

# St. Mary's Academy Charter School



Annual Financial Report  
For the fiscal years ended  
August 31, 2019 and 2018

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

**CERTIFIED PUBLIC ACCOUNTANTS**

5402 Holly Rd. Suite 102 Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

**ST. MARY'S CHARTER SCHOOL**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**



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)   X   approved    disapproved for the years ended August 31, 2019 and 2018, at a meeting of the governing body on the   20  th day of December, 2019.

*Sandy Ford*

\_\_\_\_\_  
Signature of Board Secretary

*Elden Price*

\_\_\_\_\_  
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:

#### **Report on the Financial Statements**

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, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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



## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary's Charter School as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **New Accounting Pronouncement**

As described in Note 1 to the financial statements, the St. Mary's Charter School adopted a new accounting guidance. 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 lack of consistency in the type of information provided about expenses and investment return. The St. Mary's Charter School has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements of St. Mary's Charter School, taken as a whole. The other supplementary information is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, 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, Texas  
December 20, 2019

**FINANCIAL SECTION**

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**ST. MARY'S CHARTER SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2019 and 2018**

**Exhibit A-1**

<i>Assets</i>	2019	2018
Current assets		
Cash and cash equivalents	\$ 997,399	\$ 1,006,550
Inventory	1,935	768
Receivables	590,513	504,098
Accrued interest receivable	44	-
Due from other funds	165	617
Other receivables	352	3,940
Prepaid expenses	37,375	56,508
Total current assets	1,627,783	1,572,481
Property and equipment at cost, net	3,231,726	3,285,534
Total assets	\$ 4,859,509	\$ 4,858,015
<i>Liabilities and Net Assets</i>		
Current liabilities		
Accounts payable	\$ 149,466	\$ 113,044
Accrued wages payable	332,504	370,244
Due to other funds	165	617
Deferred revenue	45,319	35,032
Other liabilities	46,395	45,013
Notes payable - current portion	81,555	78,072
Total current liabilities	655,404	642,022
Noncurrent liabilities		
Notes payable	1,155,590	1,236,310
Total noncurrent liabilities	1,155,590	1,236,310
Total liabilities	1,810,994	1,878,332
Net assets		
Without Donor Restrictions	293,926	342,189
With Donor Restrictions	2,754,589	2,737,494
Total net assets	3,048,515	3,079,683
Total liabilities and net assets	\$ 4,859,509	\$ 4,958,015

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

**ST. MARY'S CHARTER SCHOOL  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED AUGUST 31, 2019 and 2018**

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	2019	2018
<b>SUPPORT AND REVENUE:</b>				
Local Support				
Interest Income	\$ 8,907	\$ -	\$ 8,907	\$ 5,136
Contributions	65,832	-	65,832	112,379
Other Local Revenue	34,582	-	34,582	49,503
Total local support	<u>109,321</u>	<u>-</u>	<u>109,321</u>	<u>167,018</u>
State program revenues				
Foundation School Program	-	3,986,080	3,986,080	3,951,133
Other State Aid	-	173,577	173,577	12,965
Total state program revenues	<u>-</u>	<u>4,159,657</u>	<u>4,159,657</u>	<u>3,964,098</u>
Federal Program revenues				
ESEA Title I, Part A	-	195,913	195,913	153,702
ESEA Title II, Part A	-	26,695	26,695	19,885
ESEA Title IV, Part A	-	10,236	10,236	3,878
IDEA-B Formula	-	86,023	86,023	55,126
IDEA-B Preschool	-	1,871	1,871	802
Title V, Part B RLISP	-	8,786	8,786	-
TX Hurricane Homeless	-	-	-	3,217
TX Hurricane Impact Aid	-	-	-	41,895
Immediate Aid to Restart School Operations	-	8,751	8,751	11,802
Project Serv	-	-	-	9,027
Child Nutrition	-	289,613	289,613	262,297
Total federal program revenues	<u>-</u>	<u>627,888</u>	<u>627,888</u>	<u>561,631</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	4,770,450	(4,770,450)	-	-
Total support and revenue	<u>4,879,771</u>	<u>17,095</u>	<u>4,896,866</u>	<u>4,692,747</u>
<b>EXPENSES</b>				
Program Services:				
Instruction and Instructional-Related Services	2,812,714	-	2,812,714	2,590,567
Instructional and School Leadership	356,122	-	356,122	344,560
Support Services:				
Administrative Support Services	523,868	-	523,868	487,972
Ancillary Services	429,165	-	429,165	410,962
Support Services-Non-Student Based	176,704	-	176,704	138,831
Support Services-Student (Pupil)	583,740	-	583,740	552,283
Fundraising	45,721	-	45,721	42,889
Total expenses	<u>4,928,034</u>	<u>-</u>	<u>4,928,034</u>	<u>4,568,064</u>
Change in net assets	(48,263)	17,095	(31,168)	124,683
Net assets, beginning of year	<u>342,189</u>	<u>2,737,494</u>	<u>3,079,683</u>	<u>2,955,000</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 293,926</u>	<u>\$ 2,754,589</u>	<u>\$3,048,515</u>	<u>\$3,079,683</u>

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

**ST. MARY'S CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

Exhibit A-3

	PROGRAM ACTIVITIES		SUPPORTING ACTIVITIES		2019 TOTAL	2018 TOTAL
	EDUCATIONAL	GENERAL AND ADMINISTRATIVE	FUNDRAISING			
<b>EXPENSES</b>						
Salaries and Wages	\$ 2,054,881	\$ 963,949	\$ 7,928	\$ 3,026,758	\$ 2,916,599	
Benefits	185,910	121,890	124	307,924	262,668	
Payroll Taxes	153,252	72,944	702	226,898	217,540	
<b>TOTAL PAYROLL EXPENSES</b>	<b>2,394,043</b>	<b>1,158,783</b>	<b>8,754</b>	<b>3,561,580</b>	<b>3,396,807</b>	
Legal	-	5,340	-	5,340	6,849	
Accounting	-	10,500	-	10,500	11,000	
Contracted Services	117,676	122,138	30,000	269,814	201,089	
Advertising	438	1,274	-	1,712	807	
Supplies and Office Expenses	176,705	205,992	2,988	385,685	327,371	
Information Techonology	172,154	47,161	-	219,315	138,654	
Occupancy	185,595	68,401	-	253,996	264,884	
Travel	12,533	14,585	61	27,179	20,005	
Conferences	10,713	5,191	-	15,904	16,647	
Depreciation	94,463	37,228	-	131,691	121,665	
Insurance other than Property	-	15,984	-	15,984	18,652	
Student Transportation	-	-	-	-	6,293	
Dues	-	8,598	-	8,598	9,952	
Miscellaenous Operating Expenses	4,520	9,313	6,907	20,740	27,389	
<b>TOTAL NON-PAYROLL EXPENSES</b>	<b>774,797</b>	<b>551,705</b>	<b>39,956</b>	<b>1,366,458</b>	<b>1,171,257</b>	
<b>TOTAL EXPENSES</b>	<b>\$ 3,168,840</b>	<b>\$ 1,710,488</b>	<b>\$ 48,710</b>	<b>\$ 4,928,038</b>	<b>\$ 4,568,064</b>	

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

**ST. MARY'S CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED AUGUST 31, 2019 and 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Foundation School Program Payments	\$ 3,947,216	\$ 3,908,152
Local support	112,865	193,983
Federal and state grants	753,914	526,529
Payments to vendors for goods and services rendered	(1,109,163)	(919,709)
Payments to charter school personnel for services rendered	(3,599,318)	(3,377,679)
Interest payments	(59,546)	(62,924)
Net cash provided by operating activities	45,968	268,352
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(77,882)	(74,637)
Net cash provided by investing activities	(77,882)	(74,637)
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of debt	(77,237)	(73,859)
Net cash provided by financing activities	(77,237)	(73,859)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	(109,151)	119,856
Cash and Cash Equivalents - beginning of year	1,106,550	986,694
Cash and Cash Equivalents - end of year	\$ 997,399	\$ 1,106,550
Reconciliation of change in net assets to net cash provided		
by operating activities:		
Change in net assets	\$ (31,168)	\$ 124,683
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Depreciation	131,690	121,666
(Increase) decrease in inventory	(1,167)	1,973
(Increase) decrease in grants receivable	(86,415)	(91,048)
(Increase) decrease in due from other funds	452	(616)
(Increase) decrease in accrued interest receivable	(44)	-
(Increase) decrease in other receivables	3,588	26,964
(Increase) decrease in prepaid expenses	19,133	(11,983)
Increase (decrease) in accounts payable	36,422	52,642
Increase (decrease) in accrued wages payable	(37,740)	19,129
Increase (decrease) in due to other funds	(452)	616
Increase (decrease) in deferred revenue	10,287	10,542
Increase (decrease) in other liabilities	1,382	13,784
Net cash provided by operating activities	\$ 45,968	\$ 268,352

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, 2019 AND 2018**

**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 six 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

The Charter School accounts for all transactions on the accrual method of accounting for the years-end reporting purposes.

B. 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.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

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

C. 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.

D. 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:

- 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, 2019 AND 2018**

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

E. 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.

F. 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.

G. 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.

H. 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. In addition, certain prior year amounts have been reclassified to conform to the current year presentation.

I. New Accounting Pronouncement

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. The ASU has been applied retrospectively to all periods presented.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

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

**J. 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>
Building rentals	Square footage
Electricity	Usage per building
Utilities	Square footage
Insurance (property only)	Square footage
Mortgage interest	Building usage

**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, 2019 and 2018:

Financial Assets at August 31:	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$997,399	\$1,106,550
Receivables	590,513	504,098
Accrued interest receivable	<u>44</u>	<u>-</u>
 Total Financial Assets Available for General Expenditures over the next 12 months	 <u>\$1,587,956</u>	 <u>\$1,610,648</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.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**4. CASH AND CASH EQUIVALENTS**

At August 31, 2019 the carrying amount of the Charter School's deposits (cash, certificates of deposit, and interest-bearing accounts) was \$997,259. St. Mary's Charter School bank balance of \$1,007,317 was within the contracted depository banks consisting of the following:

Spirit of Texas Bank Local Fund	\$ 4,819
Spirit of Texas Bank Activity Fund	32,957
Spirit of Texas Bank Cafeteria Fund	9,820
Spirit of Texas Bank Operating Fund	67,698
Spirit of Texas Bank Money Market	<u>892,023</u>
Total	<u>\$1,007,317</u>

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

**5. CAPITAL ASSETS**

Capital assets at August 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 4,019,850	\$ 3,981,033
Leasehold improvements	96,547	96,547
Vehicles and equipment	127,650	88,585
Library books and media	23,682	23,682
Total property and equipment	<u>4,267,729</u>	<u>4,189,847</u>
Less: accumulated depreciation	<u>1,036,003</u>	<u>904,313</u>
Property and equipment, net	<u>\$ 3,231,726</u>	<u>\$ 3,285,534</u>

Depreciation expense for the year ended August 31, 2019 was \$131,690.

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**

Long-term debt at August 31, 2019 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 4.25% 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, 2019 was \$680,226.36.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**6. LONG TERM DEBT (Continued):**

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 initial interest rate of the loan is 5.02% 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, 2019 was \$556,918.83.

DESCRIPTION	Interest Rate Payable	Interest Current Year	Amounts Outstanding 9/1/2018	Increase	Decrease	Amounts Outstanding 8/31/2019	Current Portion
Self-Help Credit Union Loan Loan No. 964442	4.25%	\$ 30,729	\$ 740,521	\$ -	\$ 60,295	\$ 680,226	\$ 63,338
Self-Help New Markets X, LLC Loan Loan No. 980442	5.02%	28,817	573,861	-	16,942	556,919	18,217
		<u>\$ 59,546</u>	<u>\$ 1,314,382</u>	<u>\$ -</u>	<u>\$ 77,237</u>	<u>\$ 1,237,145</u>	<u>\$ 81,555</u>

Year ended August 31	Principal	Interest	Total
2020	\$ 81,555	\$ 55,228	\$ 136,783
2021	85,236	51,547	136,783
2022	89,083	47,700	136,783
2023	93,106	43,677	136,783
2024	97,312	39,471	136,783
Thereafter	790,853	207,520	998,373
	<u>\$ 1,237,145</u>	<u>\$ 445,143</u>	<u>\$ 1,682,288</u>

**7. HEALTH CARE COVERAGE**

During the year ended August 31, 2019, employees of the charter holder were covered by a Health Insurance Plan (the Plan). The charter holder contributed \$367 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, 2019 AND 2018**

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at August 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
State Funded Temporarily Restricted Net Assets	\$ 2,675,908	\$ 2,661,838
Federal NSLP	1,934	767
Campus Activity Net Asset Class	<u>76,747</u>	<u>74,889</u>
Total	<u>\$ 2,754,589</u>	<u>\$ 2,737,494</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, 2019 of \$352 consists of Adult and Student Meals for \$352.

**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 \$37,375 consist of the following: insurance - \$20,914, payroll expenses - \$7,517, website support - \$953, software expense - \$2,354, movie site license - \$1,437 and conference expense - \$4,200. The charter holder records purchases 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, 2019 AND 2018**

**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)	
	2018	2017
1. Total Plan Assets	\$ 176,942,454	\$ 165,379,342
2. Accumulated Benefit Obligations	209,611,329	179,336,534
3. The plans funded %	73.74%	82.17%

**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 in (A) above.



**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**13. PENSION DISCLOSURE (continued)**

**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. 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2019. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2017 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2019 and 2017.

	<u>Contribution Rate</u>	
	<u>2019</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 22,348	\$ 13,960
Employer Surcharges	\$ 13,890	\$ 9,214
Member Contributions	\$201,573	\$192,267
Non-Employer Contributing Entity (State)	\$155,665	\$155,834

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, 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. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) 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.

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**13. PENSION DISCLOSURE (continued)**

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, 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.

There have been no significant changes that would affect the comparison of employer contributions from year to year. Information regarding the plan may be found at the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us). The TRS posts the Comprehensive Annual Financial Report (CAFR) every year on its website.

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

**14. DEFERRED REVENUE AND OTHER LIABILITIES**

Deferred revenue of \$45,319 consists of revenue received this year for a next fiscal year grant - \$2,768, Barnhart Foundation - \$30,000, HEB Tech Donation - \$5,000, cafeteria lunch money - \$1,312, Special Ed state grant - \$4,748, and staff funeral flowers allotment - \$1,491. Other liabilities of \$46,395 consist of various payroll liabilities including teacher retirement liabilities - \$21,850, state unemployment taxes - \$265, and due to employees - \$24,280.

**15. OPERATING LEASES**

The charter holder has a non-cancelable operating lease for two color copiers and one black and white copier entered into in June 2018 for 60 months with monthly payments of \$1,085. The charter holder also has a second lease for two black and white copiers entered into in January 2017 for 60 months with payments of \$555.

Total costs for the two leases were \$19,680 for the year ended August 31, 2019. The future minimum lease payments for these leases are as follows:

Year Ended August 31,	<u>Amount</u>
2020	\$19,680
2021	15,795
2022	13,020
2023	<u>10,850</u>
Total	<u>\$59,345</u>

**ST. MARY'S CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**15. OPERATING LEASES (continued)**

On November 4, 2008, the charter holder entered into a non-cancellable operating lease for school facilities for ten years through August 31, 2018. At August 31, 2018 the lease was renegotiated for 10 years with the first three years at \$6,300 per month, the next four years at \$6,500, and the final three years at \$6,700. Either party to the lease may cancel the lease at the end of the academic year after giving sixty days written notice. The total cost for the lease was \$75,600 for the year ended August 31, 2019. The future minimum lease payments for this lease are as follows:

Year Ended August 31	Amount
2020	\$ 75,600
2021	75,600
2022	78,000
2023	78,000
2024	78,000
Thereafter	<u>319,200</u>
 Total	 <u>\$ 704,400</u>

**16. GRANTS RECEIVABLE**

The grants receivable at August 31, 2019 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.

**17. EVALUATION OF SUBSEQUENT EVENTS**

The charter holder has evaluated subsequent events through December 20, 2019, the date 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, 2019 and 2018**

<i>Assets</i>	2019	2018
Current assets:		
Cash and cash equivalents	\$ 997,399	\$ 1,106,550
Inventory	1,935	768
Receivables	590,513	504,098
Accrued Interest Payable	44	-
Due from other funds	165	617
Other receivables	352	3,940
Prepaid expenses	37,375	56,508
Total current assets	1,627,783	1,672,481
Property and equipment at cost, net	3,231,726	3,285,534
Total assets	\$ 4,859,509	\$ 4,958,015
<i>Liabilities and Net Assets</i>		
Current liabilities		
Accounts payable	\$ 149,466	\$ 113,044
Accrued wages payable	332,504	370,244
Due to other funds	165	617
Deferred revenue	45,319	35,032
Other liabilities	22,115	22,218
Due to employees	24,280	22,795
Notes payable - current portion	81,555	78,072
Total current liabilities	655,404	642,022
Noncurrent liabilities		
Notes payable	1,155,590	1,236,310
Total noncurrent liabilities	1,155,590	1,236,310
Total liabilities	1,810,994	1,878,332
Net assets		
Unrestricted	293,926	342,189
Temporarily restricted	2,754,589	2,737,494
Total net assets	3,048,515	3,079,683
Total liabilities and net assets	\$ 4,859,509	\$ 4,958,015

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2019 and 2018**

**Exhibit B-2**

	Unrestricted	Temporarily Restricted	2019	2018
<b>SUPPORT AND REVENUE:</b>				
Local Support				
5742 Interest Income	\$ 8,907	\$ -	\$ 8,907	\$ 5,136
5744 Gifts	65,832		65,832	112,379
5749 Other Local Revenue	4,372		4,372	1,956
5751 Food Services	10,005	-	10,005	22,876
5755 Income from Sales	20,205	-	20,205	24,671
Total local support	<u>109,321</u>	<u>-</u>	<u>109,321</u>	<u>167,018</u>
State program revenues				
5810 Available School Fund	-	201,133	201,133	97,633
5812 Foundation School Program		3,784,947	3,784,947	3,853,500
5829 Miscellaneous State Revenue	-	173,577	173,577	12,965
Total state program revenues	<u>-</u>	<u>4,159,657</u>	<u>4,159,657</u>	<u>3,964,098</u>
Federal Program revenues				
5921 School Breakfast Program	-	74,860	74,860	63,811
5922 N.S. Lunch Program		195,076	195,076	180,613
5923 USDA Donated Commodities		19,677	19,677	17,873
5929 Miscellaneous Fed Dist Revenue		338,275	338,275	299,334
5949 Miscellaneous ECIA & ESEA Revenue	-	-	-	-
Total federal program revenues	<u>-</u>	<u>627,888</u>	<u>627,888</u>	<u>561,631</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	4,770,450	(4,770,450)	-	-
Total support and revenue	<u>4,879,771</u>	<u>17,095</u>	<u>4,896,866</u>	<u>4,692,747</u>
<b>EXPENSES</b>				
0011 Instructional Services	2,515,831	-	2,515,831	2,286,777
0012 Resources and Media Services	39,974	-	39,974	37,540
0013 Curriculum and Staff Development	71,314	-	71,314	69,392
0021 Instructional Leadership	141,152	-	141,152	144,838
0023 School Leadership	214,970	-	214,970	199,722
0031 Guidance and Counseling Services	165,189	-	165,189	155,500
0033 Health Services	16,165	-	16,165	9,997
0034 Student Transportation	-	-	-	-
0035 Food Services	303,325	-	303,325	297,373
0036 Extracurricular Activities	99,061	-	99,061	89,413
0041 General Administration	523,868	-	523,868	487,972
0051 Plant Maintenance and Operation	599,933	-	599,933	593,413
0052 Security	14,827	-	14,827	14,407
0053 Data Processing Services	99,438	-	99,438	58,913
0061 Community Services	17,720	-	17,720	16,994
0071 Debt Service-Interest	59,546	-	59,546	62,924
0081 Fund Raising	45,721	-	45,721	42,889
Total expenses	<u>4,928,034</u>	<u>-</u>	<u>4,928,034</u>	<u>4,568,064</u>
Change in net assets	(48,263)	17,095	(31,168)	124,683
Net assets, beginning of year	<u>342,189</u>	<u>2,737,494</u>	<u>3,079,683</u>	<u>2,955,000</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 293,926</b></u>	<u><b>\$ 2,754,589</b></u>	<u><b>\$ 3,048,515</b></u>	<u><b>\$ 3,079,683</b></u>

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOW FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2019 and 2018**

Exhibit B-3

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Foundation School Program Payments	\$ 3,947,216	\$ 3,908,152
Local support	112,865	193,983
Federal and state grants	753,914	526,529
Payments to vendors for goods and services rendered	(1,109,163)	(919,709)
Payments to charter school personnel for services rendered	(3,599,318)	(3,377,679)
Payments for interest	(59,546)	(62,924)
Net cash provided by operating activities	45,968	268,352
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(77,882)	(74,637)
Net cash provided by investing activities	(77,882)	(74,637)
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of debt	(77,237)	(73,859)
Net cash provided by financing activities	(77,237)	(73,859)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(109,151)	119,856
Cash and Cash Equivalents - beginning of year	1,106,550	986,694
Cash and Cash Equivalents - end of year	\$ 997,399	\$ 1,106,550
<b>Reconciliation of change in net assets to net cash provided</b>		
by operating activities:		
Change in net assets	\$ (31,168)	\$ 124,683
<b>Adjustments to reconcile change in net assets to net</b>		
cash provided by operating activities:		
Depreciation	131,690	121,666
(Increase) decrease in inventory	(1,167)	1,973
(Increase) decrease in grants receivable	(86,415)	(91,048)
(Increase) decrease in due from other funds	452	(616)
(Increase) decrease in accrued interest receivable	(44)	-
(Increase) decrease in other receivables	3,588	26,964
(Increase) decrease in prepaid expenses	19,133	(11,983)
Increase (decrease) in accounts payable	36,422	52,642
Increase (decrease) in accrued wages payable	(37,740)	19,129
Increase (decrease) in due to other funds	(452)	616
Increase (decrease) in deferred revenue	10,287	10,542
Increase (decrease) in other liabilities	1,382	13,784
Net cash provided by operating activities	\$ 45,968	\$ 268,352



**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**SCHEDULES OF EXPENSES FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2019 and 2018**

**EXHIBIT C-1**

<b>Expenses</b>	<u>2019</u>	<u>2018</u>
6100 Payroll Costs	\$ 3,561,579	\$ 3,396,807
6200 Professional and Contracted Services	524,475	465,966
6300 Supplies and Materials	529,090	385,528
6400 Other Operating Costs	253,344	256,839
6500 Debt	<u>59,546</u>	<u>62,924</u>
 Total Expenses	 <u>\$ 4,928,034</u>	 <u>\$ 4,568,064</u>

**ST. MARY'S ACADEMY CHARTER SCHOOL** **EXHIBIT D-1**  
**SCHEDULE OF CAPITAL ASSETS FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

	Ownership Interest		
	Local	State	Federal
1520 Building and Improvements	\$ 64,941	\$ 3,719,349	\$ 235,560
1520 Leasehold Improvements	96,547	-	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	19,694	59,852	42,460
1549 Other Equipment	-	4,143	1,501
1569 Library Books and Media	-	-	23,682
Total Property and Equipment	<u>\$181,182</u>	<u>\$3,783,344</u>	<u>\$303,203</u>

**ST. MARY'S ACADEMY CHARTER SCHOOL**  
**BUDGETARY COMPARISON SCHEDULE FOR INDIVIDUAL CHARTER SCHOOL**  
**FOR THE YEARS ENDED AUGUST 31, 2019 and 2018**

Exhibit E-1

	Budgeted Amounts		2019 Actual Amount	Variance	2018 Actual Amount
	Original	Final		from Final Budget	
<b>Revenues</b>					
<b>Local Support:</b>					
5720 Revenues from Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5740 Other Revenues from Local Sources	219,868	112,567	79,111	(33,456)	119,471
5750 Revenues from Cocurricular, Enterprising	33,024	32,392	30,210	(2,182)	47,547
Total Local Support	<u>252,892</u>	<u>144,959</u>	<u>109,321</u>	<u>(35,638)</u>	<u>167,018</u>
<b>State program revenues</b>					
5810 Foundation School Program Act Revenues	4,013,450	3,970,357	3,986,080	15,723	3,951,133
5820 State Program Revenues Distributed by Texas Education Agency	122,475	181,769	173,577	(8,192)	12,965
5830 State Program Revenues Distributed by Government Agency	-	-	-	-	-
Total State Program Revenues	<u>4,135,925</u>	<u>4,152,126</u>	<u>4,159,657</u>	<u>7,531</u>	<u>3,964,098</u>
<b>Federal program revenues:</b>					
5920 Federal Revenues Distributed by the Texas Education Agency	620,563	626,934	627,888	954	561,631
5940 Federal Revenues Distributed Directly from the Federal Government	-	-	-	-	-
Total Revenues	<u>5,009,380</u>	<u>4,924,019</u>	<u>4,896,866</u>	<u>(27,153)</u>	<u>4,692,747</u>
<b>Expenses</b>					
11 Instructional	2,457,775	2,571,762	2,515,831	55,931	2,286,777
12 Instructional Resources and Media Services	38,978	42,921	39,974	2,947	37,540
13 Curriculum Development and Instructional Staff Development	66,101	76,264	71,314	4,950	69,392
21 Instructional Leadership	163,342	150,530	141,152	9,378	144,838
23 School Leadership	203,366	231,205	214,970	16,235	199,722
31 Guidance, Counseling and Evaluation Services	180,226	170,222	165,189	5,033	155,500
33 Health Services	15,530	15,746	16,165	(419)	9,997
34 Student (Pupil) Transportation	-	-	-	-	-
35 Food Services	296,114	309,800	303,325	6,475	297,373
36 Cocurricular/Extracurricular Activities	124,551	107,490	99,061	8,429	89,413
41 General Administration	555,773	552,681	523,868	28,813	487,972
51 Plant Maintenance and Operations	609,067	619,427	599,933	19,494	593,413
52 Security and Monitoring Services	15,583	15,699	14,827	872	14,407
53 Data Processing Services	94,798	114,169	99,438	14,731	58,913
61 Community Services	18,209	18,351	17,720	631	16,994
71 Debt Service-Interest	58,704	60,062	59,546	516	62,924
81 Fund Raising	22,097	48,344	45,721	2,623	42,889
Total Expenses	<u>4,920,214</u>	<u>5,104,673</u>	<u>4,928,034</u>	<u>176,639</u>	<u>4,568,064</u>
Change in Net Assets	<u>89,166</u>	<u>(180,654)</u>	<u>(31,168)</u>	<u>149,486</u>	<u>124,683</u>
Gains - Sale of Assets	-	-	-	-	-
Losses - Disposal of Assets	(500)	(500)	-	(500)	-
Net Assets, beginning of year	<u>3,079,683</u>	<u>3,079,683</u>	<u>3,079,683</u>	<u>-</u>	<u>2,955,000</u>
Net Assets, end of year	<u>\$3,168,349</u>	<u>\$ 2,898,529</u>	<u>\$ 3,048,515</u>	<u>\$ 148,986</u>	<u>3,079,683</u>

**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, 2019, 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 20, 2019.

**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 20, 2019

**St. Mary's Charter School**

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2019

I. Summary of Auditor's Results

1. Type of auditor's 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. Federal Awards	N/A

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.



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

**For the year ended August 31, 2019**

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

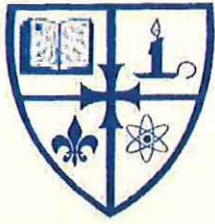
None

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

**For the year ended August 31, 2019**

**N/A**

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# St. Mary's Academy Charter School

507 North Filmore • Beeville, Texas 78102  
School Office (361) 358-5601 • Fax (361) 358-7939

Year Ended August 31, 2019

## Statement of Budgetary Comparison Variances

### Final to Actual Budget Variances

5740 A contribution for 19-20 received early and adjusted to deferred revenue.

0053 Budget entry inadvertently posted as credit instead of debit.

### Original to Final Budget Variances

5740 Local trust money removed from consideration by trustee.

5820 19-20 Reading adoption received early.

0012 Raises given due to HB3 and \$200 budget adj. inadvertently entered as \$2,000.

0013 Budget shifted from function 36 for additional identified staff development.

0023 Raises given due to HB3 and additional overtime to train new employee.

0036 Budget shifted to function 13 for additional identified staff development.

0053 Budget entry inadvertently posted as credit instead of debit.

0081 Contract entered into to provide needed services.