

**AMIGOS POR VIDA - FRIENDS FOR LIFE  
HOUSING & EDUCATION CORPORATION  
dba AMIGOS POR VIDA - FRIENDS FOR LIFE  
PUBLIC CHARTER SCHOOL  
(A NON PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended August 31, 2020  
with Comparative Totals for 2019**



**AMIGOS POR VIDA - FRIENDS FOR LIFE  
PUBLIC CHARTER SCHOOL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended August 31, 2020**

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**Amigos Por Vida - Friends For Life Public Charter School  
(Federal Employer Identification Number: 76-0433-067)  
Certificate of Board**

**Amigos Por Vida - Friends For Life  
Housing & Education Corporation dba  
Amigos Por Vida - Friends For Life Public  
Charter School**

\_\_\_\_\_  
Name of Charter Holder

**76-0433-067**

\_\_\_\_\_  
Federal Employer ID Number

**Amigos Por Vida - Friends For Life Public  
Charter School**

\_\_\_\_\_  
Name of Charter School

**Harris**  
\_\_\_\_\_  
County

**101-819**  
\_\_\_\_\_  
County District Number

We, the undersigned, certify that the attached Financial and Compliance Report of Amigos Por Vida - Friends for Life Public Charter School was reviewed and (check one)  approved \_\_\_\_\_ disapproved for the year ended August 31, 2020, at a meeting of the governing body of the charter holder on the 26<sup>th</sup> day of January, 2021.

Signature of Board Secretary

\* Signature of the Board Member  
on behalf of the Board President

*Edin B. Chavez*  
\_\_\_\_\_

*Rose Mary Valencia*  
\_\_\_\_\_  
Rose Mary Valencia (Jan 26, 2021 17:59 CST)

\*Board President out for medical reason

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

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School  
Houston, Texas

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

We have audited the accompanying financial statements of Amigos Por Vida - Friends for Life Public Charter School, Inc. (the "Charter School") which comprise the statement of financial position as of August 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

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

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

To the Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of August 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Charter School's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

***Other Information***

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2021, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Charter School's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
January 26, 2021

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF FINANCIAL POSITION**

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,276,112	\$ 3,328,860
Due from state	494,820	387,043
Other receivables	7,391	7,391
Prepaid expenses	14,042	17,385
<b>Total current assets</b>	<u>4,792,365</u>	<u>3,740,679</u>
Property and Equipment, net	<u>11,705,174</u>	<u>11,955,922</u>
<b>Total Assets</b>	<u>\$ 16,497,539</u>	<u>\$ 15,696,601</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 67,867	\$ 28,974
Due to state	350,553	5,338
Accrued salaries payable	147,993	241,406
Payroll liabilities	58,765	10,031
Interest payable	26,974	29,422
Current portion of notes payable	365,000	350,000
<b>Total Current Liabilities</b>	<u>1,017,152</u>	<u>665,171</u>
Notes payable net of issuance costs and current portion	<u>7,539,419</u>	<u>7,886,897</u>
<b>Total Liabilities</b>	<u>8,556,571</u>	<u>8,552,068</u>
 <b>Net Assets:</b>		
Without donor restrictions	2,569,087	2,501,434
With donor restrictions	5,371,881	4,643,099
<b>Total Net Assets</b>	<u>7,940,968</u>	<u>7,144,533</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 16,497,539</u>	<u>\$ 15,696,601</u>

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

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF ACTIVITIES**

**For The Years Ended**

	Without Donor	With Donor	August 31,	
	Restrictions	Restrictions	2020	2019
<b>Revenues</b>				
Local Support:				
Other revenues from local sources	\$ 32,131	\$ 98,902	\$ 131,033	\$ 29,655
Revenues from cocurricular activities	35,522	-	35,522	41,873
<b>Total Local Support</b>	<u>67,653</u>	<u>98,902</u>	<u>166,555</u>	<u>71,528</u>
State Program Revenues:				
Per Capita and Foundation School Program Act Revenues	-	5,204,526	5,204,526	4,802,969
State Program Revenues Distributed by Texas Education Agency (TEA)	-	121,582	121,582	45,798
State Program Revenues Distributed by Other State of Texas Government Agencies (other than TEA)	-	15,000	15,000	-
<b>Total State Program Revenues</b>	<u>-</u>	<u>5,341,108</u>	<u>5,341,108</u>	<u>4,848,767</u>
Federal Program Revenues:				
Federal revenues distributed by the TEA	-	690,323	690,323	775,663
<b>Total Federal Program Revenues</b>	<u>-</u>	<u>690,323</u>	<u>690,323</u>	<u>775,663</u>
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	5,401,551	(5,401,551)	-	-
<b>Total Revenues</b>	<u>\$ 5,469,204</u>	<u>\$ 728,782</u>	<u>\$ 6,197,986</u>	<u>\$ 5,695,958</u>

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

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF ACTIVITIES (continued)**

**For the Years Ended**

	Without Donor	With Donor	August 31,	
	Restrictions	Restrictions	2020	2019
<b>Expenses</b>				
Instruction	\$ 2,863,665	\$ -	\$ 2,863,665	\$ 2,602,456
Instructional Resources and Media Services	26,898	-	26,898	49,564
Curriculum Development and Instructional Staff Development	16,426	-	16,426	33,018
Instructional Leadership	16,675	-	16,675	13,529
School Leadership	438,307	-	438,307	370,471
Guidance, Counseling & Evaluation Services	121,324	-	121,324	64,230
Health Services	39,305	-	39,305	36,796
Food Services	304,904	-	304,904	321,122
Extracurricular Activities	13,184	-	13,184	22,730
General Administration	338,918	-	338,918	288,131
Facilities Maintenance and Operations	667,428	-	667,428	692,421
Security and Monitoring Services	77,540	-	77,540	89,093
Data Processing Services	102,290	-	102,290	100,018
Community Services	1,892	-	1,892	2,273
Debt Services	356,810	-	356,810	377,299
Fund Raising	15,985	-	15,985	26,892
<b>Total Expenses</b>	<u>5,401,551</u>	<u>-</u>	<u>5,401,551</u>	<u>5,090,043</u>
Change in Net Assets	67,653	728,782	796,435	605,915
Net Assets, beginning of year	<u>2,501,434</u>	<u>4,643,099</u>	<u>7,144,533</u>	<u>6,538,618</u>
<b>Net Assets, end of year</b>	<u>\$ 2,569,087</u>	<u>\$ 5,371,881</u>	<u>\$ 7,940,968</u>	<u>\$ 7,144,533</u>

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

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF CASH FLOWS**

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities:</b>		
Foundation school program payments	\$ 5,411,394	\$ 4,724,818
Grant payments	720,893	720,636
Other state and local revenue payments	303,137	117,431
Payments to vendors for goods and services rendered	(1,160,549)	(1,364,492)
Payments to charter school personnel for services rendered	(3,591,918)	(3,090,596)
Interest Payments	<u>(341,736)</u>	<u>(354,167)</u>
<b>Net cash provided by operating activities</b>	<u>1,341,221</u>	<u>753,630</u>
 <b>Cash flows from investing activities:</b>		
Purchase of fixed assets	<u>(43,969)</u>	<u>(39,300)</u>
<b>Net cash used by investing activities</b>	<u>(43,969)</u>	<u>(39,300)</u>
 <b>Cash flows from financing activities:</b>		
Principal payments on long-term debt	<u>(350,000)</u>	<u>(340,000)</u>
<b>Net cash used by financing activities</b>	<u>(350,000)</u>	<u>(340,000)</u>
 Net change in cash and cash equivalents	947,252	374,330
Beginning cash and cash equivalents	3,328,860	2,954,530
<b>Ending cash and cash equivalents</b>	<u>\$ 4,276,112</u>	<u>\$ 3,328,860</u>
 <b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Increase in net assets	\$ 796,435	\$ 605,915
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	294,717	293,496
Amortization	17,522	17,522
(Increase) decrease in:		
Due from state	(107,777)	(133,178)
Other receivables		105
Prepaid expenses	3,343	9,019
Increase (decrease) in operating liabilities:		
Accounts payable	38,893	(59,071)
Due to state	345,215	-
Accrued salaries payable	(93,413)	53,596
Payroll liabilities	48,734	(39,384)
Interest payable	<u>(2,448)</u>	<u>5,610</u>
<b>Net cash provided by operating activities</b>	<u>\$ 1,341,221</u>	<u>\$ 753,630</u>

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

# AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

### **Note 1 - Summary of Significant Accounting Policies**

The general-purpose financial statements of Amigos Por Vida - Friends for Life Public Charter School (the "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.

#### ***Reporting Entity***

The Charter School is a not-for-profit organization incorporated in the State of Texas in 1997 and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Charter School is governed by a Board of Directors comprised of five members. The members of the Board of Directors are appointed in accordance with provisions contained in the bylaws of the Charter School. The Board of Directors has the authority to make decisions, appoint the administrator of the Charter School, and significantly influence operations. The Board of Directors has primary accountability for the fiscal affairs of the Charter School.

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

#### ***Corporate Operations***

The Charter School was organized to provide educational services to students in Pre-K3 through the Eighth Grade. The Board of Directors governs the programs, services, activities, and functions of the Charter School, which operates under an open enrollment charter granted by the State of Texas Board of Education. The Charter School is part of the public school system of the State of Texas and is therefore entitled to distributions from the State's available school fund. The Charter School does not have the authority to impose ad valorem taxes on its district or to charge tuition.

The Charter School's charter was renewed in April of 2014 with a contract ending date of July 31, 2023.

#### ***Basis of Accounting and Presentation***

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

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimate affecting the Charter School's financial statements was the depreciation of capital assets and functional allocation of expenses.

# AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Note 1 - Summary of Significant Accounting Policies (continued)

#### *Contributions*

The Charter School accounts for contributions in accordance with FASB ASC Topic 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC Topic 958-605, contributions are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### *Cash and Cash Equivalents*

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

#### *Revenue Recognition*

State Foundation School Program revenues are recognized based on the reported student attendance. State and Federal grant revenues are recognized when services are rendered. Contributions and other revenues are recognized when received or unconditionally promised by a third party.

#### *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 Charter School 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 thirty-nine years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expenses 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. The Charter School had no donated capital assets at August 31, 2020.

#### *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

# AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Note 1 - Summary of Significant Accounting Policies (continued)

#### *Net Assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as either without donor restrictions or with donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As of August 31, 2020, net assets without donor restrictions totaled \$2,569,087.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of August 31, 2020, net assets with donor restrictions totaled \$5,371,881.

In accordance with state law, a charter holder is entitled to receive state aid for the charter school based on student attendance; however, before the charter holder may reclassify state aid from net assets with donor restrictions to net assets without donor restrictions, it must meet a two part test.

1. First, the charter school must demonstrate that it expended state aid for the benefit of its students.
2. Second, the charter school must expend state aid consistent with TEC, §45.105(c).

As described in Note 10, the majority of Charter School's revenue is comprised of state aid from the Texas Education Agency.

#### *Functional Expenses*

The costs of supporting the various programs and other activities have been summarized on a functional basis in the notes to the financial statements. The Texas Education Agency mandates a specific account coding that requires open enrollment charter schools to record expenses to a unique combination of function and object. Generally, the Charter School records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage. See Note 13 for more information.

#### *Income Taxes*

The Charter School is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("the Code") and comparable State of Texas law. The Charter School did not conduct any unrelated business activities in the current fiscal year. Therefore, the Charter School has made no provision for federal income taxes in the accompanying financial statements. The Charter School has also been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. Accordingly, contributions to the Charter School are tax deductible within the limitations prescribed by the Code.

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

**Note 1 - Summary of Significant Accounting Policies (continued)**

*Income Taxes (continued)*

The Charter School applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Charter School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Note 2 - Capital Assets**

Capital assets at August 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 5,813,836•	\$ 5,813,836
Buildings and Improvements	8,551,567•	8,507,598
Furniture and Equipment	83,625•	83,625
<b>Total Property and Equipment</b>	<u>14,449,028</u>	<u>14,405,059</u>
Less Accumulated Depreciation	<u>(2,743,854)•</u>	<u>(2,449,137)</u>
<b>Property and Equipment, Net</b>	<u>\$ 11,705,174</u>	<u>\$ 11,955,922</u>

Depreciation expense for the fiscal years ended August 31, 2020 and August 31, 2019, were \$294,717 and \$293,496, respectively.

Capital assets acquired with public funds received by the Charter School for the operation of the Charter School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets.

**Note 3 - Concentration of Credit and Business Risk**

The Charter School maintains demand deposits with U.S. local banking institutions. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Charter School will not be able to recover its deposits. The Charter School maintains deposits at federally insured banks and strives to minimize its exposure to custodial credit risk. At August 31, 2020, the carrying amount of the Charter School's cash deposits was \$4,276,112 and the bank's balance was \$4,358,793. The Charter School's cash deposits at August 31, 2020, were entirely covered by Federal Deposit Insurance Corporation (FDIC) Insurance or by pledged collateral held by the Charter School's agent bank in the Charter School's name.

Approximately 84 percent of the Charter School's total revenue for fiscal year 2020 was provided by the State funding for the Per Capita Apportionment and State Foundation Program.

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Benefit Pension Plans**

**A. Plan Description**

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

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

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Comprehensive Annual Financial Report available dated August 31, 2018 and August 31, 2019 indicated the following:

<b>TRS Pension Fund</b>	<b>TRS Plan Total Plan Assets</b>	<b>TRS Plan Fiduciary Net Position</b>	<b>Total Pension Liability</b>	<b>Net Pension Liability</b>	<b>Percent Funded</b>
2019	\$ 181,800,159,205	\$ 157,978,199,075	\$ 209,961,325,288	\$ 51,983,126,213	75.24%
2018	176,942,453,923	154,568,901,833	209,611,328,793	55,042,426,960	73.74%
2017	165,379,342,000	147,361,922,120	179,336,534,819	31,974,612,699	82.17%
2016	152,925,647,000	134,008,637,473	171,797,150,487	37,788,513,014	78.00%

**B. Funding Policy**

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 85<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2019 and 2020 would remain the same.

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Benefit Pension Plans (continued)**

**B. Funding Policy (continued)**

The member contribution rate for 2020 and 2019 was 7.70%. Employer and state contributions were both 7.50% and 6.80% for 2020 and 2019, respectively.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2019</b>	<b>2020</b>
Member	7.7%	7.7%
Employer	6.8%	7.5%
Non-Employer Contributing Entity (State)	6.8%	7.5%

The Charter School's employee contributions to the system for the year ended August 31, 2020 and August 31, 2019 were \$27,523 and \$20,503, respectively and were equal to the required contributions for the year. Total covered payroll for 2020 and 2019 was \$2,940,358 and \$2,645,866, respectively. Amounts paid as Public Education Employee Contribution for 2020 and 2019 were \$44,105 and \$39,085, respectively. Pension surcharge in the amount of \$8,915 was in paid in fiscal year 2020.

	<b>Fiscal</b>	<b>Fiscal</b>
	<b>Year 2019</b>	<b>Year 2020</b>
	<b>TRS</b>	<b>TRS</b>
	<b>Contributions</b>	<b>Contributions</b>
Total Covered Payroll	\$ 2,645,866	\$ 2,940,358
Member (Employee)	200,638	226,406
Charter School	20,503	27,523
Public Education Employer Contribution	39,085	44,105
Pension Surcharge	563	8,915

**Note 5 - Defined Other Post-Employment Benefit Plan**

**A. Plan Description**

The Charter School participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Similar to the TRS Pension Plan discussed in Note C, charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer OPEB plans. Assets contributed to a multi-employer OPEB plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Comprehensive Annual Financial Report available dated August 31, 2019.

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Defined Other Post-Employment Benefit Plan (continued)**

**A. Plan Description (continued)**

<b>TRS Care Other Post-Employment Benefits (OPEB)</b>	<b>Total Plan Assets</b>	<b>TRS-Care Plan Fiduciary Net Position</b>	<b>Total OPEB Liability</b>	<b>Net OPEB Liability</b>	<b>Percent Funded</b>
2019	\$ 1,475,508,564	\$ 1,292,022,349	\$ 48,583,247,239	\$ 47,291,224,890	2.66%
2018	1,001,649,953	798,574,633	50,729,490,103	49,930,915,470	1.57%
2017	526,397,969	399,535,986	43,885,784,621	43,486,248,635	0.91%

**B. OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; or by calling (512) 542-6592.

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

**C. Benefits Provided**

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

	<b>TRS-Care Plan Premium Rates</b>	
	<b>Medicare</b>	<b>Non-Medicare</b>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Defined Other Post-Employment Benefit Plan (continued)**

**C. Benefits Provided (continued)**

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

<b>TRS-Care plan Premium Rates</b>			
	<b>TRS-Care 1</b>	<b>TRS-Care 2</b>	<b>TRS-Care 3</b>
	<b>Basic Plan</b>	<b>Optional Plan</b>	<b>Optional Plan</b>
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

\*or surviving spouse

**D. Contributions**

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2019</b>	<b>2020</b>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

In fiscal year 2020, the Charter School contributed a total of \$24,494 of which, \$2,685 was for federally funded employees. Employees contributed a total of \$19,112. Covered payroll for TRS-Care for fiscal year 2020 was \$2,940,358. In fiscal year 2019, the Charter School contributed a total of \$20,043 of which, \$5,801 was for federally funded employees. Employees contributed a total of \$16,936. Covered payroll for TRS-Care for fiscal year 2019 was \$2,645,866.

## AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 6 - Health Care Coverage

During the year ended August 31, 2020, employees of the Charter School were covered by a Health Insurance Plan (the "Plan"). The Charter School contributed up to \$385 per month per employee from September 2019 through August 2020 to the Plan. During the year ended August 31, 2019, the Charter School contributed \$380 per month per employee from September 2018 through August 2019 to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

#### Note 7 - Due from State

Amounts due from the Texas Education Agency at August 31, 2020 and 2019, consisted of the following:

	<b>2020</b>	<b>2019</b>
State Foundation Program Year	\$ 421,512	\$ 283,165
Title I, Part A	13,820	66,772
Title IV, Part A, Subpart 1	7,063	617
IDEA, Part B - Formula	6,522	7,809
IDEA, Part B - Preschool	1,155	105
Title II, Part A	1,106	5,700
Title III, Part A	9,121	4,807
Emergency and Secondary School		
Emergency Relief Fund (ESSER)	495	-
State Funded Special Revenue	34,026	700
National School Lunch Program	-	17,368
	\$ 494,820	\$ 387,043

#### Note 8 - Operating Leases

The Charter School currently leases its office equipment, which are comprised of copiers and a postage meter. The future minimum rental payments required under non-cancellable lease agreements as of August 31, 2020, are as follows:

Year	Amount
2021	\$ 13,795
2022	13,795
2023	13,795
2024	3,449
Total	\$ 44,834

Rent expenses for the fiscal years ended August 31, 2020 and August 31, 2019, were approximately \$14,665 and \$16,163, respectively.

## AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 9 - Commitments and Contingencies

The Charter School receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily in 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.

#### Note 10 - State Aid

Charter schools in the State of Texas participate in the State foundation program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six-week reporting period, and at the close of the year, actual attendance is calculated by the Texas Education Agency and the attendance reports are subject to audit by the Texas Education Agency and final State foundation program earnings may be adjusted as a result of any such audit. During the period ended August 31, 2020, the Charter School earned \$5,204,526 of Per Capita and State foundation program funds, of which all was earned (before any possible Texas Education Agency enrollment and attendance audit). In fiscal year 2019, the Charter School earned \$4,802,969.

#### Note 11 - Notes Payable

In March 2017, the Charter School has entered into two loan agreements: \$9,150,000 Series 2017 (tax-exempt loan) and \$210,000 Series 2017 (taxable loan) to refund the Charter School's outstanding bonds of \$8,930,000 from original issue of \$10,350,000 of "Qualified Tax Exempt" Education Revenue Bonds, Series 2008. The loans are limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. None of the state, the city, nor any political corporation, subdivisions, or agency of the state is pledged to the payment of the principal of premium, or interest on the notes. As a result of refunding, there was a related debt issuance cost in the amount of \$350,448 which will be amortized over the life of the new loans. The loss on refunding was \$70,169 and was treated as an expense in the fiscal year of the refunding. The net present value savings on the refunding was \$2,274,744.

During the 2020 fiscal year, long-term debt consisted of the following notes payable:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Interest Accrual
Education Corporation Series 2017 Note Payable - Tax- Exempt	\$ 8,545,000	\$ -	\$ (350,000)	\$ 8,195,000	\$ 365,000	\$ 26,974
Debt Issuance Costs - Series 2017 Note Payable	(308,103)	-	17,522	(290,581)	-	-
	<u>\$ 8,236,897</u>	<u>-</u>	<u>\$ (332,478)</u>	<u>\$ 7,904,419</u>	<u>\$ 365,000</u>	<u>\$ 26,974</u>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 11 - Notes Payable (continued)**

The following is a summary of long-term debt transactions for the Charter School for the year ended August 31, 2020:

<u>Series</u>	<u>Amount Outstanding</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Serially Beginning/ Ending</u>	<u>Interest Payment Dates</u>
Education Corporation Series 2017 Note Payable - Tax- Exempt	\$ 8,195,000	\$ 9,150,000	3.9986%	April 1, 2017 / March 1, 2037	1st of Each Month

Due to the impact of the Tax Cut and Jobs Act of 2017, loan interest rate increased from 3.29% to 4.00% effective January 1, 2018.

The debt service requirements on bonds outstanding at August 31, 2020, are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 365,000	\$ 325,737	\$ 690,737
2022	375,000	310,704	685,704
2023	385,000	295,382	680,382
2024	405,000	279,794	684,794
2025	420,000	262,409	682,409
2026	430,000	245,383	675,383
2027	445,000	227,780	672,780
2028	450,000	210,227	660,227
2029	460,000	191,192	651,192
2030	495,000	171,699	666,699
2031	515,000	151,394	666,394
2032	525,000	130,719	655,719
2033	545,000	108,372	653,372
2034	560,000	86,360	646,360
2035	585,000	63,100	648,100
2036	610,000	39,622	649,622
2037	625,000	9,722	634,722
	<u>\$ 8,195,000</u>	<u>\$ 3,109,596</u>	<u>\$ 11,304,596</u>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 12 - Net Assets With Donor Restrictions**

Net assets with donor restrictions as of August 31, 2020 and 2019 are as follows:

	<u>As of August 31, 2020</u>	<u>As of August 31, 2019</u>
State Funds	\$ 5,371,881	\$ 4,643,099
<b>Total With Donor Restrictions</b>	<b>\$ 5,371,881</b>	<b>\$ 4,643,099</b>

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

	<u>For the Year Ended August 31, 2020</u>	<u>For the Year Ended August 31, 2019</u>
State Funds	\$ 4,655,681	\$ 4,339,938
Federal Funds	745,870	750,105
<b>Total Restrictions released</b>	<b>\$ 5,401,551</b>	<b>\$ 5,090,043</b>

**Note 13 - Functional Expenses**

The Charter School's expenses are coded directly to the functional category as established by the Texas Education Agency. Below expenses are reflected by functional category and natural classification or object class.

Expense by Functional Category	Expenses by Object Class					Total
	Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)	
11 Instruction	\$ 2,487,482	\$ 167,258	\$ 200,972	\$ 7,953	\$ -	\$ 2,863,665
12 Instructional resources and media services	23,664	-	3,209	25	-	26,898
13 Curriculum development and instructional staff development	-	16,366	-	60	-	16,426
21 Instructional leadership	-	16,675	-	-	-	16,675
23 School leadership	406,235	7,366	4,171	20,535	-	438,307
31 Guidance, counseling and evaluation services	75,214	43,398	1,450	1,262	-	121,324
33 Health services	38,325	-	655	325	-	39,305
35 Food service	42,596	258,217	3,762	329	-	304,904
36 Cocurricular/Extracurricular activities	5,156	-	1,355	6,673	-	13,184
41 General administration	284,433	51,440	1,864	1,181	-	338,918
51 Plant maintenance and operations	120,640	190,085	26,925	329,778	-	667,428
52 Security and monitoring services	-	51,463	26,077	-	-	77,540
53 Data processing services	63,494	2,404	36,392	-	-	102,290
61 Community Services	-	730	38	1,124	-	1,892
71 Debt service	-	-	-	-	356,810	356,810
81 Fund Raising	-	1,451	14,534	-	-	15,985
	<u>\$ 3,547,239</u>	<u>\$ 806,853</u>	<u>\$ 321,404</u>	<u>\$ 369,245</u>	<u>\$ 356,810</u>	<u>\$ 5,401,551</u>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 14 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$	4,276,112
Receivables		428,903
<b>Total</b>	<b>\$</b>	<b>4,705,015</b>

Per the Texas Education Agency, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have a time restriction, but must be used for education purposes in accordance with State law. As such, there are cash, investments and receivables that are due from the State and are available for use for educational purposes.

**Note 15 - Accrued Salaries**

In fiscal year 2020, the Charter School recorded \$147,993 in accrued salaries based on an average thirteen days worked for which were not paid until after August 31, 2020. During August 2019, the Charter School recorded \$241,406 in accrued salaries based on an average seventeen days worked for which were not paid until after August 31, 2019.

**Note 16 - Charter Holder Operations**

The Charter Holder only operated a single charter school and did not conduct any other charter or non-charter activities.

**Note 17 - Management's Review of Subsequent Events**

In preparing the accompanying financial statements, management has reviewed all known events that have occurred after August 31, 2020, and through January 26, 2021, the date on which the financial statements were available to be issued, for inclusion in the financial statements and footnotes.

Texas Education Agency's Response to COVID-19

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Harris County, also declared a local state of disaster.

Subsequent to the Governor's disaster declaration students in Texas did not receive in person instruction for the remainder of the 2019-2020 school year. TEA instituted an ADA hold harmless for the last two six-week attendance reporting periods of the 2019-2020 school year as follows: the average daily attendance (ADA) as calculated through the end of the fourth six-weeks will be adjusted to account for historical differences in rates of attendance from the first four six-week periods and the last two six-week periods. Once ADA is adjusted or historical rates of attendance, TEA will then reduce ADA in an amount necessary to ensure each LEA receives total state and CARES funding equal to the amount that would have been available through the Foundation School Program plus an amount to cover equitable services for private schools.

## AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 17 - Management's Review of Subsequent Events (continued)

##### Texas Education Agency's Response to COVID-19 (continued)

TEA instituted an ADA hold harmless for the first two six-week attendance reporting periods of the 2020-2021 school year as follows: if an LEA's Refined ADA counts during those first two six-week reporting periods are less than the ADA hold harmless projections (described in the paragraph below), the first two six-week attendance reporting periods for 2020-2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. For purposes of the hold harmless calculation, TEA will not consider each six weeks attendance period independent of each other. TEA will replace attendance numbers for each eligible LEA's 2020-2021 first two six-week attendance periods with projected ADA and student FTE numbers calculating using a three-year average trend of final numbers from the 2017-2018 through the 2019-2020 school years, unless this projection is both 15% higher and 100 ADA higher than the 2020-2021 LPE projections. In the latter case, 2020-2021 LPE counts will be used.

TEA will make available an ADA hold harmless for the third six weeks attendance reporting period, on the condition that LEAs allow on-campus instruction throughout the entire third six weeks period, as further described below. The ADA hold harmless methodology will be identical to the methodology used for the first two six weeks attendance reporting periods, except that the third six weeks will be examined independent of the first two six weeks attendance reporting periods. Specifically, if an LEA's refined ADA counts during the third six weeks attendance reporting period is less than the ADA hold harmless projections (described in the prior question and available online), the third six-weeks attendance reporting period for 2020-2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. As noted above, this ADA hold harmless methodology will only apply to attendance-based counts and will not apply to enrollment-based FSP allotments such as the state compensatory education allotment and the dyslexia allotment.

The full extent of the ongoing impact of COVID-19 on the Charter School's 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

No changes were made, or are necessary to be made, to the financial statements, as a result of this evaluation.

## **SUPPLEMENTARY INFORMATION**

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

SCHEDULES OF EXPENSES

		August 31,	
		2020	2019
	<b>Expenses</b>		
6100	Payroll Costs	\$ 3,547,239	\$ 3,104,808
6200	Professional and Contract Services	806,853	982,425
6300	Supplies and Materials	321,404	239,068
6400	Other Operating Costs	369,245	386,443
6500	Debt	356,810	377,299
	<b>Total Expenses</b>	<u>\$ 5,401,551</u>	<u>\$ 5,090,043</u>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**SCHEDULE OF CAPITAL ASSETS**

**Year Ended August 31, 2020**

		Ownership Interest		
		Local	State	Federal
1510	Land and improvements	\$ -	\$ 5,813,836	\$ -
1520	Buildings and improvements	-	8,551,567	-
1539	Furniture and equipment	-	83,625	-
	<b>Total property &amp; equipment</b>	<b>\$ -</b>	<b>\$ 14,449,028</b>	<b>\$ -</b>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**BUDGETARY COMPARISION SCHEDULE**

**Year Ended August 31, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>	
<b>Revenues</b>					
Local Support:					
5740	Other Revenues from Local Sources	\$ 61,616	\$ 67,090	\$ 166,555	\$ 99,465
State Program Revenues:					
5810	Foundation School Program Act Revenues	5,250,903	5,390,925	5,204,526	(186,399)
5820	State Program Revenues Distributed by the Texas Education Agency	119,511	119,511	121,582	2,071
5830	State Program Revenues Distributed by other than the Texas Education Agency	15,000	15,000	15,000	-
	<b>Total State Program Revenues</b>	<u>5,385,414</u>	<u>5,525,436</u>	<u>5,341,108</u>	<u>(184,328)</u>
Federal Program Revenues:					
5929	Federal Revenues Distributed by the Texas Education Agency	805,350	713,034	690,323	(22,711)
	<b>Total Federal Program Revenues</b>	<u>805,350</u>	<u>713,034</u>	<u>690,323</u>	<u>(22,711)</u>
	<b>Total Revenues</b>	<u>6,252,380</u>	<u>6,305,560</u>	<u>6,197,986</u>	<u>(107,574)</u>
<b>Expenses</b>					
11	Instruction	3,086,038	3,059,435	2,863,665	195,770
12	Instructional Resources and Media Services	53,290	27,557	26,898	659
13	Curriculum Development and Instructional Staff Development	27,740	17,689	16,426	1,263
21	Instructional Leadership	17,400	16,400	16,675	(275)
23	School Leadership	457,425	437,966	438,307	(341)
31	Guidance, Counseling and Evaluation Services	119,433	120,811	121,324	(513)
33	Health Services	40,334	40,189	39,305	884
35	Food Service	373,425	293,506	304,904	(11,398)
36	Cocurricular/Extracurricular Activities	31,525	17,387	13,184	4,203
41	General Administration	359,313	355,294	338,918	16,376
51	Facilities Maintenance and Operations	754,998	625,241	667,428	(42,187)
52	Security and Monitoring Services	116,762	84,236	77,540	6,696
53	Data Processing Services	119,786	129,179	102,290	26,889
61	Community Services	4,295	1,303	1,892	(589)
71	Debt Service	293,490	289,442	356,810	(67,368)
81	Fund Raising	20,100	19,603	15,985	3,618
	<b>Total Expenses</b>	<u>5,875,354</u>	<u>5,535,238</u>	<u>5,401,551</u>	<u>133,687</u>
	Change in net assets	377,026	770,322	796,435	26,113
	Beginning net assets	7,144,533	7,144,533	7,144,533	-
	<b>Ending net assets</b>	<u>\$ 7,521,559</u>	<u>\$ 7,914,855</u>	<u>\$ 7,940,968</u>	<u>\$ 26,113</u>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**BUDGETARY COMPARISION SCHEDULE (continued)**

**Year Ended August 31, 2020**

**Budget Variances**

In accordance with Module 2, Update 16, Issued in 2.3.2.8 of the Financial Accountability System Resource Guide, if the original and final budgeted amounts vary by more than 10 percent of the original budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The Charter School provides the following explanations for each of the variances noted:

<b>5900 Federal Program Revenues</b>	Decrease due to COVID-19 school shutdown for 2 ½ months resulting to a decrease in Child Nutrition and Title III Part A.
<b>Function 12</b>	Decrease due to library assistant also working as a teacher aide
<b>Function 13</b>	Decrease due to COVID-19 restricted professional development activities
<b>Function 35</b>	Decrease due to COVID-19 school shutdown for 2 ½ months plus summer school
<b>Function 36</b>	Decrease due to COVID-19 school shutdown resulting to the interruption of the spring soccer programs
<b>Function 51</b>	Decrease due to settlement of contractor dispute in prior year and custodial vacancies
<b>Function 52</b>	Decrease due to COVID-19 school shutdown for 2 ½ months plus summer school
<b>Function 61</b>	Decrease due to COVID-19 shutdown spring parenting activities

If the actual and final budgeted amounts vary by more than 10 percent of the final budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The Charter School provides the following explanations for each of the variances noted:

<b>Function 36</b>	Decrease due to COVID-19 canceling the Spring boys and girls soccer programs
<b>Function 53</b>	Decrease due to technology projects planned for August being delayed until October
<b>Function 61</b>	Increase due to omitting a November program when amending the budget
<b>Function 71</b>	Increase due to a budgeting error
<b>Function 81</b>	Decrease due to COVID-19 closing 2 ½ months of school and curtailing fundraising events

**Corrective Action Plan**

The Charter School will carefully review each function category to adhere to the requirements.

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## **COMPLIANCE AND INTERNAL CONTROLS**

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

To the Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School  
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Amigos Por Vida - Friends for Life Public Charter School, Inc. (the "Charter School"), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Whitley Penn LLP*

Houston, Texas  
January 26, 2021