

TEXAS CENTER FOR ARTS + ACADEMICS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED
AUGUST 31, 2023

**TEXAS CENTER FOR ARTS + ACADEMICS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
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TABLE OF CONTENTS

	<u>Page</u>
Certificate of Board	1
Independent Auditors' Report	2-4
General-Purpose Financial Statements	
A-1 Statement of Financial Position	5
A-2 Statement of Activities	6-7
A-3 Statement of Functional Expenses	8-9
A-4 Statement of Cash Flows	10
Notes to the Financial Statements	11-31
Specific-Purpose Financial Statements	
B-1.1 Fort Worth Academy of Fine Arts Statement of Financial Position	32
B-1.2 Texas School of the Arts Statement of Financial Position	33
B-1.3 Texas Center for Arts + Academics Statement of Financial Position	34
B-2.1 Fort Worth Academy of Fine Arts Statement of Activities	35-36
B-2.2 Texas School of the Arts Statement of Activities	37-38
B-2.3 Texas Center for Arts + Academics Statement of Activities	39-40
B-3.1 Fort Worth Academy of Fine Arts Statement of Cash Flows	41
B-3.2 Texas School of the Arts Statement of Cash Flows	42
B-3.3 Texas Center for Arts + Academics Statement of Cash Flows	43

**TEXAS CENTER FOR ARTS + ACADEMICS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2023**

TABLE OF CONTENTS (Continued)

Required Supplementary Information Required by Texas Education Agency

C-1.1	Fort Worth Academy of Fine Arts Schedule of Expenses	44
C-1.2	Texas School of the Arts Schedule of Expenses	45
C-1.3	Texas Center for Arts + Academics Schedule of Expenses	46
D-1.1	Fort Worth Academy of Fine Arts Schedule of Assets	47
D-1.2	Texas School of the Arts Schedule of Assets	48
D-1.3	Texas Center for Arts + Academics Schedule of Assets	49
E-1.1	Fort Worth Academy of Fine Arts Budgetary Comparison Schedule	50-51
E-1.2	Texas School of the Arts Budgetary Comparison Schedule	52-53
E-1.3	Texas Center for Arts + Academics Budgetary Comparison Schedule	54-55
F-1	Fort Worth Academy of Fine Arts State Compensatory Education and Bilingual Education Program Expenditures	56
F-2	Texas School of the Arts State Compensatory Education and Bilingual Education Program Expenditures	57
G-1	Fort Worth Academy of Fine Arts Schedule of Real Property Ownership Interest	58
G-2	Texas School of the Arts Schedule of Real Property Ownership Interest	59

Compliance and Internal Control Section

	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60-61
H-1	Schedule of Findings and Questioned Costs	62
I-1	Schedule of Prior Audit Findings	63

TEXAS CENTER FOR ARTS + ACADEMICS

CERTIFICATE OF BOARD

AUGUST 31, 2023

Texas Center for Arts + Academics
Name of Charter Holder
Federal EIN: 75-0942885

Tarrant
County

220809 & 220814
Co.-Dist. Numbers

We, the undersigned, certify that the attached Financial and Compliance Report of the above-named charter holder was reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2023, at a meeting of the governing body of the charter holder on the 17th day of January, 2024.


Signature of Board Secretary


Signature of Board Chairman

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

FREEMON, SHAPARD & STORY

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Texas Center for Arts + Academics
3901 S. Hulen Street
Fort Worth, TX 76109

Members of the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Texas Center for Arts + Academics (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Texas Center for Arts + Academics as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Texas Center for Arts + Academics and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Center for Arts + Academic's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Texas Center for Art + Academics' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Texas Center for Art + Academics' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying specific-purpose financial statements and the supplementary information including the Schedules of Expenses, Schedules of Assets, Budgetary Comparison Schedules, Material Budget Variance Expenditures, State Compensatory Education and Bilingual Education Program Expenditures, Schedules of Real Property Ownership Interest, and Schedules of Related Party Transactions are presented for

purposes of additional analysis as required by the Texas Education Agency and are not a required part of the financial statements. The budget variance explanations have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them. Such information, other than the budget variance explanations, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, other than the budget variance explanations, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information detailed above, other than the budgeted variance explanations, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2024, on our consideration of Texas Center for Arts + Academics' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Texas Center for Arts + Academics' 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 Texas Center for Arts + Academics' internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Freeman, Shapard & Story".

Freemon, Shapard, & Story
Windthorst, TX
January 4, 2024

General-Purpose Financial Statements

TEXAS CENTER FOR ARTS + ACADEMICS
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 828,459	\$ 1,047,415
Restricted cash and cash equivalents	99,025	134,850
Investments	1,566,845	1,460,284
Due from TEA	1,055,652	1,032,947
Deferred expenses	9,485	86,205
Prepaid expenses	92,919	5,586
Total Current Assets	<u>3,652,385</u>	<u>3,767,287</u>
Property and Equipment		
Land	308,507	308,507
Buildings and improvements	14,526,428	14,478,602
Furniture and equipment	686,247	676,823
Vehicles	294,839	294,839
Right to use leased assets	251,174	251,174
Less accumulated depreciation	(6,871,254)	(6,280,983)
Total Property and Equipment	<u>9,195,941</u>	<u>9,728,962</u>
Total Assets	<u>\$ 12,848,326</u>	<u>\$ 13,496,249</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 15,251	\$ -
Accrued expenses	12,295	11,893
Due to student groups	110,889	125,279
Deferred revenue	107,138	30,519
Accrued wages payable	572,908	557,597
Payroll deductions and withholdings	5,338	92,228
Accrued interest	20,250	24,147
Current portion of lease liabilities	74,110	70,495
Current portion of long-term debt	899,707	838,128
Total Current Liabilities	<u>1,817,886</u>	<u>1,750,286</u>
Long-Term Debt		
Lease liabilities	38,468	112,578
Long-term debt, net of unamortized debt issuance costs	1,119,944	1,972,320
Total Long-Term Liabilities	<u>1,158,412</u>	<u>2,084,898</u>
Total Liabilities	<u>\$ 2,976,298</u>	<u>\$ 3,835,184</u>
Net Assets		
Without donor restrictions	7,156,878	6,707,611
With donor restrictions	2,715,150	2,953,454
Total Net Assets	<u>\$ 9,872,028</u>	<u>\$ 9,661,065</u>
Total Liabilities and Net Assets	<u>\$ 12,848,326</u>	<u>\$ 13,496,249</u>

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

TEXAS CENTER FOR ARTS + ACADEMICS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Totals
Revenues			
Local Support:			
Contributions	\$ 107,340	\$ 93,433	\$ 200,773
Fundraising	110,376	-	110,376
Interest, Dividends, Gains, and Losses	107,161	-	107,161
Royalty Income	4,934	-	4,934
Other Revenues from Local Sources	68,943	-	68,943
Program Services Revenue	469,622	-	469,622
Cocurricular and Enterprising Activities	313,196	-	313,196
Total Local Support	<u>1,181,572</u>	<u>93,433</u>	<u>1,275,005</u>
State Program Revenues:			
Foundation School Program Act Revenues	-	8,762,183	8,762,183
State Program Revenue Distributed by TEA	-	406,816	406,816
Total State Program Revenues	<u>-</u>	<u>9,168,999</u>	<u>9,168,999</u>
Federal Program Revenues:			
ESEA Title I, Part A Improving Basic Programs	-	18,035	18,035
IDEA Part B, Formula	-	89,275	89,275
IDEA Part B, Formula ARP	-	11,732	11,732
IDEA Part B, Preschool ARP	-	1,192	1,192
ESSER III TCLAS	-	36,824	36,824
ESSER II	-	1,188	1,188
ESSER III	-	12,428	12,428
ESSER Supplemental	-	160,477	160,477
ESEA Title II, Part A Teacher and Principal Training	-	18,103	18,103
LEP Summer School	-	1,479	1,479
Title IV Part A, Subpart 1	-	6,263	6,263
Total Federal Program Revenues	<u>-</u>	<u>356,996</u>	<u>356,996</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>9,857,732</u>	<u>(9,857,732)</u>	<u>-</u>
Total Revenues	<u>\$ 11,039,304</u>	<u>\$ (238,304)</u>	<u>\$ 10,801,000</u>
Expenses			
Program Services:			
Instruction and Instructional-Related Services	6,918,528	-	6,918,528
Instructional and School Leadership	581,651	-	581,651
Support Services			
Student Support Services	627,274	-	627,274
Administrative Support Services	1,040,618	-	1,040,618
Support Services-Non-Student Based	1,048,256	-	1,048,256
Debt Service	141,936	-	141,936
Fundraising	231,774	-	231,774
Total Expenses	<u>\$ 10,590,037</u>	<u>\$ -</u>	<u>\$ 10,590,037</u>
Change in Net Assets	<u>449,267</u>	<u>(238,304)</u>	<u>210,963</u>
Net Assets, Beginning of Year	<u>6,707,611</u>	<u>2,953,454</u>	<u>9,661,065</u>
Net Assets, End of Year	<u>\$ 7,156,878</u>	<u>\$ 2,715,150</u>	<u>\$ 9,872,028</u>

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

TEXAS CENTER FOR ARTS + ACADEMICS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Totals
Revenues			
Local Support:			
Contributions	\$ 136,181	\$ 95,500	\$ 231,681
Fundraising	84,590	-	84,590
Interest, Dividends, Gains, and Losses	(217,880)	-	(217,880)
Royalty Income	8,271	-	8,271
Other Revenues from Local Sources	287,911	-	287,911
Program Services Revenue	513,616	-	513,616
Cocurricular and Enterprising Activities	259,151	-	259,151
Total Local Support	<u>1,071,840</u>	<u>95,500</u>	<u>1,167,340</u>
State Program Revenues:			
Foundation School Program Act Revenues	-	8,450,994	8,450,994
State Program Revenue Distributed by TEA	-	42,713	42,713
Total State Program Revenues	<u>-</u>	<u>8,493,707</u>	<u>8,493,707</u>
Federal Program Revenues:			
ESEA Title I, Part A Improving Basic Programs	-	19,272	19,272
IDEA Part B, Formula	-	160,659	160,659
ESSER III TCLAS	-	76,249	76,249
ESSER I	-	7,778	7,778
ESSER II	-	64,530	64,530
ESSER III	-	117,492	117,492
ESSER Supplemental	-	215,485	215,485
ELC Reopening Schools	-	35,562	35,562
ESEA Title II, Part A Teacher and Principal Training	-	15,082	15,082
Title IV Part A, Subpart 1	-	20,505	20,505
Total Federal Program Revenues	<u>-</u>	<u>732,614</u>	<u>732,614</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>10,035,058</u>	<u>(10,035,058)</u>	<u>-</u>
Total Revenues	<u>\$ 11,106,898</u>	<u>\$ (713,237)</u>	<u>\$ 10,393,661</u>
Expenses			
Program Services:			
Instruction and Instructional-Related Services	7,020,595	-	7,020,595
Instructional and School Leadership	579,366	-	579,366
Support Services			
Student Support Services	551,979	-	551,979
Administrative Support Services	863,122	-	863,122
Support Services-Non-Student Based	1,021,034	-	1,021,034
Debt Service	173,826	-	173,826
Fundraising	178,425	-	178,425
Total Expenses	<u>\$ 10,388,347</u>	<u>\$ -</u>	<u>\$ 10,388,347</u>
Change in Net Assets	<u>718,551</u>	<u>(713,237)</u>	<u>5,314</u>
Net Assets, Beginning of Year	<u>5,989,060</u>	<u>3,666,691</u>	<u>9,655,751</u>
Net Assets, End of Year	<u>\$ 6,707,611</u>	<u>\$ 2,953,454</u>	<u>\$ 9,661,065</u>

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

TEXAS CENTER FOR ARTS + ACADEMICS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Program Services	Management and General	2023 Total
Expenses			
Salaries and Wages	\$ 5,637,828	\$ 665,491	\$ 6,303,319
Benefits	538,319	40,380	578,699
Payroll Taxes	118,268	21,901	140,169
Total Payroll Expenses	6,294,415	727,772	7,022,187
Professional Services	636,770	169,158	805,928
Legal	-	43,201	43,201
Accounting	-	45,000	45,000
Education Service Center Services	85,181	-	85,181
Repairs and Maintenance	334,164	-	334,164
Utilities	199,548	10,503	210,051
Rentals	8,919	-	8,919
Contracted Services	7,896	-	7,896
Maintenance Supplies	1,419	91,257	92,676
Instructional Materials	85,540	-	85,540
Testing Materials	733	-	733
Food Service	162,880	-	162,880
General Supplies	619,182	3,485	622,667
Travel	174,030	1,237	175,267
Insurance	73,317	8,146	81,463
Interest	-	121,705	121,705
Miscellaneous	36,035	37,787	73,822
Total Non-Payroll Expenses	2,425,614	531,479	2,957,093
Total Before Depreciation and Amortization	8,720,029	1,259,251	9,979,280
Amortization	-	20,486	20,486
Depreciation	577,548	12,723	590,271
Total Expenses	\$ 9,297,577	\$ 1,292,460	\$ 10,590,037

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

TEXAS CENTER FOR ARTS + ACADEMICS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Program Services	Management and General	2022 Total
Expenses			
Salaries and Wages	\$ 5,436,865	\$ 600,912	\$ 6,037,777
Benefits	489,576	38,020	527,596
Payroll Taxes	136,419	19,501	155,920
Total Payroll Expenses	6,062,860	658,433	6,721,293
Professional Services	614,506	40,639	655,145
Legal	-	53,765	53,765
Accounting	-	55,000	55,000
Education Service Center Services	76,172	-	76,172
Repairs and Maintenance	355,182	-	355,182
Utilities	206,492	10,868	217,360
Rentals	8,666	-	8,666
Contracted Services	3,395	-	3,395
Maintenance Supplies	883	108,840	109,723
Instructional Materials	44,033	-	44,033
Testing Materials	726	-	726
Food Service	113,467	-	113,467
General Supplies	684,310	3,448	687,758
Travel	313,738	2,236	315,974
Insurance	83,789	9,310	93,099
Interest	-	153,549	153,549
Miscellaneous	77,015	35,003	112,018
Total Non-Payroll Expenses	2,582,374	472,658	3,055,032
Total Before Depreciation and Amortization	8,645,234	1,131,091	9,776,325
Amortization	-	20,486	20,486
Depreciation	577,148	14,388	591,536
Total Expenses	\$ 9,222,382	\$ 1,165,965	\$ 10,388,347

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

TEXAS CENTER FOR ARTS + ACADEMICS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 210,963	\$ 5,314
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	590,271	591,537
(Increase) Decrease in Due from TEA	(22,705)	(303,713)
(Increase) Decrease in Accounts Receivable	-	414
(Increase) Decrease in Deferred Expenses	76,720	(12,140)
(Increase) Decrease in Prepaid Expenses	(87,333)	23,964
Increase (Decrease) in Accounts Payable	15,251	(32,376)
Increase (Decrease) in Accrued Expenses	402	1,812
Increase (Decrease) in Due to Student Groups	(14,390)	20,710
Increase (Decrease) in Deferred Revenue	76,619	(18,103)
Increase (Decrease) in Wages Payable	15,311	87,753
Increase (Decrease) in Payroll Deductions	(86,890)	92,228
Increase (Decrease) in Accrued Interest	(3,897)	(4,362)
Net Cash Provided (Used) by Operating Activities	<u>770,322</u>	<u>453,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(57,250)	(252,560)
Purchase of Right to Use Lease Assets	-	(251,174)
Dividends Reinvested in Securities	(41,156)	(34,961)
Capital Gains Reinvested in Securities	(13,927)	(9,031)
Fees Paid on Investments	6,353	6,393
Realized (Gain) Loss on Sale of Investment Securities	5,988	(19,174)
Unrealized (Gain) Loss on Investment Securities	(63,819)	274,814
Net Cash Provided (Used) by Investing Activities	<u>(163,811)</u>	<u>(285,693)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Right to Use Assets Lease Purchase	-	251,174
Principal Payments on Right to Use Lease Liability	(70,495)	(68,101)
Amortization of Debt Issuance Costs	20,486	20,486
Principal Payments on Debt	(811,283)	(886,231)
Net Cash Provided (Used) by Financing Activities	<u>(861,292)</u>	<u>(682,672)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(254,781)	(515,327)
Cash and Cash Equivalents, Beginning of Year	<u>1,182,265</u>	<u>1,697,592</u>
Cash and Cash Equivalents, End of Year	<u>\$ 927,484</u>	<u>\$ 1,182,265</u>
 Interest Paid During the Period Ended August 31, 2023 and 2022	 \$ 125,347	 \$ 157,701
Income Taxes Paid During the Period Ended August 31, 2023 and 2022	-	-

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

**Notes to the
Financial Statements**

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of Texas Center for Arts + Academics (the corporation) were prepared in conformity with accounting principles generally accepted in the United States. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

A. *Reporting Entity*

The corporation is a not-for-profit organization incorporated in the State of Texas in 1946 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The corporation is governed by a Board of Directors comprised of six members. The Board of Directors is selected pursuant to the bylaws of the corporation and has the authority to make decisions, appoint the chief executive officer of the corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the corporation. Since the corporation received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

B. *Corporate Operations*

Texas Center for Arts + Academics establishes, supports, and grows our charter schools, the Texas Boys Choir, and our other artistic programs, which are designed to foster a lifelong passion for artistic and academic excellence. Texas Center for Arts + Academics Programs conducts and manages performing groups of young people and provides education and training in the arts of music, theatre, dance, and the visual arts.

In 2000, the State Board of Education of the State of Texas granted the corporation an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Fort Worth Academy of Fine Arts Charter School was opened. The Texas State Board of Education issued the initial charter to the corporation for a period of five years from December 6, 2000, to August 1, 2005. Subsequent to the awarding of the initial charter, the corporation applied for and received a charter renewal in November 2006 extending the charter to August 1, 2015. The corporation applied for and received a charter renewal on February 2, 2015, extending the charter to July 31, 2025.

In 2006, the State Board of Education of the State of Texas granted the corporation another open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Texas School of the Arts was opened. Originally, Texas School of the Arts provided education to Kindergarten through 6th grade students. Starting August 2021, it changed to Kindergarten through 5th grade students. The Texas State Board of Education issued the initial charter to the charter holder for a period of five years from September 15, 2006, to July 31, 2011. Subsequent to the awarding of the initial charter, the corporation applied for and received a charter renewal on August 6, 2012, extending the charter to July 31, 2021. Texas School of the Arts was issued an additional charter renewal extending the charter from August 1, 2021, to July 31, 2031.

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

C. *Basis of Accounting and Presentation*

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

D. *Use of Estimates*

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

E. *Revenue Recognition and Receivables*

The corporation recognizes revenue from government grants and state aid as revenue when eligible costs are incurred or services are provided. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue and refundable advances are recorded when cash advances exceed support and revenue earned. Performance obligations for all the corporation's services are provided and consumed at a point in time, not over time, and therefore, these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

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

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

F. *Cash and Cash Equivalents*

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

G. *Capital Assets*

Capital assets, which include land, buildings and improvements, furniture, equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the corporation as assets with an estimated useful life of more than one year and a cost of \$5,000 or more. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

H. *Personal Leave*

All employees of the charter schools earn five days of state paid personal and sick leave per year and four days of local paid personal and sick leave per year. There is no material liability for unpaid accumulated sick leave since the schools do not have a policy to pay any amount when the employees separate from service with the schools, and any unused balance of state days is transferable to other schools. In addition, administrators get two weeks paid vacation, but they are not paid for this time if they do not use it.

I. *Functional Allocation of Expenses*

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

J. *New Accounting Pronouncements/Accounting Changes*

The new lease accounting standard consists of the statement ASC 842 which changed the way leases are documented on the financial statements to ensure that financial statements are more transparent for leases. The lease standard effective date is fiscal years starting after December 15, 2021, for non-profit organizations. ASC 842 classifies leases as either operating or finance leases. The term “finance lease” replaced “capital lease” in ASC 842 as well as the criteria that defined each. On balance sheets, lessees are required to recognize the assets and liabilities for both operating and finance leases. You can calculate the lease liability as the present value of lease payments. The right-of-use asset is the lease liability.

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

2. CASH DEPOSITS

The charter schools' (Fort Worth Academy of Fine Arts and Texas School of the Arts) funds are deposited and invested with depository banks. The depository bank should deposit for safekeeping and trust with the charter schools' agent banks approved pledged securities in an amount sufficient to protect charter school funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2023, the combined carrying amount of the charter schools' deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$392,027, and the bank balance was \$585,269. The charter schools' cash deposits during the year ended August 31, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the charter holder's agent bank in the corporation's name.

At August 31, 2022, the combined carrying amount of the charter schools' deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$733,002, and the bank balance was \$1,222,715. The charter schools' cash deposits during the year ended August 31, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the charter holder's agent bank in the corporation's name.

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

- a. The market value of securities pledged on behalf of the Fort Worth Academy of Fine Arts at Frost Bank as of the date of the highest combined balance on deposit was \$1,219,817. The market value of securities pledged on behalf of Texas School of the Arts at Frost Bank as of the date of highest combined balance on deposit was \$1,219,817.
- b. The highest combined balance of cash, savings, and time deposit accounts for Fort Worth Academy of Fine Arts at Frost Bank amounted to \$781,248 and occurred during the month of September 2022. The highest combined balances of cash, savings, and time deposit accounts for Texas School of the Arts at Frost Bank amounted to \$493,935 and occurred during the month of September 2022.
- c. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000 and \$250,000, respectively, for Fort Worth Academy of Fine Arts at Frost Bank and Texas School of the Arts at Frost Bank.

Texas Center for Arts + Academics' operations other than the charter schools reflected above do not receive federal and state grant and formula funding. As such, they are not required to comply with depository contract and pledged security requirements on their cash accounts; however, they had enough pledged securities and FDIC to cover their deposits on the highest daily cash balance and at year-end.

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

3. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2023 and 2022, the charter holder had no material liability for accrued sick leave or vacation leave.

4. INVESTMENTS

The corporation invests in marketable equity securities.

The investments at August 31, 2023, were comprised of the following:

	<u>Cost</u>	<u>Market</u>
Plains Capital Investments	\$ 1,518,706	\$ 1,566,845
Total	<u>\$ 1,518,706</u>	<u>\$ 1,566,845</u>
Unrealized loss, beginning of year		\$ (15,680)
Unrealized gain year, net change		<u>63,819</u>
Unrealized gain, end of year		<u>\$ 48,139</u>

The investments at August 31, 2022, were comprised of the following:

	<u>Cost</u>	<u>Market</u>
Plains Capital Investments	\$ 1,475,964	\$ 1,460,284
Total	<u>\$ 1,475,964</u>	<u>\$ 1,460,284</u>
Unrealized gains, beginning of year		\$ 259,135
Unrealized loss year, net change		<u>(274,815)</u>
Unrealized loss, end of year		<u>\$ (15,680)</u>

5. DEFINED BENEFIT PENSION PLAN

A. *Plan Description*

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

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

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

B. *Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about/publications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698, or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2022 Annual Comprehensive Financial Report for TRS provides the following information regarding the pension plan fiduciary net position as of August 31, 2022.

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

C. *Benefits Provided*

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

D. *Contributions*

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

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Contribution rates can be found in the TRS 2022 ACFR, Note 11, on page 85.

Contribution Rates		
	2023	2022
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	8.00%	7.75%
Employers	8.00%	7.75%
FWAFA's Employer Contributions	\$142,279	\$132,244
FWAFA's Member Contributions	\$312,449	\$275,083
TeSA's Employer Contributions	\$ 59,064	\$ 57,545
TeSA's Member Contributions	\$151,751	\$146,571
Measurement Year	2022	2021
FWAFA's NECE On-Behalf Contributions	\$207,494	\$205,658
TeSA's NECE On-Behalf Contributions	\$112,977	\$107,661

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

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

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

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

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

E. Actuarial Assumptions

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

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

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

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

F. Discount Rate

The single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 (see page 54 of the TRS ACFR), are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.6%	1.12%
Non-U.S. Developed	13%	4.9%	0.90%
Emerging Markets	9%	5.4%	0.75%
Private Equity*	14%	7.7%	1.55%
Stable Value			
Government Bonds	16%	1.0%	0.22%
Absolute Return*	0%	3.7%	0.00%
Stable Value Hedge	5%	2.2%	0.12%
Real Return			
Real Estate	15%	4.1%	0.94%
Energy, Natural Resources, and Infrastructure	6%	5.1%	0.37%
Commodities	0%	3.6%	0.00%
Risk Parity			
Risk Parity	8%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2%	3.0%	0.01%
Asset Allocation Leverage	-6%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Total	100%		8.19%

* Absolute Return includes Credit Sensitive Investments.

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

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

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

G. Discount Rate Sensitivity Analysis

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

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Fort Worth Academy of Fine Arts' proportionate share of the net pension liability	\$2,617,322	\$1,682,494	\$924,771
Texas School of Arts' proportionate share of the net pension liability	\$1,138,913	\$ 732,127	\$402,409

H. *Pension Liabilities*

At August 31, 2022, Fort Worth Academy of Fine Arts and Texas School of Arts disclosed a liability of \$1,682,494 and \$732,127, respectively, for their proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to Fort Worth Academy of Fine Arts and Texas School of Arts. The amounts recognized by Fort Worth Academy of Fine Arts and Texas School of Arts as their proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Fort Worth Academy of Fine Arts and Texas School of Arts were as follows:

Fort Worth Academy of Fine Arts' proportionate share of collective net pension liability	\$ 1,682,494
State's proportionate share that is associated with Fort Worth Academy of Fine Arts	<u>\$ 2,639,868</u>
Total	<u>\$ 4,322,362</u>

Texas School of Arts' proportionate share of the collective net pension liability	\$ 732,127
State's proportionate share that is associated with Texas School of Arts	<u>\$ 1,437,358</u>
Total	<u>\$ 2,169,485</u>

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

On August 31, 2022, Fort Worth Academy of Fine Arts' proportion of the collective net pension liability was .002834035% which was an increase from its proportion of .0028022652% measured as of August 31, 2021. On August 31, 2022, Texas School of Arts' proportion of the collective net pension liability was .001233214% which was an increase from its proportion of .0011476594% measured as of August 31, 2021.

I. *Changes Since the Prior Actuarial Valuation*

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

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

J. Additional Plans

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

6. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

A. Plan Description

The charter schools participate in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

C. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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

TRS-Care Monthly Premium Rates		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$200
Retiree and Spouse	\$ 529	\$689
Retiree or Surviving Spouse and Children	\$ 468	\$408
Retiree and Family	\$1,020	\$999

D. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and schools based upon public school payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, Sections 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Fort Worth Academy of Fine Arts Contribution Rates				
	<u>2023</u>		<u>2022</u>	
Active Employee	0.65%		0.65%	
State	1.25%		1.25%	
Employers	0.75%		0.75%	
Federal/Private Funding	1.25%		1.25%	
Employer Contributions	2023	\$ 30,534	2022	\$ 41,229
Member Contributions	2023	\$ 25,387	2022	\$ 22,351
NECE On-Behalf Contributions	2022	\$ 50,293	2021	\$ 57,652

Texas School of the Arts Contribution Rates		
	<u>2022</u>	<u>2022</u>
Active Employee	0.65%	0.65%
State	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding	1.25%	1.25%

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Employer Contributions	2023	\$ 14,413	2022	\$ 14,185
Member Contributions	2023	\$ 12,330	2022	\$ 11,910
NECE On-Behalf Contributions	2022	\$ 17,303	2021	\$ 19,634

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care, a monthly surcharge of \$535 per retiree. TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

E. *Actuarial Assumptions*

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

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

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

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

Additional Actuarial Methods and Assumptions:

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

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

F. *Discount Rate*

A single discount rate of 3.91% was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2022 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021, using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

G. *Discount Rate Sensitivity Analysis*

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

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Fort Worth Academy of Fine Art's proportionate share of the Net OPEB Liability:	\$1,417,161	\$1,201,922	\$1,027,550
Texas School of the Art's proportionate share of the Net OPEB Liability:	\$ 487,580	\$ 413,526	\$ 353,533

H. *OPEB Liabilities and OPEB Expense*

On August 31, 2022, Fort Worth Academy of Fine Arts disclosed a liability of \$1,201,922, and Texas School of the Arts disclosed a liability of \$413,526 for their proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the schools. The amount recognized by the schools as their proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with Fort Worth Academy of Fine Arts and Texas School of the Arts were as follows:

Fort Worth Academy's Proportionate share of the collective Net OPEB liability	\$ 1,201,922
State's proportionate share that is associated with Fort Worth Academy	<u>1,466,156</u>
Total	<u>\$ 2,668,078</u>

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

Texas School of the Art's Proportionate share of the collective net OPEB liability	\$ 413,526
State's proportionate share that is associated with Texas School of the Arts	<u>504,437</u>
Total	<u>\$ 917,963</u>

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

At August 31, 2023, Fort Worth Academy of Fine Art's proportion of the collective Net OPEB Liability was 0.0050197188% compared to 0.0055081294% at August 31, 2022, and Texas School of the Art's proportion of the collective Net OPEB Liability was 0.0017270541% compared to 0.001875895% at August 31, 2022.

I. *Healthcare Cost Trend Rates Sensitivity Analysis*

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

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
Fort Worth Academy of Fine Art's proportionate share of the Net OPEB Liability:	\$ 990,389	\$1,201,922	\$1,476,147
Texas School of the Art's proportionate share of the NET OPEB Liability:	\$ 340,747	\$ 413,526	\$ 507,874

J. *Changes Since the Prior Actuarial Valuation*

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

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

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

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

7. COMMITMENTS AND CONTINGENCIES

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

8. CAPITAL ASSETS

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

	Balance <u>9/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>8/31/2023</u>
Land	\$ 308,507	\$ -	\$ -	\$ 308,507
Buildings and Improvements	14,478,602	47,826	-	14,526,428
Furniture and Equipment	676,823	9,424	-	686,247
Vehicles	294,839	-	-	294,839
Right to Use Leased Assets	251,174	-	-	251,174
Accumulated Depreciation	<u>(6,280,983)</u>	<u>(590,271)</u>	<u>-</u>	<u>(6,871,254)</u>
	<u>\$ 9,728,962</u>	<u>\$ (533,021)</u>	<u>\$ -</u>	<u>\$ 9,195,941</u>

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

	Balance <u>9/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>8/31/2022</u>
Land	\$ 308,507	\$ -	\$ -	\$ 308,507
Buildings and Improvements	14,226,042	252,560	-	14,478,602
Furniture and Equipment	676,823	-	-	676,823
Vehicles	294,839	-	-	294,839
Right to Use Leased Assets	-	251,174	-	251,174
Accumulated Depreciation	<u>(5,689,446)</u>	<u>(591,537)</u>	<u>-</u>	<u>(6,280,983)</u>
	<u>\$ 9,816,765</u>	<u>\$ (87,803)</u>	<u>\$ -</u>	<u>\$ 9,728,962</u>

Capital assets acquired with public funds received by the corporation for the operation of Fort Worth Academy of Fine Arts and Texas School of the Arts constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Assets for each individual charter school.

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

9. ECONOMIC DEPENDENCY

During the years ended August 31, 2023 and 2022, the charter schools earned revenue of \$9,168,999 and \$8,493,707, respectively, from the Texas Education Agency (TEA). These amounts constitute approximately 84.89% and 81.72%, respectively, of total revenues earned. Any unforeseen loss of the charter agreements with TEA or changes in legislative funding could have a material effect on the ability of the charter schools to continue to provide the current level of services to its students.

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Advanced Placement Incentives	\$ -	\$ 135
Title IV, Part A	-	5,208
School Safety and Security	62,440	30,475
Donor Restricted Grants	99,025	134,850
Foundation School Program	<u>2,553,685</u>	<u>2,782,786</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,715,150</u>	<u>\$ 2,953,454</u>

11. HEALTH CARE COVERAGE

During the years ended August 31, 2023 and 2022, full-time employees of the charter schools were covered by a health insurance plan (the Plan). The charter schools contributed \$325 per month per employee to the Plan for each full-time employee who chose to participate. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

12. DEFERRED REVENUE

Deferred revenue at August 31, 2023 and 2022, consisted of the following:

	2023	2022
Deferred Activity Fee Revenue	\$ 14,020	\$ 25,187
Deferred Performance Revenue	<u>93,118</u>	<u>5,332</u>
Total	<u>\$ 107,138</u>	<u>\$ 30,519</u>

Deferred activity fee revenue results from billings for activity fees in August each year in advance for the upcoming school year. Deferred performance and contribution revenues result from payments received from third parties in advance of year end to be earned and/or realized in the next fiscal year.

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

13. LONG-TERM DEBT

Long-term debt at August 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Note payable to Splendora Cultural Education Facilities Finance Corp. through Frost Bank for Fort Worth Academy of Fine Arts bldg., 5.01% interest, 180 monthly payments of \$38,958 commencing September 30, 2009. Final payment is due August 31, 2024. Note is secured by real property owned by the corporation.	\$ 490,054	\$ 920,709
Note payable to Plains Capital Bank for working capital to help cover payroll and other operating expenses. 7% interest, minimum payment is monthly interest expense, commencing August 24, 2018. Renewed August 24, 2019, 2020, 2021, 2022, and 2023. Final payment is due August 23, 2024.	21,966	21,966
Note payable to Orchard Cultural Education Facilities Finance Corp. through Frost Bank for Texas School of the Arts new school building. 3.41% effective interest rate, quarterly payments of approximately \$117,483. Final payment is due March 1, 2027. Note is secured by real property owned by the corporation.	<u>1,558,852</u>	<u>1,939,480</u>
Total Debt	\$ 2,070,872	\$ 2,882,155
Less Capitalized Debt Issuance Costs	(51,221)	(71,707)
Less Current Portion of Long-Term Debt	<u>(899,707)</u>	<u>(838,128)</u>
Total Long-Term Debt	<u>\$ 1,119,944</u>	<u>\$ 1,972,320</u>

Future maturities of long-term debt at August 31, 2023, are as follows:

Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 899,707	\$ 83,255	\$ 982,962
2025	406,664	48,839	455,503
2026	426,571	28,932	455,503
2027	<u>337,930</u>	<u>3,698</u>	<u>341,628</u>
Total	<u>\$ 2,070,872</u>	<u>\$ 164,724</u>	<u>\$ 2,235,596</u>

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

14. INTERCOMPANY ELIMINATIONS

During the years ended August 31, 2023 and 2022, the Fort Worth Academy of Fine Arts Charter School recorded \$804,000 and \$804,000, respectively in lease expense paid to the charter holder. During the years ended August 31, 2023 and 2022, Texas School of the Arts recorded \$564,000 and \$564,000, respectively in lease expense paid to the charter holder. These expenses (income) are included in the Special Purpose Statements of Activities (Exhibits B-2.1, B-2.2, and B-2.3) and are eliminated on the combined General Purpose Statement of Activities (Exhibit A-2).

15. INCOME TAX

On December 30, 2008, FASB issued FASB Staff Position (FSP) FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. There was no apparent unrelated business income for the years ended August 31, 2023 and 2022, and as a result, there was no income tax liability.

16. LEASES

A copier lease agreement was entered into with Xerox for \$6,505 a month for 60 months beginning March 12, 2020. Under the adoption of the ASU No. 2016-02, Leases (Topic 842), the school therefore recognized a lease liability of \$251,174 effective September 1, 2021. This represents the present value of the remaining lease payments of \$273,224 discounted using the school's incremental borrowing rate of 5%. In conjunction with the lease liability, the school recognized a right-of-use assets of \$251,174 which represents the lease liability of \$251,174 which is reflected as a reduction to the ROU assets at the date of adoption of ASC 842.

17. RENTAL EXPENSE

During the years ended August 31, 2023 and 2022, the corporation reported the following rental expenses after intercompany eliminations:

	<u>2023</u>	<u>2022</u>
Pitney Bowes	\$ 768	\$ 722
Commerce Bank	5,938	6,695
Card Services Center	309	-
Xerox	<u>1,904</u>	<u>1,249</u>
Total Rent Expense	<u>\$ 8,919</u>	<u>\$ 8,666</u>

18. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the corporation through financial statement issuance and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

19. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

August 31, 2023	Fair Value Measurements at Reporting Date Using			
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equity Securities	\$ 1,566,845	\$ 1,566,845	\$ -	\$ -
Total	<u>\$ 1,566,845</u>	<u>\$ 1,566,845</u>	<u>\$ -</u>	<u>\$ -</u>

August 31, 2022	Fair Value Measurements at Reporting Date Using			
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equity Securities	\$ 1,460,284	\$ 1,460,284	\$ -	\$ -
Total	<u>\$ 1,460,284</u>	<u>\$ 1,460,284</u>	<u>\$ -</u>	<u>\$ -</u>

20. RESTRICTED CASH

Total restricted cash at August 31, 2023 was \$99,025. The Amon Carter Foundation donated \$75,000 for technology. \$49,717 was spent on technology leaving \$25,283 in restricted cash. The Sid Richardson Foundation donated \$150,000 for theater improvements. \$100,000 was spent on theater improvements leaving \$50,000 in restricted cash. FWAFPTSO donated \$15,000. \$6,758 was spent leaving \$8,242 in restricted cash. Additional donations from the Harvey Family Foundation for \$500, Theater Conservatory for \$5,000, and Bryce Memorial for \$10,000 have been received for theater improvements but not yet spent.

**TEXAS CENTER FOR ARTS + ACADEMICS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

Total restricted cash at August 31, 2022 was \$134,850. The Amon Carter Foundation donated \$120,000 for technology. \$80,317 was spent on technology leaving \$39,683 in restricted cash. The Sid Richardson Foundation donated \$100,000 for theater improvements. \$13,076 was spent on theater improvements leaving \$86,924 in restricted cash. FWAFA PTSO donated \$15,000. \$6,757 was spent leaving \$8,243 in restricted cash.

21. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 407,747
Fixed assets	8,802,462
Investments	<u>122,394</u>
	<u>\$ 9,332,603</u>

Except for the financial assets listed above, Texas Center for Arts + Academics' cash, due from TEA, fixed assets, and investments' use are restricted by the Texas Education Agency, federal agencies, and donors for charter school operations. As part of the corporation's liquidity management plan, \$1,566,845 of cash is invested in Plains Capital Bank investments.

Specific-Purpose Financial Statements

FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 125,792	\$ 380,010
Investments	619,276	575,458
Deferred expenses	9,485	21,542
Due from TEA	698,258	736,740
Total Current Assets	<u>1,452,811</u>	<u>1,713,750</u>
Property and Equipment		
Buildings and improvements	321,274	283,448
Furniture and equipment	332,996	323,572
Vehicles	187,356	187,356
Right to use leased assets	94,567	94,567
Less accumulated depreciation	(586,835)	(535,632)
Total Property and Equipment	<u>349,358</u>	<u>353,311</u>
Total Assets	<u>\$ 1,802,169</u>	<u>\$ 2,067,061</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 15,251	\$ -
Accrued expenses	8,038	7,517
Accrued wages payable	375,734	351,650
Payroll deductions and withholdings	-	71,903
Current portion of lease liabilities	27,902	26,541
Total Current Liabilities	<u>426,925</u>	<u>457,611</u>
Long-Term Debt		
Lease liabilities	<u>14,484</u>	<u>42,386</u>
Total Liabilities	<u>\$ 441,409</u>	<u>\$ 499,997</u>
Net Assets		
Without donor restrictions	5,806	17,339
With donor restrictions	<u>1,354,954</u>	<u>1,549,725</u>
Total Net Assets	<u>\$ 1,360,760</u>	<u>\$ 1,567,064</u>
Total Liabilities and Net Assets	<u>\$ 1,802,169</u>	<u>\$ 2,067,061</u>

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

TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 266,235	\$ 352,992
Investments	825,175	766,692
Due from TEA	357,394	296,207
Deferred expenses	-	64,663
Total Current Assets	<u>1,448,804</u>	<u>1,480,554</u>
Property and Equipment		
Furniture and equipment	95,346	95,346
Vehicles	4,500	4,500
Right to use leased assets	65,883	65,883
Less accumulated depreciation	<u>(121,608)</u>	<u>(98,389)</u>
Total Property and Equipment	<u>44,121</u>	<u>67,340</u>
Total Assets	<u>\$ 1,492,925</u>	<u>\$ 1,547,894</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ -	\$ -
Accrued expenses	4,257	4,376
Accrued wages payable	197,174	205,947
Payroll deductions and withholdings	-	19,878
Current portion of lease liabilities	<u>19,439</u>	<u>18,491</u>
Total Current Liabilities	<u>220,870</u>	<u>248,692</u>
Long-Term Debt		
Lease liabilities	<u>10,090</u>	<u>29,529</u>
Total Liabilities	<u>\$ 230,960</u>	<u>\$ 278,221</u>
Net Assets		
Without donor restrictions	794	794
With donor restrictions	<u>1,261,171</u>	<u>1,268,879</u>
Total Net Assets	<u>\$ 1,261,965</u>	<u>\$ 1,269,673</u>
Total Liabilities and Net Assets	<u>\$ 1,492,925</u>	<u>\$ 1,547,894</u>

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

TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 436,432	\$ 314,413
Restricted cash and cash equivalents	99,025	134,850
Investments	122,394	118,134
Due from Fort Worth Academy of Fine Arts	-	-
Prepaid expenses	92,919	5,586
Total Current Assets	<u>750,770</u>	<u>572,983</u>
Property and Equipment		
Land	308,507	308,507
Buildings and improvements	14,205,154	14,195,154
Furniture and equipment	257,905	257,905
Vehicles	102,983	102,983
Right to use leased assets	90,724	90,724
Less accumulated depreciation	(6,162,811)	(5,646,962)
Total Property and Equipment	<u>8,802,462</u>	<u>9,308,311</u>
Total Assets	<u>\$ 9,553,232</u>	<u>\$ 9,881,294</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ -	\$ -
Due to student groups	110,889	125,279
Deferred revenue	107,138	30,519
Accrued interest	20,250	24,147
Payroll deductions and withholdings	5,338	447
Current portion of lease liabilities	26,769	25,463
Current portion of long-term debt	899,707	838,128
Total Current Liabilities	<u>1,170,091</u>	<u>1,043,983</u>
Long-Term Liabilities		
Lease liabilities	13,894	40,663
Notes payable, net of unamortized debt issuance costs	<u>1,119,944</u>	<u>1,972,320</u>
Total Long-Term Liabilities	<u>1,133,838</u>	<u>2,012,983</u>
Total Liabilities	<u>\$ 2,303,929</u>	<u>\$ 3,056,966</u>
Net Assets		
Without donor restrictions	7,150,278	6,689,478
With donor restrictions	<u>99,025</u>	<u>134,850</u>
Total Net Assets	<u>\$ 7,249,303</u>	<u>\$ 6,824,328</u>
Total Liabilities and Net Assets	<u>\$ 9,553,232</u>	<u>\$ 9,881,294</u>

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

FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>
Revenues			
Local Support:			
5740 Other Revenues from Local Sources	\$ 57,213	\$ -	\$ 57,213
5750 Cocurricular and Enterprising Activities	204,686	-	204,686
Total Local Support	<u>261,899</u>	<u>-</u>	<u>261,899</u>
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	5,797,272	5,797,272
5820 State Program Revenues Distributed by TEA	-	223,954	223,954
Total State Program Revenues	<u>-</u>	<u>6,021,226</u>	<u>6,021,226</u>
Federal Program Revenues:			
5920 Federal Revenues Distributed by TEA	-	217,165	217,165
5930 Federal Revenues Distributed by Other State Agencies	-	-	-
Total Federal Program Revenues	<u>-</u>	<u>217,165</u>	<u>217,165</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>6,433,162</u>	<u>(6,433,162)</u>	<u>-</u>
Total Revenues	<u>\$ 6,695,061</u>	<u>\$ (194,771)</u>	<u>\$ 6,500,290</u>
Expenses			
11 Instruction	\$ 4,039,149	\$ -	\$ 4,039,149
13 Curriculum & Instructional Staff Development	14,346	-	14,346
21 Instructional Leadership	52,094	-	52,094
23 School Leadership	289,014	-	289,014
31 Guidance, Counseling, & Evaluation Services	158,861	-	158,861
33 Health Services	52,970	-	52,970
35 Food Services	161,345	-	161,345
36 Cocurricular/Extracurricular Activities	14,638	-	14,638
41 General Administration	417,404	-	417,404
51 Facilities Maintenance & Operations	1,269,748	-	1,269,748
52 Security & Monitoring Services	90,078	-	90,078
53 Data Processing Services	74,725	-	74,725
71 Debt Service	2,850	-	2,850
81 Fundraising	69,372	-	69,372
Total Expenses	<u>\$ 6,706,594</u>	<u>\$ -</u>	<u>\$ 6,706,594</u>
Change in Net Assets	<u>(11,533)</u>	<u>(194,771)</u>	<u>(206,304)</u>
Net Assets, Beginning of Year	<u>17,339</u>	<u>1,549,725</u>	<u>1,567,064</u>
Net Assets, End of Year	<u>\$ 5,806</u>	<u>\$ 1,354,954</u>	<u>\$ 1,360,760</u>

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

FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>
Revenues			
Local Support:			
5740 Other Revenues from Local Sources	\$ (51,605)	\$ -	\$ (51,605)
5750 Cocurricular and Enterprising Activities	<u>172,452</u>	<u>-</u>	<u>172,452</u>
Total Local Support	120,847	-	120,847
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	5,796,596	5,796,596
5820 State Program Revenues Distributed by TEA	<u>-</u>	<u>30,704</u>	<u>30,704</u>
Total State Program Revenues	-	5,827,300	5,827,300
Federal Program Revenues:			
5920 Federal Revenues Distributed by TEA	-	479,030	479,030
5930 Federal Revenues Distributed by Other State Agencies	<u>-</u>	<u>24,492</u>	<u>24,492</u>
Total Federal Program Revenues	-	503,522	503,522
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>6,527,167</u>	<u>(6,527,167)</u>	<u>-</u>
Total Revenues	\$ <u>6,648,014</u>	\$ <u>(196,345)</u>	\$ <u>6,451,669</u>
Expenses			
11 Instruction	\$ 4,017,362	\$ -	\$ 4,017,362
13 Curriculum & Instructional Staff Development	19,348	-	19,348
21 Instructional Leadership	58,920	-	58,920
23 School Leadership	281,677	-	281,677
31 Guidance, Counseling, & Evaluation Services	115,822	-	115,822
33 Health Services	55,606	-	55,606
35 Food Services	145,825	-	145,825
36 Cocurricular/Extracurricular Activities	15,361	-	15,361
41 General Administration	419,517	-	419,517
51 Facilities Maintenance & Operations	1,378,839	-	1,378,839
52 Security & Monitoring Services	2,841	-	2,841
53 Data Processing Services	85,686	-	85,686
71 Debt Service	3,751	-	3,751
81 Fundraising	<u>48,146</u>	<u>-</u>	<u>48,146</u>
Total Expenses	\$ <u>6,648,701</u>	\$ <u>-</u>	\$ <u>6,648,701</u>
Change in Net Assets	<u>(687)</u>	<u>(196,345)</u>	<u>(197,032)</u>
Net Assets, Beginning of Year	<u>18,026</u>	<u>1,746,070</u>	<u>1,764,096</u>
Net Assets, End of Year	\$ <u><u>17,339</u></u>	\$ <u><u>1,549,725</u></u>	\$ <u><u>1,567,064</u></u>

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

TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Totals
Revenues			
Local Support:			
5740 Other Revenues from Local Sources	\$ 59,849	\$ -	\$ 59,849
5750 Cocurricular and Enterprising Activities	108,510	-	108,510
Total Local Support	168,359	-	168,359
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	2,964,911	2,964,911
5820 State Program Revenues Distributed by TEA	-	182,862	182,862
Total State Program Revenues	-	3,147,773	3,147,773
Federal Program Revenues:			
5920 Federal Revenues Distributed by TEA	-	139,831	139,831
5930 Federal Revenues Distributed by Other State Agencies	-	-	-
Total Federal Program Revenues	-	139,831	139,831
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	3,295,312	(3,295,312)	-
Total Revenues	\$ 3,463,671	\$ (7,708)	\$ 3,455,963
Expenses			
11 Instruction	1,828,173	-	1,828,173
13 Curriculum & Instructional Staff Development	36,102	-	36,102
21 Instructional Leadership	74,333	-	74,333
23 School Leadership	166,210	-	166,210
31 Guidance, Counseling, & Evaluation Services	65,988	-	65,988
33 Health Services	48,841	-	48,841
35 Food Services	110,877	-	110,877
36 Extracurricular Activities	-	-	-
41 General Administration	209,068	-	209,068
51 Plant Maintenance & Operations	832,992	-	832,992
52 Security & Monitoring Services	16,663	-	16,663
53 Data Processing Services	37,586	-	37,586
71 Debt Service	1,985	-	1,985
81 Fundraising	34,853	-	34,853
Total Expenses	\$ 3,463,671	\$ -	\$ 3,463,671
Change in Net Assets	-	(7,708)	(7,708)
Net Assets, Beginning of Year	794	1,268,879	1,269,673
Net Assets, End of Year	\$ 794	\$ 1,261,171	\$ 1,261,965

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

TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Totals
Revenues			
Local Support:			
5740 Other Revenues from Local Sources	\$ (116,856)	\$ -	\$ (116,856)
5750 Cocurricular and Enterprising Activities	86,699	-	86,699
Total Local Support	(30,157)	-	(30,157)
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	2,654,398	2,654,398
5820 State Program Revenues Distributed by TEA	-	12,009	12,009
Total State Program Revenues	-	2,666,407	2,666,407
Federal Program Revenues:			
5920 Federal Revenues Distributed by TEA	-	218,022	218,022
5930 Federal Revenues Distributed by Other State Agencies	-	11,070	11,070
Total Federal Program Revenues	-	229,092	229,092
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	3,462,470	(3,462,470)	-
Total Revenues	\$ 3,432,313	\$ (566,971)	\$ 2,865,342
Expenses			
11 Instruction	1,830,899	-	1,830,899
13 Curriculum & Instructional Staff Development	31,321	-	31,321
21 Instructional Leadership	73,447	-	73,447
23 School Leadership	165,322	-	165,322
31 Guidance, Counseling, & Evaluation Services	65,223	-	65,223
33 Health Services	48,977	-	48,977
35 Food Services	89,414	-	89,414
36 Extracurricular Activities	100	-	100
41 General Administration	214,445	-	214,445
51 Plant Maintenance & Operations	854,080	-	854,080
52 Security & Monitoring Services	4,176	-	4,176
53 Data Processing Services	25,227	-	25,227
71 Debt Service	2,613	-	2,613
81 Fundraising	27,275	-	27,275
Total Expenses	\$ 3,432,519	\$ -	\$ 3,432,519
Change in Net Assets	(206)	(566,971)	(567,177)
Net Assets, Beginning of Year	1,000	1,835,850	1,836,850
Net Assets, End of Year	\$ 794	\$ 1,268,879	\$ 1,269,673

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

TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>
Revenues, Gains, & Other Support			
Local Support:			
Contributions	\$ 107,317	\$ 93,433	\$ 200,750
Special Events	110,376	-	110,376
Total Local Support	<u>217,693</u>	<u>93,433</u>	<u>311,126</u>
Program Service Revenue:			
Performances	100,036	-	100,036
Building Rentals	1,368,000	-	1,368,000
Activity Fees	369,586	-	369,586
Total Program Service Revenue	<u>1,837,622</u>	<u>-</u>	<u>1,837,622</u>
Interest & Other Income:			
Investment Income	4,355	-	4,355
Unrealized Gain (Loss)	-	-	-
Realized Gain (Loss)	-	-	-
Royalty Income	4,934	-	4,934
Other	54,710	-	54,710
Total Interest & Other Income	<u>63,999</u>	<u>-</u>	<u>63,999</u>
Federal Program Revenue:			
Federal Revenues Distributed by Fed. Govt.	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>129,258</u>	<u>(129,258)</u>	<u>-</u>
Total Revenues, Gains, & Other Support	<u>\$ 2,248,572</u>	<u>\$ (35,825)</u>	<u>\$ 2,212,747</u>
Expenses			
11 Instruction	1,000,758	-	1,000,758
35 Food Services	13,535	-	13,535
36 Extracurricular Activities	219	-	219
41 General Administration	414,146	-	414,146
51 Plant Maintenance and Operations	94,464	-	94,464
71 Debt Service	137,101	-	137,101
81 Fundraising	127,549	-	127,549
Total Expenses	<u>\$ 1,787,772</u>	<u>\$ -</u>	<u>\$ 1,787,772</u>
Change in Net Assets	<u>460,800</u>	<u>(35,825)</u>	<u>424,975</u>
Net Assets, Beginning of Year	<u>6,689,478</u>	<u>134,850</u>	<u>6,824,328</u>
Net Assets, End of Year	<u>\$ 7,150,278</u>	<u>\$ 99,025</u>	<u>\$ 7,249,303</u>

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

TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>
Revenues, Gains, & Other Support			
Local Support:			
Contributions	\$ 113,138	\$ 95,500	\$ 208,638
Special Events	84,590	-	84,590
Total Local Support	<u>197,728</u>	<u>95,500</u>	<u>293,228</u>
Program Service Revenue:			
Performances	99,605	-	99,605
Building Rentals	1,373,006	-	1,373,006
Activity Fees	409,005	-	409,005
Total Program Service Revenue	<u>1,881,616</u>	<u>-</u>	<u>1,881,616</u>
Interest & Other Income:			
Investment Income	(249)	-	(249)
Unrealized Gain (Loss)	-	-	-
Realized Gain (Loss)	-	-	-
Royalty Income	8,271	-	8,271
Other	261,784	-	261,784
Total Interest & Other Income	<u>269,806</u>	<u>-</u>	<u>269,806</u>
Federal Program Revenue:			
Federal Revenues Distributed by Fed. Govt.	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>45,421</u>	<u>(45,421)</u>	<u>-</u>
Total Revenues, Gains, & Other Support	<u>\$ 2,394,571</u>	<u>\$ 50,079</u>	<u>\$ 2,444,650</u>
Expenses			
11 Instruction	1,121,665	-	1,121,665
35 Food Services	15,651	-	15,651
41 General Administration	229,160	-	229,160
51 Plant Maintenance and Operations	38,185	-	38,185
71 Debt Service	167,462	-	167,462
81 Fundraising	103,004	-	103,004
Total Expenses	<u>\$ 1,675,127</u>	<u>\$ -</u>	<u>\$ 1,675,127</u>
Change in Net Assets	<u>719,444</u>	<u>50,079</u>	<u>769,523</u>
Net Assets, Beginning of Year	<u>5,970,034</u>	<u>84,771</u>	<u>6,054,805</u>
Net Assets, End of Year	<u>\$ 6,689,478</u>	<u>\$ 134,850</u>	<u>\$ 6,824,328</u>

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

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (206,304)	\$ (197,032)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	51,203	51,175
(Increase) Decrease in Deferred Expenses	12,057	47,171
(Increase) Decrease in Due from TEA	38,482	(360,120)
Increase (Decrease) in Accounts Payable	15,251	(19,413)
Increase (Decrease) in Accrued Expenses	521	1,232
Increase (Decrease) in Payroll Deductions	(71,903)	71,903
Increase (Decrease) in Wages Payable	24,084	57,170
Net Cash Provided (Used) by Operating Activities	<u>(136,609)</u>	<u>(347,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(47,250)	-
Purchase of Right to Use Lease Assets	-	(94,567)
Dividends Reinvested in Securities	(15,443)	(9,716)
Capital Gains Reinvested in Securities	(5,971)	(9,031)
Fees Paid on Investments	2,381	2,538
Realized (Gain) Loss on Sale of Investment Securities	2,729	(8,497)
Unrealized (Gain) Loss on Investment Securities	(27,514)	117,962
Net Cash Provided (Used) by Investing Activities	<u>(91,068)</u>	<u>(1,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Right to Use Assets Lease Purchase	-	94,567
Principal Payments on Right to Use Lease Liability	(26,541)	(25,640)
Net Cash Provided (Used) by Financing Activities	<u>(26,541)</u>	<u>68,927</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(254,218)	(280,298)
Cash and Cash Equivalents, Beginning of Year	380,010	660,308
Cash and Cash Equivalents, End of Year	<u>\$ 125,792</u>	<u>\$ 380,010</u>
 Interest Paid During the Period Ended August 31, 2023 and 2022	 \$ 2,850	 \$ 3,751
Income Taxes Paid During the Period Ended August 31, 2023 and 2022	-	-

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

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

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (7,708)	\$ (567,177)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	23,219	23,777
(Increase) Decrease in Deferred Expenses	64,663	(59,311)
(Increase) Decrease in Due from TEA	(61,187)	56,407
Increase (Decrease) in Accounts Payable	-	(4,132)
Increase (Decrease) in Accrued Expenses	(119)	580
Increase (Decrease) in Wages Payable	(8,773)	30,583
Increase (Decrease) in Payroll Deductions and Withholdings	(19,878)	19,878
Net Cash Provided (Used) by Operating Activities	<u>(9,783)</u>	<u>(499,395)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	-	-
Purchase of Right to Use Lease Assets	-	(65,883)
Dividends Reinvested in Securities	(20,605)	(25,032)
Capital Gains Reinvested in Securities	(7,956)	-
Fees Paid on Investments	3,124	3,382
Realized (Gain) Loss on Sale of Investment Securities	3,259	(10,677)
Unrealized (Gain) Loss on Investment Securities	(36,305)	156,852
Net Cash Provided (Used) by Investing Activities	<u>(58,483)</u>	<u>58,642</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Right to Use Assets Lease Purchase	-	65,883
Principal Payments on Right to Use Lease Liability	(18,491)	(17,863)
Net Cash Provided (Used) by Financing Activities	<u>(18,491)</u>	<u>48,020</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(86,757)	(392,733)
Cash and Cash Equivalents, Beginning of Year	<u>352,992</u>	<u>745,725</u>
Cash and Cash Equivalents, End of Year	<u>\$ 266,235</u>	<u>\$ 352,992</u>
 Interest Paid During the Period Ended August 31, 2023 and 2022	 \$ 1,985	 \$ 2,613
Income Taxes Paid During the Period Ended August 31, 2023 and 2022	-	-

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

TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 424,975	\$ 769,523
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	515,849	516,585
(Increase) Decrease in Account Receivable	-	414
(Increase) Decrease in Prepaid Expenses	(87,333)	23,964
Increase (Decrease) in Accounts Payable	-	(8,831)
Increase (Decrease) in Due to Student Groups	(14,390)	20,710
Increase (Decrease) in Deferred Revenue	76,619	(18,103)
Increase (Decrease) in Accrued Interest	(3,897)	(4,362)
Increase (Decrease) in Payroll Deductions and Withholdings	4,891	447
Net Cash Provided (Used) by Operating Activities	916,714	1,300,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(10,000)	(252,560)
Purchase of Right to Use Lease Assets	-	(90,724)
Dividends Reinvested in Securities	(5,108)	(213)
Capital Gains Reinvested in Securities	-	-
Fees Paid on Investments	848	473
Realized (Gain) Loss on Sale of Investment Securities	-	-
Unrealized (Gain) Loss on Investment Securities	-	-
Net Cash Provided (Used) by Investing Activities	(14,260)	(343,024)
CASH FLOWS FROM FINANCING ACTIVITIES		
Right to Use Assets Lease Purchase	-	90,724
Principal Payments on Right to Use Lease Liability	(25,463)	(24,598)
Amortization of Debt Issuance Costs	20,486	20,486
Principal Payments on Debt	(811,283)	(886,231)
Net Cash Provided (Used) by Financing Activities	(816,260)	(799,619)
Net Increase (Decrease) in Cash and Cash Equivalents	86,194	157,704
Cash and Cash Equivalents, Beginning of Year	449,263	291,559
Cash and Cash Equivalents, End of Year	\$ 535,457	\$ 449,263
Interest Paid During the Period Ended August 31, 2023 and 2022	\$ 120,512	\$ 151,337
Income Taxes Paid During the Period Ended August 31, 2023 and 2022	-	-

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

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

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

		<u>2023</u>	<u>2022</u>
Expenses			
6100	Payroll Costs	\$ 4,558,261	\$ 4,316,489
6200	Professional and Contracted Services	1,443,704	1,563,640
6300	Supplies and Materials	559,798	597,234
6400	Other Operating Costs	141,982	167,587
6500	Debt	<u>2,849</u>	<u>3,751</u>
	Total Expenses	<u>\$ 6,706,594</u>	<u>\$ 6,648,701</u>

The accompanying notes are an integral part of these statements.

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

		<u>2023</u>	<u>2022</u>
Expenses			
6100	Payroll Costs	\$ 2,130,399	\$ 2,163,173
6200	Professional and Contracted Services	956,385	917,378
6300	Supplies and Materials	291,317	249,648
6400	Other Operating Costs	83,585	99,707
6500	Debt	<u>1,985</u>	<u>2,613</u>
	Total Expenses	<u>\$ 3,463,671</u>	<u>\$ 3,432,519</u>

The accompanying notes are an integral part of these statements.

TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

		<u>2023</u>	<u>2022</u>
Expenses			
6100	Payroll Costs	\$ 333,528	\$ 241,631
6200	Professional and Contracted Services	508,250	311,666
6300	Supplies and Materials	113,382	108,827
6400	Other Operating Costs	695,256	845,332
6500	Debt	<u>137,356</u>	<u>167,671</u>
	Total Expenses	<u>\$ 1,787,772</u>	<u>\$ 1,675,127</u>

The accompanying notes are an integral part of these statements.

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
SCHEDULE OF ASSETS
AS OF AUGUST 31, 2023**

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 5,807	\$ 165,960	\$ (45,975)
1910 Investments	-	619,276	-
1520 Buildings and Improvements	-	321,274	-
1539 Furniture and Equipment	13,996	309,881	9,119
1541 Vehicles	-	187,356	-
1559 Right to Use Leased Assets	-	94,567	-
Total Cash, Investments, and Capital Assets	<u>\$ 19,803</u>	<u>\$ 1,698,314</u>	<u>\$ (36,856)</u>

The accompanying notes are an integral part of these statements.

TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL
SCHEDULE OF ASSETS
AS OF AUGUST 31, 2023

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 794	\$ 295,486	\$ (30,045)
1910 Investments	-	825,175	-
1539 Furniture and Equipment	-	83,038	12,308
1541 Vehicles	-	4,500	-
1559 Right to Use Leased Assets	-	65,883	-
Total Cash, Investments, and Capital Assets	<u>\$ 794</u>	<u>\$ 1,274,082</u>	<u>\$ (17,737)</u>

The accompanying notes are an integral part of these statements.

TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
SCHEDULE OF ASSETS
AS OF AUGUST 31, 2023

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 535,457	\$ -	\$ -
1910	Investments	122,394	-	-
1510	Land	308,507	-	-
1520	Buildings and Improvements	14,205,154	-	-
1530	Furniture and Equipment	257,905	-	-
1540	Vehicles	102,983	-	-
1559	Right to Use Leased Assets	90,724	-	-
Total Cash, Investments, and Capital Assets		<u>\$ 15,623,124</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023**

	Budgeted Amounts				Actual	Variance	
	Original	Final			Amounts	from Final	
						Budget	
Revenues							
Local Support:							
5740 Other Revenues from Local Sources	\$ 10,000	\$ -			\$ 57,213	\$ 57,213	
5750 Cocurricular and Enterprising Activities	140,000	200,000	43%	(7)	204,686	4,686	2%
Total Local Support	150,000	200,000			261,899	61,899	
State Program Revenues:							
5810 Foundation School Program Act Revenues	5,902,743	5,659,529	-4%		5,797,272	137,743	2%
5820 State Program Revenues Distributed by TEA	50,000	65,103	30%	(8)	223,954	158,851	244% (1)
Total State Program Revenues	5,952,743	5,724,632			6,021,226	296,594	
Federal Program Revenues:							
5920 Federal Revenues Distributed by TEA	427,403	186,000	-56%	(9)	217,165	31,165	17% (2)
5930 Federal Revenues Distributed by Other State Agencies	-	-			-	-	
Total Federal Program Revenues	427,403	186,000			217,165	31,165	
Total Revenues	\$ 6,530,146	\$ 6,110,632			\$ 6,500,290	\$ 389,658	
Expenses							
11 Instruction	\$ 3,939,997	\$ 3,939,997	0%		\$ 4,039,149	\$ (99,152)	-3%
13 Curriculum & Instructional Staff Development	27,804	16,000	-42%	(10)	14,346	1,654	10% (3)
21 Instructional Leadership	67,787	48,886	-28%	(11)	52,094	(3,208)	-7%
23 School Leadership	288,421	288,421	0%		289,014	(593)	0%
31 Guidance, Counseling, & Evaluation Services	131,496	131,496	0%		158,861	(27,365)	-21% (4)
33 Health Services	57,048	48,000	-16%	(12)	52,970	(4,970)	-10% (5)
35 Food Services	138,522	168,000	21%	(13)	161,345	6,655	4%
36 Cocurricular/Extracurricular Activities	12,100	16,000	32%	(14)	14,638	1,362	9%
41 General Administration	427,751	427,751	0%		417,404	10,347	2%
51 Facilities Maintenance & Operations	1,250,521	1,343,112	7%		1,269,748	73,364	5%
52 Security & Monitoring Services	-	86,304			90,078	(3,774)	-4%
53 Data Processing Services	101,769	81,000	-20%	(15)	74,725	6,275	8%
71 Debt Service	-	-			2,850	(2,850)	
81 Fundraising	58,751	58,751	0%		69,372	(10,621)	-18% (6)
Total Expenses	\$ 6,501,967	\$ 6,653,718			\$ 6,706,594	\$ (52,876)	
Change in Net Assets	28,179	(543,086)			(206,304)	336,782	
Net Assets, Beginning of Year	1,567,064	1,567,064			1,567,064	-	
Net Assets, End of Year	\$ 1,595,243	\$ 1,023,978			\$ 1,360,760	\$ 336,782	

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

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
MATERIAL BUDGET VARIANCE EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023**

Material Budget Variance Expenditures

The following is an explanation of the 10% variances from final budget to actual revenue reported on the Budgetary Comparison Schedule:

- (1) Texas Education Agency distributed more in state program revenues this year which was not budgeted for.
- (2) The school did not budget any revenue for TCLAS ESSER III.

The following is an explanation of the 10% variances from final budget to actual expenses reported on the Budgetary Comparison Schedule:

- (3) The school did not spend as much on training as budgeted for.
- (4) Spent more on guidance, counseling, and evaluation salaries than anticipated.
- (5) Spent more on health services contracted services than anticipated.
- (6) Spent more on fundraising payroll than anticipated.

The following is an explanation of the 10% variances from final budget to original budget revenue reported on the Budgetary Comparison Schedule:

- (7) Did not budget enough for food service revenue in the original budget.
- (8) Texas Education Agency distributed more in state program revenues this year. Not enough was budgeted in the original budget.
- (9) The original budget did not account for the drop in federal revenue from ESSER funds expiring.

The following is an explanation of the 10% variances from final budget to original budget expenses reported on the Budgetary Comparison Schedule:

- (10) Too much was budgeted for staff development in original budget.
- (11) Too much was budgeted for in instructional leadership payroll.
- (12) School decided to reduce health services spending.
- (13) Not enough was in original budget for food service supplies.
- (14) More was needed to be spent for extracurricular activities than originally budgeted.
- (15) Did not need as much budgeted for data processing services as originally thought.

The accompanying notes are an integral part of these statements.

**TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023**

	Budgeted Amounts					Actual	Variance	
	Original	Final				Amounts	from Final	
							Budget	
Revenues								
Local Support:								
5740 Other Revenues from Local Sources	\$ 10,000	\$ 175	-98%	(5)	\$ 59,849	\$ 59,674	34099%	(1)
5750 Cocurricular and Enterprising Activities	85,000	115,000	35%	(6)	108,510	(6,490)	-6%	
Total Local Support	95,000	115,175			168,359	53,184		
State Program Revenues:								
5810 Foundation School Program Act Revenues	2,938,232	2,779,766	-5%		2,964,911	185,145	7%	
5820 State Program Revenues Distributed by TEA	10,000	699	-93%	(7)	182,862	182,163	26061%	(2)
Total State Program Revenues	2,948,232	2,780,465			3,147,773	367,308		
Federal Program Revenues:								
5920 Federal Revenues Distributed by TEA	241,315	261,552	8%		139,831	(121,721)	-47%	(3)
5930 Federal Revenues Distributed by Other State Agencies	-	-			-	-		
Total Federal Program Revenues	241,315	261,552			139,831	(121,721)		
Total Revenues	\$ 3,284,547	\$ 3,157,192			\$ 3,455,963	\$ 298,771		
Expenses								
11 Instruction	\$ 1,703,359	\$ 1,835,000	8%		\$ 1,828,173	\$ 6,827	0%	
13 Curriculum & Instructional Staff Development	29,251	38,000	30%	(8)	36,102	1,898	5%	
21 Instructional Leadership	62,607	74,000	18%	(9)	74,333	(333)	0%	
23 School Leadership	173,450	166,350	-4%		166,210	140	0%	
31 Guidance, Counseling, & Evaluation Services	67,860	67,860	0%		65,988	1,872	3%	
33 Health Services	47,683	47,683	0%		48,841	(1,158)	-2%	
35 Food Services	80,386	109,000	36%	(10)	110,877	(1,877)	-2%	
36 Cocurricular/Extracurricular Activities	300	300	0%		-	300	100%	(4)
41 General Administration	216,043	216,043	0%		209,068	6,975	3%	
51 Facilities Maintenance & Operations	816,764	816,764	0%		832,992	(16,228)	-2%	
52 Security and Monitoring Services	-	-			16,663	(16,663)		
53 Data Processing Services	45,620	36,000	-21%	(11)	37,586	(1,586)	-4%	
71 Debt Service	-	-			1,985	(1,985)		
81 Fundraising	33,351	33,351	0%		34,853	(1,502)	-5%	
Total Expenses	\$ 3,276,674	\$ 3,440,351			\$ 3,463,671	\$ (23,320)		
Change in Net Assets	7,873	(283,159)			(7,708)	275,451		
Net Assets, Beginning of Year	1,269,673	1,269,673			1,269,673	-		
Net Assets, End of Year	\$ 1,277,546	\$ 986,514			\$ 1,261,965	\$ 275,451		

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

**TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL
MATERIAL BUDGET VARIANCE EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023**

Material Budget Variance Expenditures

The following is an explanation of the 10% variances from final budget to actual revenue reported on the Budgetary Comparison Schedule:

- (1) Did not budget any revenue for investment income due to large losses last year.
- (2) Budgeted safety and security revenue in 5929 instead of 5829.
- (3) Budgeted safety and security revenue in 5929 instead of 5829.

The following is an explanation of the 10% variances from final budget to actual expenses reported on the Budgetary Comparison Schedule:

- (4) Did not spend any money for extracurricular activities this year.

The following is an explanation of the 10% variances from final budget to original budget revenue reported on the Budgetary Comparison Schedule:

- (5) Originally budgeted \$10,000 for contributions and took this out in final budget.
- (6) Did not budget enough for cafeteria receipts in the original budget.
- (7) Budgeted safety and security revenue in 5929 instead of 5829.

The following is an explanation of the 10% variances from final budget to original budget expenses reported on the Budgetary Comparison Schedule:

- (8) Did not budget enough for staff development in original budget.
- (9) Did not budget enough for instructional leadership payroll.
- (10) Not enough was in original budget for food service supplies.
- (11) Did not need as much budgeted for data processing services as originally thought.

TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

	Budgeted Amounts				Actual	Variance	
	Original	Final		Amounts	from Final	Budget	
Revenues							
Local Support:							
5640 Other Revenues from Local Sources	\$ 1,737,000	\$ 1,737,000	0%	\$ 1,798,206	\$ 61,206	4%	
5650 Performances Revenue	283,000	283,000	0%	216,383	(66,617)	-24%	(1)
5660 Dance and Art Tuition	80,000	80,000	0%	90,680	10,680	13%	(2)
5670 Camp Fees Revenue	19,120	19,120	0%	26,827	7,707	40%	(3)
5680 Music Conservatory Tuition	57,800	57,800	0%	77,464	19,664	34%	(4)
5690 Field Trip	-	-		3,187	3,187		
Total Local Support	2,176,920	2,176,920		2,212,747	35,827		
State Program Revenues:							
5810 Foundation School Program Act Revenues	-	-		-	-		
5820 State Program Revenues Distributed by TEA	-	-		-	-		
Total State Program Revenues	-	-		-	-		
Federal Program Revenues:							
5940 Federal Revenues Distributed by Federal Government	-	-		-	-		
Total Federal Program Revenues	-	-		-	-		
Total Revenues	\$ 2,176,920	\$ 2,176,920		\$ 2,212,747	\$ 35,827		
Expenses							
11 Instruction	\$ 707,843	\$ 732,844	4%	\$ 1,000,758	\$ (267,914)	-37%	(5)
35 Food Services	4,500	4,500	0%	13,535	(9,035)	-201%	(6)
36 Extracurricular Activities	-	-		219	(219)		
41 General Administration	209,719	209,718	0%	414,146	(204,428)	-97%	(7)
51 Plant Maintenance & Operations	45,650	20,650	-55% (10)	94,464	(73,814)	-357%	(8)
71 Debt Service	129,117	129,118	0%	137,101	(7,983)	-6%	
81 Fundraising	167,575	167,574	0%	127,549	40,025	24%	(9)
Total Expenses	\$ 1,264,404	\$ 1,264,404		\$ 1,787,772	\$ (523,368)		
Change in Net Assets	912,516	912,516		424,975	(487,541)		
Net Assets, Beginning of Year	6,824,328	6,824,328		6,824,328	-		
Net Assets, End of Year	\$ 7,736,844	\$ 7,736,844		\$ 7,249,303	\$ (487,541)		

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

**TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS
MATERIAL BUDGET VARIANCE EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023**

Material Budget Variance Expenditures

The following is an explanation of the 10% variances from final budget to actual revenue reported on the Budgetary Comparison Schedule:

- (1) Summer Arts Tuition did not have as much revenue as anticipated
- (2) More Dance Tuition revenue than anticipated
- (3) More Singing Girls camp revenue than anticipated.
- (4) More Texas Music Conservatory tuition revenue than anticipated.

The following is an explanation of the 10% variances from final budget to actual expenses reported on the Budgetary Comparison Schedule:

- (5) Did not budget for depreciation.
- (6) Did not budget for depreciation.
- (7) Did not budget for S&S Group consulting fees and did not budget enough for general administration salaries and professional services.
- (8) Did not budget for janitorial services.
- (9) Anticipated fundraising costs to be more than they actually were.

The following is an explanation of the 10% variances from final budget to original budget revenue reported on the Budgetary Comparison Schedule:

None

The following is an explanation of the 10% variances from final budget to original budget expenses reported on the Budgetary Comparison Schedule:

- (10) Reduced budget for maintenance expenses. Did not consider all maintenance expenditures when reducing budget.

The accompanying notes are an integral part of these statements.

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION
PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023**

Section A. Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the schools' fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the schools' fiscal year.	\$166,548
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 97,371

Section B. Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 7,004
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$ 4,722

**TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION
PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023**

Section A. Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the schools' fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the schools' fiscal year.	\$ 66,989
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 68,257

Section B. Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$21,994
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$10,171

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
FOR THE YEAR ENDED AUGUST 31, 2023**

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

The accompanying notes are an integral part of these statements.

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

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

The accompanying notes are an integral part of these statements.

**Compliance
and
Internal Control**

FREEMON, SHAPARD & STORY

Certified Public Accountants

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

Board of Directors
Texas Center for Arts + Academics
3901 S. Hulen Street
Fort Worth, TX 76109

Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Texas Center for Arts + Academics (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Freemon, Shapard, & Story
Windthorst, TX
January 4, 2024

**TEXAS CENTER FOR ARTS + ACADEMICS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? ___ Yes X No

Significant deficiencies identified that are not considered to be
material weaknesses? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Under the guidelines of OMB Uniform Guidance, a Single Audit was not required for the year ended August 31, 2023.

II. Financial Statement Findings

None identified.

III. Findings and Questioned Costs for Federal Awards

None identified.

**TEXAS CENTER FOR ARTS + ACADEMICS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023**

N/A No prior audit findings.

FREEMON, SHAPARD & STORY

Certified Public Accountants

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

January 4, 2024

Board of Directors
The Executive Director
Management
Texas Center for Arts + Academics
3901 S. Hulen Street
Fort Worth, Texas 76109

We have audited the financial statements of Texas Center for Arts + Academics for the year ended August 31, 2023, and we will issue our report thereon dated January 4, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 19, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Texas Center for Arts + Academics are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended August 31, 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimates are based on historical experience for allowances and time of usefulness for depreciation and allowance for doubtful accounts. We evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements with our assistance.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 4, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year in the normal course of our professional relationship. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Texas School of the Arts was allotted \$6,649 for gifted and talented and was required to spend 100% of this allotment on gifted and talented related expenditures. However, Texas School of the Arts only spent \$750 on gifted and talented. The shortage of \$5,899 may have to be spent in the year ended August 31, 2024. We also recommend that Texas School of the Arts adopt a method of placing students in a gifted and talented program and establish gifted and talented programs throughout the year for these students.

Texas School of the Arts was allotted \$21,994 for bilingual education and was required to spend 55% of this allotment on bilingual education related expenditures. However, Texas School of the Arts only spent \$10,171 on bilingual education. The shortage of \$1,926 may have to be spent in the year ended August 31, 2024.

Texas School of the Arts was allotted \$33,917 for early education and was required to spend 100% of this allotment on early education related expenditures. However, Texas School of the Arts only spent \$16,000 on early education. The shortage of \$17,917 may have to be spent in the year ended August 31, 2024.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Texas Center for Arts + Academics and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Freeman, Shapard & Story".

Freemon, Shapard, & Story