

**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, 2022  
with Comparative Totals for 2021**





**AMIGOS POR VIDA - FRIENDS FOR LIFE**  
**PUBLIC CHARTER SCHOOL**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
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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**

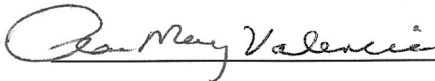
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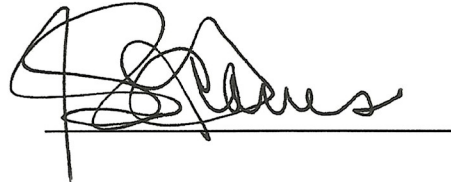
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County District Number

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, 2022, at a meeting of the governing body of the charter holder on the 25<sup>th</sup> day of January, 2023.

Signature of Board Secretary

  
\_\_\_\_\_

Signature of Board President

  
\_\_\_\_\_

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.



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Amigos Por Vida - Friends for Life Public Charter School (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position Amigos Por Vida - Friends for Life Public Charter School (the "School") as of August 31, 2022, 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.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months after the date that the financial statements are issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standard* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

#### ***Report on Summarized Comparative Information***

We have previously audited the School's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Supplementary Information***

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



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 25, 2023



## **GENERAL PURPOSE FINANCIAL STATEMENTS**



**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL****STATEMENTS OF FINANCIAL POSITION****August 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 5,430,691	\$ 4,603,920
Due from state	1,247,944	861,909
Other receivables	-	22,868
Prepaid expenses	1,743	10,248
<b>Total Current Assets</b>	<u>6,680,378</u>	<u>5,498,945</u>
<b>NonCurrent Assets:</b>		
Property and Equipment, net	12,606,467	11,445,496
Right-to-Use Asset, net	5,323	9,582
<b>Total Noncurrent Assets</b>	<u>12,611,790</u>	<u>11,455,078</u>
<b>Total Assets</b>	<u><u>\$ 19,292,168</u></u>	<u><u>\$ 16,954,023</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 134,531	\$ 26,157
Due to state	43,353	-
Accrued salaries payable	231,244	237,001
Payroll liabilities	103,045	90,515
Interest payable	18,620	19,566
Current portion of finance lease liability	4,506	4,360
Current portion of notes payable	385,000	375,000
<b>Total Current Liabilities</b>	<u>920,299</u>	<u>752,599</u>
Notes payable net of issuance costs and finance lease liability	6,814,463	7,186,447
<b>Total Liabilities</b>	<u>7,734,762</u>	<u>7,939,046</u>
<b>Net Assets:</b>		
Without donor restrictions	2,752,817	2,653,036
With donor restrictions	8,804,589	6,361,941
<b>Total Net Assets</b>	<u>11,557,406</u>	<u>9,014,977</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 19,292,168</u></u>	<u><u>\$ 16,954,023</u></u>

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

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**STATEMENTS OF ACTIVITIES**

For the Years Ended August 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>Revenues</b>				
<b>Local Support:</b>				
Other revenues from local sources	\$ 58,315	\$ 23,365	\$ 81,680	\$ 60,110
Revenues from cocurricular activities	41,466	-	41,466	27,743
<b>Total Local Support</b>	<u>99,781</u>	<u>23,365</u>	<u>123,146</u>	<u>87,853</u>
<b>State Program Revenues:</b>				
Per capita and foundation school program act revenues	-	6,320,070	6,320,070	5,744,745
State program revenues distributed by Texas Education Agency (TEA)	-	9,345	9,345	57,016
<b>Total State Program Revenues</b>	<u>-</u>	<u>6,329,415</u>	<u>6,329,415</u>	<u>5,801,761</u>
<b>Federal Program Revenues:</b>				
Federal revenues distributed by the TEA	-	2,917,597	2,917,597	1,044,151
Federal revenues distributed by other State of Texas government agencies	-	7,933	7,933	51,756
<b>Total Federal Program Revenues</b>	<u>-</u>	<u>2,925,530</u>	<u>2,925,530</u>	<u>1,095,907</u>
<b>Net Assets Released from Restrictions:</b>				
Restrictions satisfied by payments	6,835,662	(6,835,662)	-	-
<b>Total Revenues</b>	<u>\$ 6,935,443</u>	<u>\$ 2,442,648</u>	<u>\$ 9,378,091</u>	<u>\$ 6,985,521</u>

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

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**STATEMENTS OF ACTIVITIES**

For the Years Ended August 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>Expenses</b>				
Instruction	\$ 3,801,733	\$ -	\$ 3,801,733	\$ 3,331,943
Instructional Resources and Media Services	24,429	-	24,429	25,057
Curriculum Development and Instructional Staff Development	8,071	-	8,071	22,560
Instructional Leadership	46,919	-	46,919	9,805
School Leadership	465,071	-	465,071	455,117
Guidance, Counseling & Evaluation Services	98,751	-	98,751	96,394
Health Services	43,579	-	43,579	39,984
Food Services	460,333	-	460,333	362,123
Extracurricular Activities	55,996	-	55,996	4,947
General Administration	419,636	-	419,636	317,714
Facilities Maintenance and Operations	786,878	-	786,878	698,522
Security and Monitoring Services	87,263	-	87,263	69,690
Data Processing Services	155,728	-	155,728	127,986
Community Services	819	-	819	409
Debt Services	327,390	-	327,390	334,764
Fund Raising	53,066	-	53,066	14,497
<b>Total Expenses</b>	<b>6,835,662</b>	<b>-</b>	<b>6,835,662</b>	<b>5,911,512</b>
Change in net assets	99,781	2,442,648	2,542,429	1,074,009
<b>Net Assets, Beginning of Year</b>	<b>2,653,036</b>	<b>6,361,941</b>	<b>9,014,977</b>	<b>7,940,968</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,752,817</b>	<b>\$ 8,804,589</b>	<b>\$ 11,557,406</b>	<b>\$ 9,014,977</b>

# AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Foundation school program payments	\$ 5,934,035	\$ 5,165,519
Grant payments	2,968,883	957,491
Other state and local revenue payments	155,359	129,392
Payments to vendors for goods and services rendered	(1,656,097)	(1,402,726)
Payments to charter school personnel for services rendered	(4,377,159)	(3,793,427)
Interest Payments	(310,814)	(321,147)
<b>Net Cash Provided by Operating Activities</b>	<b>2,714,207</b>	<b>735,102</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(1,508,076)	(38,075)
<b>Net Cash Used by Investing Activities</b>	<b>(1,508,076)</b>	<b>(38,075)</b>
<b>Cash Flows from Financing Activities:</b>		
Reduction of Finance Lease Liability	(4,360)	(4,219)
Principal payments on long-term debt	(375,000)	(365,000)
<b>Net Cash Used by Financing Activities</b>	<b>(379,360)</b>	<b>(369,219)</b>
Net change in cash and cash equivalents	826,771	327,808
<b>Beginning Cash and Cash Equivalents</b>	<b>4,603,920</b>	<b>4,276,112</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 5,430,691</b>	<b>\$ 4,603,920</b>
<b>Reconciliation of Change in Net Assets to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Increase in net assets	\$ 2,542,429	\$ 1,074,009
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	351,364	297,753
Amortization of bond discounts	17,522	21,025
(Increase) decrease in:		
Due from state	(386,035)	(367,089)
Other receivables	22,868	(15,477)
Prepaid expenses	8,505	3,794
Increase (decrease) in operating liabilities:		
Accounts payable	108,374	(41,710)
Due to state	43,353	(350,553)
Accrued salaries payable	(5,757)	89,008
Payroll liabilities	12,530	31,750
Interest payable	(946)	(7,408)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,714,207</b>	<b>\$ 735,102</b>
<b>Noncash Investing and financing activities:</b>		
Obtaining a right-of-use asset in exchange for a lease liability	\$ -	\$ 21,294



## **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.

#### ***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.

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

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

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

##### ***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, 2022.

##### ***Prepaid Expenses***

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

##### ***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, 2022, net assets without donor restrictions totaled \$2,752,817.

*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, 2022, net assets with donor restrictions totaled \$8,804,589.

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.

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

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

##### *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.

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.

##### *New Accounting Pronouncement*

On February 25, 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The Charter School adopted the ASU on September 1, 2020 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

#### Note 2 - Capital Assets

Capital assets at August 31, 2022 and 2021, were as follows:

	<b>2022</b>	<b>2021</b>
Land	\$ 5,813,836	\$ 5,813,836
Buildings and Improvements	10,059,643	8,551,567
Furniture and Equipment	121,700	121,700
Right-to-Use Asset	21,294	21,294
<b>Total Property and Equipment</b>	<b>16,016,473</b>	<b>14,508,397</b>
Less Accumulated Depreciation and Amortization	(3,404,683)	(3,053,319)
<b>Property and Equipment, Net</b>	<b>\$ 12,611,790</b>	<b>\$ 11,455,078</b>

Depreciation and amortization expense for the fiscal years ended August 31, 2022 and August 31, 2021, were \$351,364 and \$297,753, 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.

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

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 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, 2022, the carrying amount of the Charter School's cash deposits was \$5,430,691 and the bank's balance was \$5,498,835. The Charter School's cash deposits at August 31, 2022, 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 81 percent of the Charter School's total revenue for fiscal year 2022 was provided by the State funding for the Per Capita Apportionment and State Foundation Program.

#### 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.

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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 Annual Comprehensive Financial Report available dated August 31, 2021 and August 31, 2022 indicated the following:

TRS Pension Fund	Total Plan Assets	TRS Plan Fiduciary		Total Pension Liability	Net Pension Liability	Percent Funded
		Net Position				
2021	\$ 223,172,755,137	\$ 201,807,002,496	\$ 227,273,463,630	\$ 25,466,461,134	88.79%	
2020	184,361,870,581	165,416,245,243	218,974,205,084	53,557,959,841	75.54%	
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%	

**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**

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. Actuarial implications of the funding provided in the manner are determined by the System's actuary. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. The member contribution rate for 2021 and 2020 was 7.70%. Employer and state contributions were both 7.50% for 2022 and 2021.

The member contribution rate for 2022 and 2021 was 7.70%. Employer and state contributions were both 7.50% and 7.50% for 2022 and 2021, respectively.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2020</b>	<b>2021</b>
Member	7.7%	7.7%
Employer	7.5%	7.5%
Non-Employer Contributing Entity (State)	7.5%	7.5%

The Charter School's covered payroll in additions to employee and School's contributions for fiscal years 2021 and 2022 are shown below. There was no pension surcharge for 2022 or 2021.

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2022</b>
	<b>TRS Contributions</b>	<b>TRS Contributions</b>
Total Covered Payroll	\$ 3,253,050	\$ 3,519,865
Member (employee)	250,485	281,589
Charter school	24,891	29,815
Non-OASDI Amount	52,048	59,838

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

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 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 Annual Comprehensive Financial Report available dated August 31, 2021.

TRS Care Other Post-Employment Benefits (OPEB)	Total Plan Assets	TRS-Care Plan Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2021	\$ 2,733,911,371	\$ 2,539,242,470	\$ 41,113,711,083	\$ 38,574,468,613	6.18%
2020	2,146,681,144	1,996,317,932	40,010,833,815	38,014,515,883	4.99%
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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, 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.

**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**

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

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 Basic Plan</b>	<b>TRS-Care 2 Optional Plan</b>	<b>TRS-Care 3 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>2021</b>	<b>2022</b>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL****NOTES TO THE FINANCIAL STATEMENTS (continued)****Note 5 - Defined Other Post-Employment Benefit Plan (continued)****D. Contributions (continued)**

In fiscal year 2022, the Charter School contributed a total of \$29,042 of which, \$2,642 was for federally funded employees. Employees contributed a total of \$22,880. Covered payroll for TRS-Care for fiscal year 2021 was \$3,519,865. In fiscal year 2021, the Charter School contributed a total of \$27,384 of which, \$2,987 was for federally funded employees. Employees contributed a total of \$21,146. Covered payroll for TRS-Care for fiscal year 2021 was \$3,253,050.

**Note 6 - Health Care Coverage**

During the year ended August 31, 2022, employees of the Charter School were covered by a Health Insurance Plan (the "Plan"). The Charter School contributed up to \$400 per month per employee from September 2021 through August 2022 to the Plan. During the year ended August 31, 2021, the Charter School contributed \$400 per month per employee from September 2021 through August 2022 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, 2022 and 2021, consisted of the following:

	<b>2022</b>	<b>2021</b>
State Foundation Program Year	\$ 631,091	\$ 650,185
Title I, Part A	17,510	30,843
Title IV, Part A, Subpart 1	8,697	617
IDEA, Part B - Formula	47,450	3,000
IDEA, Part B - Preschool	-	-
Title II, Part A	-	1,229
Title III, Part A	33,660	12,007
Emergency and Secondary School		
Emergency Relief Fund (ESSER)	-	109,611
ESSER II	233,621	-
ESSER III	275,915	15,873
State Funded Special Revenue	-	1,164
National School Lunch Program	-	37,380
	<u>\$ 1,247,944</u>	<u>\$ 861,909</u>

**Note 8 - Financing Lease**

The Charter School currently leases its office equipment, which are comprised of copiers and a postage meter. The lease's commencement date was on December 20, 2018 and expires in 2023. The Charter School's incremental borrowing rate of 3.29% is used for interest rate calculation. The future minimum rental payments required under non-cancellable lease agreements as of August 31, 2022, are as follows:

<b>Year</b>	<b>Payments</b>
2023	\$ 4,598
Less amount representing interest	(92)
Finance lease obligation	<u>\$ 4,506</u>



# 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, 2022, the Charter School earned \$5,744,745 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 2021, the Charter School earned \$5,744,745.

### 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 2022 fiscal year, long-term debt consisted of the following notes payable:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Interest Accrual</u>
Education Corporation Series						
2017 Note Payable - Tax - Exempt	\$ 7,830,000	\$ -	\$ (375,000)	\$ 7,455,000	\$ 385,000	\$ 18,620
Debt Issuance Costs - Series						
2017 Note Payable	(273,059)	-	17,522	(255,537)	-	-
	<u>\$ 7,556,941</u>	<u>-</u>	<u>\$ (357,478)</u>	<u>\$ 7,199,463</u>	<u>\$ 385,000</u>	<u>\$ 18,620</u>

The following is a summary of long-term debt transactions for the Charter School for the year ended August 31, 2022:

<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	\$ 7,455,000	\$ 9,150,000	3.9986%	April 1, 2017 / March 1, 2037	1st of Each Month

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

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, 2022, are as follows:

<b>Year Ending August 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>\$ 7,455,000</u>	<u>\$ 2,473,155</u>	<u>\$ 9,928,155</u>

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

Net assets with donor restrictions as of August 31, 2022 and 2021 are as follows:

	<b>As of August 31, 2022</b>	<b>As of August 31, 2021</b>
State funds	\$ 8,804,589	\$ 6,361,941
<b>Total With Donor Restrictions</b>	<u>\$ 8,804,589</u>	<u>\$ 6,361,941</u>

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

	<b>For the Year Ended August 31, 2022</b>	<b>For the Year Ended August 31, 2021</b>
State funds	\$ 5,457,102	\$ 4,856,956
Federal funds	1,378,560	1,054,556
<b>Total Restrictions released</b>	<u>\$ 6,835,662</u>	<u>\$ 5,911,512</u>

# AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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.

		Expenses by Object Class					August 31,	
Expense by Functional Category		Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)	2022	2021
11	Instruction	\$ 3,269,667	\$ 228,112	\$ 293,066	\$ 10,888	\$ -	\$ 3,801,733	\$ 3,331,943
12	Instructional resources and media services	24,236	-	193	-	-	24,429	25,057
13	Curriculum development and instructional staff development	-	5,420	2,153	498	-	8,071	22,560
21	Instructional leadership	-	46,919	-	-	-	46,919	9,805
23	School leadership	390,922	20,206	10,136	43,807	-	465,071	455,117
31	Guidance, counseling and evaluation services	84,161	12,225	1,343	1,022	-	98,751	96,394
33	Health services	43,365	-	214	-	-	43,579	39,984
35	Food service	52,581	404,405	1,631	1,716	-	460,333	362,123
36	Cocurricular/Extracurricular activities	29,435	3,052	18,923	4,586	-	55,996	4,947
41	General administration	301,610	94,615	15,645	7,766	-	419,636	317,714
51	Plant maintenance and operations	167,634	193,181	33,626	392,437	-	786,878	698,522
52	Security and monitoring services	-	86,668	595	-	-	87,263	69,690
53	Data processing services	20,321	69,469	65,938	-	-	155,728	127,986
61	Community Services	-	636	164	19	-	819	409
71	Debt service	-	-	-	-	327,390	327,390	334,764
81	Fund Raising	-	5,753	46,382	931	-	53,066	14,497
		<u>\$ 4,383,932</u>	<u>\$ 1,170,661</u>	<u>\$ 490,009</u>	<u>\$ 463,670</u>	<u>\$ 327,390</u>	<u>\$ 6,835,662</u>	<u>\$ 5,911,512</u>

### 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	\$ 5,430,691
Receivables	1,247,944
<b>Total</b>	<u><u>\$ 6,678,635</u></u>

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 2022, the Charter School recorded \$231,244 in accrued salaries based on an average 19 days worked for which were not paid until after August 31, 2022. In the fiscal year 2021, the Charter School recorded \$237,001 in accrued salaries based on an average 19 days worked for which were not paid until after August 31, 2021.

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

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

#### **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**

Management has evaluated subsequent events through January 25, 2023, which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL****SCHEDULES OF EXPENSES***For the Years Ended August 31, 2022 and 2021*

		<b>2022</b>	<b>2021</b>
	<b>Expenses</b>		
6100	Payroll Costs	\$ 4,383,932	\$ 3,914,185
6200	Professional and Contract Services	1,170,661	964,901
6300	Supplies and Materials	490,009	317,302
6400	Other Operating Costs	463,670	380,360
6500	Debt	327,390	334,764
	<b>Total Expenses</b>	<b>\$ 6,835,662</b>	<b>\$ 5,911,512</b>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL****SCHEDULE OF CAPITAL ASSETS****Year Ended August 31, 2022**

		Ownership Interest		
		Local	State	Federal
<b>Property &amp; Equipment</b>				
1510	Land and improvements	\$ -	\$ 5,813,836	\$ -
1520	Buildings and improvements	-	8,551,567	1,508,076
1539	Furniture and equipment	-	121,700	-
1550	Right-to-Use Asset	-	21,294	-
<b>Total Property &amp; Equipment</b>		<u>\$ -</u>	<u>\$ 14,508,397</u>	<u>\$ 1,508,076</u>

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

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**BUDGETARY COMPARISON SCHEDULE**

Year Ended August 31, 2022

		<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Variance from Final Budget</b>
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from Local Sources	\$ 49,650	\$ 49,650	\$ 123,146	\$ 73,496
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	5,588,934	5,588,934	6,320,070	731,136
5820	State Program Revenues Distributed by the Texas Education Agency	9,345	9,345	9,345	-
<b>Total State Program Revenues</b>		<b>5,598,279</b>	<b>5,598,279</b>	<b>6,329,415</b>	<b>731,136</b>
<b>Federal Program Revenues:</b>					
5929	Federal Revenues Distributed by the Texas Education Agency	2,851,421	2,851,421	2,917,597	66,176
5939	Federal revenues distributed by other State of Texas government agencies	-	-	7,933	7,933
<b>Total Federal Program Revenues</b>		<b>2,851,421</b>	<b>2,851,421</b>	<b>2,925,530</b>	<b>74,109</b>
<b>Total Revenues</b>		<b>8,499,350</b>	<b>8,499,350</b>	<b>9,378,091</b>	<b>878,741</b>
<b>Expenses</b>					
11	Instruction	3,632,690	3,686,063	3,801,733	(115,670)
12	Instructional resources and media services	29,727	30,002	24,429	5,573
13	Curriculum development and instructional staff development	7,200	7,200	8,071	(871)
21	Instructional leadership	6,000	6,000	46,919	(40,919)
23	School leadership	535,902	536,962	465,071	71,891
31	Guidance, counseling, and evaluation services	118,560	119,110	98,751	20,359
33	Health services	45,651	45,651	43,579	2,072
35	Food service	399,738	400,311	460,333	(60,022)
36	Cocurricular/extracurricular activities	25,100	58,450	55,996	2,454
41	General administration	380,776	372,082	419,636	(47,554)
51	Facilities maintenance and operations	784,487	783,945	786,878	(2,933)
52	Security and monitoring services	77,339	77,339	87,263	(9,924)
53	Data processing services	250,400	251,999	155,728	96,271
61	Community services	1,836	1,836	819	1,017
71	Debt service	328,203	328,203	327,390	813
81	Fund raising	20,898	20,898	53,066	(32,168)
<b>Total Expenses</b>		<b>6,644,507</b>	<b>6,726,051</b>	<b>6,835,662</b>	<b>(109,611)</b>
Change in net assets		1,854,843	1,773,299	2,542,429	769,130
<b>Beginning Net Assets</b>		<b>9,014,977</b>	<b>9,014,977</b>	<b>9,014,977</b>	<b>-</b>
<b>Ending Net Assets</b>		<b>\$ 10,869,820</b>	<b>\$ 10,788,276</b>	<b>\$ 11,557,406</b>	<b>\$ 769,130</b>



**BUDGETARY COMPARISON SCHEDULE****Year Ended August 31, 2022****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). In addition, if the final budgeted amounts vary by more than 10% from the actual amounts, an explanation is also required. The Charter School provides the following explanations for each of the variances noted:

5700	Increase in revenue due to additional miscellaneous revenues.
5800	Increase in revenue due to higher-than-expected enrollment, the budget was based on a conservative approach based on the prior year uncertainty
Function 12	The library is not functioning at full capacity since we are using the space for music class, we needed less resources than projected.
Function 13	The instructions activities increase this year post pandemic, some of the activities and professional development went back to almost normal.
Function 21	We hired a Special Education Consultant to serve as interim Special Education Director, after our most experienced Special Education teacher resigned
Function 23	The decrease is due to reduced traveling and other activities, also one of the staff members left mid-year.
Function 31	The decrease is due to several staff changes during the year, one higher paid staff member left.
Function 35	The increase is due to higher enrollment and higher prices.
Function 36	The decrease is due to the reduced number of extra-curricular activities, not all sports planned were offered.
Function 52	The school is using security services every time there are students in the building, including after school activities and special events.
Function 53	Our IT in house person left mid-year, this year we replaced our IT services with an in-house staff member former teacher aid with a lesser salary and an IT company services, being more cost efficient.
Function 61	Less activity than expected we continue serving the community, but we minimized the visits to the school during the school year.
Function 81	This year we went back to our spirit wear and uniform sales as fundraising, as well as the chocolate sales.

**Corrective Action Plan**

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

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL****SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST****For the Year Ended August 31, 2022**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
Res A Blk 1 Land Neighborhood Section 4	5503 El Camino Del Rey St., Houston, Texas 77081	\$ 5,386,352	\$ -	\$ 5,813,836	\$ -
<b>Total</b>		<b>\$ 5,386,352</b>	<b>\$ -</b>	<b>\$ 5,813,836</b>	<b>\$ -</b>

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL*****SCHEDULE OF RELATED PARTY TRANSACTIONS******For the Year Ended August 31, 2022***

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During FY</u>	<u>Principal Balance Due</u>
None								

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL*****SCHEDULE OF COMPENSATION AND BENEFITS******For the Year Ended August 31, 2022***

<u>Related Party Name</u>	<u>Name of Relation of the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During FY</u>
None							

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**  
**COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES**  
*For the Year Ended August 31, 2022*

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$924,458
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$580,499
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$260,262
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$145,508



## **COMPLIANCE AND INTERNAL CONTROLS**





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

To the Board of Directors  
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, 2022, 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 25, 2023

**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) as a basis for designing 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

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

### **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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 25, 2023

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

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

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

***Opinion on Each Major Program***

We have audited Amigos Por Vida - Friends for Life Public Charter School's (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended August 31, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

*Whitley Penn LLP*

Houston, Texas  
January 25, 2023

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2022**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)	No

Identification of Major Programs

<b><u>Name of Federal Program or Cluster</u></b>	<b><u>Assistance Listing Number (ALN)</u></b>
<b>US Department of Education:</b>	
<i>CARES Act, ESSER I (COVID-19)</i>	84.425D
<i>CRSSA ESSER II (COVID-19)</i>	84.425D
<i>ARP, ESSER III Grant (COVID-19)</i>	84.425U
<i>Title I, Part A Improving Schools</i>	84.010A
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	No

**AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended August 31, 2022***

**II. Financial Statement Findings**

None Reported

**III. Federal Awards Findings And Questioned Costs**

None Reported

# AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2022

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	Charter School Fund Number	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U. S. Department of Education</b>				
<b>Passed Through Texas Education Agency:</b>				
ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	22610101101819	284,659
IDEA - Part B, Formula	224	84.027A	226600011018190000	153,563
Total Special Education Cluster (ALN 84.027)				<u>153,563</u>
ESEA, Title II, Part A, Supporting Effective Instruction	255	84.367A	22694501101819	41,805
Title III, Part A - English Language Acquisition	263	84.365A	22671001101819	75,400
CARES Act ESSER I (COVID-19)	266	84.425D	20521001101819	83,821
CRSSA ESSER II (COVID-19)	281	84.425D	21521001101819	843,103
ARP, ESSER III Grant (COVID-19)	282	84.425U	21528001101819	905,054
Total ALN 84.425				<u>1,831,978</u>
Title IV, Part A	204	84.424A	2268010110819	39,744
<b>Total U. S. Department of Education</b>				<u><b>2,427,149</b></u>
<b>U. S. Department of Agriculture</b>				
<b>Passed Through Texas Department of Agriculture:</b>				
Cash assistance				
Supply Chain Assistance	240	10.555	00484	7,933
<b>Passed Through Texas Education Agency:</b>				
Cash assistance:				
School Breakfast Program	240	10.553	71402201	94,322
National School Lunch Program	240	10.555	71302201	396,126
Total Child Nutrition Cluster (ALN 10.553, 10.555)				<u>498,381</u>
<b>Total U. S. Department of Agriculture</b>				<u><b>498,381</b></u>
<b>Total Expenditures of Federal Awards</b>				<u><b>\$ 2,925,530</b></u>



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

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

#### **Note 1 - Basis of Presentation**

The schedule of expenditures of federal awards ("SEFA") presents federal grant activity of the Charter School for the fiscal year ended August 31, 2022, and is reported on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the Charter School's financial statements.

#### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented when available. The Charter School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **Note 3 - Relationship to Financial Report Submitted to Grantor Agencies**

Amounts reflected in the financial reports filed with grantor agencies for the program may not agree with the amounts in the SEFA because of accruals made to present the SEFA on the accrual basis (which would be included in the next report filed with the agencies), as well as matching requirements not included in the SEFA and differences in programs' year-ends.

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

### ***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

***For the Year Ended August 31, 2022***

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

#### **I. Prior Audit Findings**

None Noted

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

### ***CORRECTIVE ACTION PLAN***

***For the Year Ended August 31, 2022***

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

#### **I. Corrective Action Plan**

Not Applicable

