

Winfree Academy Charter Schools

Financial Statements

Year Ended August 31, 2023



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Certificate of Board

Winfree Academy Charter Schools

Winfree Academy Dallas 057-828
Name of Charter School County County District Number

We, the undersigned, certify that the attached Financial and Compliance Reports of the above named charter school were reviewed and (X) approved (___) disapproved for the year ended August 31, 2023, at a meeting of the governing body of said charter schools on the 26th day of January, 2024.



Signature of Board Chair



Signature of Board Secretary

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Winfree Academy Charter Schools
Dallas, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Winfree Academy Charter Schools (a nonprofit) (the "School"), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As described in the footnotes to the financial statements, during the year ended August 31, 2023, the School adopted new accounting guidance, ASC 842, Leases. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Vail + Park, P.C." The signature is written in a cursive, slightly slanted style.

Frisco, Texas

January 26, 2024



Winfree Academy Charter Schools

Statement of Financial Position

As of August 31, 2023

ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 3,698,686
Due from Grantor Agencies	3,133,268
Prepaid Expenses	97,584
Deposits	52,431
TOTAL CURRENT ASSETS	<u>6,981,969</u>
CAPITAL ASSETS	
Capital Assets (non-depreciable)	1,524,588
Capital Assets (depreciable)	5,875,269
Accumulated Depreciation	(2,652,338)
TOTAL CAPITAL ASSETS (NET)	<u>4,747,519</u>
NONCURRENT ASSETS	
Right-of-Use Asset - Operating Leases	5,286,458
TOTAL NONCURRENT ASSETS	<u>10,033,977</u>
TOTAL ASSETS	<u>\$ 17,015,946</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 5,882
Accrued Expenses - Wages & Benefits	384,137
Unearned Revenue	21,626
Accrued Interest	19,922
Current Portion of Long Term Debt, Net	245,000
Lease Liabilities, Current	911,346
TOTAL CURRENT LIABILITIES	<u>1,587,913</u>
LONG TERM LIABILITIES	
Long-Term Debt, Net	8,101,675
Lease Liabilities, Long-Term	4,628,690
TOTAL LONG TERM LIABILITIES	<u>12,730,365</u>
TOTAL LIABILITIES	<u>14,318,278</u>
NET ASSETS	
Without Donor Restrictions	1,203,248
With Donor Restrictions	1,494,420
TOTAL NET ASSETS	<u>2,697,668</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,015,946</u>

The Notes to Financial Statements are an integral part of these statements.

Winfree Academy Charter Schools

Statement of Activities
For the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Local Support:			
5742 Interest Income	\$ 94,597	\$ -	\$ 94,597
5740 Other Local Support	3,736	-	3,736
Total Local Support	<u>98,333</u>	<u>-</u>	<u>98,333</u>
State Program Revenues:			
5810 Foundation School Program	-	8,956,979	8,956,979
Total Provided by State	<u>-</u>	<u>8,956,979</u>	<u>8,956,979</u>
Federal Program Revenues:			
5910 Federal Revenue from Other Sources	-	209,637	209,637
5920 Federal Revenue distributed by TEA	-	2,609,884	2,609,884
5940 Other Federal Revenues	-	50,131	50,131
Total Provided by Federal	<u>-</u>	<u>2,869,652</u>	<u>2,869,652</u>
Net Assets released from Restrictions	<u>11,816,454</u>	<u>(11,816,454)</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>11,914,787</u>	<u>10,177</u>	<u>11,924,964</u>
EXPENSES			
Program Services:			
11 Instruction	5,214,801	-	5,214,801
13 Development - Curriculum & Instruction	541,507	-	541,507
21 Instructional Leadership	225,893	-	225,893
23 School Leadership	1,359,716	-	1,359,716
31 Counseling & Evaluation Services	1,151,478	-	1,151,478
32 Social Work Services	196,433	-	196,433
33 Health Services	331	-	331
34 Student Transportation	18,720	-	18,720
36 Extracurricular Activities	2,001	-	2,001
Total Program Services	<u>8,710,880</u>	<u>-</u>	<u>8,710,880</u>
Support Services:			
41 General Administration	717,713	-	717,713
51 Facilities Maintenance & Operations	1,268,683	-	1,268,683
52 Security & Monitoring Services	221,746	-	221,746
53 Data Processing Services	248,574	-	248,574
71 Debt Service	625,669	-	625,669
81 Fundraising	121,522	-	121,522
Total Support Services	<u>3,203,907</u>	<u>-</u>	<u>3,203,907</u>
TOTAL EXPENSES	<u>11,914,787</u>	<u>-</u>	<u>11,914,787</u>
Change in Net Assets from Operations	-	10,177	10,177
Gain on Sale of Assets	13,000	-	13,000
Change in Net Assets	13,000	10,177	23,177
NET ASSETS, BEGINNING OF YEAR	<u>1,190,248</u>	<u>1,484,243</u>	<u>2,674,491</u>
NET ASSETS, END OF YEAR	<u>\$ 1,203,248</u>	<u>\$ 1,494,420</u>	<u>\$ 2,697,668</u>

The Notes to Financial Statements are an integral part of these statements.

Winfree Academy Charter Schools

Statement of Cash Flows
For the Year Ended August 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Miscellaneous Sources	\$ 98,333
State Grant Receipts	9,615,684
Federal Grant Receipts	848,966
Payments to Vendors for Goods & Services Rendered	(4,671,381)
Payments to Personnel for Services Rendered	(6,756,568)
Payments on Long-Term Debt for Interest Expense	(490,512)
Net Cash provided (used) by Operating Activities	<u>(1,355,478)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Capital Assets	(52,754)
Sale of Capital Assets	13,000
Net Cash provided (used) by Investing Activities	<u>(39,754)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment on Long-Term Debt	(230,000)
Net cash provided (used) by Financing Activities	<u>(230,000)</u>

Net increase (decrease) in Cash & Cash Equivalents (1,625,232)

CASH & CASH EQUIVALENTS, BEGINNING OF YEAR 5,323,918

CASH & CASH EQUIVALENTS, END OF YEAR \$ 3,698,686

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:

Change in Net Assets from Operations \$ 10,177

Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:

Depreciation Expense	155,828
Debt Issuance Cost Amortization	135,673
Variable Lease Cost	253,578
(Increase)/Decrease in:	
Due from Grantor Agencies	(1,383,607)
Prepaid Expenses	(85,562)
Increase/(Decrease) in:	
Accounts Payable	(390,295)
Accrued Expenses - Wages & Benefits	(12,756)
Unearned Revenue	21,626
Accrued Interest	(516)
Deferred Rent	(59,624)
Net cash provided (used) by Operating Activities	<u>\$ (1,355,478)</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Interest Paid During the Fiscal Year \$ 490,512

The Notes to Financial Statements are an integral part of these statements.

Winfree Academy Charter Schools

Statement of Functional Expenses
For the Year Ended August 31, 2023

	Program Services	Support Services		Total Expenses
		General and Administrative	Fundraising	
EXPENSES				
Salaries & Wages	\$ 5,180,933	\$ 762,997	\$ 37,773	\$ 5,981,703
Payroll Taxes	90,074	12,837	504	103,415
Employee Benefits	618,464	35,036	5,194	658,694
Total Payroll Expenses	<u>5,889,471</u>	<u>810,870</u>	<u>43,471</u>	<u>6,743,812</u>
Legal	-	604	-	604
Accounting	-	33,000	-	33,000
Education Service Center	30,876	51,670	-	82,546
Misc. Contracted Services	1,190,068	450,675	78,051	1,718,794
Rental Expense	939,519	109,637	-	1,049,156
Utilities	-	386,588	-	386,588
Repairs & Maintenance	-	292,226	-	292,226
Insurance	-	101,733	-	101,733
Supplies & Materials	372,905	169,164	-	542,069
Instructional & Testing Materials	9,461	-	-	9,461
Travel	34,502	10,471	-	44,973
Other Operating Expenses	95,846	32,482	-	128,328
Interest Expense	-	625,669	-	625,669
Depreciation	148,232	7,596	-	155,828
Total Non-Payroll Expenses	<u>2,821,409</u>	<u>2,271,515</u>	<u>78,051</u>	<u>5,170,975</u>
TOTAL EXPENSES	<u>\$ 8,710,880</u>	<u>\$ 3,082,385</u>	<u>\$ 121,522</u>	<u>\$ 11,914,787</u>

The Notes to Financial Statements are an integral part of these statements.

Winfree Academy Charter Schools

Notes to Financial Statements

Note 1. Background

Winfree Academy Charter Schools, Inc. (the "School"), is an open enrollment charter school serving at risk students at six campuses in North Texas. Winfree Academy is supported primarily through state foundation school program act entitlements, donor contributions, and Federal grants. Winfree Academy does not conduct any non-charter activities.

Note 2. Recently Adopted Accounting Guidance

The School adopted ASU No. 2016-02, Leases, (Topic 842). The guidance in the ASU supersedes the previous leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases.

The School elected to adopt the transition relief provisions from ASU 2016-02 and recorded the impact of adoption as of September 1, 2022, using the modified retrospective method, resulting in the recording of right-of-use (ROU) asset of \$6,132,932 and related liabilities – operating leases totaling \$6,192,555. As such, no changes were required to net assets as of September 1, 2022.

Note 3. Summary of Significant Accounting Policies

The accounting policies of the School conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies.

Basis of Accounting

The accompanying financial statements of the School have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statement presentation follows the guidance of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor-imposed restrictions.

Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Net Assets With Donor Restrictions are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Winfree Academy Charter Schools

Notes to Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. Cash and cash equivalents are reported at cost which approximates fair value.

Capital Assets

Expenditures for capital assets are stated at cost, representing the purchase price or fair market value at the date of gift, less accumulated depreciation. Depreciation expense is computed using the straight-line method over estimated useful lives of each asset.

Building and improvements	5 - 40 years
Furniture and equipment	3 - 7 years
Vehicles	5 - 10 years

Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. The School capitalizes property and equipment with a cost greater than \$5,000. The School reviews the carrying value of long-lived assets to determine if facts and circumstances suggest that they may be impaired or that the depreciation or amortization period may need to be changed. There were no impairment charges recorded in the fiscal year ending August 31, 2023.

Construction in progress will not be depreciated over the useful lives of the respective assets until they are ready for their intended use. The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included in the statements of activities.

Income Tax Status

The School has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code, with the exception of any unrelated business income. The School had no unrelated business income for the year ended August 31, 2023. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the School's tax returns. The School does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended August 31, 2023, there were no interest or penalties recorded or included in the financial statements. The School is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The School's informational returns are generally subject to examination for three years after the later of the due date or date of filing. As a result, the School is no longer subject to income tax examinations by tax authorities for years prior to 2020.

Revenue Recognition

Revenues from the State's available school fund are earned based on reported attendance.

Winfree Academy Charter Schools

Notes to Financial Statements

A portion of the School's revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Government grant contracts that are entered into by the School are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.

Contributions are considered to be available for purposes without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

Contributed Services

Contributed services are recognized at fair value of the services provided: add value to the School, require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors. For the year ended August 31, 2023, the School did not receive any services that would meet the criteria for recognition in the financial statements.

Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or supporting services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the School exists. Supporting services are not directly identifiable with specific program activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are charged directly either to program services or supporting services based on actual time worked in each area. Information technology costs are allocated based on whether the costs are associated with program services or supporting services. The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional activities.

Leases

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The School determines lease classification as operating or finance at the lease commencement date. As of August 31, 2023, the school did not have any finance leases.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The School uses the implicit rate when readily determinable. As the lease did not provide an implicit rate, the School elected to use the risk-free rate at the time of implementation to determine the present value of lease payments. The lease term may include options to extend or to terminate the lease that the School is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Charter School has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Winfree Academy Charter Schools

Notes to Financial Statements

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.

Note 3. Liquidity and Availability of Resources

The School relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of August 31, 2023 are as follows:

Cash & Cash Equivalents	\$ 3,698,686
Due from Grantor Agencies	<u>3,133,268</u>
Total Financial Assets	6,831,954
Less: Contractually Restricted	<u>(2,135,861)</u>
	<u>\$ 4,696,093</u>

Note 4. Cash Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover its deposits. The School maintains deposits at federally insured banks and strives to minimize its exposure to custodial risk by maintaining deposits at institutions with demonstrated financial strength. Balances in interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At August 31, 2023, cash balances of \$1,312,626 were considered unsecured.

As of August 31, 2023, the School has not incurred any losses on amounts held in depository accounts in excess of FDIC limits.

Note 5. Due from Grantor Agencies

Amounts due from grantor agencies consist of the following as of August 31, 2023:

Foundation School Program	\$ 872,587
ESSER Grants	1,904,832
Other Federal Receivables	<u>355,849</u>
Due From Grantor Agencies	<u>\$ 3,133,268</u>

Winfree Academy Charter Schools
Notes to Financial Statements

Note 6. Capital Assets

Capital assets consist of the following as of August 31, 2023:

	2022	Additions	Disposals	2023
Buildings & Improvements	\$ 5,768,709	-	-	\$ 5,768,709
Furniture & Equipment	6,412	-	-	6,412
Vehicles	92,200	52,754	(44,806)	100,148
Depreciable Assets	5,867,321	52,754	(44,806)	5,875,269
Less: Accumulated Depreciation	(2,541,316)	(155,828)	44,806	(2,652,338)
Total Depreciable Assets	3,326,005	(103,074)	-	3,222,931
Land	1,524,588	-	-	1,524,588
Capital Assets, Net	<u>\$ 4,850,593</u>	<u>(103,074)</u>	<u>-</u>	<u>\$ 4,747,519</u>

For the year ended August 31, 2023, the School charged \$155,828 to depreciation expense.

Note 7. Long Term Debt

Long-term debt consists of Series 2019A Education Revenue and Refunding Bonds and Series 2019B Taxable Educational Revenue and Refunding Bonds. The bonds are secured by real and personal property. Series 2019A Education Revenue and Refunding Bonds bear interest rates of 5.50% from 2019 to 2029 and 5.75% from 2030 to 2043. Series 2019B Taxable Educational Revenue and Refunding Bonds bear 5.50% interest rate. Principal payments are due August 15th of each year and interest payments are due February 15th and August 15th of each year. The amount charged to interest expense for the year ended August 31, 2023 was \$489,996.

Changes in long-term debt for the year ended August 31, 2023 was as follows:

	2022	Issuance	Retirement	2023
Series 2019A Bonds	\$ 8,565,000	\$ -	\$ (75,000)	\$ 8,490,000
Series 2019B Bonds	155,000	-	(155,000)	-
Issuance Costs	(278,998)	-	135,673	(143,325)
Total Bonds Payable, Net	8,441,002	-	(94,327)	8,346,675
Less: Current Portion, Net	230,000			245,000
Non-Current Portion, Net	<u>\$ 8,211,002</u>			<u>\$ 8,101,675</u>

Future debt service requirements, by year, are as follows:

Fiscal Year End	Amount	Interest	Total
2024	\$ 245,000	478,125	\$ 723,125
2025	260,000	465,507	725,507
2026	270,000	452,118	722,118
2027	285,000	438,212	723,212
2028	300,000	423,536	723,536
Thereafter	7,130,000	3,698,522	10,828,522
	<u>\$ 8,490,000</u>	<u>\$ 5,956,020</u>	<u>\$ 14,446,020</u>

Note 8. TCEP Grant

On December 12, 2019, the School was awarded a grant of \$726,775 from the Texas Public Finance Authority (TPFA) of the Texas Credit Enhancement Program (TCEP). The TCEP was established to create reserve funds for open enrollment charter schools that issue municipal bonds to finance the acquisition, construction, repair or renovation of Texas charter school facilities. The grant funds are held in the State treasury solely to provide security for repayment of the 2019 bonds. The grant award reduced the Debt Service Reserve funds held by the trustee permitting the School to use the funds for project expenditures or debt repayment.

Winfree Academy Charter Schools

Notes to Financial Statements

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Foundation School Program	\$ 8,946,802
Federally Funded Programs	<u>2,869,652</u>
Total	<u>\$ 11,816,454</u>

For the year ended August 31, 2023, the School reported net assets with donor restrictions of \$1,494,420 related to the Foundation School Program.

Note 10. Leases

The school maintains various non-cancelable operating leases for facility usage. Details for the leases are as follows:

Description	Lease Term	Monthly
Campus - North Richland Hills	09/01/22 - 06/30/34	\$ 20,703
Campus - Grand Prairie	09/01/22 - 06/30/28	\$ 40,938
Campus - Dallas	09/01/22 - 07/31/25	\$ 18,970
District Office	09/01/22 - 08/31/29	\$ 8,971

The following table provides information on the operating lease, as of August 31, 2023:

Right-of-Use Asset - Operating Leases	\$ 5,286,458
Lease Liabilities - Operating Leases	
Current	\$ 911,346
Long-Term	<u>\$ 4,628,690</u>
	<u>\$ 5,540,036</u>

The following presents future minimum lease payments under non-cancellable operating leases as of August 31, 2023. Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

Fiscal Year End	
2024	\$ 1,036,727
2025	1,068,912
2026	869,740
2027	879,241
2028	802,721
After	<u>1,704,997</u>
Total Lease Payments	6,362,338
Imputed Interest	<u>(822,302)</u>
Lease Liabilities	<u>\$ 5,540,036</u>

The following represents lease cost and required information for the year ended August 31, 2023:

Total Operating Lease Cost	<u>\$ 1,054,544</u>
Other Information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating Cash Flows from Leases	<u>\$ 860,590</u>
Right-of-Use Asset in exchange for new lease liabilities	<u>\$ 6,132,932</u>
Weighted-average remaining lease term	<u>5.72 years</u>
Weighted-average discount rate	<u>3.36%</u>

Winfree Academy Charter Schools

Notes to Financial Statements

Note 11. Defined Pension Plan

Plan Description

The School's full-time employees participate in the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost-sharing, multi-employer, defined benefit pension plan. All risks and costs are not shared by the School, but are the liability of the State of Texas.

Funding Policy

Plan members contributed 8% of their annual covered salary in 2023. The School contributes 8% for new members of the first 90 days of employment, and the state of Texas contributes 8%. Additionally, the School makes a 1.8% non-OASDI payment for all TRS eligible employees. The School contributions do not represent more than 5% of the TRS' total contributions. For the year ended August 31, 2023, the School contributed \$271,455 to TRS.

The risks of participating in a multi-employer, defined benefit plan are different from single-employer plans because (a) amounts contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is not withdrawal penalty for leaving TRS.

Total TRS plan assets as of the most recent fiscal year ended for TRS of August 31, 2022 totaled \$208 billion. Accumulated benefit obligation as of August 31, 2022 totaled \$244 billion. The plan was 75.62% funded as of August 31, 2022.

Note 12. Contingencies

The School receives 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 (TEA) and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the School have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, school funds may be subject to refund if so determined by the TEA or the grantor agency.

From time to time, the School is subject to certain claims and contingent liabilities that arise in the normal course of business. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the School's financial position.

Certain federal grants which the School administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the School expects such amounts, if any, would not have a significant impact on the financial position of the School.

Note 13. Economic Dependency

During the year ended August 31, 2023, the School recognized revenue of \$11,084,434, from the TEA and federal government. These amounts constitute approximately 99% of total revenues 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 School to continue to provide the current level of services to its students.

Winfree Academy Charter Schools

Notes to Financial Statements

Note 14. Evaluation of Subsequent Events

Management has evaluated the financial statements for subsequent events through January 26, 2023, and is not aware of any subsequent events which would require recoding or disclosure in the financial statements.

Supplementary Information

Winfree Academy Charter Schools

Schedule of Expenses
For the Year Ended August 31, 2023

EXPENSES

6100	Payroll Costs	\$ 6,743,812
6200	Professional & Contracted Services	3,562,914
6300	Supplies & Materials	551,530
6400	Other Operating Costs	430,862
6500	Debt Costs	<u>625,669</u>
	Total Expenses	<u>\$ 11,914,787</u>

Winfree Academy Charter Schools

Schedule of Cash and Capital Assets

August 31, 2023

Object		Ownership Interest			Total
		Local	State	Federal	
1110	Cash & Cash Equivalents	\$ -	\$ 3,698,686	\$ -	\$ 3,698,686
1510	Land	-	1,524,588	-	1,524,588
1520	Building & Improvements	-	5,574,737	-	5,574,737
1531	Vehicles	-	100,148	-	100,148
1539	Furniture & Equipment	-	6,412	-	6,412
1551	Buildings (Capital Lease)	-	193,972	-	193,972
	Total Property & Equipment	\$ -	\$11,098,543	\$ -	\$11,098,543

Winfree Academy Charter Schools

Budgetary Comparison Schedule
For the Year Ended August 31, 2023

	Budgeted Amounts			Actual	Variance
	Original	Final	Variance		
REVENUES AND OTHER SUPPORT					
5742 Interest Income	\$ 3,800	\$ 94,597	\$ 90,797	\$ 94,597	\$ -
5740 Other Local Support	3,200	3,736	536	3,736	-
Total Local Support	<u>7,000</u>	<u>98,333</u>	<u>91,333</u>	<u>98,333</u>	<u>-</u>
State Program Revenues:					
5810 Foundation School Program	9,163,417	8,956,979	(206,438)	8,956,979	-
5820 Other State Aid	-	-	-	-	-
Total Provided by State	<u>9,163,417</u>	<u>8,956,979</u>	<u>(206,438)</u>	<u>8,956,979</u>	<u>-</u>
Federal Program Revenues:					
5910 Federal Revenue from Other Sources	221,473	209,637	(11,836)	209,637	-
5920 Federal Revenue distributed by TEA	3,069,996	2,609,884	(460,112)	2,609,884	-
5940 Other Federal Revenues	50,132	50,131	(1)	50,131	-
Total Provided by Federal	<u>3,341,601</u>	<u>2,869,652</u>	<u>(471,949)</u>	<u>2,869,652</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>12,512,018</u>	<u>11,924,964</u>	<u>(587,054)</u>	<u>11,924,964</u>	<u>-</u>
EXPENSES					
11 Instruction	3,921,413	5,214,801	1,293,388	5,214,801	-
13 Development - Curriculum & Instruction	223,384	541,507	318,123	541,507	-
21 Instructional Leadership	131,934	225,893	93,959	225,893	-
23 School Leadership	1,131,551	1,359,716	228,165	1,359,716	-
31 Counseling & Evaluation Services	740,950	1,151,478	410,528	1,151,478	-
32 Social Work Services	151,501	196,433	44,932	196,433	-
33 Health Services	317	331	14	331	-
34 Student Transportation	12,523	18,720	6,197	18,720	-
36 Extracurricular Activities	2,900	2,001	(899)	2,001	-
41 General Administration	786,761	717,713	(69,048)	717,713	-
51 Facilities Maintenance & Operations	983,099	1,268,683	285,584	1,268,683	-
52 Security & Monitoring Services	5,829	221,746	215,917	221,746	-
53 Data Processing Services	254,827	248,574	(6,253)	248,574	-
61 Community Services	365	-	(365)	-	-
71 Debt Service	725,513	625,669	(99,844)	625,669	-
81 Fundraising	81,792	121,522	39,730	121,522	-
TOTAL EXPENDITURES	<u>9,154,659</u>	<u>11,914,787</u>	<u>2,760,128</u>	<u>11,914,787</u>	<u>-</u>
Change in Net Assets from Operations	3,357,359	10,177	(3,347,182)	10,177	-
Gain on Sale of Assets	-	13,000	13,000	13,000	-
Change in Net Assets	<u>\$ 3,357,359</u>	<u>\$ 23,177</u>	<u>\$ (3,334,182)</u>	<u>\$ 23,177</u>	<u>\$ -</u>

Winfree Academy Charter Schools

Notes to Budgetary Comparison Schedule

For the Year Ended August 31, 2023

Note 1:

At the end of the fiscal year, the School amends the budget in order to redistribute the budget to align amounts to meet actual expenditures.

Winfree Academy Charter Schools

Education Program Schedule
For the Year Ended August 31, 2023

<u>Data Codes</u>	<u>Compensatory Education Programs</u>	<u>Responses</u>
AP1	Did the LEA expend any state compensatory education program state allotment funds during the 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.	\$ 1,013,299
AP4	List the actual direct program expenditures for state compensatory education programs during the fiscal year (PICs: 24, 26, 28, 29, 30, 34).	\$ 636,445

<u>Data Codes</u>	<u>Bilingual Education Programs</u>	<u>Responses</u>
AP5	Did the LEA expend any bilingual education program state allotment funds during the 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.	\$ 87,534
AP8	List the actual direct program expenditures for bilingual education programs during the fiscal year (PICs: 25, 35).	\$ 82,252

Winfree Academy Charter Schools
Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2023

<u>Description</u>	<u>Property Address</u>	<u>Assessed Value</u>	<u>Ownership Interest</u>		
			<u>Local</u>	<u>State</u>	<u>Federal</u>
Walnut Hill Bus Pk Sec P 3rd Inst; Blk D Pt Lot 2; 1.932 Acres	3108 S. Skyway Cir Irving, TX 75038	\$ 257,427	\$ -	\$ 257,427	\$ -
Walnut Hill Bus Pk Sec P 3rd Inst; Blk D Pt Lot 2; 1.909 Acres	3110 S. Skyway Cir Irving, TX 75038	1,160,600	-	1,160,600	-
University Office Park Blk C Tr 2; 1.597 Acres	1661 Gateway Blvd Richardson, TX 75080	3,449,500	-	3,449,500	-
Bennett Oaks Blk A Lot 1	341 Bennett Ln Lewisville, TX 75057	2,557,559	-	2,557,559	-
		<u>\$ 7,425,086</u>	<u>\$ -</u>	<u>\$ 7,425,086</u>	<u>\$ -</u>

Winfree Academy Charter Schools

Schedule of Related Party Transactions
For the Year Ended August 31, 2023

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During FY</u>	<u>Principal Balance Due</u>
- N/A -								

Winfree Academy Charter Schools
Schedule of Related Party Compensation and Benefits
For the Year Ended August 31, 2023

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During FY</u>
- N/A -							

Compliance and Internal Control

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

To the Board of Directors of
Winfree Academy Charter Schools
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Winfree Academy Charter Schools (a nonprofit organization)(the “School”), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Vail + Park, P.C.

Frisco, Texas
January 26, 2024

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

To the Board of Directors of
Winfree Academy Charter Schools
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Winfree Academy Charter Schools (a nonprofit organization)(the "School"), 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 the School's major federal programs for the year ended August 31, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the School'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 the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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.

Vail + Park, P.C.

Winfree Academy Charter Schools
 Schedule of Findings and Questioned Costs
 For the Year Ended August 31, 2023

Section I - Summary of Auditor's Results

Financial Statements:

An unmodified opinion was issued on the financial statements.
 Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes √ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ Yes √ None Reported
- Noncompliance material to financial statements noted? ___ Yes √ No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ___ Yes √ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ Yes √ None Reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Uniform Guidance? ___ Yes √ No

Identification of major programs:

ESSER	84.425D
ESSER Supplemental	84.425U
ARP ESSER III	84.425U
CRRSA ESSER II	84.425D
TCLAS ESSER III	84.425U

Threshold for distinguishing Type A and B programs: \$750,000

Auditee qualified as a low-risk auditee? √ Yes ___ No

Winfrey Academy Charter Schools
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary Schedule of Prior Year Findings

None noted.

Winfree Academy Charter Schools
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal/Pass Through Grantor Program Title	Assistance Listing Number*	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Education			
<u>Passed through Education Service Center, Region 10:</u>			
Title I, Improving Basic Programs	84.010A	23610101057950	\$ 161,187
Title II, Supporting Effective Instruction	84.367A	23694501057950	26,726
Title III, English Language Acquisition	84.365A	23671001057950	10,684
Title IV, Student Support and Academic	84.424A	23680101057950	11,040
Total passed through Education Service Center, Region 10			<u>209,637</u>
<u>Passed through Texas Department of Education:</u>			
<i>Special Education Cluster</i>			
Special Education Grants - IDEA-B Formula	84.027A	236600010578286000	254,813
Special Education Grants - IDEA-B Formula - ARP	84.027X	225350010578285000	52,507
<i>Total Special Education Cluster</i>			<u>307,320</u>
Title I, Part A - School Improvement	84.010A	23610141057828	247,923
ESSER	84.425D	20521001057828	149,809
TCLAS-ESSER III	84.425U	20521001057828	33,296
CRRSA-ESSER II	84.425D	21521001057828	529,051
ARP-ESSER III	84.425U	21528001057828	959,831
ESSER Supplemental	84.425U	21528043057828	382,654
Total passed through Texas Department of Education			<u>2,609,884</u>
Total passed through United States Department of Education			<u>2,819,521</u>
Total Expenditures of Federal Awards			<u>\$ 2,819,521</u>

*Formerly known as CFDA.

Winfree Academy Charter Schools

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Note 1: General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the expenditures for all federal award programs received by the School for the fiscal year ended August 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Note 2: Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Election to Use 10% de Minimis Indirect Cost Rate

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Relationship to Financial Report Submitted to Grantor Agencies

Variances may occur between the amounts reflected in the financial reports filed with the grantor agencies and the supplementary schedules. Variances may consist of: timing related to accruals, matching requirements, and differences in program year ends.

Note 5: Commitments and Contingencies

Federal grants received by the School are subject to review and audit by grantor agencies. The School's management believes that the results of such audits will not have a material effect of the schedule.