

**EL PASO EDUCATION INITIATIVE, INC.**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED**  
**AUGUST 31, 2023**

**EL PASO EDUCATION INITIATIVE, INC.  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2023**

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EL PASO EDUCATION INITIATIVE, INC.

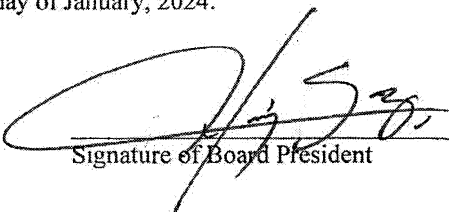
CERTIFICATE OF BOARD

AUGUST 31, 2023

Burnham Wood Charter School	El Paso	071801
<u>Vista del Futuro Charter School</u>	<u>El Paso</u>	<u>071809</u>
Name of Charter Schools	County	Co.-Dist. Numbers
Federal EIN: 74-2855052		

We, the undersigned, certify that the attached Financial and Compliance Report of the above-named charter holder 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

  
\_\_\_\_\_  
Signature of Board President

If the governing body of the charter holder does not approve the independent auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

# FREEMON, SHAPARD & STORY

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
El Paso Education Initiative, Inc.  
785 Southwestern Dr.  
El Paso, TX 79912

Members of the Board of Directors:

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of El Paso Education Initiative, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Paso Education Initiative, Inc. as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of El Paso Education Initiative, Inc. 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 opinions.

#### ***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 El Paso Education Initiative,

Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards 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 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 El Paso Education Initiative, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about El Paso Education Initiative, Inc.'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, specific-purpose financial statements, and the supplementary information including the Schedules of Expenses, Schedules of Assets, Budgetary Comparison Schedules, State Compensatory Education and Bilingual Education Program Expenditures, Schedule of Real Property Ownership Interest, and Schedule of Related Party Transactions are presented for purposes of additional analysis as required by the Texas Education Agency and are not a required part of the financial statements. The budget variance explanations have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them. 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 21, 2024, on our consideration of El Paso Education Initiative Inc.'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 El Paso Education Initiative Inc.'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 El Paso Education Initiative Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



Freemon, Shapard, & Story  
Windthorst, TX  
January 21, 2024

**General-Purpose  
Financial Statements**



**EL PASO EDUCATION INITIATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 997,282	\$ 4,297,582
Restricted investments	7,660,606	11,460,120
Due from governments	2,818,365	1,973,355
Accounts receivable	1,885	-
Inventory	19,391	6,096
<b>Total Current Assets</b>	<b>11,497,529</b>	<b>17,737,153</b>
<b>Property and Equipment</b>		
Land	4,327,099	4,286,131
Buildings and improvements	24,011,694	17,822,884
Furniture and equipment	2,420,090	1,842,601
Right to use lease assets	118,844	118,844
Less accumulated depreciation	(5,639,105)	(5,044,388)
<b>Total Property and Equipment</b>	<b>25,238,622</b>	<b>19,026,072</b>
<b>Total Assets</b>	<b>\$ 36,736,151</b>	<b>\$ 36,763,225</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 211,988	\$ 122,560
Interest payable	29,281	29,948
Payroll deductions and withholdings	39,812	270,754
Accrued wages payable	35,037	46,579
Due to student groups	21,834	13,726
Vacation benefits payable	140,701	-
Other current liabilities	1,722	-
Current portion of long-term debt	390,000	320,000
Current portion of lease liability	33,328	31,703
<b>Total Current Liabilities</b>	<b>903,703</b>	<b>835,270</b>
<b>Long-Term Debt</b>		
Conduit bonds payable	19,479,251	19,897,043
Lease liability	23,163	56,491
<b>Total Long Term Liabilities</b>	<b>19,502,414</b>	<b>19,953,534</b>
<b>Total Liabilities</b>	<b>\$ 20,406,117</b>	<b>\$ 20,788,804</b>
<b>Net Assets</b>		
Without donor restrictions	1,069,868	1,142,437
With donor restrictions	15,260,166	14,831,984
<b>Total Net Assets</b>	<b>\$ 16,330,034</b>	<b>\$ 15,974,421</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 36,736,151</b>	<b>\$ 36,763,225</b>

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

EL PASO EDUCATION INITIATIVE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023
<b>Revenues</b>			
<b>Local Support:</b>			
Contributions	\$ 1,395	\$ -	\$ 1,395
Investment Income	384,872	-	384,872
Other Revenues from Local Sources	448,539	-	448,539
Food Service Revenue	83,388	-	83,388
<b>Total Local Support</b>	<b>918,194</b>	-	<b>918,194</b>
<b>State Program Revenues:</b>			
Foundation School Program Act Revenues	-	15,860,711	15,860,711
State Program Revenue Distributed by TEA	-	296,721	296,721
<b>Total State Program Revenues</b>	-	<b>16,157,432</b>	<b>16,157,432</b>
<b>Federal Program Revenues:</b>			
ESEA Title I, Part A Improving Basic Programs	-	464,005	464,005
ESEA Title I, Part C Education of Migratory Children	-	122	122
IDEA Part B, Formula	-	325,768	325,768
IDEA Part B, Preschool	-	2,099	2,099
National School Breakfast and Lunch Program	-	1,395,057	1,395,057
ESSER II	-	89,943	89,943
ESSER III	-	2,156,636	2,156,636
SHARS	-	937	937
ESEA Title II, Part A Teacher and Principal Training	-	128,206	128,206
Title III, Part A, English Language Acquisition	-	88,348	88,348
Title IV Part A, Subpart 1	-	33,494	33,494
TCLAS ESSER III	-	75,000	75,000
Career and Technical	-	11,259	11,259
LEP Summer School	-	7,315	7,315
COVID 19 School Health	-	57,894	57,894
<b>Total Federal Program Revenues</b>	-	<b>4,836,083</b>	<b>4,836,083</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	20,565,333	(20,565,333)	-
<b>Total Revenues</b>	<b>\$ 21,483,527</b>	<b>\$ 428,182</b>	<b>\$ 21,911,709</b>
<b>Expenses</b>			
<b>Program Services:</b>			
Instruction and Instructional-Related Services	11,559,460	-	11,559,460
Instructional and School Leadership	461,580	-	461,580
<b>Support Services</b>			
Student Support Services	2,855,554	-	2,855,554
Administrative Support Services	2,457,743	-	2,457,743
Support Services-Non-Student Based	3,872,911	-	3,872,911
Debt Service	348,848	-	348,848
<b>Total Expenses</b>	<b>\$ 21,556,096</b>	<b>\$ -</b>	<b>\$ 21,556,096</b>
<b>Change in Net Assets</b>	<b>(72,569)</b>	<b>428,182</b>	<b>355,613</b>
<b>Net Assets, Beginning of Year</b>	<b>1,142,437</b>	<b>14,831,984</b>	<b>15,974,421</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,069,868</b>	<b>\$ 15,260,166</b>	<b>\$ 16,330,034</b>

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

EL PASO EDUCATION INITIATIVE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
<b>Revenues</b>			
<b>Local Support:</b>			
Contributions	\$ 150,000	\$ -	\$ 150,000
Investment Income	39,677	-	39,677
Other Revenues from Local Sources	249,276	-	249,276
Food Service Revenue	11,819	-	11,819
<b>Total Local Support</b>	<b>450,772</b>	<b>-</b>	<b>450,772</b>
<b>State Program Revenues:</b>			
Foundation School Program Act Revenues	-	15,405,043	15,405,043
State Program Revenue Distributed by TEA	-	119,436	119,436
State Revenues from State of TX Govt. Agencies	-	-	-
<b>Total State Program Revenues</b>	<b>-</b>	<b>15,524,479</b>	<b>15,524,479</b>
<b>Federal Program Revenues:</b>			
ESEA Title I, Part A Improving Basic Programs	-	307,034	307,034
IDEA Part B, Formula	-	251,720	251,720
IDEA Part B, Preschool	-	1,861	1,861
National School Breakfast and Lunch Program	-	1,544,782	1,544,782
ESSER II	-	1,216,010	1,216,010
ESSER III	-	769,332	769,332
SHARS	-	94	94
ESEA Title II, Part A Teacher and Principal Training	-	16,130	16,130
Title III, Part A, English Language Acquisition	-	75,812	75,812
Title IV Part A, Subpart 1	-	33,944	33,944
Stop School Violence	-	38,014	38,014
IDEA Part B, Formula American Rescue Plan	-	64,041	64,041
IDEA Part B, Preschool American Rescue Plan	-	4,328	4,328
Career and Technical	-	13,255	13,255
Supply Chain Grant	-	43,496	43,496
Erate	-	404	404
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>4,380,257</b>	<b>4,380,257</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	21,063,693	(21,063,693)	-
<b>Total Revenues</b>	<b>\$ 21,514,465</b>	<b>\$ (1,158,957)</b>	<b>\$ 20,355,508</b>
<b>Expenses</b>			
<b>Program Services:</b>			
Instruction and Instructional-Related Services	11,814,611	-	11,814,611
Instructional and School Leadership	432,869	-	432,869
<b>Support Services</b>			
Student Support Services	2,755,028	-	2,755,028
Administrative Support Services	1,924,569	-	1,924,569
Support Services-Non-Student Based	4,280,850	-	4,280,850
Debt Service	164,477	-	164,477
<b>Total Expenses</b>	<b>\$ 21,372,404</b>	<b>\$ -</b>	<b>\$ 21,372,404</b>
<b>Change in Net Assets</b>	<b>142,061</b>	<b>(1,158,957)</b>	<b>(1,016,896)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,000,376</b>	<b>15,990,941</b>	<b>16,991,317</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,142,437</b>	<b>\$ 14,831,984</b>	<b>\$ 15,974,421</b>

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

**EL PASO EDUCATION INITIATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	Program Services	Management and General	2023 Total
<b>Expenses</b>			
Salaries and Wages	\$ 10,680,565	\$ 1,429,095	\$ 12,109,660
Benefits	727,590	62,516	790,106
Payroll Taxes	205,219	25,634	230,853
Total Payroll Expenses	11,613,374	1,517,245	13,130,619
Professional Services	486,657	166,097	652,754
Tuition	37,378	-	37,378
Education Service Center Services	72,186	30,046	102,232
Repairs and Maintenance	757,812	-	757,812
Utilities	631,800	10,357	642,157
Rentals	724,362	2,021	726,383
Contracted Services	2,044,059	182,734	2,226,793
Maintenance Supplies	40,683	110,979	151,662
Instructional Materials	178,493	-	178,493
Testing Materials	27,763	-	27,763
Food Service	725,622	-	725,622
General Supplies	395,703	85,619	481,322
Travel	159,109	190,932	350,041
Insurance	127,068	14,119	141,187
Interest	-	376,139	376,139
Debt Service Fees	-	500	500
Miscellaneous	144,553	135,761	280,314
Total Non-Payroll Expenses	6,553,248	1,305,304	7,858,552
Total Before Depreciation and Amortization	18,166,622	2,822,549	20,989,171
Amortization	-	(27,791)	(27,791)
Depreciation	594,716	-	594,716
<b>Total Expenses</b>	<b>\$ 18,761,338</b>	<b>\$ 2,794,758</b>	<b>\$ 21,556,096</b>

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

**EL PASO EDUCATION INITIATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	Program Services	Management and General	2022 Total
<b>Expenses</b>			
Salaries and Wages	\$ 10,123,062	\$ 1,035,641	\$ 11,158,703
Benefits	701,364	43,840	745,204
Payroll Taxes	222,138	20,832	242,970
Total Payroll Expenses	11,046,564	1,100,313	12,146,877
Professional Services	741,365	142,534	883,899
Tuition	7,300	-	7,300
Education Service Center Services	63,447	-	63,447
Repairs and Maintenance	579,101	-	579,101
Utilities	479,551	25,240	504,791
Rentals	816,563	14,760	831,323
Contracted Services	2,785,828	176,913	2,962,741
Maintenance Supplies	45,664	116,653	162,317
Instructional Materials	32,485	-	32,485
Testing Materials	44,657	-	44,657
Food Service	680,248	-	680,248
General Supplies	860,126	74,214	934,340
Travel	177,236	81,176	258,412
Insurance	124,247	13,805	138,052
Interest	-	156,478	156,478
Debt Service Fees	-	8,000	8,000
Miscellaneous	257,618	190,890	448,508
Total Non-Payroll Expenses	7,695,436	1,000,663	8,696,099
Total Before Depreciation and Amortization	18,742,000	2,100,976	20,842,976
Amortization	-	-	-
Depreciation	529,428	-	529,428
<b>Total Expenses</b>	<b>\$ 19,271,428</b>	<b>\$ 2,100,976</b>	<b>\$ 21,372,404</b>

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

**EL PASO EDUCATION INITIATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 355,613	\$ (1,016,896)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	594,717	530,406
(Increase) Decrease in Due from Governments	(845,010)	(397,529)
(Increase) Decrease in Accounts Receivable	(1,885)	-
(Increase) Decrease in Inventory	(13,295)	(5,304)
(Increase) Decrease in Deferred Expenses	-	30,208
Increase (Decrease) in Accounts Payable	89,428	(28,515)
Increase (Decrease) in Interest Payable	(667)	(154)
Increase (Decrease) in Payroll Deductions and Withholdings	(230,942)	40,600
Increase (Decrease) in Accrued Wages Payable	(11,542)	20,311
Increase (Decrease) in Due to Student Groups	8,108	9,637
Increase (Decrease) in Vacation Benefits Payable	140,701	-
Increase (Decrease) in Other Current Liabilities	1,722	-
	<u>86,948</u>	<u>(817,236)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(1,424,421)	(1,032,000)
Withdrawal of Investments	5,223,934	4,468,561
Purchase of Land, Buildings, and Equipment	(6,807,267)	(4,325,606)
Purchase of Right to Use Lease Assets	-	(118,844)
	<u>(3,007,754)</u>	<u>(1,007,889)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amortization of Debt Issuance Costs	46,087	46,087
Amortization of Premiums on Bonds	(73,878)	(73,878)
Proceeds from Right to Use Assets Lease Liability	-	118,844
Principal Payments on Right to Use Lease Liability	(31,703)	(30,650)
Principal Payments on Debt	(320,000)	(270,000)
	<u>(379,494)</u>	<u>(209,597)</u>
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,300,300)</b>	<b>(2,034,722)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>4,297,582</b>	<b>6,332,304</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ <u>997,282</u></b>	<b>\$ <u>4,297,582</u></b>
<b>Interest Paid During the Period Ended August 31, 2023 and 2022</b>	<b>\$ 722,447</b>	<b>\$ 727,199</b>
<b>Income Taxes Paid During the Period Ended August 31, 2023 and 2022</b>	<b>-</b>	<b>-</b>

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

**Notes to the  
Financial Statements**

**EL PASO EDUCATION INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of El Paso Education Initiative, Inc. (the corporation) 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.

A. *Reporting Entity*

The corporation is a not-for-profit organization incorporated in the State of Texas in 1998 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The corporation is governed by a Board of Directors comprised of seven members. The Board of Directors is selected pursuant to the bylaws of the corporation and has the authority to make decisions, appoint the chief executive officer of the corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the corporation. Since the corporation received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

B. *Corporate Operations*

El Paso Education Initiative, Inc. operates four campuses under two open enrollment charters granted by the Texas State Board of Education. The two charters are Vista del Futuro Charter School offering Prekindergarten through 8<sup>th</sup> grade, and Burnham Wood Charter School offering Prekindergarten through 5<sup>th</sup> grade at Howard Burnham Elementary School, Prekindergarten through 5<sup>th</sup> grade at the Linguistic Academy of El Paso, and 6<sup>th</sup> through 12<sup>th</sup> grade at the Da Vinci School for Science and the Arts, a Texas STEM Academy recognized by the Texas Education Agency.

C. *Basis of Accounting and Presentation*

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.

**Net Assets With Donor Restrictions** – Net assets subject to donor-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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.



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D. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. *Revenue Recognition and Receivables*

The corporation recognizes revenue from government grants and state aid as revenue when eligible costs are incurred or services are provided. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue and refundable advances are recorded when cash advances exceed support and revenue earned.

The corporation accounts for contributions as support without donor restrictions and with donor restrictions, depending on the existence of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. No amounts have been reflected in the financial statements for donated materials or services since no objective basis is available to measure the value thereof; however, a substantial number of volunteers donate their time to the school program services and in fund-raising activities.

F. *Cash and Cash Equivalents*

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

G. *Inventories*

Inventories of food commodities are taken at year-end and recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as expenditures and revenue when received.

H. *Capital Assets*

Capital assets, which include land, buildings and improvements, furniture, equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the corporation as assets with an estimated useful life of more than one year and a cost of \$5,000 or more. 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 expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

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I. *Functional Allocation of Expenses*

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

J. *Personal Leave*

All employees of the charter schools working a minimum of 30 hours per week accrue personal and sick leave benefits at the rate of five sick days and two personal days per year. Sick leave may accrue up to 12 days. Personal leave does not accrue. Upon termination of employment, an employee will receive payment for unused, accrued leave based on the employee's current base rate of compensation for up to \$3,000 of all accrued time at release after at least five years of consecutive employment and up to \$5,000 after at least ten years of consecutive employment. Any unused paid accrued leave, regardless of what type, is forfeited upon separation from employment, whether voluntary or involuntary. Upon written request and approval from the superintendent, leave may be transferred to either a leave bank or directly to another employee who is in need. No additional vacation is offered beyond the predetermined holidays and school closures.

K. *New Accounting Pronouncements/Accounting Changes*

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company adopted the standard effective September 1, 2022, and recognized and measured leases existing at, or entered into after September 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach, with certain practical expedient available. The Company elected the available practical expedients to account for existing capital leases and operating leases as finance and capital leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

2. CASH DEPOSITS

The charter schools' (Burnham Wood Charter School's and Vista del Futuro Charter School's) funds were deposited and invested with depository banks. The depository banks should deposit for safekeeping and trust with the charter schools' agent banks approved pledged securities in an amount sufficient to protect charter school funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

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At August 31, 2023, the combined carrying amount of the charter schools' deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$997,282, and the bank balance was \$1,541,981. The charter schools' cash deposits during the year ended August 31, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the charter holder's agent bank in the corporation's name.

At August 31, 2022, the combined carrying amount of the charter schools' deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,297,582, and the bank balance was \$4,379,446. The charter schools' cash deposits during the year ended August 31, 2022, were not entirely covered by FDIC insurance or by pledged collateral held by the charter holder's agent bank in the corporation's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit during the year ended August 31, 2023:

- a. The market value of securities pledged on behalf of Burnham Wood Charter School at PNC Bank as of the date of the highest combined balance on deposit was \$2,184,569. The market value of securities pledged on behalf of Vista Del Futuro Charter School at Regions Bank as of the date of highest combined balance on deposit was \$1,424,378.
- b. The highest combined balance of cash, savings, and time deposit accounts for Burnham Wood Charter School at Regions Bank amounted to \$1,985,972 and occurred during the month of March 2023. The highest combined balances of cash, savings, and time deposit accounts for Vista Del Futuro Charter School at Regions Bank amounted to \$1,294,889 and occurred during the month of March 2023.
- c. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000 for Burnham Wood Charter School at Regions Bank, and \$250,000 for Vista del Futuro Charter School at Regions Bank.

3. DEFINED BENEFIT PENSION PLAN

A. *Plan Description*

The charter schools participate in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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**B. *Pension Plan Fiduciary Net Position***

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) 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](https://www.trs.texas.gov/Pages/about_publications.aspx), by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698, or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2022 Annual Comprehensive Financial Report for TRS provides the following information regarding the pension plan fiduciary net position as of August 31, 2022.

<u>Components of Net Pension Liability</u>	<u>Amount</u>
Total Pension Liability	\$243,553,045,455
Less: Plan Fiduciary Net Position	<u>(184,185,617,196)</u>
Net Pension Liability	<u>\$ 59,367,428,259</u>
 Net Position as Percentage of Total Pension Liability	 75.62%

**C. *Benefits Provided***

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above. 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.

**D. *Contributions***

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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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. Contribution rates can be found in the TRS 2022 ACFR, Note 11, on pages 85.

Contribution Rates		
	2023	2022
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	8.00%	7.75%
Employers	8.00%	7.75%
Burnham Wood's Employer Contributions	\$324,196	\$306,059
Burnham Wood's Member Contributions	\$717,095	\$675,936
Vista del Futuro's Employer Contributions	\$ 94,906	\$ 81,834
Vista del Futuro's Member Contributions	\$179,735	\$159,052
Measurement Year	2022	2021
Burnham Wood's NECE On-Behalf Contributions	\$498,770	\$439,301
Vista del Futuro's NECE On-Behalf Contributions	\$115,363	\$ 95,098

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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E. *Actuarial Assumptions*

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions: Actuarial assumptions can be found in the 2022 TRS ACFR, Note 11, page 87.

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate	3.91%*
Last Year Ending August 31 in	
Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Ad hoc Post Employment Benefit	None
Changes	

*\*Source: Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2022.*

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 12, 2021.

F. *Discount Rate*

The single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

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of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 (see page 54 of the TRS ACFR), are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
U.S.	18%	4.6%	1.12%
Non-U.S. Developed	13%	4.9%	0.90%
Emerging Markets	9%	5.4%	0.75%
Private Equity*	14%	7.7%	1.55%
<b>Stable Value</b>			
Government Bonds	16%	1.0%	0.22%
Absolute Return*	0%	3.7%	0.00%
Stable Value Hedge Funds	5%	3.4%	0.18%
<b>Real Return</b>			
Real Estate	15%	4.1%	0.94%
Energy, Natural Resources, and Infrastructure	6%	5.1%	0.37%
Commodities	0%	3.5%	0.00%
<b>Risk Parity</b>			
Risk Parity	8%	4.6%	0.43%
<b>Asset Allocation Leverage</b>			
Cash	2%	3.0%	0.01%
Asset Allocation Leverage	-6%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
<b>Total</b>	100%		8.19%

\* *Absolute Return includes Credit Sensitive Investments*

\*\* *Target allocations are based on the FY2022 policy model.*

\*\*\* *Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)*

\*\*\*\* *The volatility drag results from the conversion between arithmetic and geometric mean returns.*

G. *Discount Rate Sensitivity Analysis*

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate 1% less than (6.00%) or 1% greater than (8.00%) the current rate. The discount rate can be found in the 2022 TRS ACFR, Note 11, page 87 and the Table of Sensitivities can be found on page 87.

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	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Burnham Wood Charter School's proportionate share of the net pension liability	\$6,077,911	\$3,907,064	\$2,147,492
Vista del Futuro Charter School's proportionate share of the net pension liability	\$1,647,243	\$1,058,898	\$582,016

H. *Pension Liabilities*

At August 31, 2022, Burnham Wood Charter School and Vista del Futuro Charter School disclosed a liability of \$3,907,064 and \$1,058,898, respectively, for their proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Burnham Wood Charter School and Vista del Futuro Charter School. The amount disclosed by Burnham Wood Charter School and Vista del Futuro Charter School as their proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Burnham Wood Charter School and Vista del Futuro Charter School were as follows:

Burnham Wood Charter School's proportionate share of collective net pension liability	\$ 3,907,064
State's proportionate share that is associated with Burnham Wood Charter School	<u>\$ 6,345,653</u>
Total	<u>\$10,252,717</u>

Vista del Futuro's proportionate share of the collective net pension liability	\$ 1,058,898
State's proportionate share that is associated with Vista del Futuro Charter School	<u>\$ 1,467,722</u>
Total	<u>\$ 2,526,620</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, Burnham Wood Charter School's proportion of the collective net pension liability was .0065811583% which was an increase from its proportion of .004355929% measured as of August 31, 2021. At August 31, 2022, Vista del Futuro Charter School's proportion of the collective net pension liability was .0017836341 which was an increase from its proportion of .0013934263% measured as of August 31, 2021.

I. *Changes Since the Prior Actuarial Valuation*

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%



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4. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

A. *Plan Description*

The charter schools participate 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

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 [http://www.trs.texas.gov/Pages/about\\_publications.aspx](http://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the Net OPEB liability of the TRS-Care plan as of August 31, 2022 are as follows:

<u>Components of Net OPEB Liability</u>	<u>Amount</u>
Total OPEB Liability	\$ 27,061,942,520
Less: Plan Fiduciary Net Position	<u>(3,117,937,218)</u>
Net OPEB Liability	<u>\$ 23,944,005,302</u>
Net Position as a Percentage of Total OPEB Liability	11.52%

C. *Benefits Provided*

TRS-Care provides health insurance coverage to 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 non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table.

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<b>TRS-Care Monthly Premium Rates</b>		
	<u>Medicare</u>	<u>Non-Medicare</u>
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

**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 schools based upon public school payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Sections 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 .65% 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 or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

<b>Contribution Rates</b>		
	<u>2023</u>	<u>2022</u>
Active Employee	0.65%	0.65%
State	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding	1.25%	1.25%
	<u>2023</u>	<u>2022</u>
Burnham Wood Employer Contributions	\$ 76,569	\$ 73,654
Burnham Wood Member Contributions	\$ 58,265	\$ 54,904
Vista del Futuro Employer Contributions	\$ 30,290	\$ 22,402
Vista del Futuro Member Contributions	\$ 14,604	\$ 12,918
	<u>2022</u>	<u>2021</u>
Burnham Wood NECE On-Behalf Contributions	\$ 90,439	\$ 74,627
Vista del Futuro NECE On-Behalf Contributions	\$ 28,830	\$ 26,022

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

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TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

E. *Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial assumptions can be found in the 2022 TRS ACFR, Note 9, page 77.*

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvements rates from the mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% - 9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

F. *Discount Rate*

A single discount rate of 3.91% was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2022 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to

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NOTES TO THE FINANCIAL STATEMENTS  
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determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**G.** *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Burnham Wood Charter School's proportionate share of the Net OPEB Liability:	\$2,548,408	\$2,161,354	\$1,847,791
Vista del Futuro Charter School's proportionate share of the Net OPEB Liability:	\$ 812,370	\$ 688,986	\$ 589,030

**H.** *Healthcare Cost Trend Rates Sensitivity Analysis*

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage point lower or one-percentage point higher than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
Burnham Wood Charter School's proportionate share of the Net OPEB Liability:	\$1,780,966	\$2,161,354	\$2,654,479
Vista del Futuro Charter School's proportionate share of the NET OPEB Liability:	\$ 567,728	\$ 688,986	\$ 846,182

**EL PASO EDUCATION INITIATIVE, INC.  
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I. *OPEB Liabilities*

At August 31, 2022, Burnham Wood Charter School disclosed a liability of \$2,161,354, and Vista del Futuro Charter School disclosed a liability of \$688,986 for their proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the schools. The amount disclosed by the schools as their proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with Burnham Wood Charter School and Vista del Futuro Charter School were as follows:

Burnham Wood's Proportionate share of the collective net OPEB liability	\$ 2,161,354
State's proportionate share that is associated with Burnham Wood Charter School	<u>2,636,513</u>
Total	<u>\$ 4,797,867</u>
Vista del Futuro's Proportionate share of the collective net OPEB liability	\$ 688,986
State's proportionate share that is associated with Vista del Futuro Charter School	<u>840,455</u>
Total	<u>\$ 1,529,441</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2023, Burnham Wood Charter School's proportion of the collective net OPEB liability was 0.0090267034% compared to 0.0071299369% as of August 31, 2022, and Vista del Futuro's proportion of the collective net OPEB liability was 0.00287749% compared to 0.0024862168% as of August 31, 2022.

J. *Changes Since the Prior Actuarial Valuation*

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period: *These can be found in the 2022 TRS ACFR on page 77.*

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

K. *Additional Plans*

Certain employees of the charter holder are also provided with Social Security and Medicare coverage. Under provisions of federal law, covered employees contribute 6.2% (Social Security) and 1.45% (Medicare) of their annual covered salary, and the charter holder contributes 6.2% (Social Security) and 1.45% (Medicare) of the covered payroll.

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5. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions for the years ending August 31, 2023 and 2022, consisted of the following:

	2023	2022
ESEA Title I, Part A	\$ -	\$ 377
National School Breakfast and Lunch Program	1,191,974	922,672
Title III, Part A	-	703
Safety and Security Grant	-	1,850
Texas Department of Agriculture	-	517
State Instructional Materials Fund	-	22,917
First Robotics	-	6,982
SPED Grant	-	50,000
Student Activity	-	184
Advanced Placement Incentives	-	200
Foundation School Program	<u>14,068,192</u>	<u>13,825,582</u>
Total Net Assets With Donor Restrictions	<u>\$ 15,260,166</u>	<u>\$ 14,831,984</u>

6. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2023, the charter holder had a liability of \$140,701 for accrued sick leave or vacation leave. At August 31, 2022, the charter holder had no liability for accrued sick leave or vacation leave.

7. COMMITMENTS AND CONTINGENCIES

The charter schools receive funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agencies. The programs administered by the charter schools 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 agencies. In the opinion of the charter schools, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

8. HEALTH CARE COVERAGE

During the years ended August 31, 2023 and 2022, full-time employees of the charter schools were covered by a health insurance plan (the Plan). The charter schools contributed \$275 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

**EL PASO EDUCATION INITIATIVE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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9. CAPITAL ASSETS

Capital assets at August 31, 2023, were as follows:

	Balance <u>9/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>8/31/2022</u>
Land	\$ 4,286,131	\$ 40,968	\$ -	\$ 4,327,099
Buildings and Improvements	17,822,884	6,188,810	-	24,011,694
Furniture and Equipment	1,842,601	577,489	-	2,420,090
Right to Use Lease Assets	118,844	-	-	118,844
Accumulated Depreciation	<u>(5,044,388)</u>	<u>(594,717)</u>	<u>-</u>	<u>(5,639,105)</u>
	<u>\$19,026,072</u>	<u>\$ 6,212,550</u>	<u>\$ -</u>	<u>\$25,238,622</u>

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

	Balance <u>9/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>8/31/2022</u>
Land	\$ 4,030,212	\$ 255,919	\$ -	\$ 4,286,131
Buildings and Improvements	14,344,872	3,478,012	-	17,822,884
Furniture and Equipment	1,250,926	591,675	-	1,842,601
Right to Use Lease Assets	-	118,844	-	118,844
Accumulated Depreciation	<u>(4,513,982)</u>	<u>(530,406)</u>	<u>-</u>	<u>(5,044,388)</u>
	<u>\$15,112,028</u>	<u>\$ 3,914,044</u>	<u>\$ -</u>	<u>\$19,026,072</u>

Capital assets acquired with public funds received by the corporation for the operation of Burnham Wood Charter School and Vista del Futuro 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 for each individual charter school.

10. LONG-TERM DEBT

On November 2, 2020, conduit bonds were issued by the Arlington Higher Education Finance Corporation as follows: \$19,450,000 of Education Revenue Bonds (Series 2020A) and \$550,000 of Taxable Education Revenue Bonds (Series 2020B), the proceeds of which were loaned to the corporation to be used to finance the acquisition, construction and equipping, rehabilitation and renovations of certain land, buildings, equipment, facilities and improvements located on two campuses in El Paso, TX, to advance refund two old loans and to pay certain costs of issuing the series 2020 bonds. The issue proceeds were placed in accounts designated for construction and future debt service at UMB Bank (the Trustee). The bonds mature serially each August 1<sup>st</sup> starting 2021 until 2050 with interest ranging from 1.0% to 5.0%.

**EL PASO EDUCATION INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

The debt issuance costs for the 2020 bonds were \$1,378,618 and premiums were \$2,216,347. These costs and premiums were capitalized and are being amortized over the term of the debt. The unamortized amounts of issuance costs of \$1,267,400 and premiums of \$2,031,651 at August 31, 2023 are recorded in Long Term Debt. Amortization expense related to the debt issuance costs totaled \$46,087 and \$46,087 for the years ended August 31, 2023 and 2022. Premiums/discounts amortization was \$73,878 and \$73,878 for the years ended August 31, 2023 and 2022.

Debt service for the Series 2020 bonds at August 31, 2023, is as follows:

Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 390,000	\$ 702,750	\$ 1,092,750
2025	410,000	683,250	1,093,250
2026	430,000	662,750	1,092,750
2027	450,000	641,250	1,091,250
2028	475,000	618,750	1,093,750
Thereafter	<u>16,950,000</u>	<u>7,105,450</u>	<u>24,055,450</u>
Total	<u>\$19,105,000</u>	<u>\$10,414,200</u>	<u>\$29,519,200</u>

The corporation reflects interest expense in the amount of \$372,442 (\$718,083 less construction period interest capitalized of \$345,641) and \$175,951 (\$722,296 less construction period interest capitalized of \$546,345) for the years ended August 31, 2023 and 2022.

11. INTERCOMPANY ELIMINATIONS

For the year ended August 31, 2023 and 2022, intercompany accounts payable and accounts receivable consisted of \$1,000,000 and \$1,347, respectively. These accounts payable and accounts receivable are included in the special-purpose Statements of Financial Position (Exhibits B-1.1 and B-1.2), but are eliminated on the consolidated general-purpose Statement of Financial Position (Exhibit A-1).

12. LEASES

*Operating Leases*

The Organization had no short-term leases of less than twelve months on the balance sheet. Total short-term rent expense for all operating leases was \$726,382 and \$831,322 for the years ended August 31, 2023 and 2022. These consist primarily of bus leases and a facilities lease.

*Finance Leases*

Under the adoption of the ASU No. 2016-02, Leases (Topic 842), the school recognized a lease liability of \$118,844 effective September 1, 2021. This represents the present value of the remaining lease payments of \$129,800 discounted using the school's incremental borrowing rate of 5%. In conjunction with the lease liability, the school recognized a right-of-use assets of \$118,844 which represents the lease liability of \$118,844, a right-of-use (ROU) asset was recorded at the date of adoption of ASC 842.



**EL PASO EDUCATION INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

A summary of obligations under finance leases at August 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Finance lease obligation payable to Toshiba for copiers, with interest at 5%, payable in monthly installments of \$2,950 (including principal and interest) through April 28, 2025, secured by copiers.	\$ 56,491	\$ 88,194
Total finance leases	\$ 56,491	88,194
Less current portion	<u>(33,328)</u>	<u>(31,703)</u>
Long-term finance leases, net of current portion	<u>\$ 23,163</u>	<u>\$ 56,491</u>

Amortization is included in depreciation expense.

Future minimum annual rentals under finance lease arrangements at August 31, 2023 and 2022 were as follows:

For years ended August 31,	<u>2023</u>	<u>2022</u>
2023	\$ -	\$ 35,400
2024	35,400	35,400
2025	23,600	23,600
2026	-	-
2027	-	-
Total required payments	59,000	94,400
Less interest included in payments	<u>(2,509)</u>	<u>(6,206)</u>
Total finance leases payable	<u>\$ 56,491</u>	<u>\$ 88,194</u>

The weighted average remaining lease term at August 31, 2023 and 2022 was 1.75 years and 2.75 years for finance leases, respectively, and the weighted average interest rate was 5%.

13. INCOME TAX

On December 30, 2008, FASB issued FASB Staff Position (FSP) FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. There was no apparent unrelated business income for the year ended August 31, 2022, and as a result, there was no income tax liability.

**EL PASO EDUCATION INITIATIVE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

14. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the corporation through financial statement issuance and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements other than the planned construction and renovation projects discussed below.

The restricted investments reflected include \$7,646,181 from the conduit bond proceeds for completion of construction and renovation projects for the following projects in progress:

Da Vinci school renovations and improvements	\$ 6,925,608
Linguistics Academy renovations and improvements	4,362,786
Technology, safety, portables and improvements	<u>3,571,000</u>
Total projected at August 31, 2021	\$ 14,859,394
Less work performed in 2021-22	(3,478,012)
Less work performed in 2022-23	<u>(6,146,310)</u>
Estimated balance to complete	<u>\$ 5,235,072</u>

15. RELATED PARTY TRANSACTIONS

The corporation paid Burnham Family, LP, an entity 96% constructively owned by Iris Burnham, former Board President and former Superintendent of El Paso Education Initiative, \$377,533 and \$373,795 in rent for the years ended August 31, 2023 and 2022 for the use of facilities by Vista del Futuro Charter School. The rent was paid pursuant to a lease agreement between Burnham Family, LP and El Paso Education Initiative, Inc. The ten year lease agreement was approved on August 27, 2009, by the Board and Directors of El Paso Education Initiative, Inc. The lease agreement was amended effective May 4, 2017, to include an option to purchase fee simple title to the facilities based upon a current fair market value and renewal option to extend for 25 years effective upon expiration of the “initial term”. The option to renew provided reason for the charter holder to request the appraisal district to grant a tax abatement for public property. The abatement was granted.

In August 2020, the School Board formerly exercised its lease/purchase option under the lease agreement. The lease purchase had not yet been completed as of August 31, 2023. The Charter Holder subsequently filed suit to require the lessor/grantor to engage in and complete the purchase process.

Dr. Gonzales’ (the Superintendent’s) son, Steve Gonzales, works as a facilities consultant as general bond coordinator for the schools. He had been engaged in this role by the former Superintendent and then by the School Board prior to Dr. Gonzales’s engagement as Superintendent and was paid \$212,500 (100% owned by Steve Gonzales S&C Building Contractors) and \$179,971 (to 100% owned S&C Building Contractors) for contract maintenance and consulting services during the years ended August 31, 2023 and 2022.

**EL PASO EDUCATION INITIATIVE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

16. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ <u>1,072,088</u>
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Except for the financial assets listed above, Burnham Wood Charter School’s and Vista del Futuro Charter School’s cash, due from governments, accounts receivable, inventory, and fixed assets’ use are restricted by the Texas Education Agency, federal agencies, and donors for charter school operations. As part of the corporation’s liquidity management plan, \$7,660,606 of cash is invested in UMB Investments.

17. FAIR VALUE MEASUREMENTS

FASB ASC 820 *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

*Level 1* – Unadjusted quoted prices for identical assets or liabilities in active markets.

*Level 2* – Significant direct or indirect, observable inputs other than quoted prices.

*Level 3* – Unobservable inputs based on assumptions of the reporting entity.

The fair value measurement of assets and liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair Value Measurements as of August 31, 2023 and 2022:

August 31, 2023	Fair Value Measurements at Reporting Date Using			
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equity Securities	\$ 7,660,606	\$ 7,660,606	\$ -	\$ -
Total	\$ 7,660,606	\$ 7,660,606	\$ -	\$ -

**EL PASO EDUCATION INITIATIVE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

August 31, 2022	Fair Value Measurements at Reporting Date Using			
<u>Description</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Equity				
Securities	\$ 11,460,120	\$ 11,460,120	\$ -	\$ -
 Total	 \$ 11,460,120	 \$ 11,460,120	 \$ -	 \$ -

18. ECONOMIC DEPENDENCY

During the year ended August 31, 2023 and 2022, the charter schools earned revenue of \$16,157,432 and \$15,524,479 from the Texas Education Agency (TEA). These amounts constitute approximately 73.74% and 76.26% of total revenue earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the charter school to continue to provide the current level of services to its students.

**Specific-Purpose  
Financial Statements**

**BURNHAM WOOD CHARTER SCHOOL  
STATEMENT OF FINANCIAL POSITION  
AS OF AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 492,842	\$ 2,471,316
Restricted investments	7,660,606	11,460,120
Due from governments	2,247,538	1,545,335
Accounts receivable	1,885	-
Accounts receivable-Intercompany	-	-
Inventory	15,528	4,972
<b>Total Current Assets</b>	<b>10,418,399</b>	<b>15,481,743</b>
<b>Property and Equipment</b>		
Land	4,071,180	4,030,212
Buildings and improvements	23,969,194	17,822,884
Furniture and equipment	2,101,834	1,544,843
Right of use lease assets	99,324	99,324
Less accumulated depreciation	(5,349,901)	(4,777,579)
<b>Total Property and Equipment</b>	<b>24,891,631</b>	<b>18,719,684</b>
<b>Total Assets</b>	<b>\$ 35,310,030</b>	<b>\$ 34,201,427</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 155,115	\$ 91,125
Accounts payable-Intercompany	1,000,000	1,347
Interest payable	29,281	29,948
Payroll deductions and withholdings	33,879	221,583
Accrued wages payable	23,258	32,083
Due to student groups	16,454	8,346
Vacation benefits payable	100,497	-
Other current liabilities	1,722	-
Current portion of long-term debt	390,000	320,000
Current portion of lease liability	27,854	26,496
<b>Total Current Liabilities</b>	<b>1,778,060</b>	<b>730,928</b>
<b>Long-Term Debt</b>		
Conduit bonds payable	19,479,251	19,897,043
Lease liability	19,358	47,212
<b>Total Long Term Liabilities</b>	<b>19,498,609</b>	<b>19,944,255</b>
<b>Total Liabilities</b>	<b>\$ 21,276,669</b>	<b>\$ 20,675,183</b>
<b>Net Assets</b>		
Without donor restrictions	939,594	1,003,124
With donor restrictions	13,093,767	12,523,120
<b>Total Net Assets</b>	<b>\$ 14,033,361</b>	<b>\$ 13,526,244</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 35,310,030</b>	<b>\$ 34,201,427</b>

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

**VISTA DEL FUTURO CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 504,440	\$ 1,826,266
Due from governments	570,827	428,020
Accounts receivable - Intercompany	1,000,000	1,347
Inventory	3,863	1,124
<b>Total Current Assets</b>	<b>2,079,130</b>	<b>2,256,757</b>
<b>Property and Equipment</b>		
Land	255,919	255,919
Furniture and equipment	318,256	297,758
Buildings and improvements	42,500	-
Right to use lease assets	19,520	19,520
Less accumulated depreciation	(289,204)	(266,809)
<b>Total Property and Equipment</b>	<b>346,991</b>	<b>306,388</b>
<b>Total Assets</b>	<b>\$ 2,426,121</b>	<b>\$ 2,563,145</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable - Intercompany	\$ -	\$ -
Accounts payable	56,873	31,435
Payroll deductions and withholdings	5,933	49,171
Due to student groups	5,380	5,380
Accrued wages payable	11,779	14,496
Vacation benefits payable	40,204	-
Current portion of lease liability	5,474	5,207
<b>Total Current Liabilities</b>	<b>125,643</b>	<b>105,689</b>
<b>Long-Term Debt</b>		
Lease liability	3,805	9,279
<b>Total Liabilities</b>	<b>\$ 129,448</b>	<b>\$ 114,968</b>
<b>Net Assets</b>		
Without donor restrictions	130,274	139,313
With donor restrictions	2,166,399	2,308,864
<b>Total Net Assets</b>	<b>\$ 2,296,673</b>	<b>\$ 2,448,177</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,426,121</b>	<b>\$ 2,563,145</b>

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

**BURNHAM WOOD CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	Without Donor Restrictions	With Donor Restrictions	2023 Totals
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 751,884	\$ -	\$ 751,884
5750 Cocurricular and Enterprising Activities	80,995	-	80,995
<b>Total Local Support</b>	<b>832,879</b>	<b>-</b>	<b>832,879</b>
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	13,015,535	13,015,535
5820 State Program Revenues Distributed by TEA	-	283,087	283,087
<b>Total State Program Revenues</b>	<b>-</b>	<b>13,298,622</b>	<b>13,298,622</b>
<b>Federal Program Revenues:</b>			
5910 Federal Revenues Distributed by Other Govt. Agencies	-	11,259	11,259
5920 Federal Revenues Distributed by TEA	-	3,619,458	3,619,458
5930 Federal Revenues Distributed by Other TX Agencies	-	94,689	94,689
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>3,725,406</b>	<b>3,725,406</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	16,453,381	(16,453,381)	-
<b>Total Revenues</b>	<b>\$ 17,286,260</b>	<b>\$ 570,647</b>	<b>\$ 17,856,907</b>
<b>Expenses</b>			
11 Instruction	\$ 9,220,710	\$ -	\$ 9,220,710
13 Curriculum & Instructional Staff Development	86,169	-	86,169
21 Instructional Leadership	40,464	-	40,464
23 School Leadership	313,376	-	313,376
31 Guidance, Counseling, & Evaluation Services	113,109	-	113,109
33 Health Services	191,300	-	191,300
34 Student Transportation	717,510	-	717,510
35 Food Services	928,712	-	928,712
36 Cocurricular/Extracurricular Activities	445,761	-	445,761
41 General Administration	1,876,648	-	1,876,648
51 Plant Maintenance & Operations	2,198,514	-	2,198,514
52 Security & Monitoring Services	684,849	-	684,849
53 Data Processing Services	184,427	-	184,427
71 Debt Service	348,241	-	348,241
<b>Total Expenses</b>	<b>\$ 17,349,790</b>	<b>\$ -</b>	<b>\$ 17,349,790</b>
<b>Change in Net Assets</b>	<b>(63,530)</b>	<b>570,647</b>	<b>507,117</b>
<b>Net Assets, Beginning of Year</b>	<b>1,003,124</b>	<b>12,523,120</b>	<b>13,526,244</b>
<b>Net Assets, End of Year</b>	<b>\$ 939,594</b>	<b>\$ 13,093,767</b>	<b>\$ 14,033,361</b>

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



**BURNHAM WOOD CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	Without Donor Restrictions	With Donor Restrictions	2022 Totals
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 385,493	\$ -	\$ 385,493
5750 Cocurricular and Enterprising Activities	9,261	-	9,261
<b>Total Local Support</b>	<b>394,754</b>	<b>-</b>	<b>394,754</b>
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	12,412,308	12,412,308
5820 State Program Revenues Distributed by TEA	-	65,948	65,948
<b>Total State Program Revenues</b>	<b>-</b>	<b>12,478,256</b>	<b>12,478,256</b>
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	3,525,397	3,525,397
5930 Federal Revenues Distributed by Other TX Agencies	-	46,357	46,357
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>3,571,754</b>	<b>3,571,754</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	17,266,650	(17,266,650)	-
<b>Total Revenues</b>	<b>\$ 17,661,404</b>	<b>\$ (1,216,640)</b>	<b>\$ 16,444,764</b>
<b>Expenses</b>			
11 Instruction	\$ 9,619,866	\$ -	\$ 9,619,866
13 Curriculum & Instructional Staff Development	38,978	-	38,978
23 School Leadership	304,262	-	304,262
31 Guidance, Counseling, & Evaluation Services	116,347	-	116,347
33 Health Services	125,801	-	125,801
34 Student Transportation	728,500	-	728,500
35 Food Services	908,106	-	908,106
36 Cocurricular/Extracurricular Activities	529,575	-	529,575
41 General Administration	1,493,377	-	1,493,377
51 Plant Maintenance & Operations	3,214,726	-	3,214,726
52 Security & Monitoring Services	171,157	-	171,157
53 Data Processing Services	120,389	-	120,389
71 Debt Service	163,697	-	163,697
<b>Total Expenses</b>	<b>\$ 17,534,781</b>	<b>\$ -</b>	<b>\$ 17,534,781</b>
Change in Net Assets	126,623	(1,216,640)	(1,090,017)
Net Assets, Beginning of Year	876,501	13,739,760	14,616,261
Net Assets, End of Year	<b>\$ 1,003,124</b>	<b>\$ 12,523,120</b>	<b>\$ 13,526,244</b>

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

**VISTA DEL FUTURO CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	Without Donor Restrictions	With Donor Restrictions	2023 Totals
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 82,922	\$ -	\$ 82,922
5750 Cocurricular and Enterprising Activities	2,393	-	2,393
Total Local Support	85,315	-	85,315
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	2,845,176	2,845,176
5820 State Program Revenues Distributed by TEA	-	13,634	13,634
Total State Program Revenues	-	2,858,810	2,858,810
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	1,080,030	1,080,030
5930 Federal Revenues Distributed by Other TX Agencies	-	30,647	30,647
Total Federal Program Revenues	-	1,110,677	1,110,677
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	4,111,952	(4,111,952)	-
Total Revenues	\$ 4,197,267	\$ (142,465)	\$ 4,054,802
<b>Expenses</b>			
11 Instruction	2,222,762	-	2,222,762
13 Curriculum & Instructional Staff Development	29,819	-	29,819
21 Instructional Leadership	10,776	-	10,776
23 School Leadership	96,964	-	96,964
31 Guidance, Counseling, & Evaluation Services	67,456	-	67,456
33 Health Services	58,277	-	58,277
34 Student Transportation	21,580	-	21,580
35 Food Services	286,530	-	286,530
36 Cocurricular/Extracurricular Activities	25,319	-	25,319
41 General Administration	581,095	-	581,095
51 Plant Maintenance & Operations	695,588	-	695,588
52 Security & Monitoring Services	58,835	-	58,835
53 Data Processing Services	50,698	-	50,698
71 Debt Service	607	-	607
Total Expenses	\$ 4,206,306	\$ -	\$ 4,206,306
Change in Net Assets	(9,039)	(142,465)	(151,504)
Net Assets, Beginning of Year	139,313	2,308,864	2,448,177
Net Assets, End of Year	\$ 130,274	\$ 2,166,399	\$ 2,296,673

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

**VISTA DEL FUTURO CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 53,460	\$ -	\$ 53,460
5750 Cocurricular and Enterprising Activities	<u>2,558</u>	<u>-</u>	<u>2,558</u>
Total Local Support	56,018	-	56,018
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	2,992,735	2,992,735
5820 State Program Revenues Distributed by TEA	<u>-</u>	<u>53,488</u>	<u>53,488</u>
Total State Program Revenues	-	3,046,223	3,046,223
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	797,610	797,610
5930 Federal Revenues Distributed by Other TX Agencies	<u>-</u>	<u>10,893</u>	<u>10,893</u>
Total Federal Program Revenues	-	808,503	808,503
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	<u>3,797,043</u>	<u>(3,797,043)</u>	<u>-</u>
<b>Total Revenues</b>	<b>\$ <u>3,853,061</u></b>	<b>\$ <u>57,683</u></b>	<b>\$ <u>3,910,744</u></b>
<b>Expenses</b>			
11 Instruction	2,116,422	-	2,116,422
13 Curriculum & Instructional Staff Development	39,345	-	39,345
23 School Leadership	128,607	-	128,607
31 Guidance, Counseling, & Evaluation Services	36,107	-	36,107
33 Health Services	36,355	-	36,355
34 Student Transportation	24,368	-	24,368
35 Food Services	236,531	-	236,531
36 Cocurricular/Extracurricular Activities	13,338	-	13,338
41 General Administration	431,192	-	431,192
51 Plant Maintenance & Operations	661,630	-	661,630
52 Security & Monitoring Services	38,767	-	38,767
53 Data Processing Services	74,181	-	74,181
71 Debt Service	<u>780</u>	<u>-</u>	<u>780</u>
Total Expenses	<u>\$ 3,837,623</u>	<u>\$ -</u>	<u>\$ 3,837,623</u>
Change in Net Assets	<u>15,438</u>	<u>57,683</u>	<u>73,121</u>
Net Assets, Beginning of Year	<u>123,875</u>	<u>2,251,181</u>	<u>2,375,056</u>
Net Assets, End of Year	<u>\$ 139,313</u>	<u>\$ 2,308,864</u>	<u>\$ 2,448,177</u>

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

**BURNHAM WOOD CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 507,117	\$ (1,090,017)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	572,322	507,175
(Increase) Decrease in Due from Governments	(702,203)	(247,138)
(Increase) Decrease in Accounts Receivable	(1,885)	1,232
(Increase) Decrease in Inventory	(10,556)	(4,585)
Increase (Decrease) in Accounts Payable	63,990	(59,950)
Increase (Decrease) in Accounts Payable-Intercompany	998,653	1,347
Increase (Decrease) in Interest Payable	(667)	(154)
Increase (Decrease) in Payroll Deductions	(187,704)	29,218
Increase (Decrease) in Accrued Wages Payable	(8,825)	11,676
Increase (Decrease) in Due to Student Groups	8,108	4,810
Increase (Decrease) in Vacation Benefits Payable	100,497	-
Increase (Decrease) in Other Current Liabilities	1,722	-
	<u>1,340,569</u>	<u>(846,386)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(1,424,421)	(1,032,000)
Withdrawal of Investments	5,223,934	4,468,561
Purchase of Land, Buildings, and Equipment	(6,744,269)	(4,069,687)
Purchase of Right to Use Lease Assets	-	(99,324)
	<u>(2,944,756)</u>	<u>(732,450)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amortization of Debt Issuance Costs	46,087	46,087
Amortization of Premiums on Bonds	(73,878)	(73,878)
Proceeds from Right to Use Assets Lease Liability	-	99,324
Principal Payments on Right to Use Lease Liability	(26,496)	(25,616)
Principal Payments on Debt	(320,000)	(270,000)
	<u>(374,287)</u>	<u>(224,083)</u>
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,978,474)	(1,802,919)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,471,316</u>	<u>4,274,235</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 492,842</u>	<u>\$ 2,471,316</u>
<b>Interest Paid During the Period Ended August 31, 2023 and 2022</b>	\$ 721,840	\$ 726,419
<b>Income Taxes Paid During the Period Ended August 31, 2023 and 2022</b>	-	-

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

**VISTA DEL FUTURO CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (151,504)	\$ 73,121
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	22,395	23,231
(Increase) Decrease in Due from Governments	(142,807)	(150,391)
(Increase) Decrease in Accounts Receivable	(998,653)	(1,347)
(Increase) Decrease in Inventory	(2,739)	(719)
(Increase) Decrease in Deferred Expenses	-	30,208
Increase (Decrease) in Accounts Payable-Intercompany	-	(1,232)
Increase (Decrease) in Accounts Payable	25,438	31,435
Increase (Decrease) in Payroll Deductions and Withholdings	(43,238)	11,382
Increase (Decrease) in Due to Student Groups	-	4,827
Increase (Decrease) in Accrued Wages Payable	(2,717)	8,635
Increase (Decrease) in Vacation Benefits Payable	40,204	-
	<u>(1,253,621)</u>	<u>29,150</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	(62,998)	(255,919)
Purchase of Right to Use Lease Assets	-	(19,520)
	<u>(62,998)</u>	<u>(275,439)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Right to Use Lease Assets Liability	-	19,520
Principal Payments Right to Use Lease Liability	(5,207)	(5,034)
	<u>(5,207)</u>	<u>14,486</u>
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,321,826)</b>	<b>(231,803)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,826,266</b>	<b>2,058,069</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ <u>504,440</u></b>	<b>\$ <u>1,826,266</u></b>
<b>Interest Paid During the Period Ended August 31, 2023 and 2022</b>	<b>\$ 607</b>	<b>\$ 780</b>
<b>Income Taxes Paid During the Period Ended August 31, 2023 and 2022</b>	<b>-</b>	<b>-</b>

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

**Required  
Supplementary  
Information Required  
by the Texas Education  
Agency**

**BURNHAM WOOD CHARTER SCHOOL  
SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

		<b>Totals</b>	
		<b>2023</b>	<b>2022</b>
<b>Expenses</b>			
6100	Payroll Costs	\$ 10,358,184	\$ 9,750,266
6200	Professional and Contracted Services	4,060,360	4,740,034
6300	Supplies and Materials	1,314,724	1,602,535
6400	Other Operating Costs	1,268,281	1,278,248
6500	Debt	348,241	163,698
	Total Expenses	\$ 17,349,790	\$ 17,534,781

The accompanying notes are an integral part of these statements.

**VISTA DEL FUTURO CHARTER SCHOOL  
SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

<b>Expenses</b>	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
6100 Payroll Costs	\$ 2,772,435	\$ 2,396,612
6200 Professional and Contracted Services	1,085,149	1,092,567
6300 Supplies and Materials	250,138	251,512
6400 Other Operating Costs	97,977	96,152
6500 Debt	607	780
Total Expenses	\$ 4,206,306	\$ 3,837,623

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



**BURNHAM WOOD CHARTER SCHOOL  
SCHEDULE OF ASSETS  
AS OF AUGUST 31, 2023**

	<b>Ownership Interest</b>		
	<u>Local</u>	<u>State</u>	<u>Federal</u>
1110 Cash	\$ 957,250	\$ (1,249,682)	\$ 785,274
1810 Investments		7,660,606	
1510 Land	-	4,071,180	-
1520 Buildings and Improvements	-	23,969,194	-
1530 Furniture and Equipment	29,722	1,821,229	250,883
1550 Right to Use Lease Assets	-	99,324	-
Total Cash, Investments, and Capital Assets	<u>\$ 986,972</u>	<u>\$ 36,371,851</u>	<u>\$ 1,036,157</u>

The accompanying notes are an integral part of these statements.

**VISTA DEL FUTURO CHARTER SCHOOL  
SCHEDULE OF ASSETS  
AS OF AUGUST 31, 2023**

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 136,673	\$ 342,244	\$ 25,523
1510 Land	-	255,919	-
1520 Buildings and Improvements	-	42,500	-
1530 Furniture and Equipment	-	137,601	180,655
1550 Right to Use Lease Assets	-	19,520	
Total Cash, Investments, and Capital Assets	\$ 136,673	\$ 797,784	\$ 206,178

The accompanying notes are an integral part of these statements.

**BURNHAM WOOD CHARTER SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Local Support:</b>				
5740 Other Revenues from Local Sources	\$ 189,000	\$ 699,251	\$ 751,884	\$ 52,633
5750 Cocurricular and Enterprising Activities	-	75,325	80,995	5,670
<b>Total Local Support</b>	<u>189,000</u>	<u>774,576</u>	<u>832,879</u>	<u>58,303</u>
<b>State Program Revenues:</b>				
5810 Foundation School Program Act Revenues	14,068,000	12,406,695	13,015,535	608,840
5820 State Program Revenues Distributed by TEA	-	92,631	283,087	190,456
<b>Total State Program Revenues</b>	<u>14,068,000</u>	<u>12,499,326</u>	<u>13,298,622</u>	<u>799,296</u>
<b>Federal Program Revenues:</b>				
5910 Federal Revenues Distributed by Other Govt. Agencies	-	10,898	11,259	361
5920 Federal Revenues Distributed by TEA	916,000	3,562,211	3,619,458	57,247
5930 Federal Revenues Distributed by Other TX Agencies	-	93,923	94,689	766
<b>Total Federal Program Revenues</b>	<u>916,000</u>	<u>3,667,032</u>	<u>3,725,406</u>	<u>58,374</u>
<b>Total Revenues</b>	<u>\$ 15,173,000</u>	<u>\$ 16,940,934</u>	<u>\$ 17,856,907</u>	<u>\$ 915,973</u>
<b>Expenses</b>				
11 Instruction	\$ 7,233,618	\$ 9,075,493	\$ 9,220,710	\$ (145,217)
12 Instructional Resources & Media Services	5,000	-	-	-
13 Curriculum & Instructional Staff Development	213,731	57,319	86,169	(28,850)
21 Instructional Leadership	25,000	31,346	40,464	(9,118)
23 School Leadership	628,665	295,050	313,376	(18,326)
31 Guidance, Counseling, & Evaluation Services	108,288	116,776	113,109	3,667
33 Health Services	272,175	192,541	191,300	1,241
34 Student Transportation	481,125	667,157	717,510	(50,353)
35 Food Services	931,000	847,496	928,712	(81,216)
36 Cocurricular/Extracurricular Activities	274,696	285,543	445,761	(160,218)
41 General Administration	1,299,069	1,958,533	1,876,648	81,885
51 Facilities Maintenance & Operations	2,041,039	3,085,656	2,198,514	887,142
52 Security & Monitoring Services	179,375	711,081	684,849	26,232
53 Data Processing Services	165,000	174,683	184,427	(9,744)
71 Debt Service	380,000	362,273	348,241	14,032
<b>Total Expenses</b>	<u>\$ 14,237,781</u>	<u>\$ 17,860,947</u>	<u>\$ 17,349,790</u>	<u>\$ 511,157</u>
<b>Change in Net Assets</b>	<u>935,219</u>	<u>(920,013)</u>	<u>507,117</u>	<u>1,427,130</u>
<b>Net Assets, Beginning of Year</b>	<u>13,526,244</u>	<u>13,526,244</u>	<u>13,526,244</u>	<u>-</u>
<b>Net Assets, End of Year</b>	<u>\$ 14,461,463</u>	<u>\$ 12,606,231</u>	<u>\$ 14,033,361</u>	<u>\$ 1,427,130</u>

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

**VISTA DEL FUTURO CHARTER SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Local Support:</b>				
5740 Other Revenues from Local Sources	\$ 131,335	\$ 56,068	\$ 82,922	\$ 26,854
5750 Cocurricular and Enterprising Activities	-	2,305	2,393	88
<b>Total Local Support</b>	<b>131,335</b>	<b>58,373</b>	<b>85,315</b>	<b>26,942</b>
<b>State Program Revenues:</b>				
5810 Foundation School Program Act Revenues	3,396,680	2,705,696	2,845,176	139,480
5820 State Program Revenues Distributed by TEA	-	12,965	13,634	669
<b>Total State Program Revenues</b>	<b>3,396,680</b>	<b>2,718,661</b>	<b>2,858,810</b>	<b>140,149</b>
<b>Federal Program Revenues:</b>				
5920 Federal Revenues Distributed by TEA	172,320	998,137	1,080,030	81,893
5930 Federal Revenues Distributed by Other TX Agencies	-	29,076	30,647	1,571
<b>Total Federal Program Revenues</b>	<b>172,320</b>	<b>1,027,213</b>	<b>1,110,677</b>	<b>83,464</b>
<b>Total Revenues</b>	<b>\$ 3,700,335</b>	<b>\$ 3,804,247</b>	<b>\$ 4,054,802</b>	<b>\$ 250,555</b>
<b>Expenses</b>				
11 Instruction	\$ 1,802,413	\$ 2,193,535	\$ 2,222,762	\$ (29,227)
12 Instructional Resources & Media Services	1,000	-	-	-
13 Curriculum & Instructional Staff Development	50,566	32,410	29,819	2,591
21 Instructional Leadership	4,200	10,392	10,776	(384)
23 School Leadership	131,328	95,812	96,964	(1,152)
31 Guidance, Counseling, & Evaluation Services	58,500	67,320	67,456	(136)
33 Health Services	55,000	59,511	58,277	1,234
34 Student Transportation	36,707	23,522	21,580	1,942
35 Food Services	204,500	248,575	286,530	(37,955)
36 Cocurricular/Extracurricular Activities	8,000	26,420	25,319	1,101
41 General Administration	388,790	544,467	581,095	(36,628)
51 Facilities Maintenance & Operations	702,500	740,759	695,588	45,171
52 Security and Monitoring Services	39,370	59,838	58,835	1,003
53 Data Processing Services	68,867	49,677	50,698	(1,021)
71 Debt Service	-	-	607	(607)
<b>Total Expenses</b>	<b>\$ 3,551,741</b>	<b>\$ 4,152,238</b>	<b>\$ 4,206,306</b>	<b>\$ (54,068)</b>
Change in Net Assets	148,594	(347,991)	(151,504)	196,487
Net Assets, Beginning of Year	2,448,177	2,448,177	2,448,177	-
Net Assets, End of Year	<u>\$ 2,596,771</u>	<u>\$ 2,100,186</u>	<u>\$ 2,296,673</u>	<u>\$ 196,487</u>

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

**BURNHAM WOOD CHARTER SCHOOL  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION  
PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2023**

Section A. Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the schools' 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 schools' fiscal year.	\$1,317,982
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$734,017

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.	\$337,877
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$315,111

**VISTA DEL FUTURO CHARTER SCHOOL  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION  
PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2023**

Section A. Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the schools' 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 schools' fiscal year.	\$275,500
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$128,143

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.	\$ 62,925
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$103,374

**BURNHAM WOOD CHARTER SCHOOL  
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST  
FOR THE YEAR ENDED AUGUST 31, 2023**

Description	Property Address	Total Assessed Value	Local	Ownership Interest		
				State	Federal	
8 Upper Valley Tr 2 (5.773 Acres)	5141 Upper Valley Rd. El Paso, TX	\$ 2,390,466	\$ -	\$ 2,390,466	\$ -	-
26 West Hills #6	7310 Bishop Flores Dr. El Paso, TX	\$ 3,941,927	-	\$ 3,941,927	-	-
1 Harvest Addition Lot 1	785 Southwestern Dr. El Paso, TX	\$ 10,333,058	-	\$ 10,333,058	-	-
Block 1 IH-10 Crusade Lot 1	5490 N. Desert Blvd. El Paso, TX	\$ 1,265,126	-	\$ 1,265,126	-	-
			\$ -	\$ 17,930,577	\$ -	-

The accompanying notes are an integral part of these statements.

**VISTA DEL FUTURO CHARTER SCHOOL  
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST  
FOR THE YEAR ENDED AUGUST 31, 2023**

Description	Property Address	Total Assessed Value	Local	Ownership Interest		
				State	Federal	
Bob Hope Lot - T & P Block 79 Township 3, Section 8 Track 17-C-11, El Paso County	1671 Bob Hope Dr. El Paso, TX 79936	\$33,794	\$ -	\$ 33,794	\$ -	
			\$ -	\$ 33,794	\$ -	

The accompanying notes are an integral part of these statements.



**EL PASO EDUCATION INITIATIVE, INC.**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

<u>Related Party Name</u>	<u>Relation Name</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Terms</u>	<u>Source of Funds</u>	<u>Payment Frequency</u>	<u>Total Paid</u>	<u>Balance Due</u>
Burnham Wood Charter School (County District Number 071801):								
S&C Building Contractors	Joe Gonzales	Owned by Son	Financial	Contract Maint.	State Foundation	Monthly	159,375	-
	Superintendent						<u>\$ 159,375</u>	<u>\$ -</u>
Vista del Futuro Charter School (County District Number 071809):								
S&C Building Contractors	Joe Gonzales	Owned by Son	Financial	Contract Maint.	State Foundation	Monthly	53,125	-
	Superintendent						<u>\$ 53,125</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**Reports On  
Internal Controls, Compliance  
And  
Federal Awards**

# FREEMON, SHAPARD & STORY

Certified Public Accountants

## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
El Paso Education Initiative, Inc.  
785 Southwestern Dr.  
El Paso, TX 79912

Members of the Board of Directors:

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 El Paso Education Initiative, Inc. (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, and have issued our report thereon dated January 21, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered El Paso Education Initiative, Inc.'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 El Paso Education Initiative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso Education Initiative, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material

weaknesses. We identified no deficiencies in internal control that we consider to be reportable instances of noncompliance.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether El Paso Education Initiative, Inc.'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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-1.

### **El Paso Education Initiative's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on El Paso Education Initiative's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. El Paso Education Initiative's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Freeman, Shapard, & Story  
Windthorst, TX  
January 21, 2024

# FREEMON, SHAPARD & STORY

*Certified Public Accountants*

## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
El Paso Education Initiative, Inc.  
785 Southwestern Dr.  
El Paso, TX 79912

Members of the Board of Directors:

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

#### ***Opinion on Each Major Federal Program***

We have audited El Paso Education Initiative, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Paso Education Initiative, Inc.'s major federal programs for the year ended August 31, 2023. El Paso Education Initiative, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, El Paso Education Initiative, Inc. 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; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of El Paso Education Initiative, Inc. 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 El Paso Education Initiative, Inc.'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 El Paso Education Initiative, Inc.'s federal programs.

### ***Auditors' 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 El Paso Education Initiative, Inc.'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 generally accepted auditing standards, *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 El Paso Education Initiative, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 El Paso Education Initiative, Inc.'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 El Paso Education Initiative, Inc.'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 El Paso Education Initiative, Inc.'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.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

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

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

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.

Respectfully submitted,



Freeman, Shapard, & Story  
Windthorst, TX  
January 21, 2024

**EL PASO EDUCATION INITIATIVE, INC.  
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 weaknesses identified?	___ Yes <u>  X  </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes <u>  X  </u> No
Noncompliance material to financial statements noted?	___ Yes <u>  X  </u> No

*Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	___ Yes <u>  X  </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes <u>  X  </u> No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?	___ Yes <u>  X  </u> No
Identification of major programs:	
84.425D CRRSA ESSER II	
84.425D ARP ESSER III	
84.425U TCLAS ESSER III	
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes ___ No



## II. Financial Statement Findings

### Finding 2023-1

#### *Criteria*

Accounting records must be maintained to properly reflect activity throughout year as per TEA Financial Accountability System Resource Guide.

#### *Condition*

Burnham Wood Charter School's and Vista Del Futuro's books did not reflect the accrued vested vacation benefits payable at August 31, 2023, resulting from a new leave policy adopted by the Board. Additionally, we noted a number of construction expenditures coded to maintenance and repairs that had to be reclassified to construction in progress.

#### *Cause*

Finance staff were not aware that a new policy required an accrued liability to be calculated and recorded. Construction expenditures were not all reviewed and reclassified before year-end.

#### *Effect*

Accounting records did not reflect accrued leave after the policy adoption and all construction in progress. Year-end adjustments were made to correct the school's records and reports to accurately reflect these accruals and reclassifications.

#### *Recommendation*

El Paso Education Initiative, Inc. should continue to monitor and adjust accrued vested vacation benefits payable in the future and analyze all construction related expenditures and repairs.

#### *Management Response*

In the future, Burnham Wood Charter School and Vista del Futuro Charter School will make certain all necessary adjustments are made before the end of the year. Accounting personnel will review transactions regularly to assure accurate accounting.

III. Findings and Questioned Costs for State and Federal Awards

None identified.

**EL PASO EDUCATION INITIATIVE, INC.  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2023**

Finding 2022-1

*Criteria*

The monthly bank reconciliation should promptly reconcile to cash balances on the general ledger.

*Condition*

We noted that the bank reconciliations for Burnham Wood Charter School and Vista del Futuro Charter School did not reconcile to the general ledger starting in June of 2022 through year-end. Material unexplained differences were noted in both schools.

*Effect*

Burnham Wood Charter School's and Vista del Futuro Charter School's cash balances as reflected in the general ledgers may not accurately reflect proper month-end close balances due to not being reconciled.

*Recommendation*

El Paso Education Initiative, Inc. should obtain additional training on Ascender accounting for their bank reconciliation process and monthly close process. Then moving forward, personnel need to correct any postings of subsequent month transactions to minimize any unexplained reconciling items.

*Management Response*

The bank reconciliations and monthly close processes were properly maintained until June 2022, at which time the finance manager discontinued employment at the schools. New finance personnel were hired and are undergoing training on software operations and related processes.

*Status*

Bank reconciliations were properly prepared during the year. There are some cutoff procedures at month end still being improved.

*Management's Explanation for not implementing the Recommendation*

N/A

Finding 2022-2*Criteria*

The district must have an accounting system that meets the minimum requirements of the State Board of Education. Accounting records must be maintained to properly reflect activity throughout the year as per TEA Financial Accountability System Resource Guide.

*Condition*

Burnham Wood Charter School and Vista Del Futuro's books both required extensive year-end adjusting journal entries to properly reflect balances at August 31, 2022.

*Effect*

Organization was unable to rely on Burnham Wood and Vista Del Futuro Charter School's accounting records and reports during the year relating to construction activity and financial reports. Multiple year-end adjustments were made to correct the school's records and reports to accurately reflect the financial status.

*Recommendation*

Contact your auditor or service center to request help for the finance department in make adjusting journal entries for complicated events such as construction costs and obtain additional training for complex accounting transactions

*Management Response*

In the future, Burnham Wood Charter School and Vista del Futuro Charter School will make certain all necessary adjustments are made before the end of the year and will ask for assistance if needed. New accounting personnel will be trained and will review transactions regularly to ensure accurate accounting.

*Status*

The year-end adjustments required were minimal and normal at August 31, 2023.

*Management's Explanation for not implementing the Recommendation*

Accounting personnel continue to make improvements in this area.

BURNHAM WOOD CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101071801	\$ 395,387
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101071809	68,995
Total Assistance Listing Number 84.010			464,382
ESEA, Title I, Part C - Migratory Children	84.011	23615001071801	122
Total Title I, Part A Cluster			122
*IDEA - Part B, Formula	84.027	236600010718016600	208,621
*IDEA - Part B, Formula	84.027	226600010718016600	65,926
*IDEA - Part B, Formula	84.027	23660001071809660	51,221
Total Assistance Listing Number 84.027			117,147
Career and Technical - Basic Grant	84.048	22420006071950	11,259
*IDEA - Part B, Preschool	84.173	236610010718016610	1,284
*IDEA - Part B, Preschool	84.173	236610010718096610	815
Total Assistance Listing Number 84.173			2,099
Total Special Education Cluster (IDEA)			210,720
Title III Part A Migrant	84.365A	23671003071801	8,631
Title III, Part A - English Language Acquisition	84.365A	23671001071801	65,010
Title III, Part A - English Language Acquisition	84.365A	23671001071809	14,707
Total Assistance Listing Number 84.365			88,348
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501071801	66,093
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501071801	42,023
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23964501071809	20,089
Total Assistance Listing Number 84.367			128,205
* COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001071801	1,642,087
* COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001071809	89,943
* COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001071809	514,549
* COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042071801	34,500
* COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042071809	40,500
Total Assistance Listing Number 84.425			2,321,579
Total WIOA Cluster			2,321,579
Title IV, Part A	84.424A	23680101071801	23,494
Title IV, Part A	84.424A	23680101071809	10,000
Total Assistance Listing Number 84.424			33,494
LEP Summer School	84.369A	69552102	4,397
LEP Summer School	84.369A	69552102	2,918
Total Assistance Listing Number 84.369			7,315
COVID-19 School Health Support	93.323	223935027110115	48,290
COVID-19 School Health Support	93.323	223935027110116	9,604
Total Assistance Listing Number 93.323			57,894
Total Passed Through Texas Education Agency			3,440,465

BURNHAM WOOD CHARTER SCHOOL  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			3,440,465
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	178,359
*School Breakfast Program	10.553	71402301	39,178
Total Assistance Listing Number 10.553			217,537
*National School Lunch Program - Cash Assistance	10.555	71302301	840,424
*National School Lunch Prog. - Non-Cash Assistance	10.555	071801	47,954
*National School Lunch Program - Cash Assistance	10.555	71302301	211,998
*National School Lunch Prog. - Non-Cash Assistance	10.555	071809	20,900
Total Assistance Listing Number 10.555			1,121,276
Total Child Nutrition Cluster			1,338,813
*Commodity Supplemental - Non-Cash Assistance	10.565	071801	41,127
*Commodity Supplemental - Non-Cash Assistance	10.565	071809	15,117
Total Assistance Listing Number 10.565			56,244
Total Food Distribution Cluster			56,244
Total Passed Through the Texas Department of Agriculture			1,395,057
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			1,395,057
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 4,835,522
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**EL PASO EDUCATION INITIATIVE, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule 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). Federal expenses include allowable expenses funded by federal grants. Allowable costs are subject to the cost principles of the Uniform Guidance and include costs that are recognized as expenses in the corporation’s financial statements in conformity with generally accepted accounting principles. The corporation has not elected to use the 10% de minimus rate for indirect costs.

Because the schedule presents only a selected portion of the operations of the corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the corporation.

For all federal programs, the corporation used the net asset classes and codes specified by the Texas Education Agency in the *Module 3: Charter Schools –Financial Accounting and Reporting Nonprofit Charter School Chart of Accounts*. Net asset with donor restriction codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in net asset with restriction codes.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

2. RECONCILIATION OF FEDERAL REVENUES

Total federal expenditures per Schedule of Expenditures of Federal Awards	\$ 4,835,522
Prior year revenue spent	(376)
SHARS/ E-rate excluded from SEFA	<u>937</u>
Total federal revenue Exhibit A-2	<u>\$ 4,836,083</u>