

St. Mary's Academy Charter School



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

August 31, 2025 and 2024

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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ST. MARY'S CHARTER SCHOOL
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

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, 2025 and 2024, at a meeting of the governing body on the 22 day of January, 2026.


Signature of Board 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, 2025 and 2024 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, 2025 and 2024, 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 January 8, 2026 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
January 8, 2026

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FINANCIAL SECTION

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ST. MARY'S CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2025 AND 2024

Exhibit A-1

<i>Assets</i>	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 715,668	\$ 869,935
Inventory	2,144	2,933
Receivables	531,040	606,362
Accrued interest receivable	-	-
Due from other funds	4,569	7,231
Other receivables	4,863	5,794
Prepaid expenses	6,439	30,220
Total current assets	<u>1,264,723</u>	<u>1,522,475</u>
Property and equipment at cost, net	3,520,279	3,688,480
Right to Use Asset Operating Lease, net	200,321	269,292
Total assets	<u>\$ 4,985,323</u>	<u>\$ 5,480,247</u>
 <i>Liabilities and Net Assets</i>		
Current liabilities		
Accounts payable	\$ 70,948	\$ 68,977
Accrued wages payable	224,690	318,514
Payable to state	23	22,234
Due to other funds	4,569	7,231
Loan interest payable	64	63
Deferred revenue	8,380	54,123
Other liabilities	40,506	39,263
Line of Credit	400,000	150,000
Notes payable - current portion	83,543	125,328
Lease liability-current portion	75,807	70,259
Total current liabilities	<u>908,530</u>	<u>855,992</u>
Noncurrent liabilities		
Notes payable	635,441	750,480
Lease liabilities	160,033	235,840
Total noncurrent liabilities	<u>795,474</u>	<u>986,320</u>
Total liabilities	<u>1,543,971</u>	<u>1,842,312</u>
Net assets		
Without Donor Restrictions	1,297,799	1,131,178
With Donor Restrictions	1,983,520	2,506,757
Total net assets	<u>3,281,319</u>	<u>3,637,935</u>
Total liabilities and net assets	<u>\$ 4,825,290</u>	<u>\$ 5,480,247</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, 2025 AND 2024**

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	2025	2024
SUPPORT AND REVENUE:				
Local Support				
Interest Income	\$ 9,089	\$ -	\$ 9,089	\$ 18,497
Contributions	92,593	-	92,593	59,018
Other Local Revenue	64,939	-	64,939	37,363
Total local support	<u>166,621</u>	<u>-</u>	<u>166,621</u>	<u>114,878</u>
State program revenues				
Foundation School Program	-	3,077,532	3,077,532	3,174,329
Other State Aid	-	342,733	342,733	305,560
Total state program revenues	<u>-</u>	<u>3,420,265</u>	<u>3,420,265</u>	<u>3,479,889</u>
Federal Program revenues				
Miscellaneous Fed Revenue-ESC2	-	-	-	6,237
School Breakfast Program	-	92,858	92,858	91,177
N.S. Lunch Program	-	246,941	246,941	233,739
USDA Donated Commodities	-	21,814	21,814	22,116
Miscellaneous Fed Dist Revenue-TEA	-	981,276	981,276	1,426,622
Miscellaneous Fed Revenue-TDA	-	-	-	15,752
Total federal program revenues	<u>-</u>	<u>1,342,889</u>	<u>1,342,889</u>	<u>1,795,643</u>
Net assets released from restrictions:	<u>5,286,391</u>	<u>(5,286,391)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,453,012</u>	<u>(523,237)</u>	<u>4,929,775</u>	<u>5,390,410</u>
EXPENSES				
Program Services:				
Instruction and Instructional-Related Services	2,011,213	-	2,011,213	2,487,452
Instructional and School Leadership	698,672	-	698,672	708,971
Support Services:				
Administrative Support Services	424,116	-	424,116	488,401
Ancillary Services	931,949	-	931,949	767,892
Support Services-Non-Student Based	121,788	-	121,788	111,315
Support Services-Student (Pupil)	1,069,245	-	1,069,245	1,199,039
Fundraising	29,408	-	29,408	11,879
Total expenses	<u>5,286,391</u>	<u>-</u>	<u>5,286,391</u>	<u>5,774,949</u>
Change in net assets	166,621	(523,237)	(356,616)	(384,539)
Loss on sale of assets	-	-	-	(8,820)
Net assets, beginning of year	1,131,178	2,506,757	3,637,935	4,031,294
Prior Period Adjustment	-	-	-	-
Net assets, beginning of year, restated	<u>1,131,178</u>	<u>2,506,757</u>	<u>3,637,935</u>	<u>4,031,294</u>
NET ASSETS, END OF YEAR	<u>\$ 1,297,799</u>	<u>\$ 1,983,520</u>	<u>\$ 3,281,319</u>	<u>\$ 3,637,935</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, 2025 AND 2024**

Exhibit A-3

EXPENSES	PROGRAM ACTIVITIES		SUPPORTING ACTIVITIES		2025 TOTAL	2024 TOTAL
	EDUCATIONAL	GENERAL AND ADMINISTRATIVE	FUNDRAISING			
Salaries and Wages	\$ 1,814,277	\$ 1,143,838	\$ 50,772		\$ 3,008,887	\$ 3,370,964
Benefits	325,274	216,610	9,390		551,274	616,688
Payroll Taxes	138,736	85,289	3,982		228,007	255,383
TOTAL PAYROLL EXPENSES	2,278,287	1,445,737	64,144		3,788,168	4,243,035
Management Contract	-	-	-		-	46,254
Legal	-	17,139	-		17,139	-
Accounting	-	24,600	-		24,600	20,300
Contracted Services	182,212	114,120	1,500		297,832	312,927
Advertising	-	-	-		-	1,489
Supplies and Office Expenses	303,421	87,292	7,410		398,123	426,559
Information Technology	4,095	76,165	-		80,260	127,914
Occupancy	16,472	115,800	-		132,272	212,526
Travel	12,451	33,372	1,398		47,221	23,670
Conferences	-	-	-		-	-
Interest other than Mortgage	-	59,948	-		59,948	5,931
Depreciation and Amortization	250,102	26,028	-		276,130	261,883
Insurance other than Property	3,329	94,871	-		98,200	13,617
Student Transportation	24,964	-	-		24,964	34,130
Dues	-	9,911	-		9,911	7,585
Miscellaneous Operating Expenses	5,125	9,702	16,795		31,622	13,848
TOTAL NON-PAYROLL EXPENSES	802,171	668,948	27,103		1,498,222	1,508,633
TOTAL EXPENSES	\$ 3,080,458	\$ 2,114,685	\$ 91,247		\$ 5,286,390	\$ 5,751,668

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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Foundation School Program Payments	\$ 3,013,396	\$ 3,267,694
Local support	129,530	122,399
Federal and state grants	1,615,460	2,229,294
Payments to vendors for goods and services rendered	(1,048,496)	(1,201,368)
Payments to charter school personnel for services rendered	(3,788,168)	(4,357,554)
Interest payments	(59,948)	(53,829)
Net cash provided by operating activities	(138,226)	6,636
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on sale of asset	-	-
Purchase of property and equipment	(38,958)	(168,273)
Net cash provided by investing activities	(38,958)	(168,273)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Line of Credit	400,000	271,423
Repayment of debt	(377,083)	(579,562)
Net cash provided by financing activities	22,917	(308,139)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(154,267)	(469,776)
Cash and Cash Equivalents - beginning of year	869,935	1,339,711
Cash and Cash Equivalents - end of year	\$ 715,668	\$ 869,935
Reconciliation of change in net assets to net cash provided		
by operating activities:		
Change in net assets	\$ (356,616)	\$ (384,539)
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Depreciation	276,130	261,883
(Increase) decrease in inventory	789	2,528
(Increase) decrease in grants receivable	75,322	206,968
(Increase) decrease in due from other funds	2,662	12,769
(Increase) decrease in accrued interest receivable	-	2,372
(Increase) decrease in other receivables	931	5,149
(Increase) decrease in prepaid expenses	23,782	36,727
Increase (decrease) in accounts payable	1,971	(21,390)
Increase (decrease) in payable to state	(22,211)	14,488
Increase (decrease) in accrued wages payable	(93,824)	(114,518)
Increase (decrease) in due to other funds	(2,662)	(12,769)
Increase (decrease) in interest payable	1	(637)
Increase (decrease) in deferred revenue	(45,743)	(11,652)
Increase (decrease) in other liabilities	1,242	9,257
Net cash provided by operating activities	\$ (138,226)	\$ 6,636

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, 2025 AND 2024**

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, 2025 AND 2024**

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">• Quoted prices for similar assets/liabilities in active markets;• Quoted prices for identical or similar assets in non-active markets;• Inputs other than quoted prices that are observable for the asset/liability; and,• Inputs that are derived principally from or corroborated by other observable market data. |
| 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, 2025 AND 2024**

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, 2025 AND 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued):

I. Leases

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, 2025 and 2024:

Financial Assets at August 31:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 715,668	\$ 869,935
Receivables	531,040	606,362
Accrued interest receivable	<u>-</u>	<u>-</u>
Total Financial Assets Available for General Expenditures over the next 12 months	<u>\$1,246,708</u>	<u>\$1,476,297</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, 2025 the carrying amount of the Charter School's deposits (cash, certificates of deposit, and interest-bearing accounts) was \$715,668. St. Mary's Charter School bank balance of \$727,111 was within the contracted depository banks consisting of the following:

Prosperity Bank Local Fund	\$ 2,468
Prosperity Bank Activity Fund	24,322
Prosperity Bank Cafeteria Fund	5,356
Prosperity Bank Operating Fund	9,372
Prosperity Bank Money Market	<u>685,593</u>
Total	<u>\$ 727,111</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, 2025 AND 2024**

5. PROPERTY AND EQUIPMENT

Property and Equipment at August 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 156,303	\$ 156,303
Buildings and improvements	4,725,887	4,686,929
Leasehold improvements	105,722	105,722
Vehicles and equipment	292,490	292,490
Library Books and Media	<u>-0-</u>	<u>-0-</u>
Total property and equipment	5,250,402	5,241,444
Less: accumulated depreciation	<u>(1,760,123)</u>	<u>(1,552,964)</u>
Property and equipment, net	<u>\$ 3,520,279</u>	<u>\$ 3,688,480</u>

Depreciation expense for the year ended August 31, 2025 was \$276,130.

Property and equipment 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. Property and equipment excludes right-to-use assets related to operating leases, which are reported separately in the statement of financial position.

6. NOTES PAYABLE AND LEASE LIABILITIES

Notes Payable at August 31, 2025 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, 2025 was \$231,327.

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, 2025 was \$436,600.

**ST. MARY'S CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

6. NOTES PAYABLE AND LEASE LIABILITIES(Continued):

Lease Liabilities

The charter holder entered into a 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, 2025 was \$215,116.

The charter holder entered into a 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, 2025 was \$20,724.

The charter holder entered into a promissory note on April 3, 2024 with Prosperity Bank in the amount of \$121,423 to purchase a school bus. The interest rate of the note is 7.55% with a maturity date of April 3, 2030. Monthly payments are \$2,108.87. The balance as of August 31, 2025 was \$51,057.

DESCRIPTION	Interest Rate Payable	Interest Current Year	Amounts Outstanding 9/1/2024	Increase	Decrease	Amounts Outstanding 8/31/2025	Current Portion
Self-Help Credit Union Loan No. 964320	2.99%	\$ 9,001	\$ 308,694	\$ -	\$ 77,367	\$ 231,327	\$ 53,025
Self-Help New Markets X, L.L.C Loan No. 980442	4.66%	31,287	451,072	-	14,172	436,600	8,308
Prosperity Bank Loan No. 8306139	7.55%	5,321	116,042	-	64,985	51,057	22,210
Total Notes Payable			\$ 875,808		\$ 156,824	\$ 718,984	\$ 83,543
Diocese of Corpus Christi	4.70%	\$ 11,703	\$ 277,214	\$ -	\$ 62,098	\$ 215,116	\$ 68,758
Ricoh USA, Inc. Lease No. 359493-1034793A1	5.64%	19	1,618	-	1,618	-	-
Ricoh USA, Inc. Lease No. 359493-1034793A2	7.47%	1,816	27,267	-	6,543	20,724	7,049
Total Lease Liabilities			\$ 306,099	\$ -	\$ 70,259	\$ 235,840	\$ 75,807

**ST. MARY'S CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

6. NOTES PAYABLE AND LEASE LIABILITIES(Continued):

Notes Payable				
Year ended August 31		Principal	Interest	Total
2026		\$ 83,543	\$ 40,408	\$ 123,951
2027		127,102	35,588	162,690
2028		134,391	30,442	164,833
2029		183,209	23,127	206,336
2030		53,589	17,476	71,065
	Thereafter	137,150	64,648	201,798
		<u>\$ 718,984</u>	<u>\$ 211,689</u>	<u>\$ 930,673</u>

Lease Liabilities				
Year ended August 31		Principal	Interest	Total
2026		\$ 75,807	\$ 9,891	\$ 85,698
2027		79,090	6,068	85,158
2028		80,943	2,073	83,016
		<u>\$ 235,840</u>	<u>\$ 18,032</u>	<u>\$ 253,872</u>

7. HEALTH CARE COVERAGE

During the year ended August 31, 2025, employees of the charter holder were covered by a Health Insurance Plan (the Plan). The charter holder contributed \$430 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.

8. DONOR RESTRICTED NET ASSETS

Donor restricted net assets at August 31, 2025 and 2024 consisted of the following:

	2025	2024
State Funded Temporarily Restricted Net Assets	\$ 1,895,695	\$ 2,411,108
Local Trust	2,467	2,458
Federal NSLP	2,144	2,933
Campus Activity Net Asset Class	83,215	90,258
Total	<u>\$ 1,983,521</u>	<u>\$ 2,506,757</u>

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, 2025 of \$4,863 consists of Spectrum/Time Warner - \$4,574, Due from staff - \$289.

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.

**ST. MARY'S CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

12. PREPAID EXPENSES

Prepaid expenses of \$6,439 consist of the following: worker's compensation - \$6,439. The charter holder records purchase of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

13. PENSION DISCLOSURE

Plan Description

The School contributes to the Teacher Retirement System of Texas ("TRS"); a public employee retirement system. It is a cost-sharing, multiple employer defined pension plan with one exception: All risks and costs are not shared by the School but are the liability of the state of Texas. TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. TRS's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800)877-0123.

The TRS plan differs from a single-employer plan as follows:

- Charter schools are legally separate entities from the state and each other.
- Assets contributed by one charter school or independent school district ("ISD" may be used for the benefit of an employee of another ISD or charter school.
- The unfunded obligations get passed along to the other charter schools and ISDs.
- There is no withdrawal penalty for leaving the TRS system.

Total plan assets, accumulated benefit obligations, and % funded are as follows:

Name of Plan: Teacher Retirement System of Texas		
Plan Number: N/A		
Zone status: Unknown	(Dollars in Thousands)	
	2024	2023
1. Total Plan Assets	\$ 243,089,146	\$ 213,472,526
2. Accumulated Benefit Obligations	271,627,434	255,860,887
3. The plans funded %	77.51%	73.15%

There are no collective-bargaining agreements.

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% of the member's annual compensation and a state 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 31 years, the period would be increased by such action.

Under provisions in the state law, plan members are required to contribute 8.25% of their annual covered salary, and the State of Texas contributes an amount equal to 8.25% of the School's covered payroll.

**ST. MARY'S CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

The school employees' contributions to TRS for the twelve months ended August 31, 2025, were \$214,570.39, Equal to the required contributions for each year.

There were no other contributions made from federal and private grants and from the School for salaries above the statutory minimum for the twelve months ended August 31, 2025.

The school's contributions to TRS were \$167,492.16 for the twelve months ended August 31, 2025, which include \$52,017.95 in NON-OASDI participating surcharges. The School's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

14. DEFERRED REVENUE AND OTHER LIABILITIES

Deferred revenue of \$8,380 consists of revenue received this year Staff Funeral Flowers Allotment - \$4,932, Textbooks - \$3,378, and cafeteria lunch money - \$70. Other liabilities of \$40,506 consist of various payroll liabilities including state unemployment taxes - \$480, employee benefits - \$33,181, and other payroll taxes - \$6,845.

15. GRANTS RECEIVABLE

The grants receivable at August 31, 2025 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 \$23 at August 31, 2025, is for the Foundation Allotment settle-up amount due from the Summary of Finance.

17. ON-BEHALF PAYMENTS

St. Mary's Charter School recorded on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$151,606 for the year ended August 31, 2025. These payments were not required to be posted in the prior year.

18. EVALUATION OF SUBSEQUENT EVENTS

The charter holder has evaluated subsequent events through January 8, 2026, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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ST. MARY'S ACADEMY CHARTER SCHOOL **Exhibit B-1**
STATEMENTS OF FINANCIAL POSITION FOR INDIVIDUAL CHARTER SCHOOL
AUGUST 31, 2025 AND 2024

<i>Assets</i>	2025	2024
Current assets:		
Cash and cash equivalents	\$ 715,668	\$ 869,935
Inventory	2,144	2,933
Receivables	531,040	606,362
Accrued Interest Receivable	-	-
Due from other funds	4,569	7,231
Other receivables	4,863	5,794
Prepaid expenses	6,439	30,220
Total current assets	1,264,723	1,522,475
Property and equipment at cost, net	3,520,279	3,688,480
Right to Use Asset Operating Lease, net	200,321	269,292
Total assets	\$ 4,985,323	\$ 5,480,247
<i>Liabilities and Net Assets</i>		
Current liabilities		
Accounts payable	\$ 70,948	\$ 68,977
Accrued wages payable	224,690	318,514
Payable to state	23	22,234
Due to other funds	4,569	7,231
Loan interest payable	64	63
Deferred revenue	8,380	54,123
Other liabilities	40,506	39,263
Line of Credit	400,000	150,000
Notes payable - current portion	83,543	125,328
Lease liability-current portion	75,807	70,259
Total current liabilities	908,530	855,992
Noncurrent liabilities		
Notes payable	635,441	750,480
Lease liabilities	160,033	235,840
Total noncurrent liabilities	795,474	986,320
Total liabilities	1,704,004	1,842,312
Net assets		
Without Donor Restrictions	1,297,800	1,131,178
With Donor Restrictions	1,983,519	2,506,757
Total net assets	3,281,319	3,637,935
Total liabilities and net assets	\$ 4,985,323	\$ 5,480,247

ST. MARY'S ACADEMY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES FOR INDIVIDUAL CHARTER SCHOOL
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	2025	2024
SUPPORT AND REVENUE:				
Local Support				
5742 Interest Income	\$ 9,089	\$ -	\$ 9,089	\$ 18,497
5744 Gifts	92,593	-	92,593	59,018
5749 Other Local Revenue	1,850	-	1,850	677
5751 Food Services	9,154	-	9,154	6,247
5755 Income from Sales	53,935	-	53,935	24,963
5759 Enterprising Services or Activities	-	-	-	5,476
Total local support	<u>166,621</u>	<u>-</u>	<u>166,621</u>	<u>114,878</u>
State program revenues				
5811 Available School Fund	-	176,348	176,348	152,009
5812 Foundation School Program	-	2,901,185	2,901,185	3,022,320
5829 Miscellaneous State Revenue	-	191,127	191,127	101,595
5831 TRS On Behalf	-	151,605	151,605	203,965
Total state program revenues	<u>-</u>	<u>3,420,265</u>	<u>3,420,265</u>	<u>3,479,889</u>
Federal Program revenues				
5919 Miscellaneous Fed Revenue-ESC 2	-	-	-	6,237
5921 School Breakfast Program	-	92,858	92,858	91,177
5922 N.S. Lunch Program	-	246,941	246,941	233,739
5923 USDA Donated Commodities	-	21,814	21,814	22,116
5929 Miscellaneous Fed Dist Revenue	-	981,275	981,275	1,426,622
5939 Non-TEA Fed Dist Revenue	-	-	-	14,748
5949 Miscellaneous Fed Revenue-ECIA & ESEA	-	-	-	1,004
Total federal program revenues	<u>-</u>	<u>1,342,888</u>	<u>1,342,888</u>	<u>1,795,643</u>
Net assets released from restrictions:	<u>5,286,391</u>	<u>(5,286,391)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,453,012</u>	<u>(523,238)</u>	<u>4,929,774</u>	<u>5,390,410</u>
EXPENSES				
0011 Instructional Services	1,842,036	-	1,842,036	2,337,186
0012 Resources and Media Services	18,897	-	18,897	40,403
0013 Curriculum and Staff Development	150,280	-	150,280	109,863
0021 Instructional Leadership	347,509	-	347,509	376,554
0023 School Leadership	351,163	-	351,163	332,417
0031 Guidance and Counseling Services	218,501	-	218,501	250,516
0033 Health Services	38,202	-	38,202	43,692
0035 Food Services	331,968	-	331,968	383,401
0036 Extracurricular Activities	480,574	-	480,574	521,430
0041 General Administration	424,116	-	424,116	488,401
0051 Plant Maintenance and Operation	604,492	-	604,492	562,003
0052 Security	121,049	-	121,049	31,220
0053 Data Processing Services	206,408	-	206,408	174,669
0061 Community Services	61,839	-	61,839	58,123
0071 Debt Service-Interest	59,948	-	59,948	53,192
0081 Fund Raising	29,408	-	29,408	11,879
Total expenses	<u>5,286,390</u>	<u>-</u>	<u>5,286,390</u>	<u>5,774,949</u>
Change in net assets	166,622	(523,238)	(356,616)	(384,539)
Loss on sale of assets	-	-	-	(8,820)
Net assets, beginning of year	1,131,178	2,506,757	3,637,935	4,031,294
Prior Period Adjustment	-	-	-	-
Net assets, beginning of year, restated	<u>1,131,178</u>	<u>2,506,757</u>	<u>3,637,935</u>	<u>4,031,294</u>
NET ASSETS, END OF YEAR	<u>\$ 1,297,800</u>	<u>\$ 1,983,519</u>	<u>\$ 3,281,319</u>	<u>\$ 3,637,935</u>

ST. MARY'S ACADEMY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS FOR INDIVIDUAL CHARTER SCHOOL
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Exhibit B-3

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Foundation School Program Payments	\$ 3,013,396	\$ 3,267,694
Local support	129,530	122,399
Federal and state grants	1,615,460	2,229,294
Payments to vendors for goods and services rendered	(1,048,496)	(1,201,368)
Payments to charter school personnel for services rendered	(3,788,168)	(4,357,554)
Payments for interest	(59,948)	(53,829)
Net cash provided by operating activities	(138,226)	6,636
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on sale of asset	-	-
Purchase of property and equipment	(38,958)	(168,273)
Net cash provided by investing activities	(38,958)	(168,273)
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Line of Credit	400,000	271,423
Repayment of debt	(377,083)	(579,562)
Net cash provided by financing activities	22,917	(308,139)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(154,267)	(469,776)
Cash and Cash Equivalents - beginning of year	869,935	1,339,711
Cash and Cash Equivalents - end of year	\$ 715,668	\$ 869,935
Reconciliation of change in net assets to net cash provided		
by operating activities:		
Change in net assets	\$ (356,616)	\$ (384,539)
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Depreciation	276,130	261,883
(Increase) decrease in inventory	789	2,528
(Increase) decrease in grants receivable	75,322	206,968
(Increase) decrease in due from other funds	2,662	12,769
(Increase) decrease in accrued interest receivable	-	2,372
(Increase) decrease in other receivables	931	5,149
(Increase) decrease in prepaid expenses	23,782	36,727
Increase (decrease) in accounts payable	1,971	(21,390)
Increase (decrease) in payable to state	(22,211)	14,488
Increase (decrease) in accrued wages payable	(93,824)	(114,518)
Increase (decrease) in due to other funds	(2,662)	(12,769)
Increase (decrease) in interest payable	1	(637)
Increase (decrease) in deferred revenue	(45,743)	(11,652)
Increase (decrease) in other liabilities	1,242	9,257
Net cash provided by operating activities	\$ (138,226)	\$ 6,636

ST. MARY'S ACADEMY CHARTER SCHOOL
SCHEDULES OF EXPENSES FOR INDIVIDUAL CHARTER SCHOOL
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

EXHIBIT C-1

Expenses	2025	2024
6100 Payroll Costs	\$ 3,788,168	\$ 4,243,035
6200 Professional and Contracted Services	552,103	561,346
6300 Supplies and Materials	398,124	479,746
6400 Other Operating Costs	488,048	437,630
6500 Debt	59,948	53,192
Total Expenses	\$ 5,286,391	\$ 5,774,949

**ST. MARY'S ACADEMY CHARTER SCHOOL
SCHEDULE OF ASSETS FOR INDIVIDUAL CHARTER SCHOOL
FOR THE YEAR ENDED AUGUST 31, 2025**

EXHIBIT D-1

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 118,438	\$ 1,111,698	\$ (1,200,061)
1120 Investments	-	(495,804)	1,181,397
1510 Land and Improvements	3,500	152,803	-
1520 Building and Improvements	61,441	3,532,130	1,132,316
1520 Leasehold Improvements	105,722	-	-
1531 Vehicles	-	134,915	-
1539 Furniture and Equipment	3,454	60,333	92,577
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	-	-	-
Total Cash, Investments, and Capital Assets	\$ 292,555	\$ 4,888,228	\$ 1,477,316

ST. MARY'S ACADEMY CHARTER SCHOOL
Schedule of Real Property Ownership Interest
August 31, 2025

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		\$ 212,610	\$ 3,500	\$ 152,803	\$ -	\$ 156,303

ST. MARY'S ACADEMY CHARTER SCHOOL
Schedule of Related Party Transactions
For the Year Ended August 31, 2015

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>
None							\$ -	\$ -

ST. MARY'S ACADEMY CHARTER SCHOOL
Schedule of Related Party Compensation and Benefits
For the Year Ended August 31, 2025

Exhibit H-1

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefits</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total During Fiscal Year</u>
Jeanene Jones	Merle Simonson	Sibling	Compensation	Monthly	Salary	State	\$ 58,221
Jeanene Jones	Merle Simonson	Sibling	Benefit	Monthly	Life Insurance	State	24
Merle Simonson	Jeanene Jones	Sibling	Compensation	Monthly	Salary	State	100,489
Merle Simonson	Jeanene Jones	Sibling	Benefit	Monthly	Life Insurance	State	24
Michael Puente	Hirma Elizondo	Nephew	Compensation	Monthly	Salary	State	56,005
Michael Puente	Hirma Elizondo	Nephew	Benefit	Monthly	Life Insurance	State	24
Michael Puente	Hirma Elizondo	Nephew	Benefit	Monthly	Health Insurance	State	5,706
							<u>\$ 220,493</u>

ST. MARY'S ACADEMY CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULES FOR INDIVIDUAL CHARTER SCHOOL
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Exhibit J-1

	Budgeted Amounts		2025 Actual Amount	Variance	2024 Actual Amount
	Original	Final		from Final Budget	
Revenues					
Local Support:					
5720 Revenues from Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5740 Other Revenues from Local Sources	67,357	95,357	103,532	8,175	78,192
5750 Revenues from Cocurricular, Enterprising	38,800	72,520	63,089	(9,431)	36,686
Total Local Support	<u>106,157</u>	<u>167,877</u>	<u>166,621</u>	<u>(1,256)</u>	<u>114,878</u>
State program revenues					
5810 Foundation School Program Act Revenues	3,314,511	3,219,884	3,077,533	(142,351)	3,174,329
5820 State Program Revenues Distributed by Texas Education Agency	40,218	242,662	191,127	(51,535)	101,595
5830 State Program Revenues Distributed by Government Agency-TRS On Behalf	-	180,000	151,605	(28,395)	203,965
Total State Program Revenues	<u>3,354,729</u>	<u>3,642,546</u>	<u>3,420,265</u>	<u>(222,281)</u>	<u>3,479,889</u>
Federal program revenues:					
5910 Federal Revenues from ESC2	-	-	-	-	6,237
5920 Federal Revenues Distributed by the Texas Education Agency	412,063	2,038,438	1,342,888	(695,550)	1,773,654
5930 Federal Revenues Distributed by TDA	-	-	-	-	14,748
5940 Federal Revenues Distributed by USDA	-	-	-	-	1,004
Total Federal Revenues	<u>412,063</u>	<u>2,038,438</u>	<u>1,342,888</u>	<u>-</u>	<u>1,794,639</u>
Total Revenues	<u>3,872,949</u>	<u>5,848,861</u>	<u>4,929,774</u>	<u>(919,087)</u>	<u>5,390,410</u>
Expenses					
11 Instructional	1,730,721	1,952,744	1,842,036	110,708	2,337,186
12 Instructional Resources and Media Services	23,586	24,222	18,897	5,325	40,403
13 Curriculum Development and Instructional Staff Development	120,749	238,547	150,280	88,267	109,863
21 Instructional Leadership	114,001	511,896	347,509	164,387	376,554
23 School Leadership	302,445	353,083	351,163	1,920	332,417
31 Guidance, Counseling and Evaluation Services	103,341	252,057	218,501	33,556	250,516
33 Health Services	39,580	41,374	38,202	3,172	43,692
35 Food Services	359,791	365,555	331,968	33,587	383,401
36 Cocurricular/Extracurricular Activities	27,966	878,855	480,574	398,281	521,430
41 General Administration	565,162	571,668	424,116	147,552	488,401
51 Plant Maintenance and Operations	615,349	609,276	604,492	4,784	562,003
52 Security and Monitoring Services	16,384	153,016	121,049	31,967	31,220
53 Data Processing Services	147,329	209,001	206,408	2,593	174,669
61 Community Services	42,735	111,036	61,839	49,197	58,123
71 Debt Service-Interest	50,323	60,260	59,948	312	53,192
81 Fund Raising	14,402	30,588	29,408	1,180	11,879
Total Expenses	<u>4,273,864</u>	<u>6,363,178</u>	<u>5,286,390</u>	<u>1,076,788</u>	<u>5,774,949</u>
Change in Net Assets	(400,915)	(514,317)	(356,616)	157,701	(384,539)
Loss of Sale of Assets	-	-	-	-	(8,820)
Net Assets, beginning of year	3,637,935	3,637,935	3,637,935	-	4,031,294
Prior Period Adjustment	-	-	-	-	-
Net Assets, beginning of year, restated	<u>3,637,935</u>	<u>3,637,935</u>	<u>3,637,935</u>	<u>-</u>	<u>4,031,294</u>
Net Assets, end of year	<u>\$ 3,237,020</u>	<u>\$ 3,123,618</u>	<u>\$ 3,281,319</u>	<u>\$ -</u>	<u>3,637,935</u>

St. Mary's Charter School
State Compensatory Education and Bilingual Education Program Expenditures
August 31, 2025

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.	\$ 362,901
AP4	List the actual direct program expenses for state compensatory education programs during the School's fiscal year.	\$ 233,275

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.	\$ 6,245
AP8	List the actual direct program expenses for bilingual education programs during the Charter School's fiscal year.	\$ 8,611

**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, 2025, 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 January 8, 2026.

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
January 8, 2026

Raul Hernandez & Company, P.C.
Certified Public Accountants
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Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

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, 2025. 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, 2025.

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

January 8, 2026

St. Mary's Charter School

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2025

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
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. Questioned Costs: \$ 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, 2025

I. Status of Prior Year Findings:

None

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

For the Fiscal year ended August 31, 2025

N/A

**ST. MARY'S ACADEMY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025**

Exhibit K-1

<u>SOURCE AND TITLE OF GRANT</u>	FEDERAL ASSISTANCE LISTING NUMBER	GRANTOR'S/ PASS- THROUGH NUMBER	FEDERAL EXPENDITURES
<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 2025	84.358B	25680101101873	\$ 9,714
ESEA Title I, Part A-Improving Basic Programs Fiscal Year 2025	84.010A	25680101013801	173,953
Special Education Grants to States - IDEA- B Formula Fiscal Year 2025	84.027A	256600010138016600	67,225
ESEA Title II Part A-Teacher and Principal Training and Recruiting Fiscal Year 2025	84.367A	25694501013801	20,690
Title IV, Part A Fiscal Year 2024	84.424A	25680101013801	11,734
Nita M. Lowey 21st CCLC Cycle 12 Yr 1 Fiscal Year 2025	84.287C	256950337110042	652,735
TCLAS-ESSER III Fiscal Year 2022	84.425U	21528042013801	4,894
TCLAS HIGH QUALITY AFTER SCHOOL Fiscal Year 2022	84.425	215280587110143	40,330
Total U.S. Department of Education			<u>981,275</u>
<i>U.S. Department of Agriculture</i>			
<i>Passed Through</i>			
<i>Texas Education Agency</i>			
National School Breakfast Program	10.553	71402401	92,858
National School Lunch Program	10.555	71302401	246,941
National School Lunch Program -Non-cash assistance (commodities)	10.555	71302401	21,815
Total U.S Department of Agriculture			<u>361,614</u>
Total Federal Awards			\$ <u>1,342,889</u>

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

For the Fiscal Year Ended August 31, 2025

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, 2025, the Charter School had no sub-recipients.

Federal Loans and Loan Guarantees:

During the year ended August 31, 2025, the Charter School had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:

During the year ended August 31, 2025, the Charter School had no federally funded insurance.

Noncash awards:

During the year ended August 31, 2025, 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, 2025, the Charter School did not elect to use this rate. The Charter School used the restricted indirect cost rate of 5.089% and unrestricted indirect cost rate of 17.707%.

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

Total Federal Award Expended	\$ 1,342,889
	-
Exhibit A-2	<u>\$ 1,342,889</u>