

**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, 2023
with Comparative Totals for 2022**



AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL
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

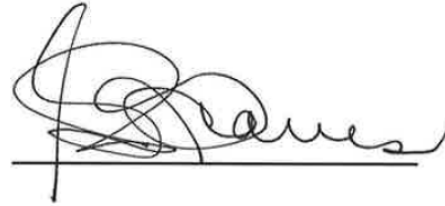
County District Number

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, 2023, at a meeting of the governing body of the charter holder on the 25th day of January, 2024.

Signature of Board Secretary

Rose Mary Valencia

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

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, 2023 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, 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* and schedule of expenditures of federal awards are 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, 2024 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.

Whitley Penn LLP

Houston, Texas
January 25, 2024



GENERAL PURPOSE FINANCIAL STATEMENTS



AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

August 31, 2023

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 19,068,918	\$ 5,430,691
Due from state	1,557,438	1,247,944
Prepaid expenses	90	1,743
Total Current Assets	<u>20,626,446</u>	<u>6,680,378</u>
Noncurrent Assets:		
Property and Equipment, net	13,345,628	12,606,467
Right-to-Use Asset, net	-	5,323
Total Noncurrent Assets	<u>13,345,628</u>	<u>12,611,790</u>
Total Assets	<u>\$ 33,972,074</u>	<u>\$ 19,292,168</u>
Liabilities and Net Assets		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 154,986	\$ 134,531
Due to state	43,353	43,353
Accrued salaries payable	364,966	231,244
Payroll liabilities	9,729	103,045
Interest payable	14,941	18,620
Current portion of finance lease liability	-	4,506
Current portion of notes payable	549,292	385,000
Total Current Liabilities	<u>1,137,267</u>	<u>920,299</u>
Notes payable net of issuance costs and finance lease liability	<u>20,476,400</u>	<u>6,814,463</u>
Total Liabilities	<u>21,613,667</u>	<u>7,734,762</u>
Net Assets:		
Without donor restrictions	3,179,815	2,752,817
With donor restrictions	9,178,592	8,804,589
Total Net Assets	<u>12,358,407</u>	<u>11,557,406</u>
Total Liabilities and Net Assets	<u>\$ 33,972,074</u>	<u>\$ 19,292,168</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

STATEMENTS OF ACTIVITIES

For the Years Ended August 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Revenues				
Local Support:				
Other revenues from local sources	\$ 359,647	\$ 106,002	\$ 465,649	\$ 81,680
Revenues from cocurricular activities	67,351	-	67,351	41,466
Total Local Support	<u>426,998</u>	<u>106,002</u>	<u>533,000</u>	<u>123,146</u>
State Program Revenues:				
Per capita and foundation school program act revenues	-	6,336,106	6,336,106	6,320,070
State program revenues distributed by Texas Education Agency (TEA)	-	21,390	21,390	9,345
Total State Program Revenues	<u>-</u>	<u>6,357,496</u>	<u>6,357,496</u>	<u>6,329,415</u>
Federal Program Revenues:				
Federal revenues distributed by the TEA	-	1,827,785	1,827,785	2,917,597
Federal revenues distributed by other State of Texas government agencies	-	16,653	16,653	7,933
Total Federal Program Revenues	<u>-</u>	<u>1,844,438</u>	<u>1,844,438</u>	<u>2,925,530</u>
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	7,933,933	(7,933,933)	-	-
Total Revenues	<u>\$ 8,360,931</u>	<u>\$ 374,003</u>	<u>\$ 8,734,934</u>	<u>\$ 9,378,091</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

STATEMENTS OF ACTIVITIES

For the Years Ended August 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Expenses				
Instruction	\$ 4,017,901	\$ -	\$ 4,017,901	\$ 3,801,733
Instructional Resources and Media Services	636	-	636	24,429
Curriculum Development and Instructional Staff Development	9,145	-	9,145	8,071
Instructional Leadership	-	-	-	46,919
School Leadership	605,789	-	605,789	465,071
Guidance, Counseling & Evaluation Services	117,624	-	117,624	98,751
Health Services	47,324	-	47,324	43,579
Food Services	511,661	-	511,661	460,333
Extracurricular Activities	29,798	-	29,798	55,996
General Administration	557,834	-	557,834	419,636
Facilities Maintenance and Operations	1,089,714	-	1,089,714	786,878
Security and Monitoring Services	91,755	-	91,755	87,263
Data Processing Services	241,514	-	241,514	155,728
Community Services	2,472	-	2,472	819
Debt Services	560,079	-	560,079	327,390
Fund Raising	50,687	-	50,687	53,066
Total Expenses	<u>7,933,933</u>	<u>-</u>	<u>7,933,933</u>	<u>6,835,662</u>
Change in net assets	426,998	374,003	801,001	2,542,429
Net Assets, Beginning of Year	<u>2,752,817</u>	<u>8,804,589</u>	<u>11,557,406</u>	<u>9,014,977</u>
Net Assets, End of Year	<u>\$ 3,179,815</u>	<u>\$ 9,178,592</u>	<u>\$ 12,358,407</u>	<u>\$ 11,557,406</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Foundation school program payments	\$ 6,026,612	\$ 5,934,035
Grant payments	1,844,438	2,968,883
Other state and local revenue payments	554,390	155,359
Payments to vendors for goods and services rendered	(2,290,012)	(1,656,097)
Payments to charter school personnel for services rendered	(4,664,116)	(4,377,159)
Interest Payments	(307,975)	(310,814)
Net Cash Provided by Operating Activities	<u>1,163,337</u>	<u>2,714,207</u>
Cash Flows from Investing Activities:		
Purchase of fixed assets	(1,091,296)	(1,508,076)
Net Cash (Used by) Investing Activities	<u>(1,091,296)</u>	<u>(1,508,076)</u>
Cash Flows from Financing Activities:		
Reduction of Finance Lease Liability	(4,506)	(4,360)
Principal payments on long-term debt	(7,455,000)	(375,000)
Proceeds from issuance of debt	21,600,000	-
Cash paid for bond issuance costs	(574,308)	-
Net Cash Provided (Used) by Financing Activities	<u>13,566,186</u>	<u>(379,360)</u>
Net change in cash and cash equivalents	13,638,227	826,771
Beginning Cash and Cash Equivalents	5,430,691	4,603,920
Ending Cash and Cash Equivalents	<u>\$ 19,068,918</u>	<u>\$ 5,430,691</u>
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Increase in net assets	\$ 801,001	\$ 2,542,429
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	357,458	351,364
Amortization of bond discounts	255,537	17,522
(Increase) decrease in:		
Due from state	(309,494)	(386,035)
Other receivables	-	22,868
Prepaid expenses	1,653	8,505
Increase (decrease) in operating liabilities:		
Accounts payable	20,455	108,374
Due to state	-	43,353
Accrued salaries payable	133,722	(5,757)
Payroll liabilities	(93,316)	12,530
Interest payable	(3,679)	(946)
Net Cash Provided by Operating Activities	<u>\$ 1,163,337</u>	<u>\$ 2,714,207</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 2023 with a contract ending date of July 31, 2033.

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, lease assets 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, 2023.

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, 2023, net assets without donor restrictions totaled \$3,179,815.

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, 2023, net assets with donor restrictions totaled \$9,178,592.

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, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 5,813,836	\$ 5,813,836
Buildings and Improvements	11,150,939	10,059,643
Furniture and Equipment	121,700	121,700
Right-to-Use Asset	21,294	21,294
Total Property and Equipment	<u>17,107,769</u>	<u>16,016,473</u>
Less Accumulated Depreciation and Amortization	<u>(3,762,141)</u>	<u>(3,404,683)</u>
Property and Equipment, Net	<u>\$ 13,345,628</u>	<u>\$ 12,611,790</u>

Depreciation and amortization expense for the fiscal years ended August 31, 2023 and August 31, 2022, were \$351,365 and \$351,364, 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, 2023, the carrying amount of the Charter School's cash deposits was \$19,068,918 and the bank's balance was \$6,485,334. The Charter School's cash deposits at August 31, 2023, 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 74 percent of the Charter School's total revenue for fiscal year 2023 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/Pages/about_publications.aspx, 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, 2023 indicated the following:

TRS Pension Fund	Total Plan Assets	TRS Plan Fiduciary		Total Pension Liability	Net Pension Liability	Percent Funded
		Net Position				
2023	\$ 213,472,526,000	\$ 187,170,535,558		\$ 255,860,886,500	\$ 68,690,350,942	73.15%
2022	207,621,898,000	184,185,617,196		243,553,045,455	59,367,428,259	75.62%
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 2023 and 2022 was 8.00%. Employer and state contributions were both 8.00% and 7.75% for 2023 and 2022, respectively.

	Contribution Rates	
	Plan Fiscal Year	
	2023	2022
Member	8.00%	8.00%
Employer	8.00%	7.75%
Non-Employer Contributing Entity (State)	8.00%	7.75%

The Charter School’s covered payroll in additions to employee and School’s contributions for fiscal years 2022 and 2023 are shown below. There was no pension surcharge for 2022 or 2023.

	Fiscal	Fiscal
	Year 2022	Year 2023
	TRS	TRS
	Contributions	Contributions
Total Covered Payroll	\$ 3,519,865	\$ 3,902,473
Member (employee)	281,589	312,198
Charter school	29,815	26,723
Non-OASDI Amount	59,838	70,245
Pension surcharge	-	14

The School’s contributions into this plan do not represent more than 5% of the total contributions to the plan and the charter school was not assessed a surcharge.

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, 2023.

TRC Care Other Post- Employment Benefits (OPEB)	TRS-Care Plan				
	Total Plan Assets	Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2023	\$ 4,101,874,000	\$ 3,889,765,203	\$ 26,028,070,267	\$ 22,138,305,064	14.94%
2022	3,308,391,000	3,117,937,218	27,061,942,520	23,944,005,302	11.52%
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%

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/Pages/about_publications.aspx, 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)

B. 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

C. 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	
	2022	2023
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)

C. Contributions (continued)

In fiscal year 2023, the Charter School contributed a total of \$30,204 of which, \$2,086 was for federally funded employees. Employees contributed a total of \$25,365. Covered payroll for TRS-Care for fiscal year 2023 was \$3,902,473. 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 2022 was \$3,519,865.

Note 6 - Health Care Coverage

During the year ended August 31, 2023, 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 2022 through August 2023 to the Plan. During the year ended August 31, 2022, 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, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
State Foundation Program Year	\$ 710,642	\$ 631,091
Title I, Part A	217,657	17,510
Title IV, Part A, Subpart 1	-	8,697
IDEA, Part B - Formula	84	47,450
Title II, Part A	36,500	-
Title III, Part A	14,624	33,660
ESSER II	385,035	233,621
ESSER III	146,395	275,915
State Funded Special Revenue	14,850	-
National School Lunch Program	31,651	-
	<u>\$ 1,557,438</u>	<u>\$ 1,247,944</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 expired in 2023. The Charter School's incremental borrowing rate of 3.29% is used for interest rate calculation. There were no future minimum rental payments required under non-cancellable lease agreements as of August 31, 2023.

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.

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

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, 2023, the Charter School earned \$6,442,107 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 2022, 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.

In August 2023, the Charter School entered into a loan agreement: \$21,600,000 Series 2023 (taxable loan) to refund the Charter School’s outstanding bonds of \$7,070,000 from original issue of \$9,150,000 of the Series 2017 (tax-exempt loan). 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 \$574,308 which will be amortized over the life of the new loans.

During the 2023 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	\$ 7,455,000	\$ -	\$ (7,455,000)	\$ -	\$ -	\$ -
Debt Issuance Costs - Series						
2017 Note Payable	(255,537)	-	255,537	-	-	-
Education Corporation Series						
2023 Note Payable - Tax - Exempt	-	21,600,000	-	21,600,000	549,292	-
Debt Issuance Costs - Series						
2023 Note Payable	-	(574,308)	-	(574,308)	-	-
	<u>\$ 7,199,463</u>	<u>\$ 21,025,692</u>	<u>\$ (7,199,463)</u>	<u>\$ 21,025,692</u>	<u>\$ 549,292</u>	<u>\$ -</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 11 - Notes Payable (continued)

The following is a summary of long-term debt transactions for the Charter School for the year ended August 31, 2023:

Series	Amount Outstanding	Original Issue	Interest Rate	Serially Beginning/ Ending	Interest Payment Dates
Education Corporation Series 2017 Note Payable - Tax - Exempt	\$ -	\$ 9,150,000	3.9986%	April 1, 2017 / March 1, 2037	1st of Each Month
Education Corporation Series 2023 Note Payable - Taxable	21,600,000	21,600,000	4.50%	October 1, 2023 / September 1, 2053	1st of Each Month

The debt service requirements on bonds outstanding at August 31, 2023, are as follows:

Year Ending August 31	Principal	Interest	Total
2024	\$ 549,292	\$ 919,175	\$ 2,402,215
2025	661,575	933,748	1,595,323
2026	691,967	903,355	1,595,322
2027	723,756	871,566	1,595,322
2028	757,005	838,317	1,595,322
2029 - 2033	4,339,751	3,636,859	7,976,610
2034 - 2038	4,372,246	2,575,577	6,947,823
2039 - 2043	2,469,959	1,875,641	4,345,600
2044 - 2048	3,091,884	1,253,717	4,345,601
2049 - 2053	3,942,565	475,463	4,418,028
	<u>\$ 21,600,000</u>	<u>\$ 14,283,418</u>	<u>\$ 32,399,138</u>

Note 12 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of August 31, 2023 and 2022 are as follows:

	As of August 31, 2023	As of August 31, 2022
State funds	\$ 9,178,592	\$ 8,804,589
Total With Donor Restrictions	<u>\$ 9,178,592</u>	<u>\$ 8,804,589</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, 2023	For the Year Ended August 31, 2022
State funds	\$ 6,118,175	\$ 5,457,102
Federal funds	1,815,758	1,378,560
Total Restrictions released	<u>\$ 7,933,933</u>	<u>\$ 6,835,662</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.

Expense by Functional Category		Expenses by Object Class					August 31,	
		Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)	2023	2022
11	Instruction	\$ 3,378,230	\$ 220,440	\$ 401,377	\$ 17,854	\$ -	\$ 4,017,901	\$ 3,801,733
12	Instructional resources and media services	-	-	636	-	-	636	24,429
13	Curriculum development and instructional staff development	-	8,398	293	454	-	9,145	8,071
21	Instructional leadership	-	-	-	-	-	-	46,919
23	School leadership	549,218	8,839	5,036	42,696	-	605,789	465,071
31	Guidance, counseling and evaluation services	94,483	22,965	177	(1)	-	117,624	98,751
33	Health services	42,803	-	4,441	80	-	47,324	43,579
35	Food service	42,383	467,908	1,023	347	-	511,661	460,333
36	Cocurricular/Extracurricular activities	532	5,373	3,791	20,102	-	29,798	55,996
41	General administration	350,485	108,506	6,499	92,344	-	557,834	419,636
51	Plant maintenance and operations	200,419	398,009	61,988	429,298	-	1,089,714	786,878
52	Security and monitoring services	-	90,251	1,504	-	-	91,755	87,263
53	Data processing services	45,969	101,466	94,079	-	-	241,514	155,728
61	Community Services	-	-	1,851	621	-	2,472	819
71	Debt service	-	86	-	160	559,833	560,079	327,390
81	Fund Raising	-	8,342	40,490	1,855	-	50,687	53,066
		<u>\$ 4,704,522</u>	<u>\$ 1,440,583</u>	<u>\$ 623,185</u>	<u>\$ 605,810</u>	<u>\$ 559,833</u>	<u>\$ 7,933,933</u>	<u>\$ 6,835,662</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	\$ 19,068,918
Receivables	<u>1,557,438</u>
Total	<u><u>\$ 20,626,356</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 2023, the Charter School recorded \$364,966 in accrued salaries based on an average 20 days worked for which were not paid until after August 31, 2023. In the 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.

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, 2024, 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Expenses		
6100 Payroll Costs	\$ 4,704,522	\$ 4,383,932
6200 Professional and Contract Services	1,440,583	1,170,661
6300 Supplies and Materials	623,185	490,009
6400 Other Operating Costs	605,810	463,670
6500 Debt	559,833	327,390
Total Expenses	<u>\$ 7,933,933</u>	<u>\$ 6,835,662</u>

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**SCHEDULE OF CAPITAL ASSETS***For the Year Ended August 31, 2023*

		Ownership Interest		
		Local	State	Federal
1110	Cash and cash equivalents	\$ 295	\$ 5,825,779	\$ (380,825)
1510	Land and improvements	-	5,813,836	-
1520	Buildings and improvements	-	9,642,863	1,508,076
1539	Furniture and equipment	-	121,700	-
1550	Right-to-Use Asset	-	21,294	-
Total Capital Assets		\$ -	\$ 15,599,693	\$ 1,508,076

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE

For the Year Ended August 31, 2023

	Original	Final	Actual Amounts	Variance from Final Budget
Revenues				
Local Support:				
5740	\$ -	\$ 10,000	\$ 533,000	\$ 523,000
State Program Revenues:				
5810	5,677,629	5,677,629	6,336,106	658,477
5820	-	201,905	21,390	(180,515)
5830	-	-	-	-
	<u>5,677,629</u>	<u>5,879,534</u>	<u>6,357,496</u>	<u>477,962</u>
Total State Program Revenues				
Federal Program Revenues:				
5929	1,738,525	1,738,525	1,827,785	89,260
5939	-	-	16,653	16,653
	<u>1,738,525</u>	<u>1,738,525</u>	<u>1,844,438</u>	<u>105,913</u>
Total Federal Program Revenues				
	<u>7,416,154</u>	<u>7,628,059</u>	<u>8,734,934</u>	<u>1,106,875</u>
Total Revenues				
Expenses				
11	3,056,901	5,222,168	4,017,901	1,204,267
12	6,050	6,050	636	5,414
13	4,200	37,334	9,145	28,189
21	8,000	8,000	-	8,000
23	540,540	605,540	605,789	(249)
31	119,344	124,873	117,624	7,249
33	3,790	42,620	47,324	(4,704)
35	410,500	468,468	511,661	(43,193)
36	48,481	68,481	29,798	38,683
41	384,778	390,778	557,834	(167,056)
51	792,388	845,007	1,089,714	(244,707)
52	99,400	301,305	91,755	209,550
53	92,789	504,118	241,514	262,604
61	1,400	1,400	2,472	(1,072)
71	332,500	332,500	560,079	(227,579)
81	20,450	190,450	50,687	139,763
	<u>5,921,511</u>	<u>9,149,092</u>	<u>7,933,933</u>	<u>1,215,159</u>
Total Expenses				
	1,494,643	(1,521,033)	801,001	2,322,034
Change in net assets				
	<u>11,557,406</u>	<u>11,557,406</u>	<u>11,557,406</u>	<u>-</u>
Beginning Net Assets				
	<u>\$ 13,052,049</u>	<u>\$ 10,036,373</u>	<u>\$ 12,358,407</u>	<u>\$ 2,322,034</u>
Ending Net Assets				

BUDGETARY COMPARISON SCHEDULE***For the Year Ended August 31, 2023*****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.
Function 11	The increase is due to additional miscellaneous expenses and professional services.
Function 13	The activities and professional development went back to normal and expenditures are consistent with pre pandemic levels.
Function 23	The increase is due to salaries funded by the ESSER III grant.
Function 33	The increase is due to additional expenses incurred for general supplies.
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	The budget was based on the use of a third party IT provide in prior year. This year our IT services were performed by an in-house staff member former teacher aid with a lesser salary.
Function 81	Expenses were less than budgeted due to lower revenues generated from fund raising efforts.

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, 2023

<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	\$ 6,965,117	\$ -	\$ 5,813,836	\$ -
Total		<u>\$ 6,965,117</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, 2023

<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, 2023

<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, 2023

Data Codes	Section A: Compensatory Education Programs	Responses
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.	\$922,210
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$518,999
Section B: Bilingual Education Programs		
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.	\$268,408
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$232,822



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

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, 2023, 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, 2024

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 or significant deficiencies 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 style with a large, stylized "P" for "Penn".

Houston, Texas
January 25, 2024

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

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, 2023. 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, 2023.

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.

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

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

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

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

Houston, Texas
January 25, 2024

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2023

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

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
US Department of Education:	
<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
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	Yes

AMIGOS POR VIDA - FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2023

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, 2023

(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	23610101101819	\$ 467,707
<i>IDEA - Part B, Formula</i>	224	84.027A	236600011018190000	102,131
<i>IDEA, Part B-ARP</i>	284	84.027X	22535002108195350	20,043
<i>IDEA Preschool</i>	225	84.173A	236610011018196000	4,841
<i>Total Special Education Cluster (ALN 84.027, 84.173)</i>				<u>127,015</u>
<i>ESEA, Title II, Part A, Supporting Effective Instruction</i>	255	84.367A	23694501101819	38,900
<i>Title III, Part A - English Language Acquisition</i>	263	84.365A	23671001101819	47,069
<i>CARES Act ESSER I (COVID-19)</i>	266	84.425D	20521001101819	2,749
<i>CRSSA ESSER II (COVID-19)</i>	281	84.425D	21521001101819	197,559
<i>ARP, ESSER III Grant (COVID-19)</i>	282	84.425U	21521001101819	423,020
<i>Total ALN 84.425</i>				<u>623,328</u>
<i>Summer School/LEP</i>	289	84.369A	69552102	10,234
Total U. S. Department of Education				<u>1,314,253</u>
U. S. Department of Agriculture				
Passed Through Texas Department of Agriculture:				
Cash assistance:				
<i>Supply Chain Assistance</i>	240	10.555	00484	16,653
Passed Through Texas Education Agency:				
Cash assistance:				
<i>School Breakfast Program</i>	240	10.553	71402301	70,927
<i>National School Lunch Program</i>	240	10.555	71302301	442,605
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555)</i>				<u>530,185</u>
Total U. S. Department of Agriculture				<u>530,185</u>
Total Expenditures of Federal Awards				<u>\$ 1,844,438</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, 2023, 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, 2023

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, 2023

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

