

**TEXAS CENTER FOR ARTS + ACADEMICS**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED**  
**AUGUST 31, 2025**

**TEXAS CENTER FOR ARTS + ACADEMICS  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2025**

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TEXAS CENTER FOR ARTS + ACADEMICS

CERTIFICATE OF BOARD

AUGUST 31, 2025

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, 2025, at a meeting of the governing body of the charter holder on the 20th day of January, 2026.

  
\_\_\_\_\_  
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, 2025 and 2024, 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, 2025 and 2024, 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, Use of Funds Report-Select State Allotment Programs, Schedules of Real Property Ownership Interest, Schedules of Related Party Transactions, and Schedule of Related Party

Compensation are presented for purposes of additional analysis as required by the Texas Education Agency and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, other than the Material Budget Variance Expenditures, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, 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,



Freeman, Shapard, & Story  
Windthorst, TX  
December 5, 2025

**General-Purpose  
Financial Statements**

**TEXAS CENTER FOR ARTS + ACADEMICS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,375,151	\$ 819,388
Restricted cash and cash equivalents	54,512	62,416
Accounts receivable	-	15,900
Investments	1,040,445	1,521,293
Due from TEA	800,304	906,316
Deferred expenses	30,286	116,973
Prepaid expenses	2,126	13,419
<b>Total Current Assets</b>	<b>3,302,824</b>	<b>3,455,705</b>
<b>Fixed Assets</b>		
Land	308,507	308,507
Buildings and improvements	14,553,154	14,553,154
Furniture and equipment	872,454	807,377
Vehicles	294,839	294,839
Right of use assets-finance leases	274,766	251,174
Less accumulated depreciation	(7,845,677)	(7,474,441)
<b>Total Fixed Assets</b>	<b>8,458,043</b>	<b>8,740,610</b>
<b>Total Assets</b>	<b>\$ 11,760,867</b>	<b>\$ 12,196,315</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 51,735	\$ 201,186
Accrued expenses	14,429	433
Due to student groups	148,468	138,433
Deferred revenue	59,387	26,417
Accrued wages payable	659,645	634,153
Accrued interest	8,623	13,883
Finance lease liability-current year	52,280	57,344
Current portion of long-term debt	426,571	457,768
<b>Total Current Liabilities</b>	<b>1,421,138</b>	<b>1,529,617</b>
<b>Long-Term Debt</b>		
Finance lease liability-long-term	174,368	-
Long-term debt, net of unamortized debt issuance costs	306,046	726,681
<b>Total Long-Term Liabilities</b>	<b>480,414</b>	<b>726,681</b>
<b>Total Liabilities</b>	<b>\$ 1,901,552</b>	<b>\$ 2,256,298</b>
<b>Net Assets</b>		
Without donor restrictions	7,792,356	7,200,292
With donor restrictions	2,066,959	2,739,725
<b>Total Net Assets</b>	<b>\$ 9,859,315</b>	<b>\$ 9,940,017</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,760,867</b>	<b>\$ 12,196,315</b>

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, 2025 AND 2024**

	Without Donor Restrictions	With Donor Restrictions	2025 Totals
<b>Revenues</b>			
<b>Local Support:</b>			
Contributions	\$ 38,456	\$ 133,259	\$ 171,715
Fundraising	56,464	-	56,464
Interest, Dividends, Gains, and Losses	119,569	-	119,569
Royalty Income	2,864	-	2,864
Other Revenues from Local Sources	53,803	-	53,803
Program Services Revenue	510,291	-	510,291
Cocurricular and Enterprising Activities	250,763	-	250,763
<b>Total Local Support</b>	<b>1,032,210</b>	<b>133,259</b>	<b>1,165,469</b>
<b>State Program Revenues:</b>			
Foundation School Program Act Revenues	-	9,274,267	9,274,267
State Program Revenue Distributed by TEA	-	404,209	404,209
State Revenues from State of Texas Govt. Agencies	-	478,480	478,480
<b>Total State Program Revenues</b>	<b>-</b>	<b>10,156,956</b>	<b>10,156,956</b>
<b>Federal Program Revenues:</b>			
ESEA Title I, Part A Improving Basic Programs	-	23,460	23,460
IDEA Part B, Formula	-	142,723	142,723
IDEA Part B, Preschool	-	443	443
ESEA Title II, Part A Teacher and Principal Training	-	25,190	25,190
Title IV Part A, Subpart 1	-	24,032	24,032
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>215,848</b>	<b>215,848</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	11,200,290	(11,200,290)	-
<b>Total Revenues</b>	<b>\$ 12,232,500</b>	<b>\$ (694,227)</b>	<b>\$ 11,538,273</b>
<b>Expenses</b>			
<b>Program Services:</b>			
Instruction and Instructional-Related Services	7,891,634	-	7,891,634
Instructional and School Leadership	489,521	-	489,521
<b>Support Services</b>			
Student Support Services	684,404	-	684,404
Administrative Support Services	1,041,216	-	1,041,216
Support Services-Non-Student Based	1,358,517	-	1,358,517
Debt Service	64,837	-	64,837
Fundraising	110,307	-	110,307
<b>Total Expenses</b>	<b>\$ 11,640,436</b>	<b>\$ -</b>	<b>\$ 11,640,436</b>
Gain on Termination of Capital Lease	-	21,461	21,461
Change in Net Assets	592,064	(672,766)	(80,702)
Net Assets, Beginning of Year	7,200,292	2,739,725	9,940,017
Net Assets, End of Year	<b>\$ 7,792,356</b>	<b>\$ 2,066,959</b>	<b>\$ 9,859,315</b>

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, 2025 AND 2024**

	Without Donor Restrictions	With Donor Restrictions	2024 Totals
<b>Revenues</b>			
<b>Local Support:</b>			
Contributions	\$ 97,612	\$ 172,410	\$ 270,022
Fundraising	60,766	-	60,766
Interest, Dividends, Gains, and Losses	180,107	-	180,107
Royalty Income	2,211	-	2,211
Other Revenues from Local Sources	32,478	-	32,478
Program Services Revenue	598,836	-	598,836
Cocurricular and Enterprising Activities	298,320	-	298,320
<b>Total Local Support</b>	<b>1,270,330</b>	<b>172,410</b>	<b>1,442,740</b>
<b>State Program Revenues:</b>			
Foundation School Program Act Revenues	-	9,016,548	9,016,548
State Program Revenue Distributed by TEA	-	529,688	529,688
State Revenues from State of Texas Govt. Agencies	-	508,176	508,176
<b>Total State Program Revenues</b>	<b>-</b>	<b>10,054,412</b>	<b>10,054,412</b>
<b>Federal Program Revenues:</b>			
ESEA Title I, Part A Improving Basic Programs	-	19,668	19,668
IDEA Part B, Formula	-	135,085	135,085
ESSER III	-	30,129	30,129
ESEA Title II, Part A Teacher and Principal Training	-	13,630	13,630
Title IV Part A, Subpart 1	-	21,325	21,325
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>219,837</b>	<b>219,837</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	10,422,084	(10,422,084)	-
<b>Total Revenues</b>	<b>\$ 11,692,414</b>	<b>\$ 24,575</b>	<b>\$ 11,716,989</b>
<b>Expenses</b>			
<b>Program Services:</b>			
Instruction and Instructional-Related Services	7,990,752	-	7,990,752
Instructional and School Leadership	532,288	-	532,288
<b>Support Services</b>			
Student Support Services	675,911	-	675,911
Administrative Support Services	917,644	-	917,644
Support Services-Non-Student Based	1,162,314	-	1,162,314
Debt Service	99,523	-	99,523
Fundraising	270,568	-	270,568
<b>Total Expenses</b>	<b>\$ 11,649,000</b>	<b>\$ -</b>	<b>\$ 11,649,000</b>
Change in Net Assets	43,414	24,575	67,989
Net Assets, Beginning of Year	7,156,878	2,715,150	9,872,028
Net Assets, End of Year	<b>\$ 7,200,292</b>	<b>\$ 2,739,725</b>	<b>\$ 9,940,017</b>

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, 2025 AND 2024**

	Program Services	Management and General	2025 Total
<b>Expenses</b>			
Salaries and Wages	\$ 6,260,101	\$ 680,547	\$ 6,940,648
Benefits	1,025,550	71,279	1,096,829
Payroll Taxes	150,846	19,425	170,271
Total Payroll Expenses	7,436,497	771,251	8,207,748
Professional Services	647,263	46,206	693,469
Legal	-	34,509	34,509
Accounting	-	53,250	53,250
Education Service Center Services	84,964	82,250	167,214
Repairs and Maintenance	307,769	-	307,769
Utilities	221,079	11,636	232,715
Rentals	36,262	-	36,262
Contracted Services	17,788	-	17,788
Maintenance Supplies	1,262	62,249	63,511
Instructional Materials	95,442	-	95,442
Testing Materials	-	-	-
Food Service	196,905	-	196,905
General Supplies	480,095	2,794	482,889
Travel	210,968	2,840	213,808
Insurance	92,731	10,303	103,034
Interest	-	55,885	55,885
Miscellaneous	47,331	35,382	82,713
Total Non-Payroll Expenses	2,439,859	397,304	2,837,163
Total Before Depreciation and Amortization	9,876,356	1,168,555	11,044,911
Amortization	-	8,996	8,996
Depreciation	573,840	12,689	586,529
<b>Total Expenses</b>	<b>\$ 10,450,196</b>	<b>\$ 1,190,240</b>	<b>\$ 11,640,436</b>

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, 2025 AND 2024**

	Program Services	Management and General	2024 Total
<b>Expenses</b>			
Salaries and Wages	\$ 6,068,633	\$ 626,924	\$ 6,695,557
Benefits	1,023,923	75,123	1,099,046
Payroll Taxes	132,115	10,756	142,871
Total Payroll Expenses	7,224,671	712,803	7,937,474
Professional Services	607,759	65,422	673,181
Legal	-	30,358	30,358
Accounting	-	47,650	47,650
Education Service Center Services	88,119	5,250	93,369
Repairs and Maintenance	308,370	-	308,370
Utilities	198,362	10,440	208,802
Rentals	7,662	-	7,662
Contracted Services	1,454	-	1,454
Maintenance Supplies	1,524	73,351	74,875
Instructional Materials	142,686	-	142,686
Testing Materials	-	-	-
Food Service	195,331	-	195,331
General Supplies	541,891	8,139	550,030
Travel	500,905	-	500,905
Insurance	76,619	8,513	85,132
Interest	-	79,498	79,498
Miscellaneous	58,140	30,409	88,549
Total Non-Payroll Expenses	2,728,822	359,030	3,087,852
Total Before Depreciation and Amortization	9,953,493	1,071,833	11,025,326
Amortization	-	20,486	20,486
Depreciation	590,483	12,705	603,188
<b>Total Expenses</b>	<b>\$ 10,543,976</b>	<b>\$ 1,105,024</b>	<b>\$ 11,649,000</b>

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, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (80,702)	\$ 67,989
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	586,529	603,187
(Increase) Decrease in Accounts Receivable	15,900	(15,900)
(Increase) Decrease in Due from TEA	106,012	149,336
(Increase) Decrease in Deferred Expenses	86,687	(107,488)
(Increase) Decrease in Prepaid Expenses	11,293	79,500
Increase (Decrease) in Accounts Payable	(149,451)	185,935
Increase (Decrease) in Accrued Expenses	13,996	(11,862)
Increase (Decrease) in Due to Student Groups	10,035	27,544
Increase (Decrease) in Deferred Revenue	32,970	(80,721)
Increase (Decrease) in Wages Payable	25,492	61,245
Increase (Decrease) in Payroll Deductions	-	(5,338)
Increase (Decrease) in Accrued Interest	(5,260)	(6,367)
	653,501	947,060
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	(65,077)	(147,856)
Purchase of Right to Use Lease Assets	(274,766)	-
Termination of Right to Use Lease Assets	35,881	-
Investments Withdrawn	600,000	225,000
Dividends Reinvested in Securities	(40,459)	(39,919)
Capital Gains Reinvested in Securities	(14,623)	(5,945)
Fees Paid on Investments	9,080	8,872
Realized (Gain) Loss on Sale of Investment Securities	(84,557)	9,124
Unrealized (Gain) Loss on Investment Securities	11,407	(151,580)
	176,886	(102,304)
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Right to Use Assets Lease Purchase	274,766	-
Termination of Capital Lease Payable	(57,344)	-
Principal Payments on Right to Use Lease Liability	(48,118)	(55,234)
Amortization of Debt Issuance Costs	8,996	20,486
Principal Payments on Debt	(460,828)	(855,688)
	(282,528)	(890,436)
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>547,859</b>	<b>(45,680)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>881,804</b>	<b>927,484</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,429,663</b>	<b>\$ 881,804</b>
<b>Reconciliation of cash balances:</b>		
Cash and cash equivalents	\$ 1,375,151	\$ 819,388
Cash restricted by donors	54,512	62,416
	<b>\$ 1,429,663</b>	<b>\$ 881,804</b>
<b>Interest Paid During the Period Ended August 31, 2025 and 2024</b>	<b>\$ 61,101</b>	<b>\$ 85,404</b>
<b>Income Taxes Paid During the Period Ended August 31, 2025 and 2024</b>	<b>-</b>	<b>-</b>

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, 2025 AND 2024**

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 seven members. The Board of Directors is selected pursuant to the bylaws of the corporation and has the authority to make decisions, appoint the chief executive officer of the corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the corporation. Since the corporation received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

B. *Corporate Operations*

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. The corporation applied for and received a charter renewal on April 8, 2025, extending the charter to June 30, 2035.

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 6<sup>th</sup> grade students. On July 1, 2012, 7<sup>th</sup> and 8<sup>th</sup> grades were added, and the district is still approved to provide education to Kindergarten through 8<sup>th</sup> grade students. As of August 2022, it only serves Kindergarten through 5<sup>th</sup> 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

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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.

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

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donated materials or services since no objective basis is available to measure the value thereof; however, a substantial number of volunteers donate their time to the school program services and in fund-raising activities.

F. *Cash and Cash Equivalents*

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

G. *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.

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.

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, 2025, the combined carrying amount of the charter schools' deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$781,099,

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and the bank balance was \$900,551. The charter schools' cash deposits during the year ended August 31, 2025, were not 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, 2024, the combined carrying amount of the charter schools' deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$692,231, and the bank balance was \$832,508. The charter schools' cash deposits during the year ended August 31, 2024, were not entirely covered by FDIC insurance or by pledged collateral held by the charter holder's agent bank in the corporation's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit during the year ended August 31, 2025:

- 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 \$941,822. 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 \$813,006.
- b. The highest combined balance of cash, savings, and time deposit accounts for Fort Worth Academy of Fine Arts at Frost Bank amounted to \$901,543 and occurred during the month of August 2025. The highest combined balances of cash, savings, and time deposit accounts for Texas School of the Arts at Frost Bank amounted to \$1,237,367 and occurred during the month of January 2025.
- 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.

**3. 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.

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4. INVESTMENTS

The corporation invests in marketable equity securities.

The investments at August 31, 2025, were comprised of the following:

	<u>Cost</u>	<u>Market</u>
Plains Capital Investments	\$ 852,133	\$ 1,040,445
Total	<u>\$ 852,133</u>	<u>\$ 1,040,445</u>
Unrealized gain, beginning of year		\$ 199,718
Unrealized loss year, net change		<u>(11,406)</u>
Unrealized gain, end of year		<u>\$ 188,312</u>

The investments at August 31, 2024, were comprised of the following:

	<u>Cost</u>	<u>Market</u>
Plains Capital Investments	\$ 1,321,575	\$ 1,521,293
Total	<u>\$ 1,321,575</u>	<u>\$ 1,521,293</u>
Unrealized gain, beginning of year		\$ 48,139
Unrealized gain year, net change		<u>151,579</u>
Unrealized gain, end of year		<u>\$ 199,718</u>

5. HEALTH CARE COVERAGE

During the years ended August 31, 2025 and 2024, 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.

6. DEFINED BENEFIT PENSION PLAN

A. *Plan Description*

The charter schools participate in a multiple-employer cost-sharing, defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, PO Box 149676, Austin, TX 78714-0185, or by calling 1-800-223-8778.

The information provided in the Notes to the Financial Statements in the 2024 Annual Comprehensive Financial Report for TRS provides the following information regarding the pension plan fiduciary net position as of August 31, 2024.

<u>Components of Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$271,627,434,294
Less: Plan Fiduciary Net Position	<u>(210,543,258,495)</u>
Net Pension Liability	<u>\$ 61,084,175,799</u>
Net Position as Percentage of Total Pension Liability	77.51%

**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. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

*One-Time Stipends*

Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

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*Cost-of-Living Adjustment*

A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

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 this 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Contribution rates can be found in the TRS 2024 ACFR, Note 11, on page 87.

Contribution Rates		
	2025	2024
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%
FWAFA's Employer Contributions	\$201,548	\$156,936
FWAFA's Member Contributions	\$350,797	\$342,569
TeSA's Employer Contributions	\$ 86,901	\$ 70,644
TeSA's Member Contributions	\$180,722	\$168,477
Measurement Year	2024	2023
FWAFA's NECE On-Behalf Contributions	\$256,076	\$235,557
TeSA's NECE On-Behalf Contributions	\$131,641	\$124,702

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Contributors to the plan include active 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 a surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.9 percent of the member’s salary beginning in fiscal year 2024, 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.

**E. *Actuarial Assumptions***

The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions: Actuarial assumptions can be found in the 2024 TRS ACFR, Note 11, page 89.

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
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	3.87%*
Last Year Ending August 31 in Projection Period (100 Years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc Post Employment Benefit Changes	None

*\*Source: Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders as of August 31, 2024.*

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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, 2023. For a full description of these assumptions, please see the actuarial valuation report dated November 21, 2023.

**F. Discount Rate**

A 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 9.54 percent of payroll in fiscal year 2025 and thereafter. 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 expected rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates 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, 2024 (see page 56 of the 2024 TRS ACFR), are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
U.S.	18%	4.4%	1.0%
Non-U.S. Developed	13%	4.2%	0.8%
Emerging Markets	9%	5.2%	0.7%
Private Equity	14%	6.7%	1.2%
<b>Stable Value</b>			
Government Bonds	16%	1.9%	0.4%
Absolute Return*	0%	4.0%	0.0%
Stable Value Hedge Funds	5%	3.0%	0.2%
<b>Real Return</b>			
Real Estate	15%	6.6%	1.2%
Energy, Natural Resources, and Infrastructure	6%	5.6%	0.4%

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Commodities	0%	2.5%	0.0%
<b>Risk Parity</b>			
Risk Parity	8%	4.0%	0.4%
<b>Asset Allocation Leverage</b>			
Cash	2%	1.0%	0.0%
Asset Allocation Leverage	-6%	1.3%	-0.1%
Inflation Expectation			2.4%
Volatility Drag****			-0.7%
<b>Total</b>	100%		7.9%

- \* *Absolute Return includes Credit Sensitive Investments.*
- \*\* *Target allocations are based on the FY2024 policy model.*
- \*\*\* *Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023)*
- \*\*\*\* *The volatility drag results from the conversion between arithmetic and geometric mean returns.*

G. *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% point lower than and 1% point higher than the discount rate of 7% that was used in measuring the Net Pension Liability.

	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	\$2,710,673	\$1,697,084	\$ 857,253
Texas School of Arts' proportionate share of the net pension liability	\$1,222,728	\$ 765,519	\$ 386,689

H. *Pension Liabilities*

At August 31, 2024, Fort Worth Academy of Fine Arts and Texas School of Arts disclosed a liability of \$1,697,084 and \$765,519, 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 disclosed 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	\$ 1,697,084
State's proportionate share that is associated with Fort Worth Academy of Fine Arts	<u>\$ 2,775,728</u>
Total	<u>\$ 4,472,812</u>

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Texas School of Arts' proportionate share of the collective net pension liability	\$ 765,519
State's proportionate share that is associated with Texas School of Arts	<u>\$ 1,426,912</u>
Total	<u>\$ 2,192,431</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024, 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, 2023 through August 31, 2024.

On August 31, 2024, Fort Worth Academy of Fine Arts' proportion of the collective net pension liability was .0027782713% which was a decrease from its proportion of .0028553346% measured as of August 31, 2023. On August 31, 2024, Texas School of Arts' proportion of the collective net pension liability was .0012532198% which was an increase from its proportion of .0011291649% measured as of August 31, 2023.

**I.** *Changes Since the Prior Actuarial Valuation*

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability. The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 of the 88<sup>th</sup> Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

**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.

**7.** 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.

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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***

Detailed 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 <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at PO Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2024 are as follows:

<u>Components of Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 35,168,178,563
Less: Plan Fiduciary Net Position	<u>(4,816,646,311)</u>
Net OPEB Liability	<u>\$ 30,351,532,252</u>
Net Position as a Percentage of Total OPEB Liability	13.70%

**C. *Benefits Provided***

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

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

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

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**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 participating employers based on active employee compensation. The TRS Board 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 salary. Section 1575.204 establishes a public school 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 employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is .75% of each active employee’s pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

Fort Worth Academy of Fine Arts Contribution Rates				
	2025		2024	
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	2025	\$ 31,046	2024	\$ 31,397
Member Contributions	2025	\$ 27,629	2024	\$ 27,298
NECE On-Behalf Contributions	2024	\$ 39,667	2023	\$ 42,024

Texas School of the Arts Contribution Rates				
	2025		2024	
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	2025	\$ 16,425	2024	\$ 15,617
Member Contributions	2025	\$ 14,239	2024	\$ 13,273
NECE On-Behalf Contributions	2024	\$ 19,498	2023	\$ 17,365

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

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
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E. *Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions: Actuarial assumptions can be found in the 2024 TRS ACFR, Note 9, page 78. 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 updated based on the experience study performed for TRS for the period ending August 31, 2021. 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, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

The active mortality rates were based on PUB (2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death"
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% - 8.95%, including inflation
Ad-hoc Post Employment Benefit Changes	None

F. *Discount Rate*

A single discount rate of 3.87% was used to measure the total OPEB liability. This was a decrease of 0.26 percent in the discount rate since the previous year. The Discount Rate can be found in the 2024 TRS ACFR on page 79. Because the investments are held in cash, and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
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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 (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
Fort Worth Academy of Fine Art's proportionate share of the Net OPEB Liability:	\$1,256,740	\$ 1,057,820	\$ 897,090
Texas School of the Art's proportionate share of the Net OPEB Liability:	\$ 617,731	\$ 519,955	\$ 440,951

H. *OPEB Liabilities and OPEB Expense*

On August 31, 2024, Fort Worth Academy of Fine Arts disclosed a liability of \$1,057,820, and Texas School of the Arts disclosed a liability of \$519,955 for their proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the schools. The amount disclosed by the schools as their proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with 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	\$ 1,057,820
State's proportionate share that is associated with Fort Worth Academy	<u>1,325,435</u>
Total	<u>\$ 2,383,255</u>
Texas School of the Art's Proportionate share of the collective net OPEB liability	\$ 519,955
State's proportionate share that is associated with Texas School of the Arts	<u>651,497</u>
Total	<u>\$ 1,171,452</u>

The Net OPEB Liability was measured as of August 31, 2023 and rolled forward to August 31, 2024, 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, 2023 through August 31, 2024.

On August 31, 2024, Fort Worth Academy of Fine Art's proportion of the collective Net OPEB Liability was 0.0034852292% compared to 0.0040147566% at August 31, 2023, and Texas School of the Art's proportion of the collective Net OPEB Liability was 0.0017131105% compared to 0.0016589532% at August 31, 2023.

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
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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	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Fort Worth Academy of Fine Art's proportionate share of the Net OPEB Liability:	\$ 861,438	\$ 1,057,820	\$1,313,727
Texas School of the Art's proportionate share of the NET OPEB Liability:	\$ 423,426	\$ 519,955	\$ 645,742

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 2024 TRS ACFR on page 79.*

- The single discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

K. *Change of Benefit Terms Since the Prior Measurement Date*

There were no changes in benefit terms since the prior measurement date.

8. CAPITAL ASSETS

Capital assets at August 31, 2025, were as follows:

	<u>Balance</u> <u>9/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>8/31/2025</u>
Land	\$ 308,507	\$ -	\$ -	\$ 308,507
Buildings and Improvements	14,553,154	-	-	14,553,154
Furniture and Equipment	807,377	65,077	-	872,454
Vehicles	294,839	-	-	294,839
Right to Use Leased Assets	251,174	274,766	(251,174)	274,766
Accumulated Depreciation	<u>(7,474,441)</u>	<u>(586,528)</u>	<u>215,292</u>	<u>(7,845,677)</u>
	<u>\$ 8,740,610</u>	<u>\$ (246,685)</u>	<u>\$ (35,882)</u>	<u>\$ 8,458,043</u>

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
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Capital assets at August 31, 2024, were as follows:

	<u>Balance</u> <u>9/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>8/31/2024</u>
Land	\$ 308,507	\$ -	\$ -	\$ 308,507
Buildings and Improvements	14,526,428	26,726	-	14,553,154
Furniture and Equipment	686,247	121,130	-	807,377
Vehicles	294,839	-	-	294,839
Right to Use Leased Assets	251,174	-	-	251,174
Accumulated Depreciation	<u>(6,871,254)</u>	<u>(603,187)</u>	<u>-</u>	<u>(7,474,441)</u>
	<u>\$ 9,195,941</u>	<u>\$ (455,331)</u>	<u>\$ -</u>	<u>\$ 8,740,610</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.

9. ECONOMIC DEPENDENCY

During the years ended August 31, 2025 and 2024, the charter schools earned revenue of \$10,156,956 and \$10,054,412, respectively, from the Texas Education Agency (TEA). These amounts constitute approximately 88.03% and 85.81%, 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, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Advanced Placement Incentives	\$ -	\$ 204
Title IV, Part A	9,130	10,271
Campus Activity Funds	597	-
School Safety and Security	33,174	8,982
Donor Restricted Grants	54,512	62,416
TCLAS	5,988	41,419
Foundation School Program	<u>1,963,558</u>	<u>2,616,433</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,066,959</u>	<u>\$ 2,739,725</u>

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
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11. LONG-TERM DEBT

Long-term debt at August 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</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.	\$ -	\$ 37,046
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, 2023, 2024, and 2025. Final payment is due August 23, 2026.	-	14,058
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 ranged from \$123,541 to \$116,936. Final payment is due March 1, 2027. Note is secured by real property owned by the corporation.	<u>754,356</u>	<u>1,164,080</u>
Total Debt	\$ 754,356	\$ 1,215,184
Less Capitalized Debt Issuance Costs	(21,739)	(30,735)
Less Current Portion of Long-Term Debt	<u>(426,571)</u>	<u>(457,768)</u>
Total Long-Term Debt	<u>\$ 306,046</u>	<u>\$ 726,681</u>

Future maturities of long-term debt at August 31, 2025, are as follows:

Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2026	\$ 426,571	\$ 28,932	\$ 455,503
2027	<u>327,785</u>	<u>8,051</u>	<u>335,836</u>
Total	<u>\$ 754,356</u>	<u>\$ 36,983</u>	<u>\$ 791,339</u>

12. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2025 and 2024, the charter holder had no material liability for accrued sick leave or vacation leave.

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

13. DEFERRED REVENUE

Deferred revenue at August 31, 2025 and 2024, consisted of the following:

	2025	2024
Deferred Activity Fee Revenue	\$ 8,089	\$ 9,104
Deferred Revenue Rentals/Supplies	26,198	17,313
Deferred Grants	1,500	-
Deferred Travel Income	23,600	-
Total	\$ 59,387	\$ 26,417

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. Deferred travel income results from travel payments from students not used yet.

14. INTERCOMPANY ELIMINATIONS

During the years ended August 31, 2025 and 2024, the Fort Worth Academy of Fine Arts Charter School recorded \$804,000 and \$651,777, respectively, in lease expense paid to the charter holder. During the years ended August 31, 2025 and 2024, Texas School of the Arts recorded \$564,000 and \$363,213, 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. 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 finance 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 finance lease liability, the school recognized right-of-use finance lease assets of \$251,174 which represents the lease liability of \$251,174. The lease liability balance at August 31, 2024, was \$57,344. The copiers were returned in September 2024, and this lease was terminated. At that time, the finance lease liability of \$57,344, the right of use asset of \$251,174, and accumulated depreciation on the right to use asset of \$215,291 were removed resulting in a gain on termination of a capital lease of \$21,461.

A copier lease agreement was entered into with Xerox for \$3,984 with Fort Worth Academy of Fine Arts and \$1,152 with Texas School of the Arts a month for 60 months beginning May 22, 2024. The organization recognized a finance lease liability of \$213,114 with Fort Worth Academy of Fine Arts and \$61,653 with Texas School of the Arts effective September 1, 2024. This represents the present value of the remaining lease payments of \$239,025 for Fort Worth Academy of Fine Arts and \$69,137 for Texas School of the Arts discounted using the school's incremental borrowing rate of 4.61%. The school recognized right-of-use finance lease assets of \$213,114 for Fort Worth Academy of Fine Arts

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

and \$61,653 for Texas School of the Arts which represents the lease liability of \$213,114 and \$61,653, respectively. Payments of \$38,794 principal and interest of \$11,004 for Fort Worth Academy of Fine Arts and \$9,325 principal and interest of \$2,197 for Texas School of the Arts were made on these finance leases during the year. Balances at August 31, 2025, were \$174,320 and \$52,328, respectively.

The weighted average remaining lease terms at August 31, 2025 and 2024 was 4.04 years and .50 years, respectively. The average interest rate on these operating leases was 4.61%.

Future minimum payments under noncancelable right of use leases as of August 31, 2025, are as follows:

Fiscal year ending August 31:	<u>Minimum Payment</u>
2026	\$ 61,632
2027	61,632
2028	61,632
2029	61,632
2030	<u>2,305</u>
Total	\$ 248,833
Less Interest	<u>(22,185)</u>
Net Lease Liability	<u>\$ 226,648</u>

16. 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, 2025 and 2024, and as a result, there was no income tax liability.

17. ON-BEHALF PAYMENTS

Fort Worth Academy of Fine Arts Charter School recorded on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$313,004 and \$344,774 for the years ended August 31, 2025 and 2024. Texas School of the Arts Charter School recorded on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$165,476 and \$163,142 for the years ended August 31, 2025 and 2024.

18. 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:

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

*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, 2025 and 2024:

August 31, 2025	Fair Value Measurements at Reporting Date Using			
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equity				
Securities	\$ 1,040,445	\$ 1,040,445	\$ -	\$ -
Total	<u>\$ 1,040,445</u>	<u>\$ 1,040,445</u>	<u>\$ -</u>	<u>\$ -</u>
August 31, 2024	Fair Value Measurements at Reporting Date Using			
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Equity				
Securities	\$ 1,521,293	\$ 1,521,293	\$ -	\$ -
Total	<u>\$ 1,521,293</u>	<u>\$ 1,521,293</u>	<u>\$ -</u>	<u>\$ -</u>

19. RESTRICTED CASH

Total restricted cash at August 31, 2025 was \$54,512. The Amon Carter Foundation donated \$85,000 for a comprehensive facility assessment and \$5,000 for the Texas Boys' Choir. \$70,625 was spent leaving \$19,375 in restricted cash. The Ryan Foundation donated \$20,000 for the 80<sup>th</sup> anniversary celebration. None of this donation has been spent yet. The San Antonio Area Foundation donated \$12,500 for a Choose to Succeed Grant. \$5,000 was spent leaving \$7,500 in restricted cash. The Crystelle Waggoner Trust donated \$25,000 for technology improvements. \$18,347 was spent leaving \$6,653 in restricted cash. In addition, there is \$983 of restricted funds to still be spent on the prior year's restricted grants.

Total restricted cash at August 31, 2024 was \$62,416. The Sid Richardson Foundation donated \$50,000 for theater and technology improvements and \$90,000 for new air conditioners. \$110,037 was spent leaving \$29,963 in restricted cash. The Crystelle Waggoner Trust donated \$25,000 for technology improvements. \$18,347 was spent leaving \$6,653 in restricted cash. Web Maddox donated \$25,000 for new air conditioners, and \$800 was donated for a dance-a-thon. These donations have not yet been spent.

**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

20. 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	\$ 602,464
Fixed assets	7,968,875
Investments	<u>128,171</u>
	<u>\$ 8,699,480</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, \$1,040,445 of cash is invested in Plains Capital Bank investments.

21. 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.

**Specific-Purpose  
Financial Statements**

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 516,037	\$ 349,885
Investments	200,347	443,200
Accounts receivable intercompany	14,488	14,488
Due from TEA	449,232	621,026
Deferred expenses	20,850	74,009
<b>Total Current Assets</b>	<b>1,200,954</b>	<b>1,502,608</b>
<b>Fixed Assets</b>		
Buildings and improvements	321,274	321,274
Furniture and equipment	332,996	332,996
Vehicles	187,356	187,356
Right of use assets-finance leases	213,113	94,567
Less accumulated depreciation	(633,547)	(642,747)
<b>Total Fixed Assets</b>	<b>421,192</b>	<b>293,446</b>
<b>Total Assets</b>	<b>\$ 1,622,146</b>	<b>\$ 1,796,054</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 25,034	\$ 72,095
Interfund accounts payable	50,114	49,217
Accrued expenses	9,029	212
Accrued wages payable	423,849	411,200
Interfund loans payable	100,000	-
Finance lease liability-current year	40,620	21,590
<b>Total Current Liabilities</b>	<b>648,646</b>	<b>554,314</b>
<b>Long-Term Debt</b>		
Finance lease liability-long-term	133,700	-
<b>Total Liabilities</b>	<b>\$ 782,346</b>	<b>\$ 554,314</b>
<b>Net Assets</b>		
Without donor restrictions	7,618	7,618
With donor restrictions	832,182	1,234,122
<b>Total Net Assets</b>	<b>\$ 839,800</b>	<b>\$ 1,241,740</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,622,146</b>	<b>\$ 1,796,054</b>

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, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 265,062	\$ 342,346
Investments	711,927	952,713
Accounts receivable intercompany	80,698	79,801
Due from TEA	351,072	285,290
Deferred expenses	9,436	42,964
<b>Total Current Assets</b>	<b>1,418,195</b>	<b>1,703,114</b>
<b>Fixed Assets</b>		
Furniture and equipment	106,758	106,758
Vehicles	4,500	4,500
Right of use assets-finance leases	61,653	65,883
Less accumulated depreciation	(104,935)	(145,781)
<b>Total Fixed Assets</b>	<b>67,976</b>	<b>31,360</b>
<b>Total Assets</b>	<b>\$ 1,486,171</b>	<b>\$ 1,734,474</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 11,588	\$ 52,278
Accrued expenses	5,400	221
Accrued wages payable	235,796	222,953
Finance lease liability-current year	11,660	15,041
<b>Total Current Liabilities</b>	<b>264,444</b>	<b>290,493</b>
<b>Long-Term Debt</b>		
Finance lease liability-long-term	40,668	-
<b>Total Liabilities</b>	<b>\$ 305,112</b>	<b>\$ 290,493</b>
<b>Net Assets</b>		
Without donor restrictions	794	794
With donor restrictions	1,180,265	1,443,187
<b>Total Net Assets</b>	<b>\$ 1,181,059</b>	<b>\$ 1,443,981</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,486,171</b>	<b>\$ 1,734,474</b>

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, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 594,052	\$ 127,157
Restricted cash and cash equivalents	54,512	62,416
Investments	128,171	125,380
Accounts receivable	-	15,900
Accounts receivable-intercompany	100,000	-
Prepaid expenses	2,126	13,419
Total Current Assets	878,861	344,272
<b>Fixed Assets</b>		
Land	308,507	308,507
Buildings and improvements	14,231,880	14,231,880
Furniture and equipment	432,700	367,623
Vehicles	102,983	102,983
Right of use leased assets-finance leases	-	90,724
Less accumulated depreciation	(7,107,195)	(6,685,913)
Total Fixed Assets	7,968,875	8,415,804
<b>Total Assets</b>	<b>\$ 8,847,736</b>	<b>\$ 8,760,076</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 15,113	\$ 76,813
Accounts payable-intercompany	45,072	45,072
Due to student groups	148,468	138,433
Deferred revenue	59,387	26,417
Accrued interest	8,623	13,883
Finance lease liability-current year	-	20,713
Current portion of long-term debt	426,571	457,768
Total Current Liabilities	703,234	779,099
<b>Long-Term Liabilities</b>		
Notes payable, net of unamortized debt issuance costs	306,046	726,681
Total Long-Term Liabilities	306,046	726,681
<b>Total Liabilities</b>	<b>\$ 1,009,280</b>	<b>\$ 1,505,780</b>
<b>Net Assets</b>		
Without donor restrictions	7,783,944	7,191,880
With donor restrictions	54,512	62,416
<b>Total Net Assets</b>	<b>\$ 7,838,456</b>	<b>\$ 7,254,296</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,847,736</b>	<b>\$ 8,760,076</b>

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, 2025 AND 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Totals</u>
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 62,640	\$ -	\$ 62,640
5750 Cocurricular and Enterprising Activities	156,558	-	156,558
<b>Total Local Support</b>	<u>219,198</u>	<u>-</u>	<u>219,198</u>
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	6,057,138	6,057,138
5820 State Program Revenues Distributed by TEA	-	289,308	289,308
5830 State Revenues from State of Texas Govt. Agencies	-	313,004	313,004
<b>Total State Program Revenues</b>	<u>-</u>	<u>6,659,450</u>	<u>6,659,450</u>
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	141,549	141,549
<b>Total Federal Program Revenues</b>	<u>-</u>	<u>141,549</u>	<u>141,549</u>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	7,211,019	(7,211,019)	-
<b>Total Revenues</b>	<u>\$ 7,430,217</u>	<u>\$ (410,020)</u>	<u>\$ 7,020,197</u>
 <b>Expenses</b>			
11 Instruction	\$ 4,571,168	\$ -	\$ 4,571,168
13 Curriculum & Instructional Staff Development	13,746	-	13,746
21 Instructional Leadership	90,775	-	90,775
23 School Leadership	245,790	-	245,790
31 Guidance, Counseling, & Evaluation Services	141,011	-	141,011
33 Health Services	69,334	-	69,334
35 Food Services	208,653	-	208,653
36 Cocurricular/Extracurricular Activities	12,268	-	12,268
41 General Administration	493,561	-	493,561
51 Facilities Maintenance & Operations	1,308,409	-	1,308,409
52 Security & Monitoring Services	94,691	-	94,691
53 Data Processing Services	125,649	-	125,649
71 Debt Service	11,004	-	11,004
81 Fundraising	44,158	-	44,158
<b>Total Expenses</b>	<u>\$ 7,430,217</u>	<u>\$ -</u>	<u>\$ 7,430,217</u>
Gain on Termination of Capital Lease	-	8,080	8,080
Change in Net Assets	<u>-</u>	<u>(401,940)</u>	<u>(401,940)</u>
Net Assets, Beginning of Year	<u>7,618</u>	<u>1,234,122</u>	<u>1,241,740</u>
Net Assets, End of Year	<u>\$ 7,618</u>	<u>\$ 832,182</u>	<u>\$ 839,800</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, 2025 AND 2024**

	Without Donor Restrictions	With Donor Restrictions	2024 Totals
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 63,034	\$ -	\$ 63,034
5750 Cocurricular and Enterprising Activities	197,539	-	197,539
<b>Total Local Support</b>	<b>260,573</b>	<b>-</b>	<b>260,573</b>
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	5,983,447	5,983,447
5820 State Program Revenues Distributed by TEA	-	220,944	220,944
5830 State Revenues from State of Texas Govt. Agencies	-	345,034	345,034
<b>Total State Program Revenues</b>	<b>-</b>	<b>6,549,425</b>	<b>6,549,425</b>
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	115,278	115,278
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>115,278</b>	<b>115,278</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	6,785,535	(6,785,535)	-
<b>Total Revenues</b>	<b>\$ 7,046,108</b>	<b>\$ (120,832)</b>	<b>\$ 6,925,276</b>
<b>Expenses</b>			
11 Instruction	\$ 4,421,108	\$ -	\$ 4,421,108
13 Curriculum & Instructional Staff Development	12,199	-	12,199
21 Instructional Leadership	57,025	-	57,025
23 School Leadership	304,975	-	304,975
31 Guidance, Counseling, & Evaluation Services	141,578	-	141,578
33 Health Services	58,203	-	58,203
35 Food Services	189,903	-	189,903
36 Cocurricular/Extracurricular Activities	25,457	-	25,457
41 General Administration	418,814	-	418,814
51 Facilities Maintenance & Operations	1,153,421	-	1,153,421
52 Security & Monitoring Services	93,329	-	93,329
53 Data Processing Services	37,194	-	37,194
71 Debt Service	1,248	-	1,248
81 Fundraising	129,842	-	129,842
<b>Total Expenses</b>	<b>\$ 7,044,296</b>	<b>\$ -</b>	<b>\$ 7,044,296</b>
<b>Change in Net Assets</b>	<b>1,812</b>	<b>(120,832)</b>	<b>(119,020)</b>
<b>Net Assets, Beginning of Year</b>	<b>5,806</b>	<b>1,354,954</b>	<b>1,360,760</b>
<b>Net Assets, End of Year</b>	<b>\$ 7,618</b>	<b>\$ 1,234,122</b>	<b>\$ 1,241,740</b>

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, 2025 AND 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Totals</u>
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 89,636	\$ -	\$ 89,636
5750 Cocurricular and Enterprising Activities	94,205	-	94,205
<b>Total Local Support</b>	<u>183,841</u>	<u>-</u>	<u>183,841</u>
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	3,217,129	3,217,129
5820 State Program Revenues Distributed by TEA	-	114,901	114,901
5830 State Revenues from State of Texas Govt. Agencies	-	165,476	165,476
<b>Total State Program Revenues</b>	<u>-</u>	<u>3,497,506</u>	<u>3,497,506</u>
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	74,299	74,299
<b>Total Federal Program Revenues</b>	<u>-</u>	<u>74,299</u>	<u>74,299</u>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	<u>3,840,356</u>	<u>(3,840,356)</u>	<u>-</u>
<b>Total Revenues</b>	<u>\$ 4,024,197</u>	<u>\$ (268,551)</u>	<u>\$ 3,755,646</u>
<b>Expenses</b>			
11 Instruction	2,273,494	-	2,273,494
13 Curriculum & Instructional Staff Development	5,947	-	5,947
21 Instructional Leadership	-	-	-
23 School Leadership	152,956	-	152,956
31 Guidance, Counseling, & Evaluation Services	70,482	-	70,482
33 Health Services	43,628	-	43,628
35 Food Services	127,596	-	127,596
36 Extracurricular Activities	-	-	-
41 General Administration	290,689	-	290,689
51 Facilities Maintenance & Operations	882,305	-	882,305
52 Security & Monitoring Services	100,103	-	100,103
53 Data Processing Services	65,400	-	65,400
71 Debt Service	2,197	-	2,197
81 Fundraising	9,400	-	9,400
<b>Total Expenses</b>	<u>\$ 4,024,197</u>	<u>\$ -</u>	<u>\$ 4,024,197</u>
Gain on Termination of Capital Lease	-	5,629	5,629
Change in Net Assets	<u>-</u>	<u>(262,922)</u>	<u>(262,922)</u>
Net Assets, Beginning of Year	<u>794</u>	<u>1,443,187</u>	<u>1,443,981</u>
Net Assets, End of Year	<u>\$ 794</u>	<u>\$ 1,180,265</u>	<u>\$ 1,181,059</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, 2025 AND 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Totals</u>
<b>Revenues</b>			
<b>Local Support:</b>			
5740 Other Revenues from Local Sources	\$ 131,364	\$ -	\$ 131,364
5750 Cocurricular and Enterprising Activities	100,780	-	100,780
<b>Total Local Support</b>	<u>232,144</u>	<u>-</u>	<u>232,144</u>
<b>State Program Revenues:</b>			
5810 Foundation School Program Act Revenues	-	3,033,101	3,033,101
5820 State Program Revenues Distributed by TEA	-	308,744	308,744
5830 State Revenues from State of Texas Govt. Agencies	-	163,142	163,142
<b>Total State Program Revenues</b>	<u>-</u>	<u>3,504,987</u>	<u>3,504,987</u>
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	104,559	104,559
<b>Total Federal Program Revenues</b>	<u>-</u>	<u>104,559</u>	<u>104,559</u>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	<u>3,427,530</u>	<u>(3,427,530)</u>	<u>-</u>
<b>Total Revenues</b>	<u>\$ 3,659,674</u>	<u>\$ 182,016</u>	<u>\$ 3,841,690</u>
<b>Expenses</b>			
11 Instruction	2,177,143	-	2,177,143
13 Curriculum & Instructional Staff Development	21,796	-	21,796
21 Instructional Leadership	-	-	-
23 School Leadership	170,288	-	170,288
31 Guidance, Counseling, & Evaluation Services	72,305	-	72,305
33 Health Services	45,262	-	45,262
35 Food Services	129,542	-	129,542
36 Extracurricular Activities	-	-	-
41 General Administration	227,679	-	227,679
51 Facilities Maintenance & Operations	663,216	-	663,216
52 Security & Monitoring Services	92,739	-	92,739
53 Data Processing Services	38,938	-	38,938
71 Debt Service	869	-	869
81 Fundraising	19,897	-	19,897
<b>Total Expenses</b>	<u>\$ 3,659,674</u>	<u>\$ -</u>	<u>\$ 3,659,674</u>
<b>Change in Net Assets</b>	<u>-</u>	<u>182,016</u>	<u>182,016</u>
<b>Net Assets, Beginning of Year</b>	<u>794</u>	<u>1,261,171</u>	<u>1,261,965</u>
<b>Net Assets, End of Year</b>	<u>\$ 794</u>	<u>\$ 1,443,187</u>	<u>\$ 1,443,981</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, 2025 AND 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Totals</u>
<b>Revenues, Gains, &amp; Other Support</b>			
<b>Local Support:</b>			
Contributions	\$ 38,456	\$ 133,259	\$ 171,715
Special Events	56,464	-	56,464
<b>Total Local Support</b>	<u>94,920</u>	<u>133,259</u>	<u>228,179</u>
<b>Program Service Revenue:</b>			
Performances	105,270	-	105,270
Building Rentals	1,384,591	-	1,384,591
Activity Fees	388,430	-	388,430
<b>Total Program Service Revenue</b>	<u>1,878,291</u>	<u>-</u>	<u>1,878,291</u>
<b>Interest &amp; Other Income:</b>			
Investment Income	2,948	-	2,948
Unrealized Gain (Loss)	-	-	-
Realized Gain (Loss)	-	-	-
Royalty Income	2,864	-	2,864
Other	18,148	-	18,148
<b>Total Interest &amp; Other Income</b>	<u>23,960</u>	<u>-</u>	<u>23,960</u>
<b>Federal Program Revenue:</b>			
Federal Revenues Distributed by Fed. Govt.	-	-	-
<b>Net Assets Released from Restrictions</b>			
Restrictions Satisfied by Payments	<u>148,915</u>	<u>(148,915)</u>	<u>-</u>
<b>Total Revenues, Gains, &amp; Other Support</b>	<u>\$ 2,146,086</u>	<u>\$ (15,656)</u>	<u>\$ 2,130,430</u>
<b>Expenses</b>			
11 Instruction	1,027,279	-	1,027,279
35 Food Services	11,432	-	11,432
41 General Administration	256,966	-	256,966
51 Facilities Maintenance & Operations	144,841	-	144,841
53 Data Processing Services	5,119	-	5,119
71 Debt Service	51,636	-	51,636
81 Fundraising	56,749	-	56,749
<b>Total Expenses</b>	<u>\$ 1,554,022</u>	<u>\$ -</u>	<u>\$ 1,554,022</u>
Gain on Termination of Capital Lease	-	7,752	7,752
Change in Net Assets	<u>592,064</u>	<u>(7,904)</u>	<u>584,160</u>
Net Assets, Beginning of Year	<u>7,191,880</u>	<u>62,416</u>	<u>7,254,296</u>
Net Assets, End of Year	<u>\$ 7,783,944</u>	<u>\$ 54,512</u>	<u>\$ 7,838,456</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, 2025 AND 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Totals</u>
<b>Revenues, Gains, &amp; Other Support</b>			
<b>Local Support:</b>			
Contributions	\$ 93,048	\$ 172,410	\$ 265,458
Special Events	60,766	-	60,766
<b>Total Local Support</b>	<u>153,814</u>	<u>172,410</u>	<u>326,224</u>
<b>Program Service Revenue:</b>			
Performances	81,505	-	81,505
Building Rentals	1,026,507	-	1,026,507
Activity Fees	505,814	-	505,814
<b>Total Program Service Revenue</b>	<u>1,613,826</u>	<u>-</u>	<u>1,613,826</u>
<b>Interest &amp; Other Income:</b>			
Investment Income	3,134	-	3,134
Unrealized Gain (Loss)	-	-	-
Realized Gain (Loss)	-	-	-
Royalty Income	2,211	-	2,211
Other	19,618	-	19,618
<b>Total Interest &amp; Other Income</b>	<u>24,963</u>	<u>-</u>	<u>24,963</u>
<b>Federal Program Revenue:</b>			
Federal Revenues Distributed by Fed. Govt.	-	-	-
<b>Net Assets Released from Restrictions</b>			
Restrictions Satisfied by Payments	<u>209,019</u>	<u>(209,019)</u>	<u>-</u>
<b>Total Revenues, Gains, &amp; Other Support</b>	<u>\$ 2,001,622</u>	<u>\$ (36,609)</u>	<u>\$ 1,965,013</u>
<b>Expenses</b>			
11 Instruction	1,358,506	-	1,358,506
33 Health Services	1,800	-	1,800
35 Food Services	11,861	-	11,861
36 Extracurricular Activities	-	-	-
41 General Administration	271,151	-	271,151
51 Facilities Maintenance & Operations	60,837	-	60,837
53 Data Processing Services	37,630	-	37,630
71 Debt Service	97,406	-	97,406
81 Fundraising	120,829	-	120,829
<b>Total Expenses</b>	<u>\$ 1,960,020</u>	<u>\$ -</u>	<u>\$ 1,960,020</u>
<b>Change in Net Assets</b>	<u>41,602</u>	<u>(36,609)</u>	<u>4,993</u>
<b>Net Assets, Beginning of Year</b>	<u>7,150,278</u>	<u>99,025</u>	<u>7,249,303</u>
<b>Net Assets, End of Year</b>	<u>\$ 7,191,880</u>	<u>\$ 62,416</u>	<u>\$ 7,254,296</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, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (401,940)	\$ (119,020)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	71,858	55,912
(Increase) Decrease in Accounts Receivable Intercompany	-	(14,488)
(Increase) Decrease in Deferred Expenses	53,159	(64,524)
(Increase) Decrease in Due from TEA	171,794	77,232
Increase (Decrease) in Accounts Payable	(47,061)	56,844
Increase (Decrease) in Accounts Payable Intercompany	897	49,217
Increase (Decrease) in Accrued Expenses	8,817	(7,826)
Increase (Decrease) in Wages Payable	12,649	35,466
	(129,827)	68,813
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	-	-
Purchase of Right to Use Lease Assets	(213,113)	-
Termination of Right to Use Lease Assets	13,509	-
Investments Withdrawn	275,000	225,000
Dividends Reinvested in Securities	(11,101)	(11,584)
Capital Gains Reinvested in Securities	(4,550)	(1,849)
Fees Paid on Investments	2,700	2,700
Realized (Gain) Loss on Sale of Investment Securities	(46,014)	9,124
Unrealized (Gain) Loss on Investment Securities	26,818	(47,315)
	43,249	176,076
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of Debt	100,000	-
Right to Use Assets Lease Purchase	213,113	-
Termination of Capital Lease Payable	(21,590)	-
Principal Payments on Right to Use Lease Liability	(38,793)	(20,796)
	252,730	(20,796)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	166,152	224,093
<b>Cash and Cash Equivalents, Beginning of Year</b>	349,885	125,792
<b>Cash and Cash Equivalents, End of Year</b>	\$ 516,037	\$ 349,885
Interest Paid During the Period Ended August 31, 2025 and 2024	\$ 11,004	\$ 1,248
Income Taxes Paid During the Period Ended August 31, 2025 and 2024	-	-

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, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (262,922)	\$ 182,016
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	15,625	24,173
(Increase) Decrease in Accounts Receivable Intercompany	(897)	(79,801)
(Increase) Decrease in Deferred Expenses	33,528	(42,964)
(Increase) Decrease in Due from TEA	(65,782)	72,104
Increase (Decrease) in Accounts Payable	(40,690)	52,278
Increase (Decrease) in Accrued Expenses	5,179	(4,036)
Increase (Decrease) in Wages Payable	12,843	25,779
	<u>(303,116)</u>	<u>229,549</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	-	(11,412)
Purchase of Right to Use Lease Assets	(61,653)	-
Termination of Right to Use Lease Assets	9,412	-
Investments Withdrawn	325,000	-
Dividends Reinvested in Securities	(23,867)	(22,649)
Capital Gains Reinvested in Securities	(10,073)	(4,096)
Fees Paid on Investments	3,680	3,472
Realized (Gain) Loss on Sale of Investment Securities	(38,543)	-
Unrealized (Gain) Loss on Investment Securities	(15,411)	(104,265)
	<u>188,545</u>	<u>(138,950)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Right to Use Assets Lease Purchase	61,653	-
Termination of Capital Lease Payable	(15,041)	-
Principal Payments on Right to Use Lease Liability	(9,325)	(14,488)
	<u>37,287</u>	<u>(14,488)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(77,284)	76,111
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>342,346</u>	<u>266,235</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 265,062</u>	<u>\$ 342,346</u>
Interest Paid During the Period Ended August 31, 2025 and 2024	\$ 2,197	\$ 869
Income Taxes Paid During the Period Ended August 31, 2025 and 2024	-	-

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, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 584,160	\$ 4,993
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	499,046	523,102
(Increase) Decrease in Account Receivable	15,900	(15,900)
(Increase) Decrease in Account Receivable-Intercompany	(100,000)	-
(Increase) Decrease in Prepaid Expenses	11,293	79,500
Increase (Decrease) in Accounts Payable	(61,700)	76,813
Increase (Decrease) in Accounts Payable-Intercompany	-	45,072
Increase (Decrease) in Due to Student Groups	10,035	27,544
Increase (Decrease) in Deferred Revenue	32,970	(80,721)
Increase (Decrease) in Accrued Interest	(5,260)	(6,367)
Increase (Decrease) in Payroll Deductions and Withholdings	-	(5,338)
	<u>986,444</u>	<u>648,698</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	(65,077)	(136,444)
Termination of Right to Use Lease Assets	12,960	-
Dividends Reinvested in Securities	(5,491)	(5,686)
Capital Gains Reinvested in Securities	-	-
Fees Paid on Investments	2,700	2,700
Realized (Gain) Loss on Sale of Investment Securities	-	-
Unrealized (Gain) Loss on Investment Securities	-	-
	<u>(54,908)</u>	<u>(139,430)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Termination of Capital Lease Payable	(20,713)	-
Principal Payments on Right to Use Lease Liability	-	(19,950)
Amortization of Debt Issuance Costs	8,996	20,486
Principal Payments on Debt	(460,828)	(855,688)
	<u>(472,545)</u>	<u>(855,152)</u>
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>458,991</b>	<b>(345,884)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>189,573</b>	<b>535,457</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 648,564</b>	<b>\$ 189,573</b>
<b>Reconciliation of cash balances:</b>		
Cash and cash equivalents	\$ 594,052	\$ 127,157
Cash restricted by donors	54,512	62,416
	<u>\$ 648,564</u>	<u>\$ 189,573</u>
<b>Interest Paid During the Period Ended August 31, 2025 and 2024</b>	<b>\$ 47,900</b>	<b>\$ 83,287</b>
<b>Income Taxes Paid During the Period Ended August 31, 2025 and 2024</b>	<b>-</b>	<b>-</b>

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, 2025 AND 2024**

<b>Expenses</b>	<b>2025</b>	<b>2024</b>
6100 Payroll Costs	\$ 5,203,705	\$ 5,180,449
6200 Professional and Contracted Services	1,487,103	1,252,383
6300 Supplies and Materials	556,413	461,909
6400 Other Operating Costs	171,992	148,307
6500 Debt	11,004	1,248
Total Expenses	\$ 7,430,217	\$ 7,044,296

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, 2025 AND 2024**

<b>Expenses</b>	<b>2025</b>	<b>2024</b>
6100 Payroll Costs	\$ 2,662,637	\$ 2,462,545
6200 Professional and Contracted Services	1,097,079	793,599
6300 Supplies and Materials	206,191	327,013
6400 Other Operating Costs	56,093	75,648
6500 Debt	2,197	869
Total Expenses	\$ 4,024,197	\$ 3,659,674

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, 2025 AND 2024**

<b>Expenses</b>	<u>2025</u>	<u>2024</u>
6100 Payroll Costs	\$ 341,406	\$ 294,480
6200 Professional and Contracted Services	326,794	339,854
6300 Supplies and Materials	76,143	174,001
6400 Other Operating Costs	757,999	1,053,818
6500 Debt	<u>51,680</u>	<u>97,867</u>
Total Expenses	<u>\$ 1,554,022</u>	<u>\$ 1,960,020</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, 2025**

	<b>Ownership Interest</b>		
	<b>Local</b>	<b>State</b>	<b>Federal</b>
1110 Cash	\$ 7,618	\$ 509,272	\$ (853)
1910 Investments	-	200,347	-
1520 Buildings and Improvements	-	321,274	-
1539 Furniture and Equipment	13,996	309,881	9,119
1541 Vehicles	-	187,356	-
1559 Right of Use Assets-Financing Lease	-	213,113	-
Total Cash, Investments, and Fixed Assets	<u>\$ 21,614</u>	<u>\$ 1,741,243</u>	<u>\$ 8,266</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, 2025**

	<b>Ownership Interest</b>		
	<b>Local</b>	<b>State</b>	<b>Federal</b>
1110 Cash	\$ 794	\$ 264,927	\$ (659)
1910 Investments	-	711,927	-
1539 Furniture and Equipment	-	83,038	23,720
1541 Vehicles	-	4,500	-
1559 Right of Use Assets-Finance Leases	-	61,653	-
Total Cash, Investments, and Fixed Assets	<u>\$ 794</u>	<u>\$ 1,126,045</u>	<u>\$ 23,061</u>

The accompanying notes are an integral part of these statements.

**TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS  
SCHEDULE OF ASSETS  
AS OF AUGUST 31, 2025**

		<b>Ownership Interest</b>		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 648,564	\$ -	\$ -
1910	Investments	128,171	-	-
1510	Land	308,507	-	-
1520	Buildings and Improvements	14,231,880	-	-
1530	Furniture and Equipment	432,700	-	-
1540	Vehicles	102,983	-	-
	<b>Total Cash, Investments, and Fixed Assets</b>	<u>\$ 15,852,805</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, 2025**

Note: All variances over \$10,000 and 10% will be explained on following page.

	Budgeted Amounts				Actual Amounts	Variance from Final Budget	
	Original	Final					
<b>Revenues</b>							
<b>Local Support:</b>							
5740 Other Revenues from Local Sources	\$ 81,887	\$ 51,725	-37%	(7)	\$ 62,640	\$ 10,915	21.10% (1)
5750 Cocurricular and Enterprising Activities	152,913	152,913	0%		156,558	3,645	2.38%
<b>Total Local Support</b>	<b>234,800</b>	<b>204,638</b>			<b>219,198</b>	<b>14,560</b>	
<b>State Program Revenues:</b>							
5810 Foundation School Program Act Revenues	5,972,042	6,192,053	4%		6,057,138	(134,915)	-2.18%
5820 State Program Revenues Distributed by TEA	424,952	488,261	15%	(8)	289,308	(198,953)	-40.75% (2)
5830 State Revenues from State of Texas Govt. Agencies	286,000	286,000	0%		313,004	27,004	9.44%
<b>Total State Program Revenues</b>	<b>6,682,994</b>	<b>6,966,314</b>			<b>6,659,450</b>	<b>(306,864)</b>	
<b>Federal Program Revenues:</b>							
5920 Federal Revenues Distributed by TEA	121,798	187,898	54%	(9)	141,549	(46,349)	-24.67% (3)
<b>Total Federal Program Revenues</b>	<b>121,798</b>	<b>187,898</b>			<b>141,549</b>	<b>(46,349)</b>	
<b>Total Revenues</b>	<b>\$ 7,039,592</b>	<b>\$ 7,358,850</b>			<b>\$ 7,020,197</b>	<b>\$ (338,653)</b>	
<b>Expenses</b>							
11 Instruction	\$ 4,743,988	\$ 4,577,469	-4%		\$ 4,571,168	\$ 6,301	0.14%
13 Curriculum & Instructional Staff Development	12,980	35,532	174%	(10)	13,746	21,786	61.31% (4)
21 Instructional Leadership	54,500	92,800	70%	(11)	90,775	2,025	2.18%
23 School Leadership	317,281	240,212	-24%	(12)	245,790	(5,578)	-2.32%
31 Guidance, Counseling, & Evaluation Services	145,506	128,506	-12%	(13)	141,011	(12,505)	-9.73%
33 Health Services	50,467	77,606	54%	(14)	69,334	8,272	10.66%
35 Food Services	196,396	221,596	13%	(15)	208,653	12,943	5.84%
36 Cocurricular/Extracurricular Activities	26,150	25,290	-3%		12,268	(13,022)	51.49% (5)
41 General Administration	419,142	483,642	15%		493,561	(9,919)	-2.05%
51 Facilities Maintenance & Operations	1,162,619	1,362,900	17%	(16)	1,308,409	54,491	4.00%
52 Security & Monitoring Services	320,051	244,697	-24%	(17)	94,691	150,006	61.30% (6)
53 Data Processing Services	44,263	126,263	185%	(18)	125,649	614	0.49%
71 Debt Service	-	9,100			11,004	(1,904)	-20.92%
81 Fundraising	133,747	44,747	-67%	(19)	44,158	589	1.32%
<b>Total Expenses</b>	<b>\$ 7,627,090</b>	<b>\$ 7,670,360</b>			<b>\$ 7,430,217</b>	<b>\$ 240,143</b>	
Gain on Termination of Capital Lease	-	-			8,080	8,080	
<b>Change in Net Assets</b>	<b>(587,498)</b>	<b>(311,510)</b>			<b>(401,940)</b>	<b>(90,430)</b>	
Net Assets, Beginning of Year	1,241,740	1,241,740			1,241,740	-	
<b>Net Assets, End of Year</b>	<b>\$ 654,242</b>	<b>\$ 930,230</b>			<b>\$ 839,800</b>	<b>\$ (90,430)</b>	

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, 2025**

**Material Budget Variance Expenditures**

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

- (1) The school did not budget for Flynn Ohara rebates.
- (2) The school did not spend or receive as much revenue for safety and security and state instructional materials as budgeted.
- (3) Did not receive as much IDEA B Formula revenue as anticipated.

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

- (4) Intended to spend more on teacher training than was actually spent.
- (5) Budgeted more for extracurricular salaries than was actually spent.
- (6) The school did not spend or receive as much revenue for safety and security and state instructional materials as budgeted.

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

- (7) Fair market value of investments decreased; therefore, unrealized gains had to be decreased.
- (8) Increased budget for safety and security revenue.
- (9) Anticipated an increase in federal revenue; however, the original budget was more accurate than the final budget.

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

- (10) Anticipated spending more on teacher training; however, the original budget was more accurate than the final budget.
- (11) Increased budget for payroll increases.
- (12) Decreased budget for payroll adjustments.
- (13) Decreased budget for guidance, counseling, and evaluation services; however, the original budget was more accurate than the final budget.
- (14) Health services supplies increased costs.
- (15) Increased budget for increase in food prices.
- (16) Increased budget for increased utilities costs.
- (17) Decreased budget for security services that the school did not do.
- (18) Increased budget for payroll increases.
- (19) Decreased budget for payroll decreases.

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, 2025**

Note: All variances over \$10,000 and 10% will be explained on following page.

	Budgeted Amounts				Actual Amounts	Variance from Final Budget	
	Original	Final					
<b>Revenues</b>							
<b>Local Support:</b>							
5740 Other Revenues from Local Sources	\$ 10,000	\$ 79,150	692%	(5)	\$ 89,636	\$ 10,486	13% (1)
5750 Cocurricular and Enterprising Activities	95,000	93,000	-2%		94,205	1,205	1%
Total Local Support	105,000	172,150			183,841	11,691	
<b>State Program Revenues:</b>							
5810 Foundation School Program Act Revenues	3,051,920	3,111,799	2%		3,217,129	105,330	3%
5820 State Program Revenues Distributed by TEA	230,895	230,895	0%		114,901	(115,994)	-50% (2)
5830 State Revenues from State of Texas Govt. Agencies	168,902	168,902			165,476	(3,426)	-2%
Total State Program Revenues	3,451,717	3,511,596			3,497,506	(14,090)	
<b>Federal Program Revenues:</b>							
5920 Federal Revenues Distributed by TEA	59,512	76,077	28%	(6)	74,299	(1,778)	-2%
Total Federal Program Revenues	59,512	76,077			74,299	(1,778)	
Total Revenues	\$ 3,616,229	\$ 3,759,823			\$ 3,755,646	\$ (4,177)	
<b>Expenses</b>							
11 Instruction	\$ 2,340,369	\$ 2,251,783	-4%		\$ 2,273,494	\$ (21,711)	-1%
13 Curriculum & Instructional Staff Development	22,500	18,726	-17%		5,947	12,779	68% (3)
21 Instructional Leadership	-	-			-	-	
23 School Leadership	164,016	150,116	-8%		152,956	(2,840)	-2%
31 Guidance, Counseling, & Evaluation Services	65,966	71,040	8%		70,482	558	1%
33 Health Services	52,985	47,486	-10%		43,628	3,858	8%
35 Food Services	125,100	140,005	12%	(7)	127,596	12,409	9%
36 Cocurricular/Extracurricular Activities	-	-			-	-	
41 General Administration	239,272	302,482	26%	(8)	290,689	11,793	4%
51 Facilities Maintenance & Operations	688,028	922,034	34%	(9)	882,305	39,729	4%
52 Security and Monitoring Services	87,872	209,456	138%	(10)	100,103	109,353	52% (4)
53 Data Processing Services	47,141	69,301	47%	(11)	65,400	3,901	6%
71 Debt Service	-	2,700			2,197	503	19%
81 Fundraising	21,993	11,993	-45%		9,400	2,593	22%
Total Expenses	\$ 3,855,242	\$ 4,197,122			\$ 4,024,197	\$ 172,925	
Gain on Termination of Capital Lease	-	-			5,629	5,629	
Change in Net Assets	(239,013)	(437,299)			(262,922)	174,377	
Net Assets, Beginning of Year	1,443,981	1,443,981			1,443,981	-	
Net Assets, End of Year	\$ 1,204,968	\$ 1,006,682			\$ 1,181,059	\$ 174,377	

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, 2025**

**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) Due to improving interest rates, the school received more in interest income than budgeted.
- (2) The school did not spend or receive as much revenue for safety and security as budgeted.

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

- (3) Intended to spend more on teacher training than was actually spent.
- (4) The school did not spend or receive as much revenue for safety and security as budgeted.

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

- (5) Did not anticipate the increase in interest rates, so they did not budget enough for interest income.
- (6) Received more in federal revenue than originally anticipated.

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

- (7) Increased budget for increase in food prices.
- (8) Increased budget for payroll increases.
- (9) Increased budget for payroll increases.
- (10) Increased for anticipated security expenses that the school ultimately did not spend.
- (11) Increased budget for payroll increases.

The accompanying notes are an integral part of these statements.

**TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2025**

Note: All variances over \$10,000 and 10% will be explained on following page.

	Budgeted Amounts				Actual Amounts	Variance from Final Budget	
	Original	Final					
<b>Revenues</b>							
<b>Local Support:</b>							
5640 Other Revenues from Local Sources	\$ 1,450,700	\$ 1,576,886	-8.70%	\$ 1,716,148	\$ 139,262	8.83%	
5650 Performances Revenue	360,000	241,334	32.96% (5)	241,911	577	0.24%	
5660 Dance and Art Tuition	90,000	132,560	-47.29% (6)	132,560	-	0.00%	
5670 Camp Fees Revenue	15,000	33,378	-122.52% (7)	33,918	540	1.62%	
5690 Field Trip	4,000	5,887	-47.18%	5,893	6	0.10%	
<b>Total Revenues</b>	<b>\$ 1,919,700</b>	<b>\$ 1,990,045</b>		<b>\$ 2,130,430</b>	<b>\$ 140,385</b>		
<b>Expenses</b>							
11 Instruction	\$ 995,400	\$ 582,186	-41.51% (8)	\$ 1,027,279	\$ (445,093)	-76.45%	(1)
35 Food Services	-	-		11,432	(11,432)		(2)
41 General Administration	264,495	245,495	-7.18%	256,966	(11,471)	-4.67%	
51 Facilities Maintenance & Operations	56,200	56,216	0.03%	144,841	(88,625)	-157.65%	(3)
53 Data Processing Services	25,000	5,000	-80.00% (9)	5,119	(119)	-2.38%	
71 Debt Service	90,000	62,000	-31.11% (10)	51,636	10,364	16.72%	(4)
81 Fundraising	110,000	62,800	-42.91% (11)	56,749	6,051	9.64%	
<b>Total Expenses</b>	<b>\$ 1,541,095</b>	<b>\$ 1,013,697</b>		<b>\$ 1,554,022</b>	<b>\$ (540,325)</b>		
Gain on Termination of Capital Lease	-	-		7,752	7,752		
Change in Net Assets	378,605	976,348		584,160	(392,188)		
Net Assets, Beginning of Year	7,254,296	7,254,296		7,254,296	-		
Net Assets, End of Year	\$ 7,632,901	\$ 8,230,644		\$ 7,838,456	\$ (392,188)		

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, 2025**

**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:

None

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

- (1) Did not budget for depreciation.
- (2) Did not budget for depreciation.
- (3) Did not budget enough for the facility assessments.
- (4) Interest expense was not as high as anticipated.

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

- (5) Decreased revenue for performances revenue due to lower than expected ticket sales.
- (6) Conservatory classes did much better than expected, so budget had to be increased.
- (7) Summer camps did better than expected, so budget had to be increased.

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

- (8) Contracted services and supplies were less than expected.
- (9) Data processing supplies were less than expected.
- (10) Amortization expense was less than budgeted.
- (11) Fundraising contracted services and supplies were less than expected.

The accompanying notes are an integral part of these statements.

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL  
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED AUGUST 31, 2025**

Section A. Compensatory Education Programs

AP1	Did the charter school expend any state compensatory education program state allotment funds during the charter school's fiscal year?	Yes
AP2	Does the charter school have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the charter school's fiscal year.	\$ 95,557
AP4	Actual direct program expenditures for state compensatory education programs during the charter school's fiscal year.	\$ 63,262

Section B. Bilingual Education Allotment Programs

AP5	Did the charter school expend any bilingual education program state allotment funds during the charter school's fiscal year?	Yes
AP6	Does the charter school have written policies and procedures for its bilingual education allotment program?	Yes
AP7	Total state allotment funds received for bilingual education allotment programs during the charter school's fiscal year.	\$ 4,072
AP8	Actual direct program expenditures for bilingual education allotment programs during the charter school's fiscal year.	\$ 3,333

The accompanying notes are an integral part of these statements.

**TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL  
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED AUGUST 31, 2025**

Section A. Compensatory Education Programs

AP1	Did the charter school expend any state compensatory education program state allotment funds during the charter school's fiscal year?	Yes
AP2	Does the charter school have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the charter school's fiscal year.	\$ 21,791
AP4	Actual direct program expenditures for state compensatory education programs during the charter school's fiscal year.	\$ 17,869

Section B. Bilingual Education Allotment Programs

AP5	Did the charter school expend any bilingual education program state allotment funds during the charter school's fiscal year?	Yes
AP6	Does the charter school have written policies and procedures for its bilingual education allotment program?	Yes
AP7	Total state allotment funds received for bilingual education allotment programs during the charter school's fiscal year.	\$ 22,042
AP8	Actual direct program expenditures for bilingual education allotment programs during the charter school's fiscal year.	\$ 11,089

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, 2025**

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal
None			\$ -	\$ -	\$ -
			-	-	-
			-	-	-
			-	-	-
			\$ -	\$ -	\$ -

The accompanying notes are an integral part of these statements.

FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL  
SCHEDULE OF RELATED PARTY TRANSACTIONS  
FOR THE YEAR ENDED AUGUST 31, 2025

Related Party Name	Relation Name	Relationship	Type of Transaction	Terms	Source of Funds	Payment Frequency	Total Paid	Balance Due
None							-	-
							\$ -	\$ -

The accompanying notes are an integral part of these statements.

TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL  
SCHEDULE OF RELATED PARTY TRANSACTIONS  
FOR THE YEAR ENDED AUGUST 31, 2025

Related Party Name	Relation Name	Relationship	Type of Transaction	Terms	Source of Funds	Payment Frequency	Total Paid	Balance Due
None							-	-
							\$ -	\$ -

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, 2025 and 2024, 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 December 5, 2025.

### **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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our

audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-1.

### **Texas Center for Arts + Academics' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Texas Center for Arts + Academics' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Texas Center for Arts + Academics' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

Respectfully submitted,



Freeman, Shapard, & Story  
Windthorst, TX  
December 5, 2025

**TEXAS CENTER FOR ARTS + ACADEMICS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2025**

I. Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified?  Yes  No

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

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Under the guidelines of OMB Uniform Guidance, a Single Audit was not required for the year ended August 31, 2025.

II. Financial Statement Findings

Finding 2025-1

*Criteria*

Depository banks are required to pledge securities to adequately cover cash deposits of public schools in excess of the FDIC insurance coverage.

*Condition*

Fort Worth Academy of Fine Arts' and Texas School of the Arts' cash balance at Frost Bank on August 25, 2025, was \$1,376,969. Pledged securities were \$941,822, and FDIC coverage was \$250,000 which left \$185,147 unsecured. In addition, Fort Worth Academy of Fine Arts' and Texas School of the Arts' cash balance at Frost Bank on January 27, 2025, was \$1,843,612. Pledged securities were \$813,006, and FDIC coverage was \$250,000 which left \$780,606 unsecured.

*Effect*

Fort Worth Academy of Fine Arts' and Texas School of the Arts' cash balances are in danger of being lost if the depository bank were to fail.

*Cause*

Frost Bank did not have enough specific securities pledged to cover the schools' highest cash balance.

*Recommendation*

Fort Worth Academy of Fine Arts and Texas School of the Arts should monitor cash balances and make sure pledged securities and FDIC coverage are adequate to cover the schools' cash balances.

*Management Response*

Fort Worth Academy of Fine Arts and Texas School of the Arts will monitor cash balances and make sure pledged securities and FDIC coverage are adequate to cover the schools' cash balances. The cash balances were adequately secured at year-end.

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, 2025**

Finding 2024-1

*Criteria*

Depository banks are required to pledge securities to adequately cover cash deposits of public schools in excess of the FDIC insurance coverage.

*Condition*

Fort Worth Academy of Fine Arts' and Texas School of the Arts' cash balance at Frost Bank on October 25, 2023, was \$1,369,642. Pledged securities were \$696,515, and FDIC coverage was \$250,000 which left \$423,127 unsecured. In addition, Fort Worth Academy of Fine Arts' and Texas School of the Arts' cash balance at Frost Bank on March 25, 2024, was \$1,399,567. Pledged securities were \$653,572, and FDIC coverage was \$250,000 which left \$495,995 unsecured.

*Effect*

Fort Worth Academy of Fine Arts' and Texas School of the Arts' cash balances are in danger of being lost if the depository bank were to fail.

*Recommendation*

Fort Worth Academy of Fine Arts and Texas School of the Arts should monitor cash balances and make sure pledged securities and FDIC coverage are adequate to cover the schools' cash balances.

*Management Response*

Fort Worth Academy of Fine Arts and Texas School of the Arts will monitor cash balances and make sure pledged securities and FDIC coverage are adequate to cover the schools' cash balances. The cash balances were adequately secured at year-end.

*Status*

Pledged securities and FDIC coverage were not adequate to cover the schools' cash balances on the highest daily cash balance of the year but were adequate at year-end during the year ended August 31, 2025.

*Management's Explanation for not implementing the Recommendation*

This was not monitored carefully enough to cover for the large TEA deposit on August 25, 2025.

Finding 2024-2

*Criteria*

Charter schools are required to submit student attendance data and course completion to the Texas Education Agency with their PEIMS Summer Submission.

*Condition*

Texas School of the Arts' PEIMS Summer Submission omitted one of the tracks which underreported their Refined Average Daily Attendance by 117 students.

*Effect*

The Texas Education Agency reduced Texas School of the Arts' state foundation revenue by \$1,037,417 in addition to reducing the revenue for their state special programs as well.

*Recommendation*

Texas School of the Arts should provide additional training to the PEIMS Coordinator and make sure all PEIMS submissions are reviewed by a superior before submission.

*Management Response*

Texas School of the Arts' previous PEIMS Coordinator has been transferred to a different position which allows him more flexibility to handle his medical concerns. A new PEIMS Coordinator with experience has been hired. The new PEIMS Coordinator has begun work on putting systems in place for the appropriate review before any data is submitted in the future.

*Status*

Corrected

*Management's Explanation for not implementing the Recommendation*

N/A

Finding 2024-3

*Criteria*

In order to receive federal grant funding that has been awarded, charter schools must submit a request to the federal government by the due date.

*Condition*

Fort Worth Academy of Fine Arts' and Texas School of the Arts' were awarded federal revenue, spent the money on the required expenditures, but failed to request the money by the due date.

*Effect*

Fort Worth Academy of Fine Arts and Texas School of the Arts lost this federal grant money, and the expenditures had to be paid out of state funds.

*Recommendation*

Fort Worth Academy of Fine Arts and Texas School of the Arts should have a system in place to make sure all federal grants are appropriately spent, and all reimbursements from the federal government are requested by the due dates.

*Management Response*

Fort Worth Academy of Fine Arts and Texas School of the Arts will monitor federal grants carefully in the 2024-25 fiscal year.

*Status*

Corrected

*Management's Explanation for not implementing the Recommendation*

N/A