

GENESIS SCHOOLS

DBA Pegasus School of
Liberal Arts and Sciences

For the Year Ended
August 31, 2023

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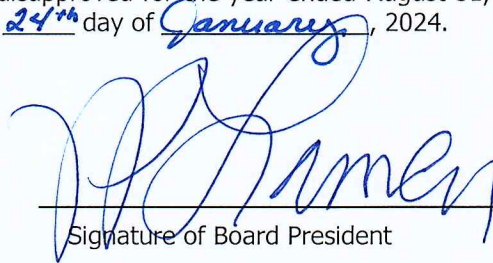
GENESIS SCHOOLS (Charter Holder)
(Federal Employer Identification Number 75-2640636)
CDN 057-802

CERTIFICATE OF BOARD

We, the undersigned, certify that the attached annual Financial and Compliance Report of the above Genesis Schools (Charter Holder) was reviewed and (✓) approved () disapproved for the year ended August 31, 2023, at a meeting of the governing body of the charter holder on the 24th day of January, 2024.



Signature of Board Secretary



Signature of Board President

NOTE: If the governing body of the Charter Holder does not approve the independent auditors' report, it must forward a written statement discussing the reason(s) for not approving the report.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Genesis Schools
Dallas, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Genesis Schools (Charter Holder) DBA Pegasus School of Liberal Arts and Sciences (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization 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 Organization 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 Organization'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 Organization'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 Organization'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 Organization 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 23, 2024, on our consideration of the Organization'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 Organization'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 Organization'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 23, 2024

FINANCIAL STATEMENTS

GENESIS SCHOOLS
Statement of Financial Position
As of August 31, 2023

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 1,304,262
Investments	67,349
Due from State	1,029,491
Prepaid expenses	<u>61,278</u>
Total Current Assets	<u>2,462,380</u>

Non-current Assets

Right of Use Assets	1,501,434
Property & Equipment, Net	<u>12,502</u>
Total Non-current Assets	<u>1,513,936</u>

Total Assets	<u><u>\$ 3,976,316</u></u>
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LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ 141,659
Accrued Wages	15,363
Lease liabilities, Current	<u>613,946</u>
Total Current Liabilities	<u>770,968</u>

Long-term Liabilities

Lease liabilities, Net of Current Portion	<u>901,171</u>
Total Long-term Liabilities	901,171

Total Liabilities	<u>1,672,139</u>
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Net Assets:

Without Donors Restrictions	1,435,960
With Donors Restrictions	<u>868,218</u>

Total Net Assets	<u>2,304,178</u>
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Total Liabilities & Net Assets	<u><u>\$ 3,976,316</u></u>
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The notes to the financial Statements are an integral part of this statement.

GENESIS SCHOOLS
Statement of Activities
For the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Support:			
5740 Other Revenues from Local Sources	\$ 36,516	\$ -	\$ 36,516
Total Local Support	36,516	-	36,516
State Program Revenues:			
5810 Foundation School Program Revenues	-	5,078,848	5,078,848
5820 State Program Revenues Distributed by Texas Education Agency	-	269,225	269,225
Total State Program Revenues	-	5,348,073	5,348,073
5920 Federal Program Revenues:			
Title I - Improving Basic Programs	-	299,143	299,143
Title II - Supporting Effective Instruction	-	28,784	28,784
Title III - English Language Acquisition	-	11,591	11,591
Title IV - Academic Enrichment	-	23,514	23,514
IDEA, Part B, Special Education Grants	-	81,148	81,148
National School Lunch/Breakfast Program	-	344,590	344,590
ESSER II Fund	-	-	-
ESSER III ARP	-	643,252	643,252
ESSER III Fund	-	-	-
Other Federal Program Revenues	-	-	-
Total Federal Program Revenues	-	1,432,022	1,432,022
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	7,129,826	(7,129,826)	-
Total Revenues	\$ 7,166,342	\$ (349,730)	\$ 6,816,611

The notes to the financial Statements are an integral part of this statement.

GENESIS SCHOOLS
Statement of Financial Activities
For the Year Ended August 31, 2023
Continued

	Without Donor Restrictions	With Donor Restrictions	Totals
EXPENSES			
11 Instruction	\$ 3,863,838	\$ -	\$ 3,863,838
12 Instructional Resources & Media Services	1,178	-	1,178
13 Curriculum Development & Instructional Staff Development	484,458	-	484,458
21 Instructional Leadership	108,969	-	108,969
23 School Leadership	428,749	-	428,749
31 Guidance, Counseling & Evaluation Services	105,206	-	105,206
33 Health Services	662	-	662
34 Student (Pupil) Transportation	21,570	-	21,570
35 Food Service	325,728	-	325,728
36 Co-curricular/Extracurricular Activities	23,568	-	23,568
41 General Administrative	555,051	-	555,051
51 Facilities Maintenance & Operations	1,079,227	-	1,079,227
52 Security and Monitoring Service	74,419	-	74,419
53 Data Processing Service	57,203	-	57,203
Total Expenses	<u>7,129,826</u>	<u>-</u>	<u>7,129,826</u>
 Change in Net Assets	 36,516	 (349,730)	 (313,214)
Net Assets - Beginning of Year	<u>1,399,444</u>	<u>1,217,948</u>	<u>2,617,392</u>
Net Assets - End of Year	<u>\$ 1,435,960</u>	<u>\$ 868,218</u>	<u>\$ 2,304,178</u>

The notes to the financial Statements are an integral part of this statement.

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

Cash Flows from Operating Activities:	
Local Support	\$ 36,516
State Program Payments	6,237,273
Federal Program Payments	1,432,022
Payments to Vendors for Goods and Services Rendered	(2,305,466)
Payments to Charter School Personnel for Services Rendered	<u>(4,863,457)</u>
Net Cash Provided By (Used In) Operating Activities	<u>536,888</u>
Cash Flows from Investing Activities:	
Purchases of Investments	<u>(2,672)</u>
Net Cash Provided By/(Used In) Investing Activities	<u>(2,672)</u>
Net Change in Cash & Cash Equivalents	534,216
Cash & Equivalents at Beginning of Year	<u>770,046</u>
Cash & Equivalents at End of Year	<u><u>\$ 1,304,262</u></u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Increase/(Decrease) in Net Assets	\$ (313,214)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,923
(Increase)/Decrease in:	
Due from State	791,720
Receivables	97,480
Prepaid Expenses	(61,278)
Right-of-Use (ROU) Assets	577,436
Increase/(Decrease) in:	
Accounts Payable	20,931
Accrued Wages	(14,356)
Leases Liabilities	<u>(563,753)</u>
Net Cash Provided by (Used In) Operating Activities	<u><u>\$ 536,888</u></u>

Noncash Activities:	
ROU assets obtained in exchange for new operating lease liabilities	\$ 2,078,870

The notes to the financial Statements are an integral part of this statement.

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of Genesis Schools (the "Charter Holder") dba Pegasus School of Liberal Arts and Sciences (a non-profit corporation) were prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

The Charter Holder is a not-for-profit organization incorporated in the State of Texas in 1996 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Charter Holder is governed by a Board of Directors comprised of five members. The Board of Directors is selected pursuant to the bylaws of the Charter Holder and has the authority to make decisions, appoint the chief executive officer of the Charter Holder, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter Holders.

Since the Charter Holder received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Corporate Operations

The Charter Holder is designed for the serious student, is an interdisciplinary public school serving grades kindergarten through twelve, and is located in downtown Dallas, Texas. The Charter Holder was formed on March 11, 1996. The Charter Holder operates under an open enrollment charter granted by the Texas State Board of Education. This charter was originally issued for a period of five years and is subject to review and renewal prior to the expiration date of the original charter. The Charter Holder renewed the original charter in 2012 for a period of ten years. The Charter Holder is part of the public charter school system of the State of Texas and is therefore entitled to distribution from the Texas Education Agency's ("TEA") available school fund. The Charter Holder does not have the authority to impose ad valorem taxes or to charge tuition. During this fiscal year, the Charter Holder renewed the Charter with the state of Texas for an additional ten years.

Basis of Presentation

In order to comply with accounting principles generally accepted in the United States of America, the School must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standard Board as described in the AICPA Audit and Accounting Guide for not-for-profit organizations. The Audit Guide requires classification of the School's net assets and its revenues, expenses, gains, and losses based on the existence or absences of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Charter Holder, the charter school and/or the passage of time. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions and reported in the Statement of Activities as net assets released from donor restrictions.

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash & Cash Equivalents

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

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Charter Holder as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets or the lease period of leasehold improvements, which range from three to twenty 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.

Contributions

The Charter Holder accounts for contributions as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in with donor restrictions net assets in the reporting period in which the support is recognized. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the Statement of Activities as net assets released from donor restrictions.

Use of Estimates

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

Leases

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of September 1, 2022 by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets at September 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 was the initial recognition of \$2,078,80 of operating lease ROU assets and current and long-term operating lease liabilities on the balance sheet as of September 1, 2022. No cumulative effect adjustment to net assets as of September 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended August 31, 2023.

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Lease liabilities. A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate. The implicit rates of the Organization's leases are not readily determinable; accordingly, the Organization uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Organization determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

ROU assets. A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

Accounting policy election for short-term leases. The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Payments due under lease contracts include fixed payments and, for many leases, variable payments. These leases generally contain renewal options for periods ranging from 2 to 5 years. The Organization's office space and warehouse leases require it to make variable payments for the Organization's proportionate share of the buildings' property taxes and insurance. These variable lease payments are not included in lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred. The Organization has elected not to separate nonlease components from lease components for these leases.

Revenues

The school's revenues from the State of Texas available school fund are earned based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support.

- Contributions with donor-imposed restrictions are reported as restricted support. Restricted support increases temporarily restricted net assets.

- Contributions without donor-imposed restrictions are reported as unrestricted support. Unrestricted support increases unrestricted net assets.

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenues *(continued)*

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

Donated Goods and Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

Functional Allocation of Expenses

The expense of the various programs and other activities has been presented on a functional basis in the statement of activities. Accordingly, certain expenses and supporting service costs have been allocated among the various programs.

Sick Leave, Personal Leave and Vacation

All employees earn five days of paid sick leave annually. However, unused balances are not paid at termination. Therefore, there is no liability accrued on the financial statements.

2. INVESTMENTS

Investments are stated at fair value. Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying Statement of Financial Position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Investments – Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of investments with similar characteristics or discounted cash flows. The School does not have, at August 31, 2023, or at any time during the year, any investments classified as Level 2 or Level 3.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2023.

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposits	\$ 67,349	\$ 67,349	\$ -	\$ -

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

3. LIQUIDITY & AVAILABILITY

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

Cash & Cash Equivalents	\$ 1,304,262
Investments	67,349
Due from State	<u>1,029,491</u>
Total Financial Assets	\$ 2,401,102
Less: Donor Restrictions	<u>(868,218)</u>
	<u>\$ 1,532,885</u>

As of August 31, 2023, the School maintained \$2,401,102 in total financial assets, of which \$868,218 was considered restricted. The remaining \$1,532,885 is available for general expenditures.

4. DUE FROM STATE

As of August 31, 2023, the Charter Holder had earned the following revenues which were not received until after the fiscal year end:

(211) Title I - Improving Basic Programs	\$ 213,039
(224) IDEA - Part B, Special Education Grants	40,742
(225) IDEA - Part B, PreSchool	(567)
(240) Child Nutrition Program	19,794
(255) Title II - Supporting Effective Instruction	12,841
(263) Title III - English Language Acquisition	3,128
(282) ESSER III	140,804
(289) Title IV - Academic Enrichment	10,367
(420) State Foundation Program	493,121
(429) Other State Programs	96,222
Total	<u>\$ 1,029,491</u>

5. CAPITAL ASSETS

Capital assets at August 31, 2023 were as follows:

Building Improvements	\$ 859,264
Equipment	<u>106,523</u>
Total Property & Equipment	965,787
Less: Accumulated Depreciation	<u>(953,285)</u>
Total Property & Equipment, Net	<u>\$ 12,502</u>

Depreciation expense for the year ended August 31, 2023 was \$1,923.

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

6. OPERATING LEASES

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in several noncancellable operating leases for office space, warehouses, and vehicles. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and Right-of-use (ROU) asset at the commencement date of the lease.

On May 11, 2018, The Charter Holder amended a lease with Brama Commerce Street, Ltd. for space known as the Manor House. The lease amendment extends the lease period an additional seven years and expires December 31, 2025.

On February 6, 2019, the Charter Holder entered into a copier lease agreement with the Documentworks of DFW, LLC, by cancelling the copier lease early with the EverBank (TIAA Commercial Finance). The new copier lease term extends through March 31, 2024, for the use of seven copy machines.

The Charter Holder amended an operating lease on September 1, 2021, with Canton Main Properties, Ltd, for office space. The lease amendment extends the lease period through August 31, 2024, at which point the lease will convert to a month-to-month basis, unless renewed.

The components of lease cost for the year ended June 30, 2023, are as follows:

Lease cost	
Operating lease cost	\$ 696,049
Short-term lease cost	96,403
Variable lease cost	-
Sublease income	-
Total lease cost	<u>\$ 792,452</u>

Other information

Right-of-use assets obtained in exchange for new operating lease liabilities	2,078,870
Weighted-average remaining lease term - operating leases	28
Weighted-average discount rate - operating leases	6.50%

Future minimum lease payments for fiscal years ended August 31st are as follows:

Period Ending	
<u>August 31</u>	<u>Amount</u>
2024	\$ 760,603
2025	706,511
2026	236,845
Total	<u>\$ 1,703,959</u>

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

7. NET ASSETS WITH DONOR RESTRICTIONS

The School reports gifts of cash and other assets as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restrictions net assets are classified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions support.

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

State Funded Educational Programs	\$ 5,697,804
Federally Funded Educational Programs	<u>1,432,022</u>
Total	<u><u>\$ 7,129,826</u></u>

At August 31, 2023, net assets with donor restrictions, are available for the following purposes:

State Funded Educational Programs	<u>\$ 868,218</u>
Total	<u><u>\$ 868,218</u></u>

8. HEALTH CARE COVERAGE

During the year ended August 31, 2023, employees of the Charter Holder were covered by a health insurance plan (the "Plan"). The Charter Holder contributes \$225 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.

9. DEFINED BENEFIT PENSION PLAN

Plan Description

The charter school contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

GENESIS SCHOOLS
Notes to Financial Statements
For the Year Ended August 31, 2023

9. DEFINED BENEFIT PENSION PLAN *(continued)*

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the 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 of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a 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 1 years, the period would be increased by such action. State law provides for a member contribution rate of 8.0% for fiscal years 2023 and 2022, and 7.7% for fiscal year 2021, and a state contribution rate of 8.0%, 7.75%, and 7.50% for fiscal years 2023, 2022, and 2021, respectively. The charter schools employees' contributions to the System for the year ended August 31, 2023 were \$82,732, equal to the required contributions for the year. Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum for the years ended August 31, 2023 were \$45,380, equal to the required contributions for the year.

10. COMMITMENTS & CONTINGENCIES

The Charter Holder 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 and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Charter Holder have complex compliance requirements and should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so, determined by the Texas Education Agency or the grantor agency.

11. CHARTER HOLDER OPERATIONS

The Charter Holder operated one charter school, Pegasus School of Liberal Arts and Sciences, and did not conduct any other charter or non-charter activities.

12. EVALUATION OF SUBSEQUENT EVENTS

The Charter Holder has evaluated subsequent events through January 23, 2024, the date which the financial statements were available to be issued.

T. E. A. REQUIRED SCHEDULES

GENESIS SCHOOLS
Schedule of Expenses
For the Year Ended August 31, 2023

EXPENSES

6100 Payroll Cost	4,810,677
6200 Professional and Contracted Services	1,718,809
6300 Supplies and Materials	386,318
6400 Other Operating Costs	214,022
 Total Expenses	 <u>\$ 7,129,826</u>

GENESIS SCHOOLS
Statement of Capital Assets
As of August 31, 2023

	Ownership Interest		
	<u>Local</u>	<u>State</u>	<u>Federal</u>
CAPITAL ASSETS			
1110 Cash and Investments	\$ -	\$ 1,371,611	\$ -
1520 Building and Improvements	-	859,264	-
1539 Furniture and Equipment	-	106,523	-
Total Capital Assets	<u>\$ -</u>	<u>\$ 2,337,398</u>	<u>\$ -</u>

GENESIS SCHOOLS
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2023

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ -	\$ 36,516	\$ 36,516	\$ -
Total Local Support	<u>-</u>	<u>36,516</u>	<u>36,516</u>	<u>-</u>
State Program Revenues:				
5810 Foundation School Program Revenues	5,543,162	5,078,848	5,078,848	-
5820 State Program Revenues Distributed by Texas Education Agency	360,000	269,225	269,225	-
Total State Program Revenues	<u>5,903,162</u>	<u>5,348,073</u>	<u>5,348,073</u>	<u>-</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by the Texas Education Agency	-	1,432,022	1,432,022	-
Total Federal Program Revenues	<u>-</u>	<u>1,432,022</u>	<u>1,432,022</u>	<u>-</u>
 Total Revenues	 <u>5,903,162</u>	 <u>6,816,611</u>	 <u>6,816,611</u>	 <u>-</u>
EXPENSES:				
Program Services:				
11 Instruction	3,338,827	3,863,838	3,863,838	-
12 Instructional Resources & Media Services	-	1,178	1,178	-
13 Curriculum Development & Instructional Staff Development	355,412	484,458	484,458	-
21 Instructional Leadership	26,493	108,969	108,969	-
23 School Leadership	385,061	428,749	428,749	-
31 Guidance, Counseling & Evaluation Services	73,044	105,206	105,206	-
33 Health Services	500	662	662	-
34 Student (Pupil) Transportation	50,232	21,570	21,570	-
35 Food Service	360,000	325,728	325,728	-
36 Co-curricular/Extracurricular Activities	29,305	23,568	23,568	-
41 General Administration	409,052	555,051	555,051	-
51 Plant Maintenance and Operations	784,295	1,079,227	1,079,227	-
52 Security & Monitoring Services	30,000	74,419	74,419	-
53 Data Processing Services	60,941	57,203	57,203	-
Total Expenses	<u>5,903,162</u>	<u>7,129,826</u>	<u>7,129,826</u>	<u>-</u>
 Change in Net Assets	 -	 (313,214)	 (313,214)	 -
 Net Assets, Beginning of Year	 <u>2,617,392</u>	 <u>2,617,392</u>	 <u>2,617,392</u>	 <u>-</u>
 Net Assets, End of Year	 <u>\$2,617,392</u>	 <u>\$2,304,178</u>	 <u>\$2,304,178</u>	 <u>\$ -</u>

GENESIS SCHOOLS
 Real Property Ownership Interest
 For the Year Ended August 31, 2023

Description	Property Address	Total Assessed	Ownership Interest		
			Local	State	Federal
None		\$ -	\$ -	\$ -	\$ -
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GENESIS SCHOOLS
 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 the Fiscal Year</u>	<u>Principal Balance Due</u>
John Bucy	Virginia Lannen	Son	Financial	Sports League Membership	State	By Invoice	\$ 2,730	\$ -

GENESIS SCHOOLS
 Related Party Compensation and Benefits
 For the Year Ended August 31, 2023

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During the Fiscal Year
Virginia Hart	Virginia Lannen	Daughter	Compensation	Monthly	Salary	State	\$ 177,280
Virginia Hart	Virginia Lannen	Daughter	Benefit	Monthly	Insurance	State	\$ 32,781
Virginia Hart	Virginia Lannen	Daughter	Benefit	Monthly	Connectivity and Transportation	State	\$ 2,400
Virginia Hart	Virginia Lannen	Daughter	Benefit	Monthly	Medicare	State	\$ 2,624
Virginia Hart	Virginia Lannen	Daughter	Benefit	Monthly	TRS Related	State	\$ 1,339

GENESIS SCHOOLS
 Schedule J4 – Use of Funds Report
 For the Year Ended August 31, 2023

J4 Use of Funds Report		
Data Codes	Account Description	1 Responses
<i>State Compensatory Education</i>		
AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$632,465
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30,34)	\$582,935
<i>Bilingual Education</i>		
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$66,232
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25 and 35)	\$57,375

COMPLIANCE AND INTERNAL CONTROLS SECTION

**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
Genesis Schools (Charter Holder)
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 Genesis Schools (a nonprofit organization)(the "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 23, 2024.

Report on Internal Control over Financial Reporting

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

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 23, 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
Genesis Schools (Charter Holder)
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Genesis Schools' (the "Organization") 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 Organization's major federal programs for the year ended August 31, 2023. The Organization'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 Organization 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 Organization 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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.

Frisco, Texas
January 23, 2024

GENESIS SCHOOLS
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

I. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No issues of noncompliance material to the financial statements which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal controls over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Title 2 U.S. CFR Part 200, of the Uniform Guidance.
7. The programs tested as major programs were:

COVID 19 - School Emergency Relief Fund - ARP ESSER III 84.425U
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Auditee was determined to be a low- risk auditee.

GENESIS SCHOOLS
Schedule of Status of Prior Findings
For the Year Ended August 31, 2023

<u>Program</u>	Status of Prior Year's Finding	<u>Noncompliance</u>
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- NONE -

GENESIS SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

<u>Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Entity ID Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Education</u>			
<u>Passed Through Region 10 ESC:</u>			
Title I, Part A - Improving Basic Programs	84.010A	S010A1630043	\$ 299,143
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	S367A160041	28,784
Title III, Part A - English Language Acquisition	84.365A	16671001057802	11,591
Title IV, Part A - Student Support and Academic Enrichment	84.424A	S424A200045	23,514
COVID 19 - School Emergency Relief Fund - ARP ESSER III	84.425U	S425U210042	643,252
Total Passed Through Region 10 ESC			1,006,284
<u>Passed Through Texas Education Agency</u>			
Special Education Cluster:			
IDEA - Part B, Formula	84.027A	H027A220008	80,893
IDEA - Part B, Preschool	84.173A	H173A210004	255
Subtotal Special Education Cluster			81,148
Total Passed Through Texas Education Agency			81,148
Total United States Department of Education			1,087,432
<u>United States Department of Agriculture</u>			
<u>Passed Through Texas Education Agency</u>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	202323N109946	61,455
National School Lunch Program	10.555	202323N109946	265,105
Supply Chain Assistance	10.555	226TX400N8903	18,030
Total Child Nutrition Cluster:			344,590
Total Passed Through Texas Education Agency			344,590
Total United States Department of Agriculture			344,590
Total Expenditures of Federal Awards			\$ 1,432,022

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

1. Basis of Presentation

For all federal programs, the School uses the fund types specified in Texas Education Agency's "Financial Accountability System Resource Guide." Special revenue funds 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 a Special Revenue Fund.

2. Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred.

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 expenditures until earned.

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

3. Contingencies

The School participates in numerous Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.