</u>	<u>92,983</u>
<b>State program revenues</b>				
5810 Available School Fund	-	181,070	181,070	205,723
5812 Foundation School Program	-	3,837,119	3,837,119	3,836,897
5828 Due from ESC2	-	-	-	14,813
5829 Miscellaneous State Revenue	-	168,404	168,404	12,482
Total state program revenues	<u>-</u>	<u>4,186,593</u>	<u>4,186,593</u>	<u>4,069,915</u>
<b>Federal Program revenues</b>				
5919 Miscellaneous Fed Revenue-County Pass	-	13,950	13,950	-
5921 School Breakfast Program	-	117,500	117,500	148,650
5922 N.S. Lunch Program	-	253,606	253,606	278,644
5923 USDA Donated Commodities	-	22,426	22,426	29,352
5929 Miscellaneous Fed Dist Revenue-TEA	-	988,097	988,097	1,824,913
5939 Miscellaneous Fed Dist Revenue-TDEM	-	6,267	6,267	15,985
5949 Miscellaneous Fed Revenue-SBA	-	2,364	2,364	-
Total federal program revenues	<u>-</u>	<u>1,404,210</u>	<u>1,404,210</u>	<u>2,297,544</u>
<b>Net assets released from restrictions:</b>				
Restrictions satisfied by payments	5,665,934	(5,665,934)	-	-
Total support and revenue	<u>5,787,054</u>	<u>(75,131)</u>	<u>5,711,923</u>	<u>6,460,442</u>
<b>EXPENSES</b>				
0011 Instructional Services	2,799,865	-	2,799,865	2,500,756
0012 Resources and Media Services	39,767	-	39,767	36,489
0013 Curriculum and Staff Development	218,170	-	218,170	154,530
0021 Instructional Leadership	266,119	-	266,119	188,827
0023 School Leadership	304,701	-	304,701	309,307
0031 Guidance and Counseling Services	219,191	-	219,191	190,787
0033 Health Services	60,293	-	60,293	73,129
0035 Food Services	327,450	-	327,450	308,007
0036 Extracurricular Activities	88,917	-	88,917	83,313
0041 General Administration	564,760	-	564,760	553,429
0051 Plant Maintenance and Operation	550,029	-	550,029	640,761
0052 Security	94,720	-	94,720	20,229
0053 Data Processing Services	121,036	-	121,036	163,666
0061 Community Services	15,750	-	15,750	18,488
0071 Debt Service-Interest	55,488	-	55,488	39,473
0081 Fund Raising	40,519	-	40,519	12,209
Total expenses	<u>5,766,775</u>	<u>-</u>	<u>5,766,775</u>	<u>5,293,400</u>
Change in net assets	20,279	(75,131)	(54,852)	1,167,042
Loss on sale of assets	(151,302)	-	(151,302)	-
Net assets, beginning of year	1,418,321	2,852,846	4,271,167	3,104,125
Prior Period Adjustment	(33,719)	-	(33,719)	-
Net assets, beginning of year, restated	<u>1,384,602</u>	<u>2,852,846</u>	<u>4,237,448</u>	<u>3,104,125</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,253,579</u>	<u>\$ 2,777,715</u>	<u>\$ 4,031,294</u>	<u>\$ 4,271,167</u>

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**Exhibit B-3**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Foundation School Program Payments	\$ 3,985,490	\$ 3,991,219
Local support	115,071	86,887
Federal and state grants	1,362,396	2,348,182
Payments to vendors for goods and services rendered	(1,469,210)	(1,092,736)
Payments to charter school personnel for services rendered	(4,024,864)	(3,860,969)
Payments for interest	(54,788)	(39,473)
Net cash provided by operating activities	(85,905)	1,433,110
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds on sale of asset	26,500	-
Purchase of property and equipment	(150,535)	(1,079,224)
Net cash provided by investing activities	(124,035)	(1,079,224)
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Line of Credit	400,000	-
Repayment of debt	(166,492)	(97,309)
Net cash provided by financing activities	233,508	(97,309)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents - beginning of year	1,316,143	1,059,566
Cash and Cash Equivalents - end of year	\$ 1,339,711	\$ 1,316,143
<b>Reconciliation of change in net assets to net cash provided</b>		
by operating activities:		
Change in net assets	\$ (54,852)	\$ 1,167,042
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	253,685	134,474
(Increase) decrease in inventory	(1,560)	4,063
(Increase) decrease in grants receivable	(250,665)	(1,294)
(Increase) decrease in due from other funds	(20,000)	7,466
(Increase) decrease in accrued interest receivable	(2,372)	-
(Increase) decrease in other receivables	(3,677)	(6,096)
(Increase) decrease in prepaid expenses	(19,189)	(6,798)
Increase (decrease) in accounts payable	(77,435)	122,755
Increase (decrease) in payable to state	7,746	(26,763)
Increase (decrease) in accrued wages payable	53,514	21,885
Increase (decrease) in due to other funds	20,000	(7,466)
Increase (decrease) in interest payable	700	-
Increase (decrease) in deferred revenue	15,412	3,021
Increase (decrease) in other liabilities	(7,212)	20,821
Net cash provided by operating activities	\$ (85,905)	\$ 1,433,110

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**SCHEDULES OF EXPENSES FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

**EXHIBIT C-1**

<b>Expenses</b>	2023	2022
6100 Payroll Costs	\$ 4,078,378	\$ 3,882,854
6200 Professional and Contracted Services	650,223	636,078
6300 Supplies and Materials	538,926	454,711
6400 Other Operating Costs	443,760	280,284
6500 Debt	55,488	39,473
<b>Total Expenses</b>	<b>\$ 5,766,775</b>	<b>\$ 5,293,400</b>



**ST. MARY'S ACADEMY CHARTER SCHOOL  
SCHEDULE OF ASSETS FOR INDIVIDUAL CHARTER SCHOOL  
FOR THE YEAR ENDED AUGUST 31, 2023**

**EXHIBIT D-1**

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 75,401	\$ 860,133	\$ (493,488)
1120 Investments	-	632,864	264,801
1510 Land and Improvements	3,500	152,803	-
1520 Building and Improvements	61,441	3,493,172	1,132,316
1520 Leasehold Improvements	105,722	-	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	19,694	48,391	71,162
1549 Other Equipment	-	1,210	-
1551 Right to Use Buildings	-	369,591	236,296
1559 Right to Use Equipment	-	21,352	34,791
1569 Library Books and Media	-	-	9,800
Total Cash, Investments, and Capital Assets	\$ <u>265,758</u>	\$ <u>5,579,516</u>	\$ <u>1,255,678</u>

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**Schedule of Real Property Ownership Interest**  
**August 31, 2023**

Exhibit F-1

Description	Property Address	Total Assessed Value	Ownership Interest			Total
			Local	State	Federal	
Jones Block 23, Lot 3	501 N. Tyler, Beeville, TX	\$ 6,080	\$ -	\$ 5,201	\$ -	\$ 5,201
Jones Block 24, Lot 1	501 N. Filmore, Beeville, TX	14,630	-	46,272	-	46,272
Jones Block 24, Lot 2	507 N. Filmore, Beeville, TX	28,720	-	8,000	-	8,000
Jones Block 24, Lots 3-4	500 N. Tyler, Beeville, TX	33,040	-	13,820	-	13,820
Jones Block 24, Sublot 1	508 N. Tyler, Beeville, TX	16,310	-	11,400	-	11,400
Jones Block 37, Lot 1	602 N. Tyler, Beeville, TX	5,850	3,500	-	-	3,500
Jones Block 37, Lot 2-7	608 N. Tyler, Beeville, TX	77,400	-	59,541	-	59,541
Jones Block 37, Lot 8	605 N. Filmore, Beeville, TX	30,580	-	8,569	-	8,569
Total Real Property Ownership Interest		<u>\$ 212,610</u>	<u>\$ 3,500</u>	<u>\$ 152,803</u>	<u>\$ -</u>	<u>\$ 156,303</u>

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**Schedule of Related Party Transactions**  
**For the Year Ended August 31, 2023**

Exhibit G-1

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During Fiscal Year</u>	<u>Principal Balance Due</u>
Westmoreland Electric	Andrea Westmoreland	Board Member's Son	Financial		State	One Time	\$ 933	\$ -

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**Schedule of Related Party Compensation and Benefits**  
**For the Year Ended August 31, 2023**

Exhibit H-1

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefits	Payment Frequency	Description	Source of Funds Used	Exhibit H-1 Total During Fiscal Year
Jeanene Jones	Merle Simonson	Sibling	Compensation	Monthly	Salary	State	\$ 45,021
Jeanene Jones	Merle Simonson	Sibling	Benefit	Monthly	Life Insurance	State	31
Merle Simonson	Jeanene Jones	Sibling	Compensation	Monthly	Salary	State	98,264
Merle Simonson	Jeanene Jones	Sibling	Benefit	Monthly	Life Insurance	State	31
Michael Puente	Hirma Elizondo	Nephew	Compensation	Monthly	Salary	State	54,052
Michael Puente	Hirma Elizondo	Nephew	Benefit	Monthly	Life Insurance	State	31
Michael Puente	Hirma Elizondo	Nephew	Benefit	Monthly	Health Insurance	State	4,812
Ariana Elizondo	Hirma Elizondo	Granddaughter	Compensation	Bi-Weekly	Salary	State	12,334
Mason Calliham	Nancy Bond	Son	Compensation	Bi-Weekly	Salary	State	23,619
Mason Calliham	Nancy Bond	Son	Benefit	Bi-Weekly	Life Insurance	State	31
Mason Calliham	Nancy Bond	Son	Benefit	Bi-Weekly	Health Insurance	State	4,812
							<u>\$ 243,038</u>

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**BUDGETARY COMPARISON SCHEDULES FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Exhibit J-1

	Budgeted Amounts		2023 Actual Amount	Variance from Final Budget	2022 Actual Amount
	Original	Final			
<b>Revenues</b>					
<b>Local Support:</b>					
5720 Revenues from Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 10,700
5740 Other Revenues from Local Sources	47,152	72,980	72,980	-	58,502
5750 Revenues from Cocurricular, Enterprising	27,143	48,140	48,140	-	23,781
Total Local Support	<u>74,295</u>	<u>121,120</u>	<u>121,120</u>	<u>-</u>	<u>92,983</u>
<b>State program revenues</b>					
5810 Foundation School Program Act Revenues	4,164,850	4,018,189	4,018,189	-	4,042,620
5820 State Program Revenues Distributed by Texas Education Agency	298,614	168,404	168,404	-	27,295
5830 State Program Revenues Distributed by Government Agency	-	-	-	-	-
Total State Program Revenues	<u>4,463,464</u>	<u>4,186,593</u>	<u>4,186,593</u>	<u>-</u>	<u>4,069,915</u>
<b>Federal program revenues:</b>					
5910 Federal Revenues from County	21,848	13,950	13,950	-	-
5920 Federal Revenues Distributed by the Texas Education Agency	1,566,697	1,381,629	1,381,629	-	2,281,559
5930 Federal Revenues Distibuted by TDEM	6,600	6,267	6,267	-	15,985
5940 Federal Revenues Distributed Directly from the Federal Government	-	2,364	2,364	-	-
Total Federal Revenues	<u>1,595,145</u>	<u>1,404,210</u>	<u>1,404,210</u>	<u>-</u>	<u>2,297,544</u>
Total Revenues	<u>6,132,904</u>	<u>5,711,923</u>	<u>5,711,923</u>	<u>-</u>	<u>6,460,442</u>
<b>Expenses</b>					
11 Instructional	2,989,098	2,799,865	2,799,865	-	2,500,756
12 Instructional Resources and Media Services	39,681	39,767	39,767	-	36,489
13 Curriculum Development and Instructional Staff Development	217,917	218,170	218,170	-	154,530
21 Instructional Leadership	248,367	266,119	266,119	-	188,827
23 School Leadership	290,684	304,701	304,701	-	309,307
31 Guidance, Counseling and Evaluation Services	222,848	219,191	219,191	-	190,787
33 Health Services	70,846	60,293	60,293	-	73,129
35 Food Services	329,728	327,450	327,450	-	308,007
36 Cocurricular/Extracurricular Activities	104,787	88,917	88,917	-	83,313
41 General Administration	562,112	564,760	564,760	-	553,429
51 Plant Maintenance and Operations	598,839	550,029	550,029	-	640,761
52 Security and Monitoring Services	220,064	94,720	94,720	-	20,229
53 Data Processing Services	165,537	121,036	121,036	-	163,666
61 Community Services	18,269	15,750	15,750	-	18,488
71 Debt Service-Interest	35,600	55,488	55,488	-	39,473
81 Fund Raising	21,804	40,519	40,519	-	12,209
Total Expenses	<u>6,136,181</u>	<u>5,766,775</u>	<u>5,766,775</u>	<u>-</u>	<u>5,293,400</u>
Change in Net Assets	<u>(3,277)</u>	<u>(54,852)</u>	<u>(54,852)</u>	<u>-</u>	<u>1,167,042</u>
Loss of Sale of Assets	-	(151,302)	(151,302)	-	-
Net Assets, beginning of year	4,271,167	4,271,167	4,271,167	-	3,104,125
Prior Period Adjustment	-	-	(33,719)	(33,719)	-
Net Assets, beginning of year, restated	<u>4,271,167</u>	<u>4,271,167</u>	<u>4,237,448</u>	<u>(33,719)</u>	<u>3,104,125</u>
Net Assets, end of year	<u>\$ 4,267,890</u>	<u>\$ 4,065,013</u>	<u>\$ 4,031,294</u>	<u>\$ (33,719)</u>	<u>4,271,167</u>

**St. Mary's Charter School**  
**State Compensatory Education and Bilingual Education Program Expenditures**  
**August 31, 2023**

Exhibit J-4

Section A: Compensatory Education Programs

AP1	Did your Charter School expend any state compensatory education state allotment funds during the district's fiscal year?	Yes	
AP2	Does the Charter School have written policies and procedures for its state compensatory education program?	Yes	
AP3	List the total state allotment funds received for state compensatory education programs during the School's fiscal year.	\$	505,572
AP4	List the actual direct program expenses for state compensatory education programs during the School's fiscal year.	\$	278,163

Section B: Bilingual Education Programs

AP5	Did your Charter School expend any bilingual education program state allotment funds during the Charter School's fiscal year?	Yes	
AP6	Does your Charter School have written policies and procedures for its bilingual education program?	Yes	
AP7	List the total state allotment funds received for bilingual education programs during the Charter School's fiscal year.	\$	6,177
AP8	List the actual direct program expenses for bilingual education programs during the Charter School's fiscal year.	\$	3,788

**COMPLIANCE  
AND  
INTERNAL CONTROL SECTION**

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**Raul Hernandez & Company, P. C.**

Certified Public Accountants  
5402 Holly Rd., Suite 102  
Corpus Christi, Texas 78411  
(361)980-0428 Fax (361)980-1002

**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**

Board of Directors  
St. Mary's Charter School

We have audited, 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, the financial statements of St. Mary's Charter School (a non-profit organization) which comprise the statement of financial position as of August 31, 2023, and 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 December 14, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. Mary's Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Mary's Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Mary's Charter School'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 considered 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 St. Mary's Charter School's 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 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, the communication is not suitable for any other purpose.

*Raul Hernandez + Company, P.C.*

Corpus Christi, Texas  
December 14, 2023

**Raul Hernandez & Company, P.C.**

Certified Public Accountants

5402 Holly Rd, Suite 102

Corpus Christi, Texas 78411

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**Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
St. Mary's Charter School

**Report of Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited St. Mary's Charter School'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 St. Mary's Charter School's major federal programs for the year ended August 31, 2023. St. Mary's Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, St. Mary's Charter School complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of St. Mary's Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of St. Mary's Charter School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to St. Mary's Charter School's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on St. Mary's Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about St. Mary's Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding St. Mary's Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of St. Mary's Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 St. Mary's Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Raul Hernandez & Company, P.C.*

Corpus Christi, TX

December 14, 2023

**St. Mary's Charter School**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2023

I. Summary of Auditors' Results		
1.	Type of auditors' report issued on the financial statements of the auditee	Unmodified
2.	Significant deficiencies in internal controls disclosed by the audit of the financial statements	None
	a. Significant deficiencies that were material weaknesses	None
3.	Noncompliance material to the financial statements of the auditee disclosed by the audit of the financial statements	None
4.	Significant deficiencies in internal controls over major programs disclosed by the audit of the financial statements	None
	a. Significant deficiencies that were material weaknesses	None
5.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
6.	Type of auditors' report issued on compliance for major programs	Unmodified
7.	Findings disclosed by the audit of the financial statements which the auditor is required to report	None
8.	Major Programs:	
	National School Breakfast Program	10.553
	National School Lunch Program	10.555
	National School Lunch Program-Noncash Assistance (commodities)	10.555
	Supply Chain Assistance Grant	10.555
9.	The dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
10.	Auditee qualified as a low-risk auditee	Yes
II. Findings related to the Financial Statements which are required to be reported in accordance with generally accepted government auditing standards.		
	A. <u>Questioned Costs</u> : \$ 0.	
III. Findings and questioned costs for state and federal awards.		
	None identified	

**St. Mary's Charter School  
Schedule of Prior Audit Findings**

**For the Fiscal year ended August 31, 2023**

**I. Status of Prior Year Findings:**

None

**St. Mary's Charter School  
Corrective Action Plan**

**For the Fiscal year ended August 31, 2023**

**N/A**



**ST. MARY'S ACADEMY CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023**

Exhibit K-1

<b>SOURCE AND TITLE OF GRANT</b>	<b>FEDERAL CFDA NUMBER</b>	<b>GRANTOR'S/ PASS- THROUGH NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<i>FEDERAL AWARDS</i>			
<i>U.S. Department of Education</i>			
<i>Passed Through</i>			
<i>Texas Education Agency</i>			
Title V, Part B Rural and Low Income School Program Fiscal Year 2023	84.358B	23696001013801	\$ 13,744
ESEA Title I, Part A-Improving Basic Programs Fiscal Year 2023	84.010A	23610101013801	175,438
Special Education Grants to States - IDEA- B Formula Fiscal Year 2022	84.027A	226600010138016600	4,419
Fiscal Year 2023		236600010138016600	64,353
Fiscal Year 2024		246600010138016600	6,316
			<u>75,088</u>
Special Education Grants To States - IDEA-B Formula ARP Fiscal Year 2023	84.027X	225350020138015350	11,054
ESEA Title II Part A-Teacher and Principal Training and Recruiting Fiscal Year 2022	84.367A	22694501013801	11
Fiscal Year 2023		23694501013801	22,118
			<u>22,129</u>
Special Education Grants - IDEA-B Preschool Fiscal Year 2022	84.173A	226610010138016610	222
Fiscal Year 2023		236610010138016610	1,000
			<u>1,222</u>
Special Education Grants - IDEA-B, Preschool ARP Fiscal Year 2023	84.173X	225360020138015360	437
Title IV, Part A Fiscal Year 2023	84.424A	23680101013801	13,390
Fiscal Year 2024		24680101013801	1,612
			<u>15,002</u>
Nita M. Lowey 21st CCLC Cycle 12 Yr 1 Fiscal Year 2024	84.287C	246950337110048	47,945
TCLAS-ESSER III Fiscal Year 2022	84.425U	21528042013801	74,013
TCLAS HIGH QUALITY AFTER SCHOOL Fiscal Year 2022	84.425U	215280587110143	281,357
CRRSA ESSER II Fiscal Year 2021	84.425D	21521001013801	81,914
ARP ESSER III, Part I Fiscal Year 2021	84.425U	21528001013801	188,754
Total U.S. Department of Education			<u>812,659</u>
<i>Department of Health and Human Services - CDC</i>			
<i>Passed Through</i>			
<i>ESC 2</i>			
COVID-19 Public Health Grant Fiscal Year 2022	93.354	223934017110002	13,950
Total Department of Health and Human Services-CDC			<u>13,950</u>

**ST. MARY'S ACADEMY CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023**

Exhibit K-1

<b><i>SOURCE AND TITLE OF GRANT</i></b>	FEDERAL CFDA NUMBER	GRANTOR'S/ PASS- THROUGH NUMBER	FEDERAL EXPENDITURES
<i>U.S. Department of Agriculture</i>			
Passed Through			
Texas Education Agency			
National School Breakfast Program	10.553	71401601	117,500
National School Lunch Program	10.555	71301601	253,605
National School Lunch Program -Non-cash assistance (commodities)	10.555	71301601	22,426
			<u>393,531</u>
SUPPLY CHAIN ASSISTANCE GRANT	10.555		
Fiscal Year 2023		226TX400N8903	<u>6,267</u>
PANDEMIC ELECTRONIC BENEFIT TRANSFER LOCAL LEVEL ADMIN COST GRANT			
Fiscal Year 2023	10.649	226TX109S9009	<u>628</u>
STATE ADMINISTRATIVE EXPENSES GRANT			
Fiscal Year 2023	10.560	226TX312N2533	<u>1,737</u>
Total U.S. Department of Agriculture			<u>402,163</u>
<b><i>Total Federal Assistance</i></b>			<u><u>\$ 1,404,210</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**ST. MARY’S CHARTER SCHOOL**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Fiscal Year Ended August 31, 2023**

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Mary’s Charter School. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Sub-recipients:**

During the year ended August 31, 2023, the Charter School had no sub-recipients.

**Federal Loans and Loan Guarantees:**

During the year ended August 31, 2023, the Charter School had no outstanding federal loans payable or loan guarantees.

**Federally Funded Insurance:**

During the year ended August 31, 2023, the Charter School had no federally funded insurance.

**Noncash awards:**

During the year ended August 31, 2023, the Charter School did receive noncash assistance under the National School Lunch Program.

**Indirect Cost Rate:**

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended August 31, 2023, the Charter School did not elect to use this rate.

**Reconciliation from the Schedule of Expenditures of Federal Awards to Exhibit A-2:**

Total Federal Award Expended	\$ 1,404,210
	-
Exhibit A-2	<u>\$ 1,404,210</u>

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