

**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, 2021
with Comparative Totals for 2020**



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

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, 2021, at a meeting of the governing body of the charter holder on the 25th day of January, 2022.

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.



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

Report on Summarized Comparative Information

We have previously audited the Charter School’s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, 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 such as the budgetary comparison schedule, schedule of expenses, schedule of capital assets, schedule of real property ownership interest, schedule of related party transactions, and schedule of compensation and benefits, as required by the Texas Education Agency is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (“OMB”); *Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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, 2022, 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.



Houston, Texas
January 26, 2022

GENERAL PURPOSE FINANCIAL STATEMENTS



AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**STATEMENTS OF FINANCIAL POSITION**

August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,603,920	\$ 4,276,112
Due from state	861,909	494,820
Other receivables	22,868	7,391
Prepaid expenses	10,248	14,042
Total Current Assets	<u>5,498,945</u>	<u>4,792,365</u>
NonCurrent Assets:		
Property and Equipment, net	11,445,496	11,705,174
Right-to-Use Asset, net	9,582	-
Total Noncurrent Assets	<u>11,455,078</u>	<u>11,705,174</u>
Total Assets	<u>\$ 16,954,023</u>	<u>\$ 16,497,539</u>
Liabilities and Net Assets		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 26,157	\$ 67,867
Due to state	-	350,553
Accrued salaries payable	237,001	147,993
Payroll liabilities	90,515	58,765
Interest payable	19,566	26,974
Current portion of finance lease liability	4,360	-
Current portion of notes payable	375,000	365,000
Total Current Liabilities	<u>752,599</u>	<u>1,017,152</u>
Notes payable net of issuance costs and finance lease liability	<u>7,186,447</u>	<u>7,539,419</u>
Total Liabilities	<u>7,939,046</u>	<u>8,556,571</u>
Net Assets:		
Without donor restrictions	2,653,036	2,569,087
With donor restrictions	6,361,941	5,371,881
Total Net Assets	<u>9,014,977</u>	<u>7,940,968</u>
Total Liabilities and Net Assets	<u>\$ 16,954,023</u>	<u>\$ 16,497,539</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

STATEMENTS OF ACTIVITIES

For the Years Ended August 31, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Revenues				
Local Support:				
Other revenues from local sources	\$ 56,206	\$ 3,904	\$ 60,110	\$ 131,033
Revenues from cocurricular activities	27,743	-	27,743	35,522
Total Local Support	83,949	3,904	87,853	166,555
State Program Revenues:				
Per capita and foundation school program act revenues	-	5,744,745	5,744,745	5,204,526
State program revenues distributed by Texas Education Agency (TEA)	-	57,016	57,016	121,582
State program revenues distributed by other State of Texas government agencies (other than TEA)	-	-	-	15,000
Total State Program Revenues	-	5,801,761	5,801,761	5,341,108
Federal Program Revenues:				
Federal revenues distributed by the TEA	-	1,044,151	1,044,151	690,323
Federal revenues distributed by other State of Texas government agencies	-	51,756	51,756	-
Total Federal Program Revenues	-	1,095,907	1,095,907	690,323
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	5,911,512	(5,911,512)	-	-
Total Revenues	\$ 5,995,461	\$ 990,060	\$ 6,985,521	\$ 6,197,986

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

STATEMENTS OF ACTIVITIES

For the Years Ended August 31, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Expenses				
Instruction	\$ 3,331,943	\$ -	\$ 3,331,943	\$ 2,863,665
Instructional Resources and Media Services	25,057	-	25,057	26,898
Curriculum Development and Instructional Staff Development	22,560	-	22,560	16,426
Instructional Leadership	9,805	-	9,805	16,675
School Leadership	455,117	-	455,117	438,307
Guidance, Counseling & Evaluation Services	96,394	-	96,394	121,324
Health Services	39,984	-	39,984	39,305
Food Services	362,123	-	362,123	304,904
Extracurricular Activities	4,947	-	4,947	13,184
General Administration	317,714	-	317,714	338,918
Facilities Maintenance and Operations	698,522	-	698,522	667,428
Security and Monitoring Services	69,690	-	69,690	77,540
Data Processing Services	127,986	-	127,986	102,290
Community Services	409	-	409	1,892
Debt Services	334,764	-	334,764	356,810
Fund Raising	14,497	-	14,497	15,985
Total Expenses	<u>5,911,512</u>	<u>-</u>	<u>5,911,512</u>	<u>5,401,551</u>
Change in net assets	83,949	990,060	1,074,009	796,435
Net Assets, Beginning of Year	<u>2,569,087</u>	<u>5,371,881</u>	<u>7,940,968</u>	<u>7,144,533</u>
Net Assets, End of Year	<u>\$ 2,653,036</u>	<u>\$ 6,361,941</u>	<u>\$ 9,014,977</u>	<u>\$ 7,940,968</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Foundation school program payments	\$ 5,165,519	\$ 5,411,394
Grant payments	957,491	720,893
Other state and local revenue payments	129,392	303,137
Payments to vendors for goods and services rendered	(1,402,726)	(1,160,549)
Payments to charter school personnel for services rendered	(3,793,427)	(3,591,918)
Interest Payments	(321,147)	(341,736)
Net Cash Provided by Operating Activities	<u>735,102</u>	<u>1,341,221</u>
Cash Flows from Investing Activities:		
Purchase of fixed assets	(38,075)	(43,969)
Net Cash Used by Investing Activities	<u>(38,075)</u>	<u>(43,969)</u>
Cash Flows from Financing Activities:		
Reduction of Finance Lease Liability	(4,219)	-
Principal payments on long-term debt	(365,000)	(350,000)
Net Cash Used by Financing Activities	<u>(369,219)</u>	<u>(350,000)</u>
Net change in cash and cash equivalents	327,808	947,252
Beginning Cash and Cash Equivalents	<u>4,276,112</u>	<u>3,328,860</u>
Ending Cash and Cash Equivalents	<u>\$ 4,603,920</u>	<u>\$ 4,276,112</u>
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Increase in net assets	\$ 1,074,009	\$ 796,435
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	297,753	294,717
Amortization	21,025	17,522
(Increase) decrease in:		
Due from state	(367,089)	(107,777)
Other receivables	(15,477)	-
Prepaid expenses	3,794	3,343
Increase (decrease) in operating liabilities:		
Accounts payable	(41,710)	38,893
Due to state	(350,553)	345,215
Accrued salaries payable	89,008	(93,413)
Payroll liabilities	31,750	48,734
Interest payable	(7,408)	(2,448)
Net Cash Provided by Operating Activities	<u>\$ 735,102</u>	<u>\$ 1,341,221</u>
Noncash Investing and financing activities:		
Obtaining a right-of-use asset in exchange for a lease liability	<u>\$ 21,294</u>	<u>\$ -</u>

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, 2021.

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, 2021, net assets without donor restrictions totaled \$2,653,036.

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, 2021, net assets with donor restrictions totaled \$6,361,941.

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, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 5,813,836	\$ 5,813,836
Buildings and Improvements	8,551,567	8,551,567
Furniture and Equipment	121,700	83,625
Right-to-Use Asset	21,294	-
Total Property and Equipment	<u>14,508,397</u>	<u>14,449,028</u>
Less Accumulated Depreciation and Amortization	<u>(3,053,319)</u>	<u>(2,743,854)</u>
Property and Equipment, Net	<u>\$ 11,455,078</u>	<u>\$ 11,705,174</u>

Depreciation expense for the fiscal years ended August 31, 2021 and August 31, 2020, were \$297,753 and \$294,717, 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, 2021, the carrying amount of the Charter School’s cash deposits was \$4,603,920 and the bank’s balance was \$4,692,128. The Charter School’s cash deposits at August 31, 2021, 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 2021 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/cafr_2020.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, 2019 and August 31, 2020 indicated the following:

<u>TRS Pension Fund</u>	<u>Total Plan Assets</u>	<u>Net Position</u>	<u>Total Pension Liability</u>	<u>Net Pension Liability</u>	<u>Percent Funded</u>
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 2021 and 2020.

The member contribution rate for 2021 and 2020 was 7.70%. Employer and state contributions were both 7.50% and 7.50% for 2021 and 2020, respectively.

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

The Charter School’s employee contributions to the system for the year ended August 31, 2021 and August 31, 2020 were \$24,891 and \$27,523, respectively and were equal to the required contributions for the year. Total covered payroll for 2021 and 2020 was \$3,253,050 and \$2,940,358, respectively. Amounts paid as Public Education Employee Contribution for 2021 and 2020 were \$52,048 and \$44,105, respectively. There was no pension surcharge for 2021. Pension surcharge in the amount of \$8,915 was paid for 2020.

	Fiscal	Fiscal
	Year 2020	Year 2021
	TRS	TRS
	Contributions	Contributions
Total Covered Payroll	\$ 2,940,358	\$ 3,253,050
Member (employee)	226,406	250,485
Charter school	27,523	24,891
Public education employer contribution	44,105	52,048
Pension surcharge	8,915	-

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, 2020.

TRS Care Other Post-Employment Benefits (OPEB)	TRS-Care Plan				
	Total Plan Assets	Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
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/cafr_2020.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.

TRS-Care plan Premium Rates		
	Medicare	Non-Medicare
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.

TRS-Care plan Premium Rates			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
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.

	Contribution Rates	
	Plan Fiscal Year	
	2020	2021
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 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. 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.

Note 6 - Health Care Coverage

During the year ended August 31, 2021, 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 2020 through August 2021 to the Plan. During the year ended August 31, 2020, the Charter School contributed \$385 per month per employee from September 2019 through August 2020 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, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
State Foundation Program Year	\$ 650,185	\$ 421,512
Title I, Part A	30,843	13,820
Title IV, Part A, Subpart 1	617	7,063
IDEA, Part B - Formula	3,000	6,522
IDEA, Part B - Preschool	-	1,155
Title II, Part A	1,229	1,106
Title III, Part A	12,007	9,121
Emergency and Secondary School Emergency Relief Fund (ESSER)	109,611	495
ESSER III	15,873	-
State Funded Special Revenue	1,164	34,026
National School Lunch Program	37,380	-
	<u>\$ 861,909</u>	<u>\$ 494,820</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, 2021, are as follows:

<u>Year</u>	<u>Payments</u>
2022	\$ 4,598
2023	4,598
Total minimum lease payments	9,196
Less amount representing interest	(330)
Finance lease obligation	<u>\$ 8,866</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, 2021, 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 2020, the Charter School earned \$5,204,526.

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 2021 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	\$ 8,195,000	\$ -	\$ (365,000)	\$ 7,830,000	\$ 375,000	\$ 19,566
Debt Issuance Costs - Series 2017 Note Payable	(290,581)	-	17,522	(273,059)	-	-
	<u>\$ 7,904,419</u>	<u>-</u>	<u>\$ (347,478)</u>	<u>\$ 7,556,941</u>	<u>\$ 375,000</u>	<u>\$ 19,566</u>

The following is a summary of long-term debt transactions for the Charter School for the year ended August 31, 2021:

<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	\$ 7,830,000	\$ 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, 2021, are as follows:

Year Ending August 31	Principal	Interest	Total
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>\$ 7,830,000</u>	<u>\$ 2,783,859</u>	<u>\$ 10,613,859</u>

Note 12 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of August 31, 2021 and 2020 are as follows:

	As of August 31, 2021	As of August 31, 2020
State funds	\$ 6,361,941	\$ 5,371,881
Total With Donor Restrictions	<u>\$ 6,361,941</u>	<u>\$ 5,371,881</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:

	For the Year Ended August 31, 2021	For the Year Ended August 31, 2020
State funds	\$ 4,856,956	\$ 4,655,681
Federal funds	1,054,556	745,870
Total Restrictions released	<u>\$ 5,911,512</u>	<u>\$ 5,401,551</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)	2021	2020	
11 Instruction	\$ 2,870,240	\$ 243,646	\$ 215,807	\$ 2,250	\$ -	\$ 3,331,943	\$ 2,863,665	
12 Instructional resources and media services	23,382	-	1,675	-	-	25,057	26,898	
13 Curriculum development and instructional staff development	-	20,983	1,229	348	-	22,560	16,426	
21 Instructional leadership	-	9,805	-	-	-	9,805	16,675	
23 School leadership	410,439	2,479	10,552	31,647	-	455,117	438,307	
31 Guidance, counseling and evaluation services	78,980	16,410	372	632	-	96,394	121,324	
33 Health services	39,603	-	16	365	-	39,984	39,305	
35 Food service	44,869	316,050	875	329	-	362,123	304,904	
36 Cocurricular/Extracurricular activities	1,113	1,484	1,032	1,318	-	4,947	13,184	
41 General administration	243,933	64,271	3,340	6,170	-	317,714	338,918	
51 Plant maintenance and operations	128,989	200,542	32,064	336,927	-	698,522	667,428	
52 Security and monitoring services	-	68,431	1,259	-	-	69,690	77,540	
53 Data processing services	72,637	16,846	38,503	-	-	127,986	102,290	
61 Community Services	-	35	-	374	-	409	1,892	
71 Debt service	-	-	-	-	334,764	334,764	356,810	
81 Fund Raising	-	3,919	10,578	-	-	14,497	15,985	
	<u>\$ 3,914,185</u>	<u>\$ 964,901</u>	<u>\$ 317,302</u>	<u>\$ 380,360</u>	<u>\$ 334,764</u>	<u>\$ 5,911,512</u>	<u>\$ 5,401,551</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	\$ 4,603,920
Receivables	861,909
Total	<u>\$ 5,465,829</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 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. In the fiscal year 2020, the Charter School recorded \$147,993 in accrued salaries based on an average 13 days worked for which were not paid until after August 31, 2020.

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.

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 17 - Management's Review of Subsequent Events

Management has evaluated subsequent events through January 25, 2022, which is the date the financial statements were available to be issued.

As of September 2, 2021, the Texas Education Agency (TEA) informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement. LEAs have reported to the TEA that attendance rate declines continue to occur due to COVID-19. As a result, the TEA is exploring options to ensure school systems will not experience significant financial difficulties. Additionally, LEAs had varying daily rates of attendance during the 2020-2021 school year due to the impact of virtual learning options. Once the TEA receives this local information in a PEIMS upload this fall, it will be equipped to analyze, understand, and determine potential changes to the rules around waivers, particularly low attendance waivers. As of the date of this report, the Charter School has not determined the impact.

SUPPLEMENTARY INFORMATION

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

SCHEDULES OF EXPENSES

For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll Costs	\$ 3,914,185	\$ 3,547,239
6200 Professional and Contract Services	964,901	806,853
6300 Supplies and Materials	317,302	321,404
6400 Other Operating Costs	380,360	369,245
6500 Debt	334,764	356,810
Total Expenses	<u>\$ 5,911,512</u>	<u>\$ 5,401,551</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2021

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

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2021

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>	
Revenues					
Local Support:					
5740	Other Revenues from Local Sources	\$ 41,616	\$ 77,955	\$ 87,853	\$ 9,898
State Program Revenues:					
5810	Foundation School Program Act Revenues	5,560,149	5,259,495	5,744,745	485,250
5820	State Program Revenues Distributed by the Texas Education Agency	53,152	53,152	57,016	3,864
Total State Program Revenues		<u>5,613,301</u>	<u>5,312,647</u>	<u>5,801,761</u>	<u>489,114</u>
Federal Program Revenues:					
5929	Federal Revenues Distributed by the Texas Education Agency	1,075,764	1,016,771	1,044,151	27,380
5939	Federal revenues distributed by other State of Texas government agencies	-	-	51,756	51,756
Total Federal Program Revenues		<u>1,075,764</u>	<u>1,016,771</u>	<u>1,095,907</u>	<u>79,136</u>
Total Revenues		<u>6,730,681</u>	<u>6,407,373</u>	<u>6,985,521</u>	<u>578,148</u>
Expenses					
11	Instruction	3,485,780	3,277,111	3,331,943	(54,832)
12	Instructional resources and media services	30,595	27,907	25,057	2,850
13	Curriculum development and instructional staff development	22,283	21,145	22,560	(1,415)
21	Instructional leadership	11,380	11,005	9,805	1,200
23	School leadership	477,102	446,046	455,117	(9,071)
31	Guidance, counseling, and evaluation services	117,059	95,210	96,394	(1,184)
33	Health services	42,461	39,953	39,984	(31)
35	Food service	405,983	356,577	362,123	(5,546)
36	Cocurricular/extracurricular activities	18,668	4,516	4,947	(431)
41	General administration	353,094	320,520	317,714	2,806
51	Facilities maintenance and operations	712,017	692,881	698,522	(5,641)
52	Security and monitoring services	81,695	75,396	69,690	5,706
53	Data processing services	168,198	143,211	127,986	15,225
61	Community services	1,400	685	409	276
71	Debt service	343,238	358,026	334,764	23,262
81	Fund raising	20,450	13,502	14,497	(995)
Total Expenses		<u>6,291,403</u>	<u>5,883,691</u>	<u>5,911,512</u>	<u>(27,821)</u>
Change in net assets		439,278	523,682	1,074,009	550,327
Beginning Net Assets		<u>7,940,968</u>	<u>7,940,968</u>	<u>7,940,968</u>	<u>-</u>
Ending Net Assets		<u>\$ 8,380,246</u>	<u>\$ 8,464,650</u>	<u>\$ 9,014,977</u>	<u>\$ 550,327</u>

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2021

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:

5700 Local Revenues	Increase due to E-Rate credits related to capital expenditures
Function 31	Decrease due to reduction in special education assessments
Function 35	Decrease due to reduced student enrollment and summer school program, and COVID-19 closings
Function 36	Decrease due to cancellation of Fall Flag Football and Volleyball and Spring 3 rd – 5 th grade soccer programs
Function 53	Decrease due to student I-Pads and Hotspots paid from ESSER
Function 61	Decrease due to COVID-19 shutdown face-to-face parents' activities
Function 81	Decrease due to cancellation of Fall Festival and Spring 8 th grade fundraising due to COVID-19

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:

Function 12	Decrease due to reduction in instructional services which resulted from COVID-19
Function 21	Decrease due to reduced support with more experienced Special Education teachers
Function 53	Decrease due to IT Assistant position unfilled for 10 months
Function 61	Decrease due to COVID-19 shutdown face-to-face parents' activities

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, 2021

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

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

SCHEDULE OF RELATED PARTY TRANSACTIONS

For the Year Ended August 31, 2021

<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, 2021

<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							

COMPLIANCE AND INTERNAL CONTROLS



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.

Handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive style with a large initial 'W' and 'P'.

Houston, Texas
January 26, 2022

**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

We have audited Amigos Por Vida - Friends for Life Public Charter School, Inc.’s (the “Charter 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 Charter School’s major federal programs for the year ended August 31, 2021. The Charter School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Charter School’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Charter School’s compliance.

To the Board of Directors

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

Opinion on Each Major Federal Program

In our opinion, the Charter 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, 2021.

Report on Internal Control Over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Houston, Texas
January 25, 2022

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2021

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

Name of Federal Program or Cluster

Assistance Listing Number (ALN)

US Department of Education:

<i>CARES Act, Section 18003 - Elementary and Secondary School Emergency Relief Fund (ESSER) Grant (COVID-19)</i>	84.425D
<i>ESSER I Prior Purchase Reimbursement Program (PPRP) (COVID-19)</i>	84.425D
<i>ARP, ESSER III Grant (COVID-19)</i>	84.425U

US Department of Agriculture:

Child Nutrition Cluster:

<i>School Breakfast Program</i>	10.553
<i>National School Lunch Program</i>	10.555
<i>School Programs Emergency Operational Cost Reimbursement Program (COVID-19)</i>	10.555

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, 2021

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, 2021

(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
U. S. Department of Education				
Passed Through Texas Education Agency:				
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	21610101101819	\$ 274,759
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	20610101101819	<u>19,672</u>
<i>Total ALN 84.010</i>				<u>294,431</u>
<i>IDEA - Part B, Formula</i>	224	84.027A	216600011018196000	66,306
<i>IDEA - Part B, Formula</i>	224	84.027A	206600011018196000	4,077
<i>IDEA - Part B, Preschool</i>	225	84.173A	216610011018196000	2,370
<i>IDEA - Part B, Preschool</i>	225	84.173A	206610011018196000	<u>171</u>
<i>Total Special Education Cluster (ALN 84.027, 84.173)</i>				<u>72,924</u>
<i>ESEA, Title II, Part A, Supporting Effective Instruction</i>	255	84.367A	21694501101819	23,370
<i>ESEA, Title II, Part A, Supporting Effective Instruction</i>	255	84.367A	20694501101819	<u>734</u>
<i>Total ALN 84.367</i>				<u>24,104</u>
<i>Title III, Part A - English Language Acquisition</i>	263	84.365A	21671001101819	12,673
<i>Title III, Part A - English Language Acquisition</i>	263	84.365A	20671001101819	<u>27,901</u>
<i>Total ALN 84.365</i>				<u>40,574</u>
<i>CARES Act, Section 18003 - Elementary and Secondary School Emergency Relief Fund (ESSER) Grant (COVID-19)</i>	266	84.425D	20521001101819	204,522
<i>ESSER I Prior Purchase Reimbursement Program (PPRP) (COVID-19)</i>	266	84.425D	52102035	31,967
<i>ARP, ESSER III Grant (COVID-19)</i>	282	84.425U	21528001101819	<u>15,873</u>
<i>Total ALN 84.425</i>				<u>252,362</u>
<i>Title IV, Part A</i>	204	84.424A	20680101101819	<u>2,695</u>
Total U. S. Department of Education				<u>687,090</u>
U. S. Department of Agriculture				
Passed Through Texas Department of Agriculture:				
Non Cash assistance (Commodities):				
<i>School Programs Emergency Operational Cost Reimbursement Program (COVID-19)</i>	240	10.555	00484	51,756
Passed Through Texas Education Agency:				
Cash assistance:				
<i>School Breakfast Program</i>	240	10.553	71402101	108,977
<i>National School Lunch Program</i>	240	10.555	71302101	<u>248,084</u>
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555)</i>				<u>408,817</u>
Total U. S. Department of Agriculture				<u>408,817</u>
Total Expenditures of Federal Awards				<u>\$ 1,095,907</u>

*ALN formerly known as CFDA #.

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, 2021, 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, 2021

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, 2021

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