

# Garza/Gonzalez & Associates

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CERTIFIED PUBLIC ACCOUNTANTS

## **STUDENT ALTERNATIVES PROGRAM, INC.**

San Antonio, Texas

CONSOLIDATED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORTS

Year Ended August 31, 2019

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STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS

Year Ended August 31, 2019

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San Antonio, Texas

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STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATED FINANCIAL STATEMENTS  
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## **INTRODUCTORY SECTION**

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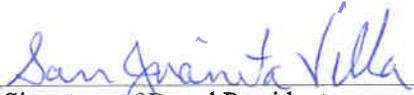
**STUDENT ALTERNATIVES PROGRAM, INC.**  
**San Antonio, Texas**

**EIN – 74-2598053**

**CERTIFICATE OF BOARD**

| <u>CHARTER DISTRICT NAME</u>                    | <u>COUNTY DISTRICT NUMBER</u> |
|---|-------------------------------|
| Triumph Public High Schools – Laredo            | 240801                        |
| Triumph Public High Schools – Rio Grande Valley | 108804                        |
| Triumph Public High Schools – El Paso           | 071803                        |
| Triumph Public High Schools – Lubbock           | 152803                        |

We, the undersigned, certify that the attached Consolidated Financial Statements of Student Alternatives Program, Inc., the charter holder, was reviewed and ✓ approved        disapproved for the year ended August 31, 2019 at a meeting of the Board of Directors of Student Alternatives Program, Inc. on the 10<sup>th</sup> day of January, 2020.

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

  
\_\_\_\_\_  
Signature of Board Secretary

If the Board of Directors disapproved of the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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## **FINANCIAL SECTION**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Student Alternatives Program, Inc.  
San Antonio, Texas

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of the Student Alternatives Program, Inc. (the Organization) and affiliates, which comprise the consolidated statement of financial position as of August 31, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of August 31, 2019, 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.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during the year ended August 31, 2019, the Organization adopted Financial Accounting Standards Update No. 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statement of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the consolidated 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 10, 2020, 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 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 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.



January 10, 2020

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STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

August 31, 2019

|                                      | Student<br>Alternatives<br>Program, Inc. | Affiliated<br>Charter<br>Schools | Eliminations       | Consolidated<br>Total |
|--------------------------------------|--|----------------------------------|--------------------|-----------------------|
| <b>ASSETS</b>                        |  |                                  |                    |                       |
| Current Assets                       |  |                                  |                    |                       |
| Cash and Cash Equivalents            | \$ 1,404,184                             | \$ 7,882,336                     | \$ -               | \$ 9,286,520          |
| Grants Receivable                    | -  | 1,284,000                        | -                  | 1,284,000             |
| Other Receivables                    | 30,212                                   | 211,049                          | -                  | 241,261               |
| Deferred Expenses                    | 2,321                                    | 22,008                           | -                  | 24,329                |
| Due from Related Entity              | -  | 18,915                           | (18,915)           | -                     |
| Total Current Assets                 | <u>1,436,717</u>                         | <u>9,418,308</u>                 | <u>(18,915)</u>    | <u>10,836,110</u>     |
| Property, Plant & Equipment, Net     | <u>5,465,692</u>                         | <u>2,968,339</u>                 | <u>-</u>           | <u>8,434,031</u>      |
| Total Assets                         | <u>\$ 6,902,409</u>                      | <u>\$ 12,386,647</u>             | <u>\$ (18,915)</u> | <u>\$ 19,270,141</u>  |
| <b>LIABILITIES AND NET ASSETS</b>    |  |                                  |                    |                       |
| Current Liabilities                  |  |                                  |                    |                       |
| Accounts Payable                     | \$ -                                     | \$ 126,732                       | \$ -               | \$ 126,732            |
| Payroll Deductions and Withholdings  | 105,966                                  | 51,318                           | -                  | 157,284               |
| Accrued Wages                        | -  | 271,152                          | -                  | 271,152               |
| Due to State                         | -  | 3,669                            | -                  | 3,669                 |
| Other Liabilities - Current          | -  | 22,727                           | -                  | 22,727                |
| Accrued Expenses                     | -  | 4,703                            | -                  | 4,703                 |
| Due to Related Entity                | 18,915                                   | -                                | (18,915)           | -                     |
| Current Portion of Long-Term Debt    | 332,482                                  | -                                | -                  | 332,482               |
| Total Current Liabilities            | <u>457,363</u>                           | <u>480,301</u>                   | <u>(18,915)</u>    | <u>918,749</u>        |
| Non-Current Liabilities              |  |                                  |                    |                       |
| Long-Term Debt, Less Current Portion | <u>1,488,854</u>                         | <u>-</u>                         | <u>-</u>           | <u>1,488,854</u>      |
| Total Non-Current Liabilities        | <u>1,488,854</u>                         | <u>-</u>                         | <u>-</u>           | <u>1,488,854</u>      |
| Total Liabilities                    | <u>1,946,217</u>                         | <u>480,301</u>                   | <u>(18,915)</u>    | <u>2,407,603</u>      |
| Net Assets                           |  |                                  |                    |                       |
| Without Donor Restrictions           |  |                                  |                    |                       |
| Available for Operations             | <u>5,010,460</u>                         | <u>-</u>                         | <u>-</u>           | <u>5,010,460</u>      |
| Total Without Donor Restrictions     | <u>5,010,460</u>                         | <u>-</u>                         | <u>-</u>           | <u>5,010,460</u>      |
| With Donor Restrictions              |  |                                  |                    |                       |
| Specific Purpose Funds               | <u>-</u>                                 | <u>11,906,346</u>                | <u>-</u>           | <u>11,906,346</u>     |
| Total With Donor Restrictions        | <u>-</u>                                 | <u>11,906,346</u>                | <u>-</u>           | <u>11,906,346</u>     |
| Total Net Assets                     | <u>5,010,460</u>                         | <u>11,906,346</u>                | <u>-</u>           | <u>16,916,806</u>     |
| Total Liabilities and Net Assets     | <u>\$ 6,956,677</u>                      | <u>\$ 12,386,647</u>             | <u>\$ (18,915)</u> | <u>\$ 19,324,409</u>  |

The accompanying notes to consolidated financial statements  
form an integral part of this statement.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended August 31, 2019

|  | Student<br>Alternatives<br>Program,<br>Inc. | Affiliated Charter Schools    |                            | Eliminations     | Consolidated<br>Total |
|--|---|-------------------------------|----------------------------|------------------|-----------------------|
|  | Without Donor<br>Restrictions               | Without Donor<br>Restrictions | With Donor<br>Restrictions |                  |                       |
| <b>REVENUES AND OTHER SUPPORT</b>      |   |                               |                            |                  |                       |
| Support                                |   |                               |                            |                  |                       |
| Contributions                          | \$ -  | \$ -                          | \$ -                       | \$ -             | \$ -                  |
| Program Revenue                        | 158,000                                     | -                             | -                          | -                | 158,000               |
| State Program Revenues                 | -   | -                             | 11,067,897                 | -                | 11,067,897            |
| Federal Program Revenues               | -   | -                             | 2,014,090                  | -                | 2,014,090             |
| Fees and Other Revenue                 | -   |                               |                            |                  |                       |
| Other Revenues from Local Sources      | 726,083                                     | 174,131                       | -                          | (707,784)        | 192,430               |
| Net Assets Released from Restrictions  | -   | 12,976,678                    | (12,976,678)               | -                | -                     |
| <b>Total Revenue and Other Support</b> | <b>884,083</b>                              | <b>13,150,809</b>             | <b>105,309</b>             | <b>(707,784)</b> | <b>13,432,417</b>     |
| <b>EXPENSES</b>                        |   |                               |                            |                  |                       |
| Program Services                       |   |                               |                            |                  |                       |
| General School Operations              | 183,644                                     | -                             | -                          | -                | 183,644               |
| Public Charter Schools                 | -   | 8,650,073                     | -                          | -                | 8,650,073             |
| Support Services                       | -   |                               |                            |                  |                       |
| Administrative and General             | 642,677                                     | 4,500,736                     | -                          | (707,784)        | 4,435,629             |
| <b>Total Expenses</b>                  | <b>826,321</b>                              | <b>13,150,809</b>             | <b>-</b>                   | <b>(707,784)</b> | <b>13,269,346</b>     |
| Change in Net Assets                   | 57,762                                      | -                             | 105,309                    | -                | 163,071               |
| Net Assets, Beginning of Year          | 4,952,698                                   | -                             | 11,801,037                 | -                | 16,753,735            |
| Net Assets, End of Year                | \$ 5,010,460                                | \$ -                          | \$ 11,906,346              | \$ -             | \$ 16,916,806         |

The accompanying notes to consolidated financial statements  
form an integral part of this statement.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended August 31, 2019

|   | Student<br>Alternatives<br>Program,<br>Inc. | Affiliated<br>Charter<br>Schools | Eliminations | Consolidated<br>Total |
|---|---|----------------------------------|--------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |                                  |              |                       |
| Foundation School Program Payments  | \$ -  | \$ 11,040,600                    | \$ -         | \$ 11,040,600         |
| Grant Payments  | -   | 2,037,755                        | -            | 2,037,755             |
| Program Revenues Received   | 158,000                                     | -                                | -            | 158,000               |
| Other Revenue Received  | 726,766                                     | 171,871                          | (707,784)    | 190,853               |
| Payments to Vendors for Goods and Services Rendered   | (390,102)                                   | (4,174,893)                      | 707,784      | (3,857,211)           |
| Payments to Personnel for Services Rendered   | (225,344)                                   | (8,661,633)                      | -            | (8,886,977)           |
| Net Cash Provided (Used) by Operating Activities  | <u>269,320</u>                              | <u>413,700</u>                   | <u>-</u>     | <u>683,020</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |                                  |              |                       |
| Purchases of Fixed Assets   | -   | (30,131)                         | -            | (30,131)              |
| Net Cash Provided (Used) by Investing Activities  | <u>-</u>                                    | <u>(30,131)</u>                  | <u>-</u>     | <u>(30,131)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |   |                                  |              |                       |
| Proceeds from Notes/Loan Payable  | -   | -                                | -            | -                     |
| Payment on Notes Payable  | (295,811)                                   | -                                | -            | (295,811)             |
| Net Cash Provided (Used) by Financing Activities  | <u>(295,811)</u>                            | <u>-</u>                         | <u>-</u>     | <u>(295,811)</u>      |
| Net Increase (Decrease) in Cash and Cash Equivalents  | <u>(26,491)</u>                             | <u>383,569</u>                   | <u>-</u>     | <u>357,078</u>        |
| Cash and Cash Equivalents, Beginning of Year  | <u>1,484,943</u>                            | <u>7,498,767</u>                 | <u>-</u>     | <u>8,983,710</u>      |
| Cash and Cash Equivalents, End of Year  | <u>\$ 1,458,452</u>                         | <u>\$ 7,882,336</u>              | <u>\$ -</u>  | <u>\$ 9,340,788</u>   |
| <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>        |   |                                  |              |                       |
| Change in Net Assets  | \$ 57,762                                   | \$ 105,309                       | \$ -         | \$ 163,071            |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities |   |                                  |              |                       |
| Depreciation Expense  | 206,641                                     | 414,564                          | -            | 621,205               |
| (Increase)/Decrease in Assets   |   |                                  |              |                       |
| Grants Receivable   | -   | (27,297)                         | -            | (27,297)              |
| Other Receivables   | 683   | (608)                            | -            | 75                    |
| Due from Related Entity   | -   | (1,652)                          | -            | (1,652)               |
| Increase/(Decrease) in Liabilities  |   |                                  |              |                       |
| Accounts Payable  | (43,671)                                    | (116,583)                        | -            | (160,254)             |
| Payroll Deductions and Withholdings   | 46,254                                      | 45,884                           | -            | 92,138                |
| Accrued Wages   | -   | (10,463)                         | -            | (10,463)              |
| Due to State  | -   | 2,910                            | -            | 2,910                 |
| Other Liabilities - Current   | -   | 20,755                           | -            | 20,755                |
| Accrued Expenses  | -   | 2,889                            | -            | 2,889                 |
| Due to Related Entity   | 1,652                                       | -                                | -            | 1,652                 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES  | <u>\$ 269,320</u>                           | <u>\$ 413,700</u>                | <u>\$ -</u>  | <u>\$ 683,020</u>     |
| Supplemental Disclosure   |   |                                  |              |                       |
| Interest Paid   | <u>\$ 138,696</u>                           | <u>\$ -</u>                      | <u>\$ -</u>  | <u>\$ 138,696</u>     |

The accompanying notes to the consolidated financial statements form an integral part of this statement.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended August 31, 2019

| EXPENSES                            | Student Alternatives Program, Inc. |                               |                   |
|-------------------------------------|------------------------------------|-------------------------------|-------------------|
|                                     | Program Services                   | Administrative and<br>General | Total             |
| Bank Charges                        | \$ -                               | \$ 695                        | \$ 695            |
| Contracted Services - Miscellaneous | -                                  | -                             | -                 |
| Depreciation & Amortization         | -                                  | 206,641                       | 206,641           |
| Equipment & Facilities Rental       | 4,685                              | -                             | 4,685             |
| Insurance                           | -                                  | 9,518                         | 9,518             |
| Interest                            | -                                  | 138,696                       | 138,696           |
| Materials and Supplies              | 18,021                             | 242                           | 18,263            |
| Payroll Taxes & Employee Benefits   | -                                  | 33,776                        | 33,776            |
| Postage                             | -                                  | 1,338                         | 1,338             |
| Professional Services               | 3,170                              | 23,719                        | 26,889            |
| Rent                                | -                                  | 3,863                         | 3,863             |
| Repairs & Maintenance               | -                                  | 89,318                        | 89,318            |
| Salaries                            | 157,618                            | 80,204                        | 237,822           |
| Telephone                           | -                                  | 2,071                         | 2,071             |
| Travel                              | -                                  | 28,277                        | 28,277            |
| Utilities                           | -                                  | 36,686                        | 36,686            |
| Other Taxes                         | -                                  | 21,359                        | 21,359            |
| Miscellaneous                       | 150                                | 20,542                        | 20,692            |
| <b>Total Expenses</b>               | <b>\$ 183,644</b>                  | <b>\$ 696,945</b>             | <b>\$ 880,589</b> |

The accompanying notes to consolidated financial statements  
form an integral part of this statement.

| Charter Schools     |                               |                      |                     |                       |
|---------------------|-------------------------------|----------------------|---------------------|-----------------------|
| Program Services    | Administrative and<br>General | Total                | Eliminations        | Consolidated<br>Total |
| \$ -                | \$ -                          | \$ -                 | \$ -                | \$ 695                |
| 41,320              | 549,632                       | 590,952              | (343,579)           | 247,373               |
| 361,632             | 52,932                        | 414,564              | -                   | 621,205               |
| -                   | -                             | -                    | -                   | 4,685                 |
| 407                 | 193,892                       | 194,299              | -                   | 203,817               |
| -                   | -                             | -                    | -                   | 138,696               |
| 571,137             | 158,843                       | 729,980              | -                   | 748,243               |
| 1,276,097           | 416,751                       | 1,692,848            | -                   | 1,726,624             |
| -                   | -                             | -                    | -                   | 1,338                 |
| 555,123             | 451,826                       | 1,006,949            | -                   | 1,033,838             |
| 41,670              | 494,335                       | 536,005              | (364,205)           | 175,663               |
| -                   | -                             | -                    | -                   | 89,318                |
| 5,490,923           | 1,513,283                     | 7,004,206            | -                   | 7,242,028             |
| -                   | -                             | -                    | -                   | 2,071                 |
| 222,939             | 89,986                        | 312,925              | -                   | 341,202               |
| -                   | 483,748                       | 483,748              | -                   | 520,434               |
| -                   | -                             | -                    | -                   | 21,359                |
| 88,825              | 95,508                        | 184,333              | -                   | 205,025               |
| <u>\$ 8,650,073</u> | <u>\$ 4,500,736</u>           | <u>\$ 13,150,809</u> | <u>\$ (707,784)</u> | <u>\$ 13,323,614</u>  |

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Nature of Activities

Student Alternatives Program, Inc. (SAPI or the Organization) is a nonprofit organization incorporated in Texas dedicated to establishing alternative education programs for “at risk” students. The Organization contracts with various independent school districts and counties in the State of Texas to provide education services to the “at risk” high school age students of the school districts.

The organization (SAPI) is a private, nonprofit community-based organization exempt from taxation under 26 U.S.C. Section 501(c)(3).

At August 31, 2019, the Organization had contracts with various independent school districts in the State of Texas.

Effective April 3, 1996, the Organization became the sole owner of the common stock of Academic Buildings Corporation (ABC), a Texas corporation, that is not exempt from federal taxation. ABC has acquired buildings and equipment, which it leases to the Organization.

Effective December 13, 2016, SAPI became the sole member of the Community Development Buildings Corporation (CDBC). CDBC is a nonprofit organization exempt from taxation under Section 501(c)(2) of the Internal Revenue Code (IRC). CDBC was organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under Section 501(C)(3) of the IRC of 1986, or the corresponding provision of any future federal tax code.

B. Affiliated Organizations

Four charter districts that are branch operations of SAPI, were established in November 1998.

The charter schools provide an alternative high school diploma program to students who did not thrive in the normal high school settings or have returned for a charter school diploma after entering the work force. The charter schools operate under an open enrollment charter granted, for a ten year period, by the Texas State Board of Education. The charter schools receive funding from the Texas Education Agency (“TEA”) through the Foundation School Program, which is based on each school’s average daily attendance. Since the charter schools receive funding from local, state, and federal government sources, they must comply with the requirements of the entities providing those funds.

C. Principles of Consolidation

Financial Accounting Standard Board (FASB) – Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, Subtopic 810, *Consolidation*, requires a nonprofit organization to present consolidated financial statements when it has a controlling financial interest in either a for-profit or nonprofit entity.

Since SAPI is the sole owner of ABC’s common stock, ABC’s activities are consolidated in these financial statements.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In accordance with FASB ASC 958-810-25-2, *Recognition*, sole corporate membership in a nonprofit organization, like ownership of a majority voting interest in a for-profit entity, shall be considered a controlling financial interest. Since SAPI is the sole member of CDBC; has the authority to approve or disapprove any of CDBC's transactions involving a sale, lease, or exchanges; and, also has the authority to dissolve CDBC and is entitled to receive its assets, CDBC's activities are also consolidated in these financial statements.

All material inter-organization transactions between SAPI, ABC, CDBC, and the affiliated charter schools have been eliminated in consolidation, as documented in Note X.

**D. Basis of Accounting and Presentation**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, income and expenses are recognized when earned or incurred. The accompanying consolidated financial statements and the related accounting system are organized and prepared in accordance with the Special Supplement to Financial Accounting and Reporting — Nonprofit Charter School Chart of Accounts, a module of the TEA's *Financial Accountability Resource Guide* (the "Resource Guide").

The Organization accounts and reports its activities in accordance with the Financial Accounting Standards Board – Accounting Standards Codification 958, *Not-for-Profit Entities*.

In accordance with the FASB–ASC, the organization distinguishes between contributions that increase net assets with donor restrictions, and net assets without donor restrictions. It also recognizes contributed services meeting certain criteria, at fair values.

The Organization's financial statements are comprised of a statement of financial position, statement of activities, statement of cash flows, and statement of functional expenses, as required by the FASB–ASC.

**E. Adoption of New Accounting Standard**

The Organization has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of August 31, 2019 with no effect to the beginning net asset balances.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Net Asset Classification

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, 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 with 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.

G. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Support and Expenses

The Organization receives a significant amount of its revenues from contracts with independent school districts and counties in the State of Texas. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

The Organization reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Charter Schools Revenue**

Revenues from the State's available school fund are 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, which increases net assets with donor restrictions.
- Contributions without donor-imposed restrictions are reported as unrestricted support, which increases net assets without donor restrictions.

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

**J. Donated Services, Goods, and Facilities**

Members of the Organization's board of directors volunteer their time to further the Organization's goals. These donated services are not reflected in the consolidated financial statements since the services do not require specialized skills under applicable guidelines issued by the American Institute of Certified Public Accountants.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose.

**K. Property and Equipment**

The Organization capitalizes all expenses for property and equipment. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. In accordance with the Texas Education Agency-Resource Guide Supplement for the affiliated charter schools, all assets acquired with a value of \$5,000 or greater are capitalized and are valued at cost or estimated cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but are charged to expense. Major improvements are capitalized and depreciated/amortized over the remaining useful lives of the related capital assets.

Property and equipment acquired with public funds received from state and federal sources generally constitute public property pursuant to Chapter 12 of the Texas Education Code.

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The estimated useful lives of property and equipment used by SAPI/ABC are as follows:

| <u>Asset Classification</u> | <u>Estimated Useful Life</u> |
|-----------------------------|------------------------------|
| Buildings and Improvements  | 30-40 years                  |
| Furniture and Equipment     | 7 years                      |
| Vehicles                    | 7 years                      |

The estimated useful lives of property and equipment used by CDBC are as follows:

| <u>Asset Classification</u> | <u>Estimated Useful Life</u> |
|-----------------------------|------------------------------|
| Buildings and Improvements  | 25 years                     |
| Other Improvements          | 5 years                      |

The estimated useful lives of property and equipment used by the charter schools are as follows:

| <u>Asset Classification</u> | <u>Estimated Useful Life</u> |
|-----------------------------|------------------------------|
| Buildings and Improvements  | 15 years                     |
| Furniture and Equipment     | 7 years                      |
| Vehicles                    | 7 years                      |

**L. Personal Leave**

Regular, full-time salaried, exempt and non-exempt employees working 197 days or less during the school year can earn a maximum of 8 days of paid time off while employees working 207 or more days per school year can earn a maximum of 10 days. However, since the balance does not accumulate, a liability is not recorded in the consolidated financial statements.

**M. Income Taxes**

The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3); and, 501(c)(2) for CDBC, of the IRC, except to the extent it has unrelated business income. No such provision has been made to the accompanying consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2016. There were no interest or penalties assessed to the Organization by the IRS during the year.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The subsidiary ABC, is a for-profit corporation subject to federal income tax and Texas franchise tax. ABC follows FASB ASC Topic 740, Income Taxes, in reporting deferred income taxes which requires that a company recognize deferred tax liabilities and assets for the expected future income tax consequences of events that have been recognized in the company's consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. There were no deferred tax assets/liabilities recognized at August 31, 2019.

ABC's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally 3 years after the filing of the tax return. ABC determined that its tax position will more than likely be sustained upon examination by the Internal Revenue Service or other State taxing authorities. There were no penalties or interest related to income taxes recorded during the year ended August 31, 2019.

**N. Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**O. Fair Value Measurements and Disclosures**

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification ("ASC") apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Fair Value Measurements and Disclosures* also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

At August 31, 2019, the Organization's investments in money market mutual funds were classified as Level 1.

The fair value of the Organization's cash and cash equivalents, due from government agencies, payables, deferred expenses, and other receivables approximates the carrying amounts of such instruments due to their short-term maturity. The fair value of the debt approximates the carrying amount because the rate and terms currently available to the Organization approximate the rate and terms on the existing debt.

**P. Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year of August 31, 2019, are as follows:

|                           |    |            |
|---------------------------|----|------------|
| Cash and Cash Equivalents | \$ | 9,286,520  |
| Grants Receivable         |    | 1,284,000  |
| Other Receivables         |    | 241,261    |
|                           |    | <hr/>      |
|                           | \$ | 10,811,781 |

Per the Texas Education Agency, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have a time restriction, but must be used for education purposes in accordance with State law. As such, there are cash, cash equivalents and receivables that are due from the State and are available for use for educational purposes. The charter schools maintain excess cash in depository accounts; while, SAPI, Inc. maintains its funds in depository accounts, CDs, and money market funds.

**II. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at August 31, 2019 consist of the following:

**Cash and Cash Equivalents**

|   |    |           |
|---|----|-----------|
| Cash in Bank  | \$ | 7,957,741 |
| Cash Equivalents  |    |           |
| Certificates of Deposit                                 |    | 1,194,769 |
| Money Market Mutual Funds                               |    |           |
| PIMCO Class C   |    | 100,049   |
| BBIF Money Fund Class III                               |    | 33,961    |
|   |    | <hr/>     |
| Total from Consolidated Statement of Financial Position | \$ | 9,286,520 |

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**II. CASH AND CASH EQUIVALENTS (Continued)**

Concentrations of Credit Risk – The Organization maintains cash in demand deposit accounts with federally insured banks. During the year, the balances in these accounts exceeded federally insured limits. The Organization also maintains two money market mutual fund accounts which are not insured or guaranteed by the FDIC or other government agency. Although the funds seek to preserve the value of the investment at \$1 per share, it is possible to lose money by investing in the fund. The Organization does not believe that it is exposed to any significant credit risk in connection with cash and cash equivalents or the extension of credit to its customers.

**III. PROPERTY AND EQUIPMENT**

At August 31, 2019, property and equipment consists of the following:

|                                | SAPI                | Charter Schools     | Total               |
|--------------------------------|---------------------|---------------------|---------------------|
| Land                           | \$ 30,000           | \$ 111,227          | \$ 141,227          |
| Buildings and Improvements     | 7,535,386           | 5,224,566           | 12,759,952          |
| Furniture and Equipment        | 338,915             | 72,678              | 411,593             |
| Vehicles                       | 17,805              | 236,453             | 254,258             |
|                                | 7,922,106           | 5,644,924           | 13,567,030          |
| Less: Accumulated Depreciation | (2,456,414)         | (2,676,585)         | (5,132,999)         |
|                                | <u>\$ 5,465,692</u> | <u>\$ 2,968,339</u> | <u>\$ 8,434,031</u> |

Depreciation expense totaled \$621,205 for the year ended August 31, 2019. Depreciation expense for SAPI and the Charter Schools were \$206,641 and \$414,564, respectively.

**IV. NOTES PAYABLE**

The Organization's long-term debt at August 31, 2019 consists of the following:

|   |            |
|---|------------|
| Note payable to BBVA Compass Bank, original amount of \$660,000, dated November 12, 2008, due in monthly installments of \$4,590 including interest at 3.25%, secured by land and building through November 12, 2023. | \$ 228,698 |
| Note payable to Bank of America, original amount of \$512,459, dated October 25, 2005, due in monthly installments of \$4,563 including interest at 6.75%, secured by land and building through October 25, 2020.     | 65,402     |
| Note payable to Bank of America, original amount of \$486,643, dated October 3, 2005 due in monthly installments of \$4,332 including interest at 6.75%, secured by land and building through October 31, 2020.       | 61,409     |
| Note payable to Bank of America, original amount of \$118,174, dated October 31, 2005, due in monthly installments of \$1,060 including interest at 6.87%, secured by land and building through October 19, 2020.     | 14,896     |

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**IV. NOTES PAYABLE (Continued)**

Note payable to Falcon International Bank, original amount of \$440,000, and dated November 17, 2003. This note, which was originally scheduled to mature on December 1, 2018, was amended in the current year to a new amount of \$105,838, an interest rate of 2% in excess of the prime lending rate, monthly installments of \$3,885, a maturity date extended to 2021, and secured by land and building. 76,096

Note payable to Comerica Bank, original amount of \$170,000 and dated April 20, 2004. This note was amended in fiscal year 2015 to a new amount of \$77,633, an interest rate of 6.1%, monthly installments of \$1,505, a maturity date extended from April 21, 2015 to 2020, and secured by land and building. 14,029

Note payable to BBVA Compass Bank, originally dated November 4, 2010. This note was amended in fiscal year 2016 to a new amount of \$232,436, interest rate of 5.42%, monthly installments of \$2,522, a maturity date of 2025, and secured by land and building. 159,767

Note payable to Bank of America, original amount of \$203,050, dated July 24, 2007, due in monthly installments of \$1,895, including interest at 7.25% - 7.5%, secured by land and building through July 24, 2023. 69,998

Note payable to First Mark Credit Union, original amount of \$350,447 dated July 31, 2012, due in monthly installments of \$1,810 including interest at 3.75%, and secured by SAPI savings account. The original maturity date for the loan was December 15, 2016; however, this note was refinanced with Bank of America for a new amount of \$305,574 and to extend the maturity date to December 15, 2026, when the remaining outstanding principal and interest are due. The new note bears an interest rate of 3.65% and requires monthly payments of \$1,804. Collateral for the new loan is land and building. 277,556

Note Payable to Firstmark Credit Union, original amount of \$145,000 dated April 23, 2018, due in monthly installments of \$4,244, including interest at 3.4%, and secured by a guarantee of \$145,000 from SAPI through April 15, 2021. 82,318

Note Payable to Ruben Salazar, original amount of \$765,000 dated June 12, 2018, due in monthly installments of \$6,889, including interest at 8.65%, secured by land and building, through October 1, 2038. The accrued interest of \$18,953, from the start of the loan date to August 31, 2018, was added to principal, which increased the original amount to \$783,953. 771,167

|                       |                     |
|-----------------------|---------------------|
| Total Long-Term Debt  | \$ 1,821,336        |
| Less: Current Portion | (332,482)           |
| Long-Term Portion     | <u>\$ 1,488,854</u> |

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**IV. NOTES PAYABLE (Continued)**

Future scheduled maturities of long-term debt are as follows:

| Years Ending August 31, | Principal    | Interest   | Total        |
|-------------------------|--------------|------------|--------------|
| 2020                    | \$ 332,482   | \$ 108,903 | \$ 441,385   |
| 2021                    | 209,044      | 91,914     | 300,958      |
| 2022                    | 128,815      | 83,593     | 212,408      |
| 2023                    | 133,995      | 76,517     | 210,512      |
| 2024                    | 83,165       | 70,330     | 153,495      |
| Thereafter              | 933,835      | 515,478    | 1,449,313    |
|                         | \$ 1,821,336 | \$ 946,735 | \$ 2,768,071 |

**V. PENSION PLAN OBLIGATIONS**

***Plan Description***

The Organization participates in a cost-sharing, multiple-employer defined benefit pension plan (Plan), administered by the Teacher Retirement System of Texas (TRS), with one exception: all risks and costs are not shared by the Organization, but are the liability of the State of Texas. TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas legislature. TRS' annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter school or independent school district (ISD) may be used for the benefit of an employee of another charter school or ISD. The risk of participating in multi-employer pension plans is different from single-employer plans. If a participating charter school or ISD stops contributing to the Plan, the unfunded obligations of the Plan gets passed along to the remaining charter schools and ISDs. There is not a withdrawal penalty for leaving the TRS system; and, there is no collective-bargaining agreement.

|  |                                  |
|--|----------------------------------|
| Legal Name of Plan   | Texas Retirement System of Texas |
| Plan's Employer Identification Number                                    | N/A                              |
| Total Plan Assets  | \$181,800,159,000                |
| Accumulated Benefit Obligations  | \$209,961,325,000                |
| Percentage Plan was Funded   | 75.24%                           |
| Expiration Date of Collective-Bargaining Agreement                       | N/A                              |
| Funding Improvement Plan or Rehabilitation Plan – Implemented or Pending | N/A                              |

*Information obtained from the TRS 2019 CAFR*

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**V. PENSION PLAN OBLIGATIONS (Continued)**

***Funding Policy***

Contribution requirements are not actuarially determined, but are established and amended by the Texas legislature, pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to TRS members during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Under provisions in state law, plan members and the state are each required to contribute 7.7% and 6.8%, respectively, of the plan member's annual covered salary; and, in certain instances, the Organization is required to make all or a portion of the member's contribution and on the portion of the employees' salaries that exceed the statutory minimum. The following table shows contribution rates by type of contributor:

|  | Contribution Rates |      |
|--|--------------------|------|
|  | 2018               | 2019 |
| Member                                   | 7.7%               | 7.7% |
| Non-Employer Contributing Entity (State) | 6.8%               | 6.8% |
| Employers                                | 6.8%               | 6.8% |

For the year ended August 31, 2019, the Organization contributed \$135,946, the required contributions for the year, on behalf of its employees to TRS, which included \$95,275 for Non-OASDI members. The State also contributes to TRS on behalf of charter school employees; however, these contributions are not recognized in the Organization's financial statements under FASB accounting. The Organization's contributions to the Plan did not represent more than 5% of the total contributions to the Plan. There have been no changes that would affect the comparison of employer contributions from year to year.

**VI. OTHER POST-EMPLOYMENT BENEFIT PLANS**

***Plan Description***

The Organization participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan. TRS-Care is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575. TRS' annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**VI. OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

***Benefits Provided***

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3).

Eligible retirees and dependents enrolled in Medicare may elect to participate in one of two Medicare Health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

***Funding Policy***

Contribution rates for the TRS-Care plan are established in state statute by the Texas legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, school districts, and charter schools, based upon member's annual compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the aggregate annual compensation paid to members during the fiscal year. Section 1575.203 establishes the active member's rate which is 0.65% of the member's annual compensation. Section 1575.204 establishes an employer contribution rate of not less than 0.25% and not more than 0.75% of the annual compensation of each active member. The actual employer contribution rate is prescribed by the Texas Legislature in the General Appropriations Act. The following table shows contribution rates to the TRS-Care plan by type of contributor:

|   | Contribution Rates |       |
|---|--------------------|-------|
|   | 2018               | 2019  |
| Member  | 0.65%              | 0.65% |
| Non-Employer Contributing Entity (State)      | 1.25%              | 1.25% |
| Employers                                     | 0.75%              | 0.75% |
| Federal/Private Funding remitted by Employers | 1.25%              | 1.25% |

STUDENT ALTERNATIVES PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**VI. OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

For the year ended August 31, 2019, the Organization contributed \$48,150, the required contributions for the year, on behalf of its employees to TRS. The State also contributes to TRS on behalf of charter school employees; however, these contributions are not recognized in the Organization's financial statements under FASB accounting.

**VII. HEALTH CARE COVERAGE**

During the year ended August 31, 2019, employees of the Organization were covered by TRS ActiveCare, a statewide health coverage program for public education employees established by the 77th Texas Legislature. The Organization contributed \$782 per employee, per month to the Plan, while the state contributed \$75 per employee, per month to the Plan. Employees, at their option, authorize payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

**VIII. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended August 31, 2019. Net assets released from restrictions relating to net assets with donor restrictions for the year ending August 31, 2019 is as follows:

|                           | <u>2019</u>          |
|---------------------------|----------------------|
| Foundation School Program | \$ 10,835,749        |
| Other State Programs      | 126,839              |
| Federal Programs          | <u>2,014,090</u>     |
| Total                     | <u>\$ 12,976,678</u> |

**IX. FUNCTIONAL ALLOCATION OF EXPENSES**

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

**X. RELATED PARTY TRANSACTIONS**

The Organization has adopted a policy which addresses transactions between board members of the government body and all related charter schools as well as transactions between affiliated charter schools. A copy of the policy is available for review at SAPI's corporate offices in San Antonio, Texas.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**X. RELATED PARTY TRANSACTIONS (Continued)**

**RENTAL COSTS**

The charter schools reimbursed SAPI, ABC, and CDBC for certain costs in accordance with its cost allocation plan for its use of buildings and for corporate activities related to Charter operations. Total payments during the current year were \$165,260 from Paso Del Norte Academy; \$153,819 from Gateway Academy; \$334,082 from Mid Valley Academy; and, \$54,623 from South Plains Academy. These payments, which total \$707,784 and constitute related party transactions, have been eliminated from revenues and expenses in the consolidated statement of activities. As of August 31, 2019, \$18,915 was due to the charter schools from SAPI/ABC. These amounts constitute related party transactions and have also been eliminated from the consolidated statement of financial position.

**OTHER INTERCOMPANY TRANSACTIONS**

CDBC (borrower) executed a promissory note with ABC (lender) in the amount of \$35,000, for a term of twenty years; and, at an interest rate of one percent per annum. The first payment is due September 1, 2019 and the final payment is due September 1, 2038. In addition, SAPI has an outstanding liability owed to ABC in the amount of \$30,000; and, during the year SAPI paid ABC \$54,268 in rent. As of August 31, 2019, the total of \$119,268 has been eliminated from the consolidating financial statements.

**CONSTRUCTION COSTS**

In May 2016, two buildings on the Gateway Academy campus sustained damage due to high winds in the area. One of the buildings was an asset of Gateway Academy and the other was an asset of SAPI. Because immediate repairs to the buildings were needed for operation, repairs were determined to be an emergency. To expedite repairs, it was determined that Gateway Academy would solely handle the project, including negotiations with the insurance company, and payment of all related expenses until reimbursed by the insurance company. The majority of the costs for all repairs have been recovered by insurance proceeds, with the exception of \$210,441, which is recorded as a receivable within the Other Receivables line item in the consolidated statement of financial position. Management anticipates this amount to be fully recovered through insurance proceeds.

**XI. CONTINGENCIES**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2019

**XI. CONTINGENCIES (Continued)**

*Grants*

The Organization 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 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 Organization have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so, determined by TEA or other grantor agencies. Management is of the opinion that no material liability will result from such audits.

**XII. REGULATED INDUSTRY**

The majority of the Organization's activities and revenues are as a result of contracts with TEA and its operations are concentrated in the education field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, TEA. Such administrative directives, rules, and regulations are subject to change by an act of Congress, an act of the state legislature, or an administrative change mandated by TEA. Funding may be changed or decreased as a result of the above legislative or administrative changes.

**XIII. SUBSEQUENT EVENTS**

The Organization has evaluated any potential material subsequent events through January 10, 2020, the date of the audit report, and has determined that no subsequent events have occurred.

**OTHER SUPPLEMENTAL INFORMATION**

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## **Consolidating Statements – Corporations**

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CORPORATIONS

August 31, 2019

|                                      | Student<br>Alternatives<br>Program, Inc. | Community<br>Development<br>Buildings Corp. | Eliminations       | Consolidated<br>Total |
|--------------------------------------|--|---|--------------------|-----------------------|
| <b>ASSETS</b>                        |  |   |                    |                       |
| Current Assets                       |  |   |                    |                       |
| Cash and Cash Equivalents            | \$ 1,354,235                             | \$ 49,949                                   | \$ -               | \$ 1,404,184          |
| Cash - Restricted                    | -  | -   | -                  | -                     |
| Grants Receivable                    | -  | -   | -                  | -                     |
| Other Receivables                    | 95,212                                   | -   | (65,000)           | 30,212                |
| Deferred Expenses                    | 2,321                                    | -   | -                  | 2,321                 |
| Due from Related Entity              | -  | -   | -                  | -                     |
| Total Current Assets                 | <u>1,451,768</u>                         | <u>49,949</u>                               | <u>(65,000)</u>    | <u>1,436,717</u>      |
| Property, Plant & Equipment, Net     | <u>4,619,912</u>                         | <u>845,780</u>                              | <u>-</u>           | <u>5,465,692</u>      |
| Total Assets                         | <u>\$ 6,071,680</u>                      | <u>\$ 895,729</u>                           | <u>\$ (65,000)</u> | <u>\$ 6,902,409</u>   |
| <b>LIABILITIES AND NET ASSETS</b>    |  |   |                    |                       |
| Current Liabilities                  |  |   |                    |                       |
| Accounts Payable                     | \$ -                                     | \$ -  | \$ -               | \$ -                  |
| Payroll Deductions and Withholdings  | 105,966                                  | -   | -                  | 105,966               |
| Accrued Wages                        | -  | -   | -                  | -                     |
| Due to State                         | -  | -   | -                  | -                     |
| Other Liabilities - Current          | -  | -   | -                  | -                     |
| Accrued Expenses                     | -  | -   | -                  | -                     |
| Due to Related Entity                | 48,915                                   | -   | (30,000)           | 18,915                |
| Current Portion of Long-Term Debt    | 267,146                                  | 65,336                                      | -                  | 332,482               |
| Total Current Liabilities            | <u>422,027</u>                           | <u>65,336</u>                               | <u>(30,000)</u>    | <u>457,363</u>        |
| Non-Current Liabilities              |  |   |                    |                       |
| Long-Term Debt, Less Current Portion | <u>700,705</u>                           | <u>823,149</u>                              | <u>(35,000)</u>    | <u>1,488,854</u>      |
| Total Non-Current Liabilities        | <u>700,705</u>                           | <u>823,149</u>                              | <u>(35,000)</u>    | <u>1,488,854</u>      |
| Total Liabilities                    | <u>1,122,732</u>                         | <u>888,485</u>                              | <u>(65,000)</u>    | <u>1,946,217</u>      |
| Net Assets                           |  |   |                    |                       |
| Without Donor Restrictions           |  |   |                    |                       |
| Available for Operations             | <u>5,003,216</u>                         | <u>7,244</u>                                | <u>-</u>           | <u>5,010,460</u>      |
| Total Without Donor Restrictions     | <u>5,003,216</u>                         | <u>7,244</u>                                | <u>-</u>           | <u>5,010,460</u>      |
| With Donor Restrictions              |  |   |                    |                       |
| Specific Purpose Funds               | <u>-</u>                                 | <u>-</u>                                    | <u>-</u>           | <u>-</u>              |
| Total With Donor Restrictions        | <u>-</u>                                 | <u>-</u>                                    | <u>-</u>           | <u>-</u>              |
| Total Net Assets                     | <u>5,003,216</u>                         | <u>7,244</u>                                | <u>-</u>           | <u>5,010,460</u>      |
| Total Liabilities and Net Assets     | <u>\$ 6,125,948</u>                      | <u>\$ 895,729</u>                           | <u>\$ (65,000)</u> | <u>\$ 6,956,677</u>   |

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATING STATEMENT OF ACTIVITIES - CORPORATIONS

Year Ended August 31, 2019

|  | Student<br>Alternatives<br>Program,<br>Inc. | Community<br>Development<br>Buildings Corp. |                     | Consolidated<br>Total |
|--|---|---|---------------------|-----------------------|
|  | <u>Without Donor<br/>Restrictions</u>       | <u>Without Donor<br/>Restrictions</u>       | <u>Eliminations</u> |                       |
| <b>REVENUES AND OTHER SUPPORT</b>      |   |   |                     |                       |
| Support                                |   |   |                     |                       |
| Contributions                          | \$ -  | \$ -  | \$ -                | \$ -                  |
| Program Revenue                        | 158,000                                     | -   | -                   | 158,000               |
| State Program Revenues                 | -   | -   | -                   | -                     |
| Federal Program Revenues               | -   | -   | -                   | -                     |
| Fees and Other Revenue                 |   |   |                     |                       |
| Other Revenues from Local Sources      | 600,026                                     | 180,325                                     | (54,268)            | 726,083               |
| Net Assets Released from Restrictions  | -   | -   | -                   | -                     |
| <b>Total Revenue and Other Support</b> | <u>758,026</u>                              | <u>180,325</u>                              | <u>(54,268)</u>     | <u>884,083</u>        |
| <b>EXPENSES</b>                        |   |   |                     |                       |
| Program Services                       |   |   |                     |                       |
| General School Operations              | 183,644                                     | -   | -                   | 183,644               |
| Public Charter Schools                 | -   | -   | -                   | -                     |
| Support Services                       |   |   |                     |                       |
| Administrative and General             | 556,706                                     | 140,239                                     | (54,268)            | 642,677               |
| <b>Total Expenses</b>                  | <u>740,350</u>                              | <u>140,239</u>                              | <u>(54,268)</u>     | <u>826,321</u>        |
| <b>Change in Net Assets</b>            | <u>17,676</u>                               | <u>40,086</u>                               | <u>-</u>            | <u>57,762</u>         |
| <b>Net Assets, Beginning of Year</b>   | <u>4,985,540</u>                            | <u>(32,842)</u>                             | <u>-</u>            | <u>4,952,698</u>      |
| <b>Net Assets, End of Year</b>         | <u>\$ 5,003,216</u>                         | <u>\$ 7,244</u>                             | <u>\$ -</u>         | <u>\$ 5,010,460</u>   |

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

CONSOLIDATING STATEMENT OF CASH FLOWS - CORPORATIONS

Year Ended August 31, 2019

|   | Student<br>Alternatives<br>Program,<br>Inc. | Community<br>Development<br>Buildings Corp. | Eliminations | Consolidated<br>Total |
|---|---|---|--------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |   |              |                       |
| Cash Received from Contributions  | \$ -  | \$ -  | \$ -         | \$ -                  |
| Foundation School Program Payments  | -   | -   | -            | -                     |
| Grant Payments  | -   | -   | -            | -                     |
| Program Revenues Received   | 158,000                                     | -   | -            | 158,000               |
| Other Revenue Received  | 541,441                                     | 185,325                                     | -            | 726,766               |
| Payments to Vendors for Goods and Services Rendered   | (242,180)                                   | (147,922)                                   | -            | (390,102)             |
| Payments to Personnel for Services Rendered   | (225,344)                                   | -   | -            | (225,344)             |
| Net Cash Provided (Used) by Operating Activities  | <u>231,917</u>                              | <u>37,403</u>                               | <u>-</u>     | <u>269,320</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |   |              |                       |
| Purchases of Fixed Assets   | -   | -   | -            | -                     |
| Net Cash Provided (Used) by Investing Activities  | <u>-</u>                                    | <u>-</u>                                    | <u>-</u>     | <u>-</u>              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |   |   |              |                       |
| Promissory Note   | (35,000)                                    | 35,000                                      | -            | -                     |
| Payment on Notes Payable  | (100,794)                                   | (195,017)                                   | -            | (295,811)             |
| Net Cash Provided (Used) by Financing Activities  | <u>(135,794)</u>                            | <u>(160,017)</u>                            | <u>-</u>     | <u>(295,811)</u>      |
| Net Increase (Decrease) in Cash and Cash Equivalents  | <u>96,123</u>                               | <u>(122,614)</u>                            | <u>-</u>     | <u>(26,491)</u>       |
| Cash and Cash Equivalents, Beginning of Year  | <u>1,312,380</u>                            | <u>172,563</u>                              | <u>-</u>     | <u>1,484,943</u>      |
| Cash and Cash Equivalents, End of Year  | <u>\$ 1,408,503</u>                         | <u>\$ 49,949</u>                            | <u>\$ -</u>  | <u>\$ 1,458,452</u>   |
| <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |   |   |              |                       |
| Change in Net Assets  | \$ 17,676                                   | \$ 40,086                                   | \$ -         | \$ 57,762             |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities        |   |   |              |                       |
| Depreciation Expense  | 170,653                                     | 35,988                                      | -            | 206,641               |
| (Increase)/Decrease in Assets   |   |   |              |                       |
| Grants Receivable   | -   | -   | -            | -                     |
| Other Receivables   | (4,317)                                     | 5,000                                       | -            | 683                   |
| Deferred Expenses   | (1)   | -   | -            | (1)                   |
| Due from Related Entity   | -   | -   | -            | -                     |
| Increase/(Decrease) in Liabilities  |   |   |              |                       |
| Accounts Payable  | -   | (43,671)                                    | -            | (43,671)              |
| Payroll Deductions and Withholdings   | 46,254                                      | -   | -            | 46,254                |
| Accrued Wages   | -   | -   | -            | -                     |
| Due to State  | -   | -   | -            | -                     |
| Other Liabilities - Current   | -   | -   | -            | -                     |
| Accrued Expenses  | -   | -   | -            | -                     |
| Due to Related Entity   | 1,652                                       | -   | -            | 1,652                 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | <u>\$ 231,917</u>                           | <u>\$ 37,403</u>                            | <u>\$ -</u>  | <u>\$ 269,320</u>     |
| Supplemental Disclosure   |   |   |              |                       |
| Interest Paid   | <u>\$ 61,592</u>                            | <u>\$ 77,104</u>                            | <u>\$ -</u>  | <u>\$ 138,696</u>     |

**Statements of Financial Position – Charter Schools**

TRIUMPH PUBLIC HIGH SCHOOLS - LAREDO

Laredo, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2019

|  | <u>Triumph Public High<br/>Schools - Laredo</u> |
|--|---|
| <b>ASSETS</b>                              |   |
| Current Assets                             |   |
| Cash                                       | \$ 2,554,752                                    |
| Grants Receivable                          | 438,445   |
| Other Receivables                          | 211,049   |
| Due from Other Districts                   | 71,269  |
| Due from Student Alternative Program, Inc. | 18,915  |
| Total Current Assets                       | <u>3,294,430</u>                                |
| Fixed Assets                               |   |
| Land                                       | 97,720  |
| Buildings and Improvements                 | 4,368,310                                       |
| Vehicles                                   | 100,944   |
| Equipment                                  | 25,237  |
| Accumulated Depreciation                   | (2,400,794)                                     |
| Total Fixed Assets, Net                    | <u>2,191,417</u>                                |
| Total Assets                               | <u><u>\$ 5,485,847</u></u>                      |
| <b>LIABILITIES AND NET ASSETS</b>          |   |
| Current Liabilities                        |   |
| Accounts Payable                           | \$ 85,509                                       |
| Payroll Deductions and Withholdings        | 19,030  |
| Accrued Wages                              | 73,904  |
| Other Liabilities - Current                | 15,924  |
| Due to Other Districts                     | -   |
| Accrued Expenses                           | 2,285   |
| Total Current Liabilities                  | <u>196,652</u>                                  |
| Net Assets                                 |   |
| Without Donor Restrictions                 |   |
| Available for Operations                   | -   |
| Total Without Donor Restrictions           | <u>-</u>  |
| With Donor Restrictions                    |   |
| Specific Purpose Funds                     | 5,289,195                                       |
| Total With Donor Restrictions              | <u>5,289,195</u>                                |
| Total Liabilities and Net Assets           | <u><u>\$ 5,485,847</u></u>                      |

TRIUMPH PUBLIC HIGH SCHOOLS - RIO GRANDE VALLEY  
McAllen, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2019

|                                     | <u>Triumph Public High<br/>Schools - Rio Grande Valley</u> |
|-------------------------------------|--|
| <b>ASSETS</b>                       |  |
| Current Assets                      |  |
| Cash                                | \$ 973,868   |
| Grants Receivables                  | 361,246  |
| Other Receivables                   | -  |
| Due from Other Districts            | -  |
| Total Current Assets                | <u>1,335,114</u>   |
| Fixed Assets                        |  |
| Buildings and Improvements          | 603,437  |
| Vehicles                            | 94,763   |
| Equipment                           | 21,929   |
| Accumulated Depreciation            | (133,248)  |
| Total Fixed Assets, Net             | <u>586,881</u>   |
| Total Assets                        | <u><u>\$ 1,921,995</u></u>                                 |
| <b>LIABILITIES AND NET ASSETS</b>   |  |
| Current Liabilities                 |  |
| Accounts Payable                    | \$ 16,263  |
| Payroll Deductions and Withholdings | 14,407   |
| Accrued Wages                       | 80,288   |
| Due to State                        | 3,669  |
| Other Liabilities - Current         | 3,511  |
| Accrued Expenses                    | 709  |
| Due to Other Districts              | 36,548   |
| Total Current Liabilities           | <u>155,395</u>   |
| Net Assets                          |  |
| Without Donor Restrictions          |  |
| Available for Operations            | -  |
| Total Without Donor Restrictions    | <u>-</u>   |
| With Donor Restrictions             |  |
| Specific Purpose Funds              | 1,766,600  |
| Total With Donor Restrictions       | <u>1,766,600</u>   |
| Total Liabilities and Net Assets    | <u><u>\$ 1,921,995</u></u>                                 |

TRIUMPH PUBLIC HIGH SCHOOLS - EL PASO

El Paso, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2019

|                                     | <u>Triumph Public High<br/>Schools - El Paso</u> |
|-------------------------------------|--|
| <b>ASSETS</b>                       |  |
| Current Assets                      |  |
| Cash                                | \$ 2,847,798                                     |
| Grants Receivables                  | 236,543  |
| Other Receivables                   | 22,008   |
| Due from Other Districts            | -  |
| Total Current Assets                | <u>3,106,349</u>                                 |
| Fixed Assets                        |  |
| Land                                | 13,507   |
| Buildings and Improvements          | 227,892  |
| Vehicles                            | 23,831   |
| Equipment                           | 14,562   |
| Accumulated Depreciation            | (124,716)  |
| Total Fixed Assets, Net             | <u>155,076</u>                                   |
| Total Assets                        | <u><u>\$ 3,261,425</u></u>                       |
| <b>LIABILITIES AND NET ASSETS</b>   |  |
| Current Liabilities                 |  |
| Accounts Payable                    | \$ 7,103   |
| Payroll Deductions and Withholdings | 8,690  |
| Accrued Wages                       | 54,599   |
| Other Liabilities - Current         | 424  |
| Accrued Expenses                    | 1,180  |
| Due to Other Districts              | 13,270   |
| Total Current Liabilities           | <u>85,266</u>                                    |
| Net Assets                          |  |
| Without Donor Restrictions          |  |
| Available for Operations            | -  |
| Total Without Donor Restrictions    | <u>-</u>   |
| With Donor Restrictions             |  |
| Specific Purpose Funds              | 3,176,159  |
| Total With Donor Restrictions       | <u>3,176,159</u>                                 |
| Total Liabilities and Net Assets    | <u><u>\$ 3,261,425</u></u>                       |

TRIUMPH PUBLIC HIGH SCHOOLS - LUBBOCK  
Lubbock, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2019

|                                     | Triumph Public High<br>Schools - Lubbock |
|-------------------------------------|--|
| <b>ASSETS</b>                       |  |
| Current Assets                      |  |
| Cash                                | \$ 1,505,918                             |
| Grants Receivables                  | 247,766                                  |
| Deferred Expenses                   | -  |
| Due from Other Districts            | -  |
| Total Current Assets                | 1,753,684                                |
| Fixed Assets                        |  |
| Buildings and Improvements          | 24,927                                   |
| Vehicles                            | 16,915                                   |
| Equipment                           | 10,950                                   |
| Accumulated Depreciation            | (17,827)                                 |
| Total Fixed Assets, Net             | 34,965                                   |
| Total Assets                        | \$ 1,788,649                             |
| <b>LIABILITIES AND NET ASSETS</b>   |  |
| Current Liabilities                 |  |
| Accounts Payable                    | \$ 17,857                                |
| Payroll Deductions and Withholdings | 9,191                                    |
| Accrued Wages                       | 62,361                                   |
| Other Liabilities - Current         | 2,868                                    |
| Accrued Expenses                    | 529                                      |
| Due to Other Districts              | 21,451                                   |
| Total Current Liabilities           | 114,257                                  |
| Net Assets                          |  |
| Without Donor Restriction           |  |
| Available for Operations            | -  |
| Total Without Donor Restriction     | -  |
| With Donor Restriction              |  |
| Specific Purpose Funds              | 1,674,392                                |
| Total With Donor Restriction        | 1,674,392                                |
| Total Liabilities and Net Assets    | \$ 1,788,649                             |

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**Statements of Activities – Charter Schools**

TRIUMPH PUBLIC HIGH SCHOOLS - LAREDO  
Laredo, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2019

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|--|-------------------------------|----------------------------|--------------|
| <b>REVENUES AND OTHER SUPPORT</b>                                    |                               |                            |              |
| Local Support  |                               |                            |              |
| 5740 Other Revenues from Local Sources                               | \$ 121,997                    | \$ -                       | \$ 121,997   |
| 5760 Revenues from Intermediate Sources                              | -                             | -                          | -            |
| State Program Revenues   |                               |                            |              |
| 5810 Foundation School Program Act Revenues                          | -                             | 2,891,151                  | 2,891,151    |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | -                             | 47,133                     | 47,133       |
| Total State Program Revenues and Local Support                       | 121,997                       | 2,938,284                  | 3,060,281    |
| Federal Program Revenue  |                               |                            |              |
| 5920 Teacher Incentive Fund - Project Rise                           | -                             | 171,257                    | 171,257      |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | -                             | 398,205                    | 398,205      |
| 5920 IDEA, Part B - Formula  | -                             | 115,158                    | 115,158      |
| 5920 ESEA, Title II, Part A: TPTR                                    | -                             | 4,274                      | 4,274        |
| 5920 Title IV, Part A - SSAE   | -                             | 8,756                      | 8,756        |
| Total Federal Program Revenues                                       | -                             | 697,650                    | 697,650      |
| Net Assets Released from Restrictions                                |                               |                            |              |
| Restrictions Satisfied by Payments                                   | 3,851,249                     | (3,851,249)                | -            |
| Total Revenue and Other Support                                      | 3,973,246                     | (215,315)                  | 3,757,931    |
| <b>EXPENSES</b>  |                               |                            |              |
| Program Services   |                               |                            |              |
| 11 Instruction   | 1,978,202                     | -                          | 1,978,202    |
| 12 Instructional Resources and Media Services                        | -                             | -                          | -            |
| 13 Curriculum Development and Instructional<br>Staff Development     | 47,717                        | -                          | 47,717       |
| 21 Instructional Leadership  | -                             | -                          | -            |
| 23 School Leadership   | 668,198                       | -                          | 668,198      |
| 31 Guidance, Counseling and Evaluation<br>Services                   | 130,563                       | -                          | 130,563      |
| 32 Social Work Services  | 51,588                        | -                          | 51,588       |
| 33 Health Services   | 32,952                        | -                          | 32,952       |
| 34 Student (Pupil) Transportation                                    | 1,546                         | -                          | 1,546        |
| 35 Food Services   | 6,327                         | -                          | 6,327        |
| 36 Cocurricular/Extracurricular Activities                           | -                             | -                          | -            |
| 41 General Administration  | 302,368                       | -                          | 302,368      |
| 51 Plant Maintenance and Operations                                  | 528,933                       | -                          | 528,933      |
| 52 Security and Monitoring Services                                  | 71,359                        | -                          | 71,359       |
| 53 Data Processing Services  | 115,592                       | -                          | 115,592      |
| 61 Community Services  | 37,901                        | -                          | 37,901       |
| 81 Fund Raising  | -                             | -                          | -            |
| Total Expenses   | 3,973,246                     | -                          | 3,973,246    |
| Change in Net Assets   | -                             | (215,315)                  | (215,315)    |
| Net Assets, Beginning of Year  | -                             | 5,504,510                  | 5,504,510    |
| Net Assets, End of Year  | \$ -                          | \$ 5,289,195               | \$ 5,289,195 |

TRIUMPH PUBLIC HIGH SCHOOLS - RIO GRANDE VALLEY  
McAllen, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2019

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|--|-------------------------------|----------------------------|--------------|
| <b>REVENUES AND OTHER SUPPORT</b>                                    |                               |                            |              |
| Local Support  |                               |                            |              |
| 5740 Other Revenues from Local Sources                               | \$ 9,389                      | \$ -                       | \$ 9,389     |
| 5760 Revenues from Intermediate Sources                              | -                             | -                          | -            |
| State Program Revenues   |                               |                            |              |
| 5810 Foundation School Program Act Revenues                          | -                             | 3,868,704                  | 3,868,704    |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | -                             | 52,904                     | 52,904       |
| Total State Program Revenues and Local Support                       | 9,389.00                      | 3,921,608                  | 3,930,997    |
| Federal Program Revenue  |                               |                            |              |
| 5919 E-Rate Revenue  | -                             | -                          | -            |
| 5920 Teacher Incentive Fund - Project Rise                           | -                             | 271,391                    | 271,391      |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | -                             | 420,028                    | 420,028      |
| 5920 IDEA, Part B - Formula  | -                             | 59,750                     | 59,750       |
| 5920 ESEA, Title II, Part A: TPTR                                    | -                             | 5,217                      | 5,217        |
| 5920 Texas Title I Priority Schools Grant                            | -                             | -                          | -            |
| 5920 Title IV, Part A - SSAFE  | -                             | 6,317                      | 6,317        |
| Total Federal Program Revenues                                       | -                             | 762,703                    | 762,703      |
| Net Assets Released from Restrictions                                |                               |                            |              |
| Restrictions Satisfied by Payments                                   | 4,798,748                     | (4,798,748)                | -            |
| Total Revenue and Other Support                                      | 4,808,137                     | (114,437)                  | 4,693,700    |
| <b>EXPENSES</b>  |                               |                            |              |
| Program Services   |                               |                            |              |
| 11 Instruction   | 2,140,320                     | -                          | 2,140,320    |
| 12 Instructional Resources and Media Services                        | -                             | -                          | -            |
| 13 Curriculum Development and Instructional<br>Staff Development     | 64,685                        | -                          | 64,685       |
| 21 Instructional Leadership  | -                             | -                          | -            |
| 23 School Leadership   | 863,663                       | -                          | 863,663      |
| 31 Guidance, Counseling and Evaluation<br>Services                   | 224,187                       | -                          | 224,187      |
| 32 Social Work Services  | 114,358                       | -                          | 114,358      |
| 33 Health Services   | -                             | -                          | -            |
| 34 Student (Pupil) Transportation                                    | 5,275                         | -                          | 5,275        |
| 35 Food Services   | 37,799                        | -                          | 37,799       |
| 36 Cocurricular/Extracurricular Activities                           | -                             | -                          | -            |
| 41 General Administration  | 382,995                       | -                          | 382,995      |
| 51 Plant Maintenance and Operations                                  | 778,784                       | -                          | 778,784      |
| 52 Security and Monitoring Services                                  | 15,577                        | -                          | 15,577       |
| 53 Data Processing Services  | 155,536                       | -                          | 155,536      |
| 61 Community Services  | 24,958                        | -                          | 24,958       |
| 81 Fund Raising  | -                             | -                          | -            |
| Total Expenses   | 4,808,137                     | -                          | 4,808,137    |
| Change in Net Assets   | -                             | (114,437)                  | (114,437)    |
| Net Assets, Beginning of Year  | -                             | 1,881,037                  | 1,881,037    |
| Net Assets, End of Year  | \$ -                          | \$ 1,766,600               | \$ 1,766,600 |

TRIUMPH PUBLIC HIGH SCHOOLS - EL PASO  
El Paso, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2019

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|--|-------------------------------|----------------------------|--------------|
| <b>REVENUES AND OTHER SUPPORT</b>                                    |                               |                            |              |
| Local Support  |                               |                            |              |
| 5740 Other Revenues from Local Sources                               | \$ 35,162                     | \$ -                       | \$ 35,162    |
| 5760 Revenues from Intermediate Sources                              | -                             | -                          | -            |
| State Program Revenues   |                               |                            |              |
| 5810 Foundation School Program Act Revenues                          | -                             | 2,131,946                  | 2,131,946    |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | -                             | 12,561                     | 12,561       |
| Total State Program Revenues and Local Support                       | 35,162                        | 2,144,507                  | 2,179,669    |
| Federal Program Revenue  |                               |                            |              |
| 5919 E-Rate Revenue  | -                             | 22,056                     | 22,056       |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | -                             | 222,956                    | 222,956      |
| 5920 IDEA, Part B - Formula  | -                             | 36,688                     | 36,688       |
| 5920 ESEA, Title II, Part A: TPTR                                    | -                             | 9,474                      | 9,474        |
| 5920 Title IV, Part A - SSAE   | -                             | 3,849                      | 3,849        |
| Total Federal Program Revenues                                       | -                             | 295,023                    | 295,023      |
| Net Assets Released from Restrictions                                |                               |                            |              |
| Restrictions Satisfied by Payments                                   | 2,223,480                     | (2,223,480)                | -            |
| Total Revenue and Other Support                                      | 2,258,642                     | 216,050                    | 2,474,692    |
| <b>EXPENSES</b>  |                               |                            |              |
| Program Services   |                               |                            |              |
| 11 Instruction   | 990,075                       | -                          | 990,075      |
| 12 Instructional Resources and Media Services                        | -                             | -                          | -            |
| 13 Curriculum Development and Instructional<br>Staff Development     | 83,180                        | -                          | 83,180       |
| 21 Instructional Leadership  | -                             | -                          | -            |
| 23 School Leadership   | 431,737                       | -                          | 431,737      |
| 31 Guidance, Counseling and Evaluation<br>Services                   | 77,888                        | -                          | 77,888       |
| 32 Social Work Services  | 63,212                        | -                          | 63,212       |
| 33 Health Services   | 5,260                         | -                          | 5,260        |
| 34 Student (Pupil) Transportation                                    | 939                           | -                          | 939          |
| 35 Food Services   | 651                           | -                          | 651          |
| 36 Cocurricular/Extracurricular Activities                           | -                             | -                          | -            |
| 41 General Administration  | 135,456                       | -                          | 135,456      |
| 51 Plant Maintenance and Operations                                  | 381,712                       | -                          | 381,712      |
| 52 Security and Monitoring Services                                  | 36,961                        | -                          | 36,961       |
| 53 Data Processing Services  | 51,571                        | -                          | 51,571       |
| 61 Community Services  | -                             | -                          | -            |
| 81 Fund Raising  | -                             | -                          | -            |
| Total Expenses   | 2,258,642                     | -                          | 2,258,642    |
| Change in Net Assets   | -                             | 216,050                    | 216,050      |
| Net Assets, Beginning of Year  | -                             | 2,960,109                  | 2,960,109    |
| Net Assets, End of Year  | \$ -                          | \$ 3,176,159               | \$ 3,176,159 |

TRIUMPH PUBLIC HIGH SCHOOLS - LUBBOCK  
Lubbock, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2019

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|--|-------------------------------|----------------------------|--------------|
| <b>REVENUES AND OTHER SUPPORT</b>                                    |                               |                            |              |
| Local Support  |                               |                            |              |
| 5740 Other Revenues from Local Sources                               | \$ 7,583                      | \$ -                       | \$ 7,583     |
| 5760 Revenues from Intermediate Sources                              | -                             | -                          | -            |
| State Program Revenues   |                               |                            |              |
| 5810 Foundation School Program Act Revenues                          | -                             | 2,049,257                  | 2,049,257    |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | -                             | 14,241                     | 14,241       |
| Total State Program Revenues and Local Support                       | 7,583                         | 2,063,498                  | 2,071,081    |
| Federal Program Revenue  |                               |                            |              |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | -                             | 212,169                    | 212,169      |
| 5920 IDEA, Part B - Formula  | -                             | 31,217                     | 31,217       |
| 5920 ESEA, Title II, Part A: TPTR                                    | -                             | 5,609                      | 5,609        |
| 5920 Title IV, Part A - SSAE   | -                             | 9,719                      | 9,719        |
| Total Federal Program Revenues                                       | -                             | 258,714                    | 258,714      |
| Net Assets Released from Restrictions                                |                               |                            |              |
| Restrictions Satisfied by Payments                                   | 2,103,201                     | (2,103,201)                | -            |
| Total Revenue and Other Support                                      | 2,110,784                     | 219,011                    | 2,329,795    |
| <b>EXPENSES</b>  |                               |                            |              |
| Program Services   |                               |                            |              |
| 11 Instruction   | 948,566                       | -                          | 948,566      |
| 12 Instructional Resources and Media Services                        | -                             | -                          | -            |
| 13 Curriculum Development and Instructional<br>Staff Development     | 31,160                        | -                          | 31,160       |
| 21 Instructional Leadership  | 250                           | -                          | 250          |
| 23 School Leadership   | 402,320                       | -                          | 402,320      |
| 31 Guidance, Counseling and Evaluation<br>Services                   | 131,338                       | -                          | 131,338      |
| 32 Social Work Services  | 31,355                        | -                          | 31,355       |
| 33 Health Services   | 4,581                         | -                          | 4,581        |
| 34 Student (Pupil) Transportation                                    | 764                           | -                          | 764          |
| 35 Food Services   | 13,552                        | -                          | 13,552       |
| 36 Cocurricular/Extracurricular Activities                           | -                             | -                          | -            |
| 41 General Administration  | 197,503                       | -                          | 197,503      |
| 51 Plant Maintenance and Operations                                  | 214,742                       | -                          | 214,742      |
| 52 Security and Monitoring Services                                  | 5,996                         | -                          | 5,996        |
| 53 Data Processing Services  | 76,399                        | -                          | 76,399       |
| 61 Community Services  | 52,258                        | -                          | 52,258       |
| 81 Fund Raising  | -                             | -                          | -            |
| Total Expenses   | 2,110,784                     | -                          | 2,110,784    |
| Change in Net Assets   | -                             | 219,011                    | 219,011      |
| Net Assets, Beginning of Year  | -                             | 1,455,381                  | 1,455,381    |
| Net Assets, End of Year  | \$ -                          | \$ 1,674,392               | \$ 1,674,392 |

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## **Statements of Cash Flows – Charter Schools**

TRIUMPH PUBLIC HIGH SCHOOLS - LAREDO

Laredo, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

|  |              |
|--|--------------|
| Foundation School Program Payments                         | \$ 2,989,003 |
| Grant Payments   | 712,313      |
| Other Local Revenues                                       | 119,737      |
| Payments to Vendors for Goods and Services Rendered        | (1,045,817)  |
| Payments to Charter School Personnel for Services Rendered | (2,547,212)  |

|  |         |
|--|---------|
| Net Cash Provided (Used) by Operating Activities | 228,024 |
|--|---------|

CASH FLOWS FROM INVESTING ACTIVITIES

|  |   |
|--|---|
| Payments on Behalf of Related Entity             | - |
| Purchases of Fixed Assets                        | - |
| Net Cash Provided (Used) by Investing Activities | - |

CASH FLOWS FROM FINANCING ACTIVITIES

|  |          |
|--|----------|
| Cash Payments Made to Other Districts            | -        |
| Cash Received from Other Districts               | (71,269) |
| Net Cash Provided (Used) by Financing Activities | (71,269) |

|  |         |
|--|---------|
| Increase (Decrease) in Cash and Cash Equivalents | 156,755 |
|--|---------|

|  |           |
|--|-----------|
| Cash and Cash Equivalents, Beginning of Year | 2,397,997 |
|--|-----------|

|  |              |
|--|--------------|
| Cash and Cash Equivalents, End of Year | \$ 2,554,752 |
|--|--------------|

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

|   |              |
|---|--------------|
| Change in Net Assets                                      | \$ (215,315) |
| Adjustments to Reconcile Change in Net Assets to Net Cash |              |
| Provided by Operating Activities                          |              |
| Depreciation Expense                                      | 330,357      |
| (Increase)/Decrease in Assets                             |              |
| Grant Receivable  | 50,719       |
| Other Receivables   | (608)        |
| Deferred Expenses   | -            |
| Due from Student Alternatives Programs, Inc.              | (1,652)      |
| Increase/(Decrease) in Liabilities                        |              |
| Accounts Payable  | 59,278       |
| Payroll Deductions and Withholdings                       | 15,007       |
| Accrued Wages   | (26,710)     |
| Other Liabilities - Current                               | 14,663       |
| Accrued Expenses  | 2,285        |

|  |            |
|--|------------|
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 228,024 |
|--|------------|

TRIUMPH PUBLIC HIGH SCHOOLS - RIO GRANDE VALLEY  
McAllen, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2019

|   |                     |
|---|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |
| Foundation School Program Payments  | \$ 3,908,720        |
| Grant Payments  | 769,124             |
| Other Local Revenues  | 9,389               |
| Payments to Vendors for Goods and Services Rendered   | (1,646,553)         |
| Payments to Charter School Personnel for Services Rendered  | (3,254,514)         |
| Net Cash Provided (Used) by Operating Activities  | <u>(213,834)</u>    |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |
| Purchase of Fixed Assets  | <u>(6,300)</u>      |
| Net Cash Provided (Used) by Investing Activities  | <u>(6,300)</u>      |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |
| Cash Payments Made to Other Districts   | -                   |
| Cash Received from Other Districts  | <u>36,548</u>       |
| Net Cash Provided (Used) by Financing Activities  | <u>36,548</u>       |
| Increase (Decrease) in Cash and Cash Equivalents  | <u>(183,586)</u>    |
| Cash and Cash Equivalents, Beginning of Year  | <u>1,157,454</u>    |
| Cash and Cash Equivalents, End of Year  | <u>\$ 973,868</u>   |
| <br><b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                     |
| Change in Net Assets  | \$ (114,437)        |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities            |                     |
| Depreciation Expense  | 55,928              |
| (Increase)/Decrease in Assets   |                     |
| Grant Receivable  | (12,888)            |
| Other Receivables   | -                   |
| Deferred Expenses   | -                   |
| Increase/(Decrease) in Liabilities  |                     |
| Accounts Payable  | (178,609)           |
| Payroll Deductions and Withholdings   | 14,407              |
| Accrued Wages   | 14,635              |
| Due to State  | 2,910               |
| Other Liabilities - Current   | 3,511               |
| Accrued Expenses  | <u>709</u>          |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES  | <u>\$ (213,834)</u> |

TRIUMPH PUBLIC HIGH SCHOOLS - EL PASO  
El Paso, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2019

|   |                   |
|---|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |
| Foundation School Program Payments  | \$ 2,123,163      |
| Grant Payments  | 295,252           |
| Other Local Revenues  | 35,162            |
| Payments to Vendors for Goods and Services Rendered   | (805,316)         |
| Payments to Charter School Personnel for Services Rendered  | (1,450,605)       |
| Net Cash Provided (Used) by Operating Activities  | 197,656           |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |
| Purchase of Fixed Assets  | (23,831)          |
| Net Cash Provided (Used) by Investing Activities  | (23,831)          |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |
| Cash Payments Made to Other Districts   | -                 |
| Cash Received from Other Districts  | 13,270            |
| Net Cash Provided (Used) by Financing Activities  | 13,270            |
| Increase (Decrease) in Cash and Cash Equivalents  | 187,095           |
| Cash and Cash Equivalents, Beginning of Year  | 2,660,703         |
| Cash and Cash Equivalents, End of Year  | \$ 2,847,798      |
| <br><b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                   |
| Change in Net Assets  | \$ 216,050        |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities            |                   |
| Depreciation Expense  | 22,336            |
| (Increase)/Decrease in Assets   |                   |
| Grants Receivable   | (21,344)          |
| Deferred Expenses   | (22,008)          |
| Increase/(Decrease) in Liabilities  |                   |
| Accounts Payable  | 1,373             |
| Payroll Deductions and Withholdings   | 7,279             |
| Accrued Wages   | (6,002)           |
| Other Liabilities - Current   | 229               |
| Accrued Expenses  | (257)             |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <b>\$ 197,656</b> |

TRIUMPH PUBLIC HIGH SCHOOLS - LUBBOCK

Lubbock, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

|  |                |
|--|----------------|
| Foundation School Program Payments                         | \$ 2,019,714   |
| Grant Payments   | 261,066        |
| Other Local Revenues                                       | 7,583          |
| Payments to Vendors for Goods and Services Rendered        | (677,207)      |
| Payments to Charter School Personnel for Services Rendered | (1,409,302)    |
| Net Cash Provided (Used) by Operating Activities           | <u>201,854</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

|  |          |
|--|----------|
| Purchase of Fixed Assets                         | <u>-</u> |
| Net Cash Provided (Used) by Investing Activities | <u>-</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

|  |               |
|--|---------------|
| Cash Payments Made to Other Districts            | -             |
| Cash Received from Other Districts               | 21,451        |
| Net Cash Provided (Used) by Financing Activities | <u>21,451</u> |

|  |                     |
|--|---------------------|
| Increase (Decrease) in Cash and Cash Equivalents | <u>223,305</u>      |
| Cash and Cash Equivalents, Beginning of Year     | <u>1,282,613</u>    |
| Cash and Cash Equivalents, End of Year           | <u>\$ 1,505,918</u> |

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

|  |              |
|--|--------------|
| Change in Net Assets   | \$ 219,011   |
| Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities |              |
| Depreciation Expense   | 5,943        |
| (Increase)/Decrease in Assets  |              |
| Grants Receivable  | (43,784)     |
| Deferred Expenses  | -            |
| Increase/(Decrease) in Liabilities   |              |
| Accounts Payable   | 1,375        |
| Payroll Deductions and Withholdings  | 9,191        |
| Accrued Wages  | 7,614        |
| Accrued Expenses   | 152          |
| Other Liabilities - Current  | <u>2,352</u> |

|  |                   |
|--|-------------------|
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 201,854</u> |
|--|-------------------|

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**Schedules of Expenses by Object Code – Charter Schools**

TRIUMPH PUBLIC HIGH SCHOOLS - LAREDO

Laredo, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2019 and 2018

|                |                                      | Totals              |                     |
|----------------|--------------------------------------|---------------------|---------------------|
|                |                                      | 2019                | 2018                |
| EXPENSES       |                                      |                     |                     |
| 6100           | Payroll Costs                        | \$ 2,535,509        | \$ 2,649,929        |
| 6200           | Professional and Contracted Services | 712,878             | 701,561             |
| 6300           | Supplies and Materials               | 211,832             | 177,718             |
| 6400           | Other Operating Costs                | 513,027             | 570,477             |
| 6500           | Debt                                 | -                   | -                   |
| Total Expenses |                                      | <u>\$ 3,973,246</u> | <u>\$ 4,099,685</u> |

TRIUMPH PUBLIC HIGH SCHOOLS - RIO GRANDE VALLEY  
McAllen, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2019 and 2018

|                |                                      | Totals              |                     |
|----------------|--------------------------------------|---------------------|---------------------|
|                |                                      | 2019                | 2018                |
| EXPENSES       |                                      |                     |                     |
| 6100           | Payroll Costs                        | \$ 3,283,556        | \$ 2,516,312        |
| 6200           | Professional and Contracted Services | 985,316             | 744,955             |
| 6300           | Supplies and Materials               | 248,053             | 298,121             |
| 6400           | Other Operating Costs                | 291,212             | 321,864             |
| 6500           | Debt                                 | -                   | -                   |
| Total Expenses |                                      | <u>\$ 4,808,137</u> | <u>\$ 3,881,252</u> |

TRIUMPH PUBLIC HIGH SCHOOLS - EL PASO  
El Paso, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2019 and 2018

|                |                                      | Totals              |                     |
|----------------|--------------------------------------|---------------------|---------------------|
|                |                                      | 2019                | 2018                |
| EXPENSES       |                                      |                     |                     |
| 6100           | Payroll Costs                        | \$ 1,451,882        | \$ 1,596,512        |
| 6200           | Professional and Contracted Services | 566,715             | 506,484             |
| 6300           | Supplies and Materials               | 106,815             | 50,012              |
| 6400           | Other Operating Costs                | 133,230             | 152,889             |
| 6500           | Debt                                 | -                   | -                   |
| Total Expenses |                                      | <u>\$ 2,258,642</u> | <u>\$ 2,305,897</u> |

TRIUMPH PUBLIC HIGH SCHOOLS - LUBBOCK  
Lubbock, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2019 and 2018

|                |                                      | Totals              |                     |
|----------------|--------------------------------------|---------------------|---------------------|
|                |                                      | 2019                | 2018                |
| EXPENSES       |                                      |                     |                     |
| 6100           | Payroll Costs                        | \$ 1,426,107        | \$ 1,387,634        |
| 6200           | Professional and Contracted Services | 352,744             | 405,783             |
| 6300           | Supplies and Materials               | 202,748             | 93,050              |
| 6400           | Other Operating Costs                | 129,185             | 132,988             |
| 6500           | Debt                                 | -                   | -                   |
| Total Expenses |                                      | <u>\$ 2,110,784</u> | <u>\$ 2,019,455</u> |

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**Schedules of Capital Assets – Charter Schools**

TRIUMPH PUBLIC HIGH SCHOOLS - LAREDO  
Laredo, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2019

|                              |                           | Ownership Interest |                     |                   |
|------------------------------|---------------------------|--------------------|---------------------|-------------------|
|                              |                           | Local              | State               | Federal           |
| 1510                         | Land and Improvements     | \$ -               | \$ 97,720           | \$ -              |
| 1520                         | Building and Improvements | -                  | 4,022,185           | 346,125           |
| 1531                         | Vehicles                  | -                  | 100,944             | -                 |
| 1539                         | Furniture and Equipment   | -                  | 17,137              | 8,100             |
| Total Property and Equipment |                           | <u>\$ -</u>        | <u>\$ 4,237,986</u> | <u>\$ 354,225</u> |

TRIUMPH PUBLIC HIGH SCHOOLS - RIO GRANDE VALLEY  
McAllen, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2019

|                              |                           | Ownership Interest |                   |             |
|------------------------------|---------------------------|--------------------|-------------------|-------------|
|                              |                           | Local              | State             | Federal     |
| 1510                         | Land and Improvements     | \$ -               | \$ -              | \$ -        |
| 1520                         | Building and Improvements | -                  | 603,437           | -           |
| 1531                         | Vehicles                  | -                  | 94,763            | -           |
| 1539                         | Furniture and Equipment   | -                  | 21,929            | -           |
| Total Property and Equipment |                           | <u>\$ -</u>        | <u>\$ 720,129</u> | <u>\$ -</u> |

TRIUMPH PUBLIC HIGH SCHOOLS - EL PASO  
El Paso, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2019

|                              |                           | Ownership Interest |                   |             |
|------------------------------|---------------------------|--------------------|-------------------|-------------|
|                              |                           | Local              | State             | Federal     |
| 1510                         | Land and Improvements     | \$ -               | \$ 13,507         | \$ -        |
| 1520                         | Building and Improvements | -                  | 227,892           | -           |
| 1531                         | Vehicles                  | -                  | 23,831            | -           |
| 1539                         | Furniture and Equipment   | -                  | 14,562            | -           |
| Total Property and Equipment |                           | <u>\$ -</u>        | <u>\$ 279,792</u> | <u>\$ -</u> |

TRIUMPH PUBLIC HIGH SCHOOLS - LUBBOCK  
Lubbock, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2019

|                              |                           | Ownership Interest |                  |             |
|------------------------------|---------------------------|--------------------|------------------|-------------|
|                              |                           | Local              | State            | Federal     |
| 1510                         | Land and Improvements     | \$ -               | \$ -             | \$ -        |
| 1520                         | Building and Improvements | -                  | 24,927           | -           |
| 1531                         | Vehicles                  | -                  | 16,915           | -           |
| 1539                         | Furniture and Equipment   | -                  | 10,950           | -           |
| Total Property and Equipment |                           | <u>\$ -</u>        | <u>\$ 52,792</u> | <u>\$ -</u> |

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**Budgetary Comparison Schedules – Charter Schools**

TRIUMPH PUBLIC HIGH SCHOOLS - LAREDO  
Laredo, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2019

| REVENUES AND OTHER SUPPORT   | Budgeted Amounts    |                     | Actual<br>Amounts   | Variance<br>from Final<br>Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
|  | Original            | Final               |                     |                                  |
| <b>Local Support</b>   |                     |                     |                     |                                  |
| 5740 Other Revenues from Local Sources                               | \$ -                | \$ 97,000 <b>1</b>  | \$ 121,997          | \$ 24,997 <b>1</b>               |
| 5760 Revenues from Intermediate Sources                              | -                   | -                   | -                   | -                                |
| <b>State Program Revenues</b>  |                     |                     |                     |                                  |
| 5810 Foundation School Program Act Revenues                          | 3,134,035           | 3,058,130           | 2,891,151           | (166,979)                        |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | 71,096              | 51,001 <b>2</b>     | 47,133              | (3,868)                          |
| <b>Total State Program Revenues and Local Support</b>                | <b>3,205,131</b>    | <b>3,206,131</b>    | <b>3,060,281</b>    | <b>(145,850)</b>                 |
| <b>Federal Program Revenue</b>                                       |                     |                     |                     |                                  |
| 5920 Teacher Incentive Fund - Project Rise                           | 42,142              | 165,368 <b>3</b>    | 171,257             | 5,889                            |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | 194,856             | 507,828 <b>4</b>    | 398,205             | (109,623) <b>4</b>               |
| 5920 IDEA, Part B - Formula  | 110,310             | 113,709             | 115,158             | 1,449                            |
| 5920 ESEA, Title II, Part A: TPTR                                    | 10,207              | 8,500 <b>5</b>      | 4,274               | (4,226) <b>5</b>                 |
| 5920 Title III, Part A, English Language Acquisition                 | 10,620              | 4,665 <b>6</b>      | -                   | (4,665) <b>6</b>                 |
| 5920 Title IV, Part A - SSAE   | 14,155              | 17,464 <b>7</b>     | 8,756               | (8,708) <b>7</b>                 |
| <b>Total Federal Program Revenues</b>                                | <b>382,290</b>      | <b>817,534</b>      | <b>697,650</b>      | <b>(119,884)</b>                 |
| <b>Net Assets Released from Restrictions</b>                         |                     |                     |                     |                                  |
| Restrictions Satisfied by Payments                                   | -                   | -                   | -                   | -                                |
| <b>Total Revenue and Other Support</b>                               | <b>3,587,421</b>    | <b>4,023,665</b>    | <b>3,757,931</b>    | <b>(265,734)</b>                 |
| <b>EXPENSES</b>  |                     |                     |                     |                                  |
| <b>Program Services</b>  |                     |                     |                     |                                  |
| 11 Instruction   | 1,492,287           | 1,844,592 <b>8</b>  | 1,978,202           | (133,610)                        |
| 12 Instructional Resources and Media Services                        | -                   | -                   | -                   | -                                |
| 13 Curriculum Development and Instructional<br>Staff Development     | 87,411              | 72,411 <b>9</b>     | 47,717              | 24,694 <b>9</b>                  |
| 21 Instructional Leadership  | -                   | -                   | -                   | -                                |
| 23 School Leadership   | 615,086             | 732,194 <b>10</b>   | 668,198             | 63,996                           |
| 31 Guidance, Counseling and Evaluation Services                      | 188,838             | 133,269 <b>11</b>   | 130,563             | 2,706                            |
| 32 Social Work Services  | 63,377              | 53,081 <b>12</b>    | 51,588              | 1,493                            |
| 33 Health Services   | 32,202              | 37,202 <b>13</b>    | 32,952              | 4,250 <b>13</b>                  |
| 34 Student (Pupil) Transportation                                    | 7,000               | 3,000 <b>14</b>     | 1,546               | 1,454 <b>14</b>                  |
| 35 Food Services   | 17,500              | 7,500 <b>15</b>     | 6,327               | 1,173 <b>15</b>                  |
| 36 Cocurricular/Extracurricular Activities                           | -                   | -                   | -                   | -                                |
| 41 General Administration  | 249,304             | 345,999 <b>16</b>   | 302,368             | 43,631 <b>16</b>                 |
| 51 Plant Maintenance and Operations                                  | 608,089             | 558,089             | 528,933             | 29,156                           |
| 52 Security and Monitoring Services                                  | 81,056              | 81,056              | 71,359              | 9,697 <b>17</b>                  |
| 53 Data Processing Services  | 100,608             | 110,608             | 115,592             | (4,984)                          |
| 61 Community Services  | 44,665              | 44,664              | 37,901              | 6,763 <b>18</b>                  |
| 81 Fund Raising  | -                   | -                   | -                   | -                                |
| <b>Total Expenses</b>  | <b>3,587,423</b>    | <b>4,023,665</b>    | <b>3,973,246</b>    | <b>50,419</b>                    |
| <b>Change in Net Assets</b>  | <b>(2)</b>          | <b>-</b>            | <b>(215,315)</b>    | <b>(215,315)</b>                 |
| <b>Net Assets, Beginning of Year</b>                                 | <b>5,504,510</b>    | <b>5,504,510</b>    | <b>5,504,510</b>    | <b>-</b>                         |
| <b>Net Assets, End of Year</b>                                       | <b>\$ 5,504,508</b> | <b>\$ 5,504,510</b> | <b>\$ 5,289,195</b> | <b>\$ (215,315)</b>              |

TRIUMPH PUBLIC HIGH SCHOOLS – LAREDO  
Laredo, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2019

Budget Variances Explanations

- (1) Interest revenue not factored in campus budgets.
- (2) EMAT revenues reduced to safeguard the residual revenues for the following year as part of the biennium cycle.
- (3) Original budget did not factor in additionally awarded funds.
- (4) Original budget did not factor in additionally awarded funds. Certain staff positions were not filled, resulting in personnel costs less than anticipated.
- (5) Awarded amounts not as anticipated when preparing original budgets. ESC allocated funds too late in the year to be used. Other funds used to sustain the needs of teachers and staff.
- (6) Awarded amounts not as anticipated when preparing original budgets. ESC allocated funds too late in the year to be used. Other funds used to sustain the needs of teachers and staff.
- (7) Original budget did not reflect carry-over funds. Unable to maximize grant funds due to grant limitations.
- (8) Increased budget to reflect increase in ADA funding.
- (9) Decreased budget to reflect associated funding from other sources. Expenses in this function were limited to meet other student needs.
- (10) Increased budget to reflect increase in ADA funding.
- (11) Decreased Counselor salary due to late hiring.
- (12) Social Worker salary affected projected budget.
- (13) Increased budget to reflect an increase in services provided. However, expenses were limited at the end of the year to cover costs of other services.
- (14) Decreased budget based on less services needed than anticipated. Expenses in this function were limited to meet other student needs.
- (15) Decreased budget based on less services needed than anticipated. Expenses in this function were limited to meet other student needs.
- (16) Increased budget to reflect an increase in staff. However, payroll expenses were less than anticipated due to filling staff positions later in the year.
- (17) Decreased budget based on less services needed than anticipated. Expenses in this function were limited to meet other student needs.
- (18) Decreased budget to reflect a reduction in the cost of services. Expenses in this function were limited to meet other student needs.

TRIUMPH PUBLIC HIGH SCHOOLS - RIO GRANDE VALLEY  
McAllen, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2019

| REVENUES AND OTHER SUPPORT   | Budgeted Amounts |                    | Actual<br>Amounts | Variance<br>from Final<br>Budget |
|--|------------------|--------------------|-------------------|----------------------------------|
|  | Original         | Final              |                   |                                  |
| Local Support  |                  |                    |                   |                                  |
| 5740 Other Revenues from Local Sources                               | \$ -             | \$ 1,000 <b>1</b>  | \$ 9,389          | \$ 8,389 <b>1</b>                |
| 5760 Revenues from Intermediate Sources                              | -                | -                  | -                 | -                                |
| State Program Revenues   |                  |                    |                   |                                  |
| 5810 Foundation School Program Act Revenues                          | 4,664,337        | 3,924,213 <b>2</b> | 3,868,704         | (55,509)                         |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | 80,000           | 80,000             | 52,904            | (27,096) <b>3</b>                |
| Total State Program Revenues and Local Support                       | 4,744,337        | 4,005,213          | 3,930,997         | (74,216)                         |
| Federal Program Revenue  |                  |                    |                   |                                  |
| 5919 E-Rate Revenue  | -                | -                  | -                 | -                                |
| 5920 Teacher Incentive Fund - Project Rise                           | 37,050           | 179,269 <b>4</b>   | 271,391           | 92,122 <b>4</b>                  |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | 135,602          | 535,635 <b>5</b>   | 420,028           | (115,607) <b>5</b>               |
| 5920 IDEA, Part B - Formula  | 65,388           | 67,387             | 59,750            | (7,637) <b>6</b>                 |
| 5920 ESEA, Title II, Part A: TPTR                                    | 12,730           | 8,500 <b>7</b>     | 5,217             | (3,283) <b>7</b>                 |
| 5920 Title III, Part A, English Language Acquisition                 | 5,262            | 2,635 <b>8</b>     | -                 | (2,635) <b>8</b>                 |
| 5920 Title IV, Part A - SSAE   | 10,000           | 13,132 <b>9</b>    | 6,317             | (6,815) <b>9</b>                 |
| Total Federal Program Revenues                                       | 266,032          | 806,558            | 762,703           | (43,855)                         |
| Net Assets Released from Restrictions                                |                  |                    |                   |                                  |
| Restrictions Satisfied by Payments                                   | -                | -                  | -                 | -                                |
| Total Revenue and Other Support                                      | 5,010,369        | 4,811,771          | 4,693,700         | (118,071)                        |
| EXPENSES   |                  |                    |                   |                                  |
| Program Services   |                  |                    |                   |                                  |
| 11 Instruction   | 2,001,764        | 2,176,677          | 2,140,320         | 36,357                           |
| 12 Instructional Resources and Media Services                        | -                | -                  | -                 | -                                |
| 13 Curriculum Development and Instructional<br>Staff Development     | 143,594          | 77,332 <b>10</b>   | 64,685            | 12,647 <b>10</b>                 |
| 21 Instructional Leadership  | -                | -                  | -                 | -                                |
| 23 School Leadership   | 968,459          | 920,416            | 863,663           | 56,753                           |
| 31 Guidance, Counseling and Evaluation<br>Services                   | 269,710          | 107,655 <b>11</b>  | 224,187           | (116,532) <b>11</b>              |
| 32 Social Work Services  | 138,555          | 120,009 <b>12</b>  | 114,358           | 5,651                            |
| 33 Health Services   | -                | -                  | -                 | -                                |
| 34 Student (Pupil) Transportation                                    | 14,000           | 9,200 <b>13</b>    | 5,275             | 3,925 <b>13</b>                  |
| 35 Food Services   | 34,100           | 41,090 <b>14</b>   | 37,799            | 3,291                            |
| 36 Cocurricular/Extracurricular Activities                           | -                | -                  | -                 | -                                |
| 41 General Administration  | 398,870          | 368,522            | 382,995           | (14,473)                         |
| 51 Plant Maintenance and Operations                                  | 839,880          | 790,151            | 778,784           | 11,367                           |
| 52 Security and Monitoring Services                                  | 23,321           | 17,322 <b>15</b>   | 15,577            | 1,745 <b>15</b>                  |
| 53 Data Processing Services  | 160,613          | 160,613            | 155,536           | 5,077                            |
| 61 Community Services  | 17,503           | 22,784 <b>16</b>   | 24,958            | (2,174)                          |
| 81 Fund Raising  | -                | -                  | -                 | -                                |
| Total Expenses   | 5,010,369        | 4,811,771          | 4,808,137         | 3,634                            |
| Change in Net Assets   | -                | -                  | (114,437)         | (114,437)                        |
| Net Assets, Beginning of Year  | 1,881,037        | 1,881,037          | 1,881,037         | -                                |
| Net Assets, End of Year  | \$ 1,881,037     | \$ 1,881,037       | \$ 1,766,600      | \$ (114,437)                     |

TRIUMPH PUBLIC HIGH SCHOOLS – RIO GRANDE VALLEY  
McAllen, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2019

Budget Variances Explanations

- (1) Interest revenue not factored in campus budgets.
- (2) Budget reduced due to very unpredictable enrollment/ADA due to our At-Risk student population.
- (3) EMAT revenues reduced to safeguard the residual revenues for the following year as part of the biennium cycle.
- (4) Original allotment amounts did not include additionally awarded funds.
- (5) Original budget did not include carry-over amounts and SIP funds. Expenses did not materialize as anticipated.
- (6) Funding allotment did not materialize as anticipated.
- (7) Allotments were less than anticipated and could not expense as intended through SSA.
- (8) Allotments were less than anticipated and could not expense as intended through SSA.
- (9) Original budget did not include carry-over amounts. Expenses did not materialize as anticipated.
- (10) Decreased budget due to expenses being covered by other sources. Certain expenses were reduced to prioritize other campus needs.
- (11) Decreased budget due to hardship in filling Counselor positions in beginning of fiscal year. Contractual services exceeded anticipated costs due to the opening of a new campus.
- (12) Decreased budget based on less services needed than anticipated
- (13) Decreased budget based on less services needed than anticipated
- (14) Increased budget due to new contractual agreements and anticipation of increased costs.
- (15) Decreased budget due to new contractual agreements and anticipation of decreased costs.
- (16) Increased budget due to increased parental involvement resulting from recruiting efforts.

TRIUMPH PUBLIC HIGH SCHOOLS - EL PASO  
El Paso, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2019

| REVENUES AND OTHER SUPPORT   | Budgeted Amounts |                   | Actual<br>Amounts | Variance<br>from Final<br>Budget |
|--|------------------|-------------------|-------------------|----------------------------------|
|  | Original         | Final             |                   |                                  |
| Local Support  |                  |                   |                   |                                  |
| 5740 Other Revenues from Local Sources                               | \$ -             | \$ -              | \$ 35,162         | \$ 35,162 <b>1</b>               |
| 5760 Revenues from Intermediate Sources                              | -                | -                 | -                 | -                                |
| State Program Revenues   |                  |                   |                   |                                  |
| 5810 Foundation School Program Act Revenues                          | 2,093,290        | 1,977,721         | 2,131,946         | 154,225                          |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | 18,000           | 18,000            | 12,561            | (5,439) <b>2</b>                 |
| Total State Program Revenues and Local Support                       | 2,111,290        | 1,995,721         | 2,179,669         | 183,948                          |
| Federal Program Revenue  |                  |                   |                   |                                  |
| 5919 E-Rate Revenue  | -                | -                 | 22,056            | 22,056 <b>3</b>                  |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | 83,809           | 225,348 <b>4</b>  | 222,956           | (2,392)                          |
| 5920 IDEA, Part B - Formula  | 35,603           | 36,688            | 36,688            | -                                |
| 5920 ESEA, Title II, Part A: TPTR                                    | 5,141            | 12,713 <b>5</b>   | 9,474             | (3,239) <b>5</b>                 |
| 5920 Title III, Part A, English Language Acquisition                 | 4,699            | 4,699             | -                 | (4,699) <b>6</b>                 |
| 5920 Title IV, Part A - SSAE   | 10,000           | 15,873 <b>7</b>   | 3,849             | (12,024) <b>7</b>                |
| Total Federal Program Revenues                                       | 139,252          | 295,321           | 295,023           | (298)                            |
| Net Assets Released from Restrictions                                |                  |                   |                   |                                  |
| Restrictions Satisfied by Payments                                   | -                | -                 | -                 | -                                |
| Total Revenue and Other Support                                      | 2,250,542        | 2,291,042         | 2,474,692         | 183,650                          |
| EXPENSES   |                  |                   |                   |                                  |
| Program Services   |                  |                   |                   |                                  |
| 11 Instruction   | 902,634          | 942,265           | 990,075           | (47,810)                         |
| 12 Instructional Resources and Media Services                        | -                | -                 | -                 | -                                |
| 13 Curriculum Development and Instructional<br>Staff Development     | 44,854           | 106,492 <b>8</b>  | 83,180            | 23,312 <b>8</b>                  |
| 21 Instructional Leadership  | 3,800            | 3,800             | -                 | 3,800 <b>9</b>                   |
| 23 School Leadership   | 483,656          | 483,656           | 431,737           | 51,919 <b>10</b>                 |
| 31 Guidance, Counseling and Evaluation<br>Services                   | 80,985           | 64,620 <b>11</b>  | 77,888            | (13,268) <b>11</b>               |
| 32 Social Work Services  | 52,924           | 61,210 <b>12</b>  | 63,212            | (2,002)                          |
| 33 Health Services   | 7,000            | 8,400 <b>13</b>   | 5,260             | 3,140 <b>13</b>                  |
| 34 Student (Pupil) Transportation                                    | 1,000            | 1,000             | 939               | 61                               |
| 35 Food Services   | 4,000            | 4,000             | 651               | 3,349 <b>14</b>                  |
| 36 Cocurricular/Extracurricular Activities                           | -                | -                 | -                 | -                                |
| 41 General Administration  | 178,661          | 139,871 <b>15</b> | 135,456           | 4,415                            |
| 51 Plant Maintenance and Operations                                  | 376,136          | 364,136           | 381,712           | (17,576)                         |
| 52 Security and Monitoring Services                                  | 44,517           | 42,517            | 36,961            | 5,556 <b>16</b>                  |
| 53 Data Processing Services  | 69,075           | 69,075            | 51,571            | 17,504 <b>17</b>                 |
| 61 Community Services  | 1,300            | - <b>18</b>       | -                 | -                                |
| 81 Fund Raising  | -                | -                 | -                 | -                                |
| Total Expenses   | 2,250,542        | 2,291,042         | 2,258,642         | 32,400                           |
| Change in Net Assets   | -                | -                 | 216,050           | 216,050                          |
| Net Assets, Beginning of Year  | 2,960,109        | 2,960,109         | 2,960,109         | -                                |
| Net Assets, End of Year  | \$ 2,960,109     | \$ 2,960,109      | \$ 3,176,159      | \$ 216,050                       |

TRIUMPH PUBLIC HIGH SCHOOLS – EL PASO  
El Paso, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2019

Budget Variances Explanations

- (1) Interest revenue not factored in campus budgets.
- (2) EMAT revenues reduced to safeguard the residual revenues for the following year as part of the biennium cycle.
- (3) Unanticipated revenue, qualified under the E-rate program.
- (4) Original budget did not include carry-over amounts.
- (5) Increased budget to factor in carry-over amounts. Expenses did not materialize as expected.
- (6) Entered into SSA agreement and did not carry forward.
- (7) Original budget did not include carry-over amounts. Expenses did not materialize as expected.
- (8) Increased budget due to carry-over of awarded amounts. Certain expenses were reduced to prioritize other campus needs.
- (9) No expenses incurred as anticipated during budgeting process.
- (10) Salary expenses were less than anticipated.
- (11) Counseling services did not materialize as anticipated; in addition, contractual agreement amounts were revised, resulting in expenses higher than anticipated.
- (12) Increased budget to provide services in excess of what was anticipated.
- (13) Services were not required and budget was reduced as needed. Expenses did not materialize as anticipated.
- (14) Contractual services were reduced and alternative, less expensive services were provided.
- (15) Decreased administrative costs to better reflect anticipated expenses.
- (16) Security service costs were less than anticipated under the contractual agreements.
- (17) Information technology services did not materialize as anticipated.
- (18) Staff covered community service expenses under another source.

TRIUMPH PUBLIC HIGH SCHOOLS - LUBBOCK  
Lubbock, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2019

| REVENUES AND OTHER SUPPORT   | Budgeted Amounts |                   | Actual<br>Amounts | Variance<br>from Final<br>Budget |
|--|------------------|-------------------|-------------------|----------------------------------|
|  | Original         | Final             |                   |                                  |
| Local Support  |                  |                   |                   |                                  |
| 5740 Other Revenues from Local Sources                               | \$ -             | \$ -              | \$ 7,583          | \$ 7,583 <b>1</b>                |
| 5760 Revenues from Intermediate Sources                              | -                | -                 | -                 | -                                |
| State Program Revenues   |                  |                   |                   |                                  |
| 5810 Foundation School Program Act Revenues                          | 1,869,551        | 1,801,074         | 2,049,257         | 248,183 <b>2</b>                 |
| 5820 State Program Revenues Distributed by<br>Texas Education Agency | 15,000           | 15,000            | 14,241            | (759)                            |
| Total State Program Revenues and Local Support                       | 1,884,551        | 1,816,074         | 2,071,081         | 255,007                          |
| Federal Program Revenue  |                  |                   |                   |                                  |
| 5920 ESEA, Title I Part A - Improving Basic Programs                 | 95,409           | 236,844 <b>3</b>  | 212,169           | (24,675) <b>3</b>                |
| 5920 IDEA, Part B - Formula  | 44,303           | 45,661            | 31,217            | (14,444) <b>4</b>                |
| 5920 ESEA, Title II, Part A: TPTR                                    | 6,811            | 9,726 <b>5</b>    | 5,609             | (4,117) <b>5</b>                 |
| 5920 Title IV, Part A - SSAE   | 10,000           | 14,954 <b>6</b>   | 9,719             | (5,235) <b>6</b>                 |
| Total Federal Program Revenues                                       | 156,523          | 307,185           | 258,714           | (48,471)                         |
| Net Assets Released from Restrictions                                |                  |                   |                   |                                  |
| Restrictions Satisfied by Payments                                   | -                | -                 | -                 | -                                |
| Total Revenue and Other Support                                      | 2,041,074        | 2,123,259         | 2,329,795         | 206,536                          |
| EXPENSES   |                  |                   |                   |                                  |
| Program Services   |                  |                   |                   |                                  |
| 11 Instruction   | 880,853          | 959,904           | 948,566           | 11,338                           |
| 12 Instructional Resources and Media Services                        | -                | -                 | -                 | -                                |
| 13 Curriculum Development and Instructional<br>Staff Development     | 37,627           | 42,013 <b>7</b>   | 31,160            | 10,853 <b>7</b>                  |
| 21 Instructional Leadership  | -                | -                 | 250               | (250) <b>8</b>                   |
| 23 School Leadership   | 374,156          | 402,547           | 402,320           | 227                              |
| 31 Guidance, Counseling and Evaluation<br>Services                   | 131,574          | 122,144           | 131,338           | (9,194)                          |
| 32 Social Work Services  | 30,888           | 30,888            | 31,355            | (467)                            |
| 33 Health Services   | 6,100            | 7,600 <b>9</b>    | 4,581             | 3,019 <b>9</b>                   |
| 34 Student (Pupil) Transportation                                    | 3,500            | 1,500 <b>10</b>   | 764               | 736 <b>10</b>                    |
| 35 Food Services   | 15,500           | 14,100            | 13,552            | 548                              |
| 36 Cocurricular/Extracurricular Activities                           | -                | -                 | -                 | -                                |
| 41 General Administration  | 168,603          | 168,603           | 197,503           | (28,900) <b>11</b>               |
| 51 Plant Maintenance and Operations                                  | 269,126          | 237,013 <b>12</b> | 214,742           | 22,271                           |
| 52 Security and Monitoring Services                                  | 8,076            | 8,076             | 5,996             | 2,080 <b>13</b>                  |
| 53 Data Processing Services  | 63,445           | 77,571 <b>14</b>  | 76,399            | 1,172                            |
| 61 Community Services  | 51,626           | 51,300            | 52,258            | (958)                            |
| 81 Fund Raising  | -                | -                 | -                 | -                                |
| Total Expenses   | 2,041,074        | 2,123,259         | 2,110,784         | 12,475                           |
| Change in Net Assets   | -                | -                 | 219,011           | 219,011                          |
| Net Assets, Beginning of Year  | 1,455,381        | 1,455,381         | 1,455,381         | -                                |
| Net Assets, End of Year  | \$ 1,455,381     | \$ 1,455,381      | \$ 1,674,392      | \$ 219,011                       |

TRIUMPH PUBLIC HIGH SCHOOLS – LUBBOCK  
Lubbock, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2019

Budget Variances Explanations

- (1) Interest revenue not factored in campus budgets.
- (2) Revenue increased with an increase in ADA over the school year.
- (3) Original budget did not include carry-over amounts. Certain staff positions were not filled, resulting in personnel costs less than anticipated.
- (4) Decrease in funding due to a decrease in the Special Education population.
- (5) Original budget did not factor in carry-over amounts. Revenues did not materialize as anticipated.
- (6) Original budget did not include carry-over amounts. Unable to fully utilize grant funds due to grant restrictions.
- (7) Increased budget due to carry-over amounts awarded. Expenses did not materialize as anticipated.
- (8) Unexpected expenses were incurred.
- (9) Budget increased to projected and requested expenses but did not materialize.
- (10) Transportation expenses were less than anticipated.
- (11) Administrative expenses increased as part of the additional support provided to the campus due to an increase in the number of students.
- (12) Anticipated less expenses than originally budgeted.
- (13) Changed security services for better pricing. Contract was reduced.
- (14) Information technology services were increased to reflect anticipated expenses.

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**SINGLE AUDIT SECTION**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

## 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*

Board of Directors  
Student Alternatives Program, Inc.  
San Antonio, 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 consolidated financial statements of the Student Alternatives Program, Inc. (the Organization) and affiliates, which comprise the consolidated statement of financial position as of August 31, 2019 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 10, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated 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.

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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 may exist that have not been identified.

### **Compliance**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Other Matter**

We noted a certain matter that we reported to management of the Organization in a separate letter dated January 10, 2020.

### **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 cursive script that reads "Garza/Gonzalez & Associates". The signature is written in black ink and is positioned above the date.

January 10, 2020

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Student Alternatives Program, Inc.  
San Antonio, Texas

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

We have audited the Student Alternatives Program, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended August 31, 2019. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

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### ***Opinion on the Major Federal Program***

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 its major federal program for the year ended August 31, 2019.

### ***Report on Internal Control Over Compliance***

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



January 10, 2020

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STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2019

**SECTION I --- SUMMARY OF AUDITORS' RESULTS**

| <i>Financial Statements</i>  |            |                          |
|--|------------|--------------------------|
| Type of auditor's report issued:   | Unmodified |                          |
| Internal control over financial reporting:<br>• Material weakness (es) identified?         | ___ Yes    | <u> X </u> No            |
| • Significant control deficiency(ies) identified not considered to be material weaknesses? | ___ Yes    | <u> X </u> None Reported |
| Noncompliance material to financial statements noted?                                      | ___ Yes    | <u> X </u> No            |

| <i>Federal Awards</i>  |            |                          |
|--|------------|--------------------------|
| Internal control over major programs:<br>• Material weakness (es) identified?                          | ___ Yes    | <u> X </u> No            |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses?            | ___ Yes    | <u> X </u> None Reported |
| Type of auditor's report issued on compliance for major programs                                       | Unmodified |                          |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | ___ Yes    | <u> X </u> No            |

| <i>Identification of Major Programs</i>                                  |  |        |
|--|--|--------|
| <b>CFDA Numbers(s)</b>   | <b>Name of Federal Program or Cluster</b>        |        |
| 84.010   | ESEA, Title I, Part A – Improving Basic Programs |        |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000  |        |
| Auditee qualified as low-risk auditee?                                   | <u> X </u> Yes                                   | ___ No |

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2019

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**SECTION III – FEDERAL AWARD FINDING AND QUESTIONED COSTS**

There were no federal award findings and questioned costs required to be reported by the Uniform Guidance.

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2019

There were no prior audit findings reported.

**Schedule of Expenditures of Federal Awards**

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2019

| Grantor/Program Title   | Federal<br>CFDA No. | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------|--|-------------------------|
| Passed Through State Department of Education  |                     |  |                         |
| ESEA Title I, Part A Improving Basic Programs (Laredo)                              | 84.010A             | 18610101240801                               | \$ 11,844               |
| ESEA Title I, Part A Improving Basic Programs (Laredo)                              | 84.010A             | 19610101240801                               | 386,361                 |
| ESEA Title I, Part A Improving Basic Programs (Rio Grande Valley)                   | 84.010A             | 18610101108804                               | 10,790                  |
| ESEA Title I, Part A Improving Basic Programs (Rio Grande Valley)                   | 84.010A             | 19610101108804                               | 409,238                 |
| ESEA Title I, Part A Improving Basic Programs (El Paso)                             | 84.010A             | 18610101071803                               | 1,520                   |
| ESEA Title I, Part A Improving Basic Programs (El Paso)                             | 84.010A             | 19610101071803                               | 221,437                 |
| ESEA Title I, Part A Improving Basic Programs (Lubbock)                             | 84.010A             | 18610101152803                               | 1,112                   |
| ESEA Title I, Part A Improving Basic Programs (Lubbock)                             | 84.010A             | 19610101152803                               | 211,057                 |
| Total CFDA No. 84.010A  |                     |  | 1,253,359               |
|   |                     |  |                         |
| IDEA, Part B - Formula/Special Education Grants to States (Laredo)                  | 84.027A             | 186600012408016000                           | 10,566                  |
| IDEA, Part B - Formula/Special Education Grants to States (Laredo)                  | 84.027A             | 196600012408016000                           | 104,592                 |
| IDEA, Part B - Formula/Special Education Grants to States (Rio Grande Valley)       | 84.027A             | 186600011088046000                           | 9,163                   |
| IDEA, Part B - Formula/Special Education Grants to States (Rio Grande Valley)       | 84.027A             | 196600011088046000                           | 50,586                  |
| IDEA, Part B - Formula/Special Education Grants to States (El Paso)                 | 84.027A             | 196600010718036000                           | 36,688                  |
| IDEA, Part B - Formula/Special Education Grants to States (Lubbock)                 | 84.027A             | 196600011528036000                           | 31,217                  |
| Total CFDA No. 84.027A  |                     |  | 242,813                 |
|   |                     |  |                         |
| ESEA Title II Part A, Teacher & Principal Training (El Paso)                        | 84.367A             | 19694501071803                               | 9,474                   |
| ESEA Title II Part A, Teacher & Principal Training (Lubbock)                        | 84.367A             | 19694501152803                               | 5,609                   |
| Total CFDA No. 84.367A  |                     |  | 15,082                  |
|   |                     |  |                         |
| Title IV, Part A: Student Support and Academic Enrichment Grant (Laredo)            | 84.424A             | S424A180045                                  | 8,756                   |
| Title IV, Part A: Student Support and Academic Enrichment Grant (Rio Grande Valley) | 84.424A             | S424A170045                                  | 1,195                   |
| Title IV, Part A: Student Support and Academic Enrichment Grant (Rio Grande Valley) | 84.424A             | S424A180045                                  | 5,122                   |
| Title IV, Part A: Student Support and Academic Enrichment Grant (El Paso)           | 84.424A             | S424A180045                                  | 3,849                   |
| Title IV, Part A: Student Support and Academic Enrichment Grant (Lubbock)           | 84.424A             | S424A180045                                  | 9,719                   |
|   |                     |  | 28,641                  |
| Total Passed Through State Department of Education                                  |                     |  | \$ 1,539,895            |
|   |                     |  |                         |
| Passed Through Education Service Center - Region I                                  |                     |  |                         |
| Teacher Incentive Fund - Project Rise (Laredo)                                      | 84.374A             | U374A180002                                  | 74,972                  |
| Teacher Incentive Fund - Project Rise (Laredo)                                      | 84.374A             | U374A180002                                  | 96,284                  |
| Teacher Incentive Fund - Project Rise (Rio Grande Valley)                           | 84.374A             | U374A180002                                  | 98,944                  |
| Teacher Incentive Fund - Project Rise (Rio Grande Valley)                           | 84.374A             | U374A180002                                  | 172,447                 |
| Total CFDA No. 84.374A  |                     |  | 442,648                 |
|   |                     |  |                         |
| ESEA Title II Part A, Teacher & Principal Training (Laredo)                         | 84.367A             | 19694501108950                               | \$ 4,274                |
| ESEA Title II Part A, Teacher & Principal Training (Rio Grande Valley)              | 84.367A             | 19694501108950                               | 5,217                   |
| Total CFDA No. 84.367A  |                     |  | 9,491                   |
| Total Passed Through Education Service Center - Region I                            |                     |  | \$ 452,139              |
| Total Expenditures of Federal Awards  |                     |  | \$ 1,992,034            |

STUDENT ALTERNATIVES PROGRAM, INC.  
San Antonio, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2019

1. The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of the Organization under programs of the federal government for the year ended August 31, 2019. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position and changes in net assets of the Organization.

The Schedule is presented using the basis of accounting described in Note 1 of the financial statements.

2. E-rate revenues are not subject to the OMB Compliance Supplement and are therefore excluded from the schedule. E-rate revenues for the year ended August 31, 2019 were \$22,056.
3. The Organization did not elect to use the 10% de minimis indirect cost rate provided by the Uniform Guidance.

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