

**TEXAS CENTER FOR ARTS + ACADEMICS**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED**  
**AUGUST 31, 2024**

**TEXAS CENTER FOR ARTS + ACADEMICS  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2024**

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TEXAS CENTER FOR ARTS + ACADEMICS

CERTIFICATE OF BOARD

AUGUST 31, 2024

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, 2024, at a meeting of the governing body of the charter holder on the 21st day of January, 2025.

  
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, 2024 and 2023, 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, 2024 and 2023, 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, other than the budget variance explanations, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, other than the budget variance explanations, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information detailed above, other than the budgeted variance explanations, is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 January 21, 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,



Freemon, Shapard, & Story  
Windthorst, TX  
January 21, 2025



**General-Purpose  
Financial Statements**

**TEXAS CENTER FOR ARTS + ACADEMICS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 819,388	\$ 828,459
Restricted cash and cash equivalents	62,416	99,025
Accounts receivable	15,900	-
Investments	1,521,293	1,566,845
Due from TEA	906,316	1,055,652
Deferred expenses	116,973	9,485
Prepaid expenses	13,419	92,919
<b>Total Current Assets</b>	<b>3,455,705</b>	<b>3,652,385</b>
<b>Fixed Assets</b>		
Land	308,507	308,507
Buildings and improvements	14,553,154	14,526,428
Furniture and equipment	807,377	686,247
Vehicles	294,839	294,839
Right of use assets-finance leases	251,174	251,174
Less accumulated depreciation	(7,474,441)	(6,871,254)
<b>Total Fixed Assets</b>	<b>8,740,610</b>	<b>9,195,941</b>
<b>Total Assets</b>	<b>\$ 12,196,315</b>	<b>\$ 12,848,326</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 201,186	\$ 15,251
Accrued expenses	433	12,295
Due to student groups	138,433	110,889
Deferred revenue	26,417	107,138
Accrued wages payable	634,153	572,908
Payroll deductions and withholdings	-	5,338
Accrued interest	13,883	20,250
Finance lease liability-current year	57,344	74,110
Current portion of long-term debt	457,768	899,707
<b>Total Current Liabilities</b>	<b>1,529,617</b>	<b>1,817,886</b>
<b>Long-Term Debt</b>		
Finance lease liability-long-term	-	38,468
Long-term debt, net of unamortized debt issuance costs	726,681	1,119,944
<b>Total Long-Term Liabilities</b>	<b>726,681</b>	<b>1,158,412</b>
<b>Total Liabilities</b>	<b>\$ 2,256,298</b>	<b>\$ 2,976,298</b>
<b>Net Assets</b>		
Without donor restrictions	7,200,292	7,156,878
With donor restrictions	2,739,725	2,715,150
<b>Total Net Assets</b>	<b>\$ 9,940,017</b>	<b>\$ 9,872,028</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,196,315</b>	<b>\$ 12,848,326</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, 2024 AND 2023**

	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>
<b>Change in Net Assets</b>	<b>43,414</b>	<b>24,575</b>	<b>67,989</b>
<b>Net Assets, Beginning of Year</b>	<b>7,156,878</b>	<b>2,715,150</b>	<b>9,872,028</b>
<b>Net Assets, End of Year</b>	<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 ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

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

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

**TEXAS CENTER FOR ARTS + ACADEMICS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>2024 Total</u>
<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	<u>132,115</u>	<u>10,756</u>	<u>142,871</u>
<b>Total Payroll Expenses</b>	<b>7,224,671</b>	<b>712,803</b>	<b>7,937,474</b>
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	<u>58,140</u>	<u>30,409</u>	<u>88,549</u>
<b>Total Non-Payroll Expenses</b>	<b>2,728,822</b>	<b>359,030</b>	<b>3,087,852</b>
<b>Total Before Depreciation and Amortization</b>	<b>9,953,493</b>	<b>1,071,833</b>	<b>11,025,326</b>
Amortization	-	20,486	20,486
Depreciation	<u>590,483</u>	<u>12,705</u>	<u>603,188</u>
<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 FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	Program Services	Management and General	2023 Total
<b>Expenses</b>			
Salaries and Wages	\$ 5,637,828	\$ 665,491	\$ 6,303,319
Benefits	538,319	40,380	578,699
Payroll Taxes	118,268	21,901	140,169
<b>Total Payroll Expenses</b>	<b>6,294,415</b>	<b>727,772</b>	<b>7,022,187</b>
Professional Services	636,770	169,158	805,928
Legal	-	43,201	43,201
Accounting	-	45,000	45,000
Education Service Center Services	85,181	-	85,181
Repairs and Maintenance	334,164	-	334,164
Utilities	199,548	10,503	210,051
Rentals	8,919	-	8,919
Contracted Services	7,896	-	7,896
Maintenance Supplies	1,419	91,257	92,676
Instructional Materials	85,540	-	85,540
Testing Materials	733	-	733
Food Service	162,880	-	162,880
General Supplies	619,182	3,485	622,667
Travel	174,030	1,237	175,267
Insurance	73,317	8,146	81,463
Interest	-	121,705	121,705
Miscellaneous	36,035	37,787	73,822
<b>Total Non-Payroll Expenses</b>	<b>2,425,614</b>	<b>531,479</b>	<b>2,957,093</b>
<b>Total Before Depreciation and Amortization</b>	<b>8,720,029</b>	<b>1,259,251</b>	<b>9,979,280</b>
Amortization	-	20,486	20,486
Depreciation	577,548	12,723	590,271
<b>Total Expenses</b>	<b>\$ 9,297,577</b>	<b>\$ 1,292,460</b>	<b>\$ 10,590,037</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, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 67,989	\$ 210,963
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	603,187	590,271
(Increase) Decrease in Accounts Receivable	(15,900)	-
(Increase) Decrease in Due from TEA	149,336	(22,705)
(Increase) Decrease in Deferred Expenses	(107,488)	76,720
(Increase) Decrease in Prepaid Expenses	79,500	(87,333)
Increase (Decrease) in Accounts Payable	185,935	15,251
Increase (Decrease) in Accrued Expenses	(11,862)	402
Increase (Decrease) in Due to Student Groups	27,544	(14,390)
Increase (Decrease) in Deferred Revenue	(80,721)	76,619
Increase (Decrease) in Wages Payable	61,245	15,311
Increase (Decrease) in Payroll Deductions	(5,338)	(86,890)
Increase (Decrease) in Accrued Interest	(6,367)	(3,897)
	947,060	770,322
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	(147,856)	(57,250)
Purchase of Right to Use Lease Assets	-	-
Investments Withdrawn	225,000	-
Dividends Reinvested in Securities	(39,919)	(41,156)
Capital Gains Reinvested in Securities	(5,945)	(13,927)
Fees Paid on Investments	8,872	6,353
Realized (Gain) Loss on Sale of Investment Securities	9,124	5,988
Unrealized (Gain) Loss on Investment Securities	(151,580)	(63,819)
	(102,304)	(163,811)
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Right to Use Assets Lease Purchase	-	-
Principal Payments on Right to Use Lease Liability	(55,234)	(70,495)
Amortization of Debt Issuance Costs	20,486	20,486
Principal Payments on Debt	(855,688)	(811,283)
	(890,436)	(861,292)
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(45,680)	(254,781)
Cash and Cash Equivalents, Beginning of Year	927,484	1,182,265
Cash and Cash Equivalents, End of Year	\$ 881,804	\$ 927,484
<b>Reconciliation of cash balances:</b>		
Cash and cash equivalents	\$ 819,388	\$ 828,459
Cash restricted by donors	62,416	99,025
	\$ 881,804	\$ 927,484
Interest Paid During the Period Ended August 31, 2024 and 2023	\$ 85,404	\$ 125,347
Income Taxes Paid During the Period Ended August 31, 2024 and 2023	-	-

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, 2024 AND 2023**

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.

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 applied for and received a charter renewal on August 6, 2012, extending the charter to July 31, 2021.

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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.

J. *New Accounting Pronouncements/Accounting Changes*

The Texas Education Agency Financial Accountability System Resource Guide, Update 19, Module 2: Special Supplement – Charter Schools aligns with current financial accounting reporting standards. Updates included a requirement for the recording of Teacher Retirement System on-behalf revenue and payments and the calculations for the amounts. This module established financial and accounting requirements for Texas public charter schools to ensure uniformity in accounting in conformity with GAAP. This includes current guidance that complements the American Institute of Certified Public Accountants Audit and Accounting Guide, State and Local Governments and supplements the Government Auditing Standards of the United States Government Accountability Office. These requirements would facilitate preparation of financial statements that conform to GAAP established by the Financial Accounting Standards Board. Module 3 aligns with current financial accounting standards.

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Updates were made to accounting codes which included updates to accounting codes for dyslexia and related disorders added by HB 3928, 88<sup>th</sup> Texas Leg Regular Session 2023, as well as the addition of accounting codes for TRS on-behalf payments.

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, 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.

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

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit during the year ended August 31, 2024:

- 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 \$696,515. 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 \$653,572.
- b. The highest combined balance of cash, savings, and time deposit accounts for Fort Worth Academy of Fine Arts at Frost Bank amounted to \$872,296 and occurred during the month of October 2023. The highest combined balances of cash, savings, and time deposit accounts for Texas School of the Arts at Frost Bank amounted to \$684,686 and occurred during the month of March 2024.
- 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

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enough pledged securities and FDIC to cover their deposits on the highest daily cash balance and at year-end.

3. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2024 and 2023, the charter holder had no material liability for accrued sick leave or vacation leave.

4. INVESTMENTS

The corporation invests in marketable equity securities.

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

	<u>Cost</u>	<u>Market</u>
Plains Capital Investments	\$ <u>1,321,575</u>	\$ <u>1,521,293</u>
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>

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

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

5. DEFINED BENEFIT PENSION PLAN

A. *Plan Description*

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

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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.

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

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about/publications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698, or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2023 Annual Comprehensive Financial Report for TRS provides the following information regarding the pension plan fiduciary net position as of August 31, 2023.

<u>Components of Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$255,860,886,500
Less: Plan Fiduciary Net Position	<u>(187,170,535,558)</u>
Net Pension Liability	<u>\$ 68,690,350,942</u>
Net Position as Percentage of Total Pension Liability	73.15%

**C. *Benefits Provided***

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

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

**D. *Contributions***

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less

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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 2023 ACFR, Note 11, on page 88.

Contribution Rates		
	2024	2023
Member	8.25%	8.00%
Non-Employer Contributing Entity (State)	8.25%	8.00%
Employers	8.25%	8.00%
FWAFA’s Employer Contributions	\$156,936	\$142,279
FWAFA’s Member Contributions	\$342,569	\$312,449
TeSA’s Employer Contributions	\$ 70,644	\$ 59,064
TeSA’s Member Contributions	\$168,477	\$151,751
Measurement Year	2023	2022
FWAFA’s NECE On-Behalf Contributions	\$235,557	\$207,494
TeSA’s NECE On-Behalf Contributions	\$124,702	\$112,977

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.8 percent of the member’s salary beginning in fiscal year 2023, 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.

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E. *Actuarial Assumptions*

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions: Actuarial assumptions can be found in the 2023 TRS ACFR, Note 11, page 89.

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
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	4.13%*
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: Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2023.*

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, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

F. *Discount Rate*

The single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent 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 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



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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, 2023 (see page 56 of the TRS ACFR), are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
U.S.	18%	4.0%	1.0%
Non-U.S. Developed	13%	4.5%	0.9%
Emerging Markets	9%	4.8%	0.7%
Private Equity*	14%	7.0%	1.5%
<b>Stable Value</b>			
Government Bonds	16%	2.5%	0.5%
Absolute Return*	0%	3.6%	0.0%
Stable Value Hedge Funds	5%	4.1%	0.2%
<b>Real Return</b>			
Real Estate	15%	4.9%	1.1%
Energy, Natural Resources, and Infrastructure	6%	4.8%	0.4%
Commodities	0%	4.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	8%	4.5%	0.4%
<b>Asset Allocation Leverage</b>			
Cash	2%	3.7%	0.0%
Asset Allocation Leverage	-6%	4.4%	-0.1%
Inflation Expectation			2.3%
Volatility Drag****			-0.9%
<b>Total</b>	100%		8.0%

\* Absolute Return includes Credit Sensitive Investments.

\*\* Target allocations are based on the FY2023 policy model.

\*\*\* Capital Market Assumptions come from Aon Hewitt (as of 6/30/2023)

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

G. *Discount Rate Sensitivity Analysis*

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% less (6.00%) than and 1% greater (8.00%) than the current rate. The discount rate can be found in the 2023 TRS ACFR, Note 11, page 90 and the Table of Sensitivities can be found on page 91.

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	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	\$2,932,311	\$1,961,339	\$1,153,976
Texas School of Arts' proportionate share of the net pension liability	\$1,159,606	\$ 775,627	\$ 456,349

H. *Pension Liabilities*

At August 31, 2023, Fort Worth Academy of Fine Arts and Texas School of Arts disclosed a liability of \$1,961,339 and \$775,627, 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	\$ 1,961,339
State's proportionate share that is associated with Fort Worth Academy of Fine Arts	<u>\$ 3,147,813</u>
Total	<u>\$ 5,109,152</u>

Texas School of Arts' proportionate share of the collective net pension liability	\$ 775,627
State's proportionate share that is associated with Texas School of Arts	<u>\$ 1,666,424</u>
Total	<u>\$ 2,442,051</u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, 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, 2022 through August 31, 2023.

On August 31, 2023, Fort Worth Academy of Fine Arts' proportion of the collective net pension liability was .0028553346% which was an increase from its proportion of .002834035% measured as of August 31, 2022. On August 31, 2023, Texas School of Arts' proportion of the collective net pension liability was .0011291649% which was a decrease from its proportion of .001233214% measured as of August 31, 2022.

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 Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this-one time stipend so there will be not impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment

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(COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

J. *Additional Plans*

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

6. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

A. *Plan Description*

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

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

B. *OPEB Plan Fiduciary Net Position*

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

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2023 are as follows:

<u>Components of Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 26,028,070,267
Less: Plan Fiduciary Net Position	<u>(3,889,765,203)</u>
Net OPEB Liability	<u>\$ 22,138,305,064</u>
Net Position as a Percentage of Total OPEB Liability	14.94%

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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>Medicare</b>	<b>Non-Medicare</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

D. *Contributions*

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and schools based 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 pay. 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 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

<b>Fort Worth Academy of Fine Arts Contribution Rates</b>				
	<u>2024</u>		<u>2023</u>	
Active Employee		0.65%		0.65%
State		1.25%		1.25%
Employers		0.75%		0.75%
Federal/Private Funding		1.25%		1.25%
Employer Contributions	2024	\$ 31,397	2023	\$ 30,534
Member Contributions	2024	\$ 27,298	2023	\$ 25,387
NECE On-Behalf Contributions	2023	\$ 42,024	2022	\$ 50,293

**TEXAS CENTER FOR ARTS + ACADEMICS  
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Texas School of the Arts Contribution Rates				
	2024		2023	
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	2024	\$ 15,617	2023	\$ 14,413
Member Contributions	2024	\$ 13,273	2023	\$ 12,330
NECE On-Behalf Contributions	2023	\$ 17,365	2022	\$ 17,303

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87<sup>th</sup> Legislature. These amounts were reappropriated from amounts received by the pension and TRS-Care funds in excess of the state’s actual obligation and then transferred to TRS-Care.

E. *Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions: Actuarial assumptions can be found in the 2023 TRS ACFR, Note 9, page 79.

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, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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.

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Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% - 8.95%, including inflation
Ad-hoc Post Employment Benefit Changes	None

F. *Discount Rate*

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22 percent in the discount rate since the previous year. The Discount Rate can be found in the 2023 TRS ACFR on page 80. 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 Fidelity “20-year Municipal GO AA Index” as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

G. *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
Fort Worth Academy of Fine Art's proportionate share of the Net OPEB Liability:	\$1,046,820	\$ 888,799	\$ 759,850
Texas School of the Art's proportionate share of the Net OPEB Liability:	\$ 432,561	\$ 367,264	\$ 313,981

H. *OPEB Liabilities and OPEB Expense*

On August 31, 2023, Fort Worth Academy of Fine Arts disclosed a liability of \$888,799, and Texas School of the Arts disclosed a liability of \$367,264 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

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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	\$ 888,799
State's proportionate share that is associated with Fort Worth Academy	<u>1,072,473</u>
Total	<u>\$ 1,961,272</u>
Texas School of the Art's Proportionate share of the collective net OPEB liability	\$ 367,264
State's proportionate share that is associated with Texas School of the Arts	<u>443,161</u>
Total	<u>\$ 810,425</u>

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, 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, 2022 through August 31, 2023. On August 31, 2023, Fort Worth Academy of Fine Art's proportion of the collective Net OPEB Liability was 0.0040147566% compared to 0.0050197188% at August 31, 2022, and Texas School of the Art's proportion of the collective Net OPEB Liability was 0.0016589532% compared to 0.0017270541% at August 31, 2022.

I. *Healthcare Cost Trend Rates Sensitivity Analysis*

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

	1% Decrease in Healthcare Trend Rate	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:	\$ 731,882	\$ 888,799	\$1,096,740
Texas School of the Art's proportionate share of the NET OPEB Liability:	\$ 302,424	\$ 367,264	\$ 450,682

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 2023 TRS ACFR on page 80.*

- The single discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

7. COMMITMENTS AND CONTINGENCIES

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

8. CAPITAL ASSETS

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

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



**TEXAS CENTER FOR ARTS + ACADEMICS  
NOTES TO THE FINANCIAL STATEMENTS  
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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, 2024 and 2023, the charter schools earned revenue of \$10,054,412 and \$9,168,999, respectively, from the Texas Education Agency (TEA). These amounts constitute approximately 85.81% and 84.89%, 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, 2024 and 2023, consisted of the following:

	2024	2023
Advanced Placement Incentives	\$ 204	\$ -
Title IV, Part A	10,271	-
School Safety and Security	8,982	62,440
Donor Restricted Grants	62,416	99,025
TCLAS	41,419	-
Foundation School Program	<u>2,616,433</u>	<u>2,553,685</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,739,725</u>	<u>\$ 2,715,150</u>

11. HEALTH CARE COVERAGE

During the years ended August 31, 2024 and 2023, full-time employees of the charter schools were covered by a health insurance plan (the Plan). The charter schools contributed \$325 per month per employee to the Plan for each full-time employee who chose to participate. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

12. DEFERRED REVENUE

Deferred revenue at August 31, 2024 and 2023, consisted of the following:

	2024	2023
Deferred Activity Fee Revenue	\$ 9,104	\$ 14,020
Deferred Revenue Rentals/Supplies	17,313	-
Deferred Performance Revenue	<u>-</u>	<u>93,118</u>
Total	<u>\$ 26,417</u>	<u>\$ 107,138</u>

**TEXAS CENTER FOR ARTS + ACADEMICS  
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FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

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.

13. LONG-TERM DEBT

Long-term debt at August 31, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</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	\$ 490,054
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, and 2024. Final payment is due August 23, 2025.	14,058	21,966
Note payable to Orchard Cultural Education Facilities Finance Corp. through Frost Bank for Texas School of the Arts new school building. 3.41% effective interest rate, quarterly payments of approximately \$117,483. Final payment is due March 1, 2027. Note is secured by real property owned by the corporation.	<u>1,164,080</u>	<u>1,558,852</u>
<b>Total Debt</b>	<b>\$ 1,215,184</b>	<b>\$ 2,070,872</b>
Less Capitalized Debt Issuance Costs	(30,735)	(51,221)
Less Current Portion of Long-Term Debt	<u>(457,768)</u>	<u>(899,707)</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 726,681</u></b>	<b><u>\$ 1,119,944</u></b>

Future maturities of long-term debt at August 31, 2024, are as follows:

Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 457,768	\$ 50,123	\$ 507,891
2026	426,571	28,932	455,503
2027	<u>330,845</u>	<u>10,783</u>	<u>341,628</u>
Total	<u>\$ 1,215,184</u>	<u>\$ 89,838</u>	<u>\$ 1,305,022</u>

**TEXAS CENTER FOR ARTS + ACADEMICS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

14. INTERCOMPANY ELIMINATIONS

During the years ended August 31, 2024 and 2023, the Fort Worth Academy of Fine Arts Charter School recorded \$651,777 and \$804,000, respectively in lease expense paid to the charter holder. During the years ended August 31, 2024 and 2023, Texas School of the Arts recorded \$363,213 and \$564,000, respectively in lease expense paid to the charter holder. These expenses (income) are included in the Special Purpose Statements of Activities (Exhibits B-2.1, B-2.2, and B-2.3) and are eliminated on the combined General Purpose Statement of Activities (Exhibit A-2).

15. INCOME TAX

On December 30, 2008, FASB issued FASB Staff Position (FSP) FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. There was no apparent unrelated business income for the years ended August 31, 2024 and 2023, and as a result, there was no income tax liability.

16. LEASES

A copier lease agreement was entered into with Xerox for \$6,505 a month for 60 months beginning March 12, 2020. Under the adoption of the ASU No. 2016-02, Leases (Topic 842), the school therefore recognized a 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 at the date of adoption of ASC 842. Payments of \$55,234 principal and interest of \$3,314 were made on this finance lease during the year. Balances at August 31, 2024 and 2023, were \$57,344 and \$112,578, respectively.

17. 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.

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:

*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.

**TEXAS CENTER FOR ARTS + ACADEMICS  
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*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, 2024 and 2023:

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>

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

**19. RESTRICTED CASH**

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.

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

**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:

**TEXAS CENTER FOR ARTS + ACADEMICS  
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Cash and cash equivalents	\$ 197,985
Fixed assets	8,415,805
Investments	<u>138,799</u>
	<u>\$ 8,752,589</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, \$1,521,293 of cash is invested in Plains Capital Bank investments.

21. 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 \$344,774 for the year ended August 31, 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 \$163,142 for the year ended August 31, 2024. These payments were not required to be posted in the prior year.

**Specific-Purpose  
Financial Statements**

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF AUGUST 31, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 349,885	\$ 125,792
Investments	443,200	619,276
Accounts receivable intercompany	14,488	-
Due from TEA	621,026	698,258
Deferred expenses	74,009	9,485
Total Current Assets	1,502,608	1,452,811
<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	94,567	94,567
Less accumulated depreciation	(642,747)	(586,835)
Total Fixed Assets	293,446	349,358
<b>Total Assets</b>	<b>\$ 1,796,054</b>	<b>\$ 1,802,169</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 72,095	\$ 15,251
Interfund accounts payable	49,217	-
Accrued expenses	212	8,038
Accrued wages payable	411,200	375,734
Finance lease liability-current year	21,590	27,902
Total Current Liabilities	554,314	426,925
<b>Long-Term Debt</b>		
Finance lease liability-long-term	-	14,484
<b>Total Liabilities</b>	<b>\$ 554,314</b>	<b>\$ 441,409</b>
<b>Net Assets</b>		
Without donor restrictions	7,618	5,806
With donor restrictions	1,234,122	1,354,954
<b>Total Net Assets</b>	<b>\$ 1,241,740</b>	<b>\$ 1,360,760</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,796,054</b>	<b>\$ 1,802,169</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, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 342,346	\$ 266,235
Investments	952,713	825,175
Accounts receivable intercompany	79,801	-
Due from TEA	285,290	357,394
Deferred expenses	42,964	-
<b>Total Current Assets</b>	<b>1,703,114</b>	<b>1,448,804</b>
<b>Fixed Assets</b>		
Furniture and equipment	106,758	95,346
Vehicles	4,500	4,500
Right of use assets-finance leases	65,883	65,883
Less accumulated depreciation	(145,781)	(121,608)
<b>Total Fixed Assets</b>	<b>31,360</b>	<b>44,121</b>
<b>Total Assets</b>	<b>\$ 1,734,474</b>	<b>\$ 1,492,925</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 52,278	\$ -
Accrued expenses	221	4,257
Accrued wages payable	222,953	197,174
Finance lease liability-current year	15,041	19,439
<b>Total Current Liabilities</b>	<b>290,493</b>	<b>220,870</b>
<b>Long-Term Debt</b>		
Finance lease liability-long-term	-	10,090
<b>Total Liabilities</b>	<b>\$ 290,493</b>	<b>\$ 230,960</b>
<b>Net Assets</b>		
Without donor restrictions	794	794
With donor restrictions	1,443,187	1,261,171
<b>Total Net Assets</b>	<b>\$ 1,443,981</b>	<b>\$ 1,261,965</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,734,474</b>	<b>\$ 1,492,925</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, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 127,157	\$ 436,432
Restricted cash and cash equivalents	62,416	99,025
Investments	125,380	122,394
Accounts receivable	15,900	-
Prepaid expenses	13,419	92,919
<b>Total Current Assets</b>	<b>344,272</b>	<b>750,770</b>
<b>Fixed Assets</b>		
Land	308,507	308,507
Buildings and improvements	14,231,880	14,205,154
Furniture and equipment	367,623	257,905
Vehicles	102,983	102,983
Right of use leased assets-finance leases	90,724	90,724
Less accumulated depreciation	(6,685,913)	(6,162,811)
<b>Total Fixed Assets</b>	<b>8,415,804</b>	<b>8,802,462</b>
<b>Total Assets</b>	<b>\$ 8,760,076</b>	<b>\$ 9,553,232</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 76,813	\$ -
Accounts payable-intercompany	45,072	-
Due to student groups	138,433	110,889
Deferred revenue	26,417	107,138
Accrued interest	13,883	20,250
Payroll deductions and withholdings	-	5,338
Finance lease liability-current year	20,713	26,769
Current portion of long-term debt	457,768	899,707
<b>Total Current Liabilities</b>	<b>779,099</b>	<b>1,170,091</b>
<b>Long-Term Liabilities</b>		
Finance lease liability-long-term	-	13,894
Notes payable, net of unamortized debt issuance costs	726,681	1,119,944
<b>Total Long-Term Liabilities</b>	<b>726,681</b>	<b>1,133,838</b>
<b>Total Liabilities</b>	<b>\$ 1,505,780</b>	<b>\$ 2,303,929</b>
<b>Net Assets</b>		
Without donor restrictions	7,191,880	7,150,278
With donor restrictions	62,416	99,025
<b>Total Net Assets</b>	<b>\$ 7,254,296</b>	<b>\$ 7,249,303</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,760,076</b>	<b>\$ 9,553,232</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, 2024 AND 2023**

	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
Total Local Support	260,573	-	260,573
<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
Total State Program Revenues	-	6,549,425	6,549,425
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	115,278	115,278
Total Federal Program Revenues	-	115,278	115,278
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	6,785,535	(6,785,535)	-
Total Revenues	\$ 7,046,108	\$ (120,832)	\$ 6,925,276
<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
Total Expenses	\$ 7,044,296	\$ -	\$ 7,044,296
Change in Net Assets	1,812	(120,832)	(119,020)
Net Assets, Beginning of Year	5,806	1,354,954	1,360,760
Net Assets, End of Year	\$ 7,618	\$ 1,234,122	\$ 1,241,740

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, 2024 AND 2023**

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

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

**TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	Without Donor Restrictions	With Donor Restrictions	2024 Totals
<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>	<b>232,144</b>	<b>-</b>	<b>232,144</b>
<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>	<b>-</b>	<b>3,504,987</b>	<b>3,504,987</b>
<b>Federal Program Revenues:</b>			
5920 Federal Revenues Distributed by TEA	-	104,559	104,559
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>104,559</b>	<b>104,559</b>
<b>Net Assets Released from Restrictions:</b>			
Restrictions Satisfied by Payments	3,427,530	(3,427,530)	-
<b>Total Revenues</b>	<b>\$ 3,659,674</b>	<b>\$ 182,016</b>	<b>\$ 3,841,690</b>
<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>	<b>\$ 3,659,674</b>	<b>\$ -</b>	<b>\$ 3,659,674</b>
<b>Change in Net Assets</b>	<b>-</b>	<b>182,016</b>	<b>182,016</b>
<b>Net Assets, Beginning of Year</b>	<b>794</b>	<b>1,261,171</b>	<b>1,261,965</b>
<b>Net Assets, End of Year</b>	<b>\$ 794</b>	<b>\$ 1,443,187</b>	<b>\$ 1,443,981</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, 2024 AND 2023**

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

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

**TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	<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.

**TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

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

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

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (119,020)	\$ (206,304)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	55,912	51,203
(Increase) Decrease in Accounts Receivable Intercompany	(14,488)	-
(Increase) Decrease in Deferred Expenses	(64,524)	12,057
(Increase) Decrease in Due from TEA	77,232	38,482
Increase (Decrease) in Accounts Payable	56,844	15,251
Increase (Decrease) in Accounts Payable Intercompany	49,217	-
Increase (Decrease) in Accrued Expenses	(7,826)	521
Increase (Decrease) in Payroll Deductions	-	(71,903)
Increase (Decrease) in Wages Payable	35,466	24,084
	<b>68,813</b>	<b>(136,609)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	-	(47,250)
Purchase of Right to Use Lease Assets	-	-
Investments Withdrawn	225,000	-
Dividends Reinvested in Securities	(11,584)	(15,443)
Capital Gains Reinvested in Securities	(1,849)	(5,971)
Fees Paid on Investments	2,700	2,381
Realized (Gain) Loss on Sale of Investment Securities	9,124	2,729
Unrealized (Gain) Loss on Investment Securities	(47,315)	(27,514)
	<b>176,076</b>	<b>(91,068)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Right to Use Assets Lease Purchase	-	-
Principal Payments on Right to Use Lease Liability	(20,796)	(26,541)
	<b>(20,796)</b>	<b>(26,541)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	<b>224,093</b>	<b>(254,218)</b>
Cash and Cash Equivalents, Beginning of Year	<b>125,792</b>	<b>380,010</b>
Cash and Cash Equivalents, End of Year	<b>\$ 349,885</b>	<b>\$ 125,792</b>
Interest Paid During the Period Ended August 31, 2024 and 2023	\$ 1,248	\$ 2,850
Income Taxes Paid During the Period Ended August 31, 2024 and 2023	-	-

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, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 182,016	\$ (7,708)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	24,173	23,219
(Increase) Decrease in Accounts Receivable Intercompany	(79,801)	-
(Increase) Decrease in Deferred Expenses	(42,964)	64,663
(Increase) Decrease in Due from TEA	72,104	(61,187)
Increase (Decrease) in Accounts Payable	52,278	-
Increase (Decrease) in Accrued Expenses	(4,036)	(119)
Increase (Decrease) in Wages Payable	25,779	(8,773)
Increase (Decrease) in Payroll Deductions and Withholdings	-	(19,878)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>229,549</u>	<u>(9,783)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	(11,412)	-
Purchase of Right to Use Lease Assets	-	-
Dividends Reinvested in Securities	(22,649)	(20,605)
Capital Gains Reinvested in Securities	(4,096)	(7,956)
Fees Paid on Investments	3,472	3,124
Realized (Gain) Loss on Sale of Investment Securities	-	3,259
Unrealized (Gain) Loss on Investment Securities	(104,265)	(36,305)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(138,950)</u>	<u>(58,483)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Right to Use Assets Lease Purchase	-	-
Principal Payments on Right to Use Lease Liability	(14,488)	(18,491)
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(14,488)</u>	<u>(18,491)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	76,111	(86,757)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>266,235</u>	<u>352,992</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 342,346</u>	<u>\$ 266,235</u>
Interest Paid During the Period Ended August 31, 2024 and 2023	\$ 869	\$ 1,985
Income Taxes Paid During the Period Ended August 31, 2024 and 2023	-	-

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, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,993	\$ 424,975
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	523,102	515,849
(Increase) Decrease in Account Receivable	(15,900)	-
(Increase) Decrease in Prepaid Expenses	79,500	(87,333)
Increase (Decrease) in Accounts Payable	76,813	-
Increase (Decrease) in Accounts Payable-Intercompany	45,072	-
Increase (Decrease) in Due to Student Groups	27,544	(14,390)
Increase (Decrease) in Deferred Revenue	(80,721)	76,619
Increase (Decrease) in Accrued Interest	(6,367)	(3,897)
Increase (Decrease) in Payroll Deductions and Withholdings	(5,338)	4,891
	648,698	916,714
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Land, Buildings, and Equipment	(136,444)	(10,000)
Purchase of Right to Use Lease Assets	-	-
Dividends Reinvested in Securities	(5,686)	(5,108)
Capital Gains Reinvested in Securities	-	-
Fees Paid on Investments	2,700	848
Realized (Gain) Loss on Sale of Investment Securities	-	-
Unrealized (Gain) Loss on Investment Securities	-	-
	(139,430)	(14,260)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Right to Use Assets Lease Purchase	-	-
Principal Payments on Right to Use Lease Liability	(19,950)	(25,463)
Amortization of Debt Issuance Costs	20,486	20,486
Principal Payments on Debt	(855,688)	(811,283)
	(855,152)	(816,260)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(345,884)	86,194
<b>Cash and Cash Equivalents, Beginning of Year</b>	535,457	449,263
<b>Cash and Cash Equivalents, End of Year</b>	\$ 189,573	\$ 535,457
<b>Reconciliation of cash balances:</b>		
Cash and cash equivalents	\$ 127,157	\$ 436,432
Cash restricted by donors	62,416	99,025
	\$ 189,573	\$ 535,457
<b>Interest Paid During the Period Ended August 31, 2024 and 2023</b>	\$ 83,287	\$ 120,512
<b>Income Taxes Paid During the Period Ended August 31, 2024 and 2023</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, 2024 AND 2023**

<b>Expenses</b>	<b>2024</b>	<b>2023</b>
6100 Payroll Costs	\$ 5,180,449	\$ 4,558,261
6200 Professional and Contracted Services	1,252,383	1,443,704
6300 Supplies and Materials	461,909	559,798
6400 Other Operating Costs	148,307	141,982
6500 Debt	1,248	2,849
Total Expenses	\$ 7,044,296	\$ 6,706,594

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, 2024 AND 2023**

<b>Expenses</b>	<b>2024</b>	<b>2023</b>
6100 Payroll Costs	\$ 2,462,545	\$ 2,130,399
6200 Professional and Contracted Services	793,599	956,385
6300 Supplies and Materials	327,013	291,317
6400 Other Operating Costs	75,648	83,585
6500 Debt	869	1,985
Total Expenses	\$ 3,659,674	\$ 3,463,671

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, 2024 AND 2023**

<b>Expenses</b>	<u>2024</u>	<u>2023</u>
6100 Payroll Costs	\$ 294,480	\$ 333,528
6200 Professional and Contracted Services	339,854	508,250
6300 Supplies and Materials	174,001	113,382
6400 Other Operating Costs	1,053,818	695,256
6500 Debt	<u>97,867</u>	<u>137,356</u>
Total Expenses	<u>\$ 1,960,020</u>	<u>\$ 1,787,772</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, 2024**

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 7,618	\$ 368,157	\$ (25,890)
1910 Investments	-	443,200	-
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	-	94,567	-
Total Cash, Investments, and Fixed Assets	<u>\$ 21,614</u>	<u>\$ 1,724,435</u>	<u>\$ (16,771)</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, 2024**

	<b>Ownership Interest</b>		
	<b>Local</b>	<b>State</b>	<b>Federal</b>
1110 Cash	\$ 794	\$ 358,075	\$ (16,523)
1910 Investments	-	952,713	-
1539 Furniture and Equipment	-	83,038	23,720
1541 Vehicles	-	4,500	-
1559 Right of Use Assets-Finance Leases	-	65,883	-
Total Cash, Investments, and Fixed Assets	<u>\$ 794</u>	<u>\$ 1,464,209</u>	<u>\$ 7,197</u>

The accompanying notes are an integral part of these statements.



**TEXAS CENTER FOR ARTS + ACADEMICS PROGRAMS  
SCHEDULE OF ASSETS  
AS OF AUGUST 31, 2024**

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 189,573	\$ -	\$ -
1910 Investments	125,380	-	-
1510 Land	308,507	-	-
1520 Buildings and Improvements	14,231,880	-	-
1530 Furniture and Equipment	367,623	-	-
1540 Vehicles	102,983	-	-
1559 Right of Use Assets-Finance Lease	90,724	-	-
Total Cash, Investments, and Fixed Assets	\$ 15,416,670	\$ -	\$ -

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, 2024**

	Budgeted Amounts					Actual Amounts	Variance from Final Budget		
	Original	Final					%	(1)	(2)
<b>Revenues</b>									
<b>Local Support:</b>									
5740 Other Revenues from Local Sources	\$ 10,000	\$ 50,200	402%	(7)		\$ 63,034	\$ 12,834	26%	(1)
5750 Cocurricular and Enterprising Activities	150,000	184,600	23%	(8)		197,539	12,939	7%	
<b>Total Local Support</b>	<u>160,000</u>	<u>234,800</u>				<u>260,573</u>	<u>25,773</u>		
<b>State Program Revenues:</b>									
5810 Foundation School Program Act Revenues	5,902,946	5,952,232	1%			5,983,447	31,215	1%	
5820 State Program Revenues Distributed by TEA	-	573,551				220,944	(352,607)	-61%	(2)
5830 State Revenues from State of Texas Govt. Agencies	-	354,260				345,034	(9,226)	-3%	
<b>Total State Program Revenues</b>	<u>5,902,946</u>	<u>6,880,043</u>				<u>6,549,425</u>	<u>(330,618)</u>		
<b>Federal Program Revenues:</b>									
5920 Federal Revenues Distributed by TEA	267,270	248,790	-7%			115,278	(133,512)	-54%	(3)
<b>Total Federal Program Revenues</b>	<u>267,270</u>	<u>248,790</u>				<u>115,278</u>	<u>(133,512)</u>		
<b>Total Revenues</b>	<u>\$ 6,330,216</u>	<u>\$ 7,363,633</u>				<u>\$ 6,925,276</u>	<u>\$ (438,357)</u>		
<b>Expenses</b>									
11 Instruction	\$ 3,986,794	\$ 4,743,988	19%	(9)		\$ 4,421,108	\$ 322,880	7%	
13 Curriculum & Instructional Staff Development	13,500	12,980	-4%			12,199	781	6%	
21 Instructional Leadership	59,698	54,500	-9%			57,025	(2,525)	-5%	
23 School Leadership	296,316	317,281	7%			304,975	12,306	4%	
31 Guidance, Counseling, & Evaluation Services	135,190	145,506	8%			141,578	3,928	3%	
33 Health Services	56,942	50,467	-11%	(10)		58,203	(7,736)	-15%	(4)
35 Food Services	180,346	196,396	9%			189,903	6,493	3%	
36 Cocurricular/Extracurricular Activities	14,100	26,150	85%	(11)		25,457	693	3%	
41 General Administration	362,623	419,142	16%	(12)		418,814	328	0%	
51 Facilities Maintenance & Operations	1,052,757	1,162,619	10%	(13)		1,153,421	9,198	1%	
52 Security & Monitoring Services	-	320,051				93,329	226,722	71%	(5)
53 Data Processing Services	89,474	44,263	-51%	(14)		37,194	7,069	16%	(6)
71 Debt Service	-	-				1,248	(1,248)		
81 Fundraising	72,885	133,747	84%	(15)		129,842	3,905	3%	
<b>Total Expenses</b>	<u>\$ 6,320,625</u>	<u>\$ 7,627,090</u>				<u>\$ 7,044,296</u>	<u>\$ 582,794</u>		
<b>Change in Net Assets</b>	<u>9,591</u>	<u>(263,457)</u>				<u>(119,020)</u>	<u>144,437</u>		
<b>Net Assets, Beginning of Year</b>	<u>1,360,760</u>	<u>1,360,760</u>				<u>1,360,760</u>	<u>-</u>		
<b>Net Assets, End of Year</b>	<u>\$ 1,370,351</u>	<u>\$ 1,097,303</u>				<u>\$ 1,241,740</u>	<u>\$ 144,437</u>		

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, 2024**

**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, and donations of \$4,500 were not budgeted for.
- (2) The school budgeted too much revenue for TCLAS.
- (3) The school did not draw down some of their federal revenue before the due date; therefore, they lost this revenue.

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

- (4) Spent more on health services salaries than anticipated.
- (5) Budgeted more for security services than actually spent.
- (6) Did not spend as much on data processing services as expected.

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

- (7) Did not anticipate the increase in interest rates which caused interest income to increase.
- (8) Did not budget enough for food service revenue in the original budget.

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

- (9) Did not budget enough for instructional salaries in the original budget.
- (10) The original budget for health services was closer to the actual budget than the final budget.
- (11) The original budget did not include enough expenditures for extracurricular activities.
- (12) The original budget did not include enough expenditures for administrative expenses.
- (13) The original budget did not include enough expenditures for facilities maintenance and operations.
- (14) Did not need as much budgeted for data processing services as originally thought.
- (15) Did not budget enough for fundraising salaries in the original budget.

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, 2024**

	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	\$ 100,350	904% (10)	\$ 131,364	\$ 31,014	31% (1)
5750 Cocurricular and Enterprising Activities	95,000	90,000	-5%	100,780	10,780	12% (2)
<b>Total Local Support</b>	<b>105,000</b>	<b>190,350</b>		<b>232,144</b>	<b>41,794</b>	
<b>State Program Revenues:</b>						
5810 Foundation School Program Act Revenues	3,004,354	2,972,297	-1%	3,033,101	60,804	2%
5820 State Program Revenues Distributed by TEA	12,345	483,025	3813% (11)	308,744	(174,281)	-36% (3)
5830 State Revenues from State of Texas Govt. Agencies	-	241,616		163,142	(78,474)	-32% (4)
<b>Total State Program Revenues</b>	<b>3,016,699</b>	<b>3,696,938</b>		<b>3,504,987</b>	<b>(191,951)</b>	
<b>Federal Program Revenues:</b>						
5920 Federal Revenues Distributed by TEA	217,765	202,092	-7%	104,559	(97,533)	-48% (5)
<b>Total Federal Program Revenues</b>	<b>217,765</b>	<b>202,092</b>		<b>104,559</b>	<b>(97,533)</b>	
<b>Total Revenues</b>	<b>\$ 3,339,464</b>	<b>\$ 4,089,380</b>		<b>\$ 3,841,690</b>	<b>\$ (247,690)</b>	
<b>Expenses</b>						
11 Instruction	\$ 1,740,808	\$ 2,340,369	34% (12)	\$ 2,177,143	\$ 163,226	7%
13 Curriculum & Instructional Staff Development	24,700	22,500	-9%	21,796	704	3%
21 Instructional Leadership	3,900	-		-	-	
23 School Leadership	185,152	164,016	-11% (13)	170,288	(6,272)	-4%
31 Guidance, Counseling, & Evaluation Services	67,966	65,966	-3%	72,305	(6,339)	-10% (6)
33 Health Services	52,385	52,985	1%	45,262	7,723	15% (7)
35 Food Services	147,300	125,100	-15% (14)	129,542	(4,442)	-4%
36 Cocurricular/Extracurricular Activities	-	-		-	-	
41 General Administration	213,060	239,272	12% (15)	227,679	11,593	5%
51 Facilities Maintenance & Operations	841,745	688,028	-18% (16)	663,216	24,812	4%
52 Security and Monitoring Services	-	87,872		92,739	(4,867)	-6%
53 Data Processing Services	50,641	47,141	-7%	38,938	8,203	17% (8)
71 Debt Service	-	-		869	(869)	
81 Fundraising	8,815	21,993	149% (17)	19,897	2,096	10% (9)
<b>Total Expenses</b>	<b>\$ 3,336,472</b>	<b>\$ 3,855,242</b>		<b>\$ 3,659,674</b>	<b>\$ 195,568</b>	
<b>Change in Net Assets</b>	<b>2,992</b>	<b>234,138</b>		<b>182,016</b>	<b>(52,122)</b>	
<b>Net Assets, Beginning of Year</b>	<b>1,261,965</b>	<b>1,261,965</b>		<b>1,261,965</b>	<b>-</b>	
<b>Net Assets, End of Year</b>	<b>\$ 1,264,957</b>	<b>\$ 1,496,103</b>		<b>\$ 1,443,981</b>	<b>\$ (52,122)</b>	

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, 2024**

**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 budget enough for food service revenue.
- (3) The school did not spend or receive as much revenue for safety and security as budgeted.
- (4) The school budgeted more for on-behalf payments than was needed.
- (5) The school did not draw down some of their federal revenue before the due date; therefore, they lost this revenue.

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

- (6) Guidance, counseling, and evaluation services payroll was more than expected.
- (7) Health services salaries were less than expected.
- (8) Data processing supplies were not as much as expected.
- (9) Fundraising salaries were less than expected.

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

- (10) Did not anticipate the increase in interest rates, so they did not budget enough for interest income.
- (11) Did not budget enough for school safety revenue in the original budget.

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

- (12) Did not budget enough for instructional salaries in the original budget.
- (13) Budgeted too much for school leadership payroll in the original budget.
- (14) Too much was in original budget for food service supplies.
- (15) Did not budget enough for administrative salaries in original budget.
- (16) Some of the facility repairs in original budget were capitalized.
- (17) Fundraising payroll was more than anticipated in the original budget.

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, 2024**

	Budgeted Amounts				Actual Amounts	Variance from Final Budget	
	Original	Final					
<b>Revenues</b>							
<b>Local Support:</b>							
5640 Other Revenues from Local Sources	\$ 1,598,504	\$ 1,410,313	12% (9)	\$	1,423,741	\$ 13,428	1%
5650 Performances Revenue	333,800	378,900	-14% (10)		400,977	22,077	6%
5660 Dance and Art Tuition	76,812	76,857	0%		87,712	10,855	14% (1)
5670 Camp Fees Revenue	21,000	15,000	29% (11)		30,831	15,831	106% (2)
5680 Music Conservatory Tuition	53,000	13,843	74% (12)		17,018	3,175	23% (3)
5690 Field Trip	-	4,700			4,734	34	1%
Total Local Support	2,083,116	1,899,613			1,965,013	65,400	
<b>State Program Revenues:</b>							
5810 Foundation School Program Act Revenues	-	-			-	-	
5820 State Program Revenues Distributed by TEA	-	-			-	-	
Total State Program Revenues	-	-			-	-	
<b>Federal Program Revenues:</b>							
5940 Federal Revenues Distributed by Federal Government	-	-			-	-	
Total Federal Program Revenues	-	-			-	-	
Total Revenues	\$ 2,083,116	\$ 1,899,613			\$ 1,965,013	\$ 65,400	
<b>Expenses</b>							
11 Instruction	\$ 984,042	\$ 995,400	1%	\$	1,358,506	\$ (363,106)	-36% (4)
33 Health Services	-	-			1,800	(1,800)	
35 Food Services	7,500	3,300	-56% (13)		11,861	(8,561)	-259% (5)
41 General Administration	245,470	231,000	-6%		271,151	(40,151)	-17% (6)
51 Facilities Maintenance & Operations	7,900	56,200	611% (14)		60,837	(4,637)	-8%
53 Data Processing Services	19,815	25,000	26% (15)		37,630	(12,630)	-51% (7)
71 Debt Service	95,818	87,000	-9%		97,406	(10,406)	-12% (8)
81 Fundraising	159,299	125,000	-22% (16)		120,829	4,171	3%
Total Expenses	\$ 1,519,844	\$ 1,522,900			\$ 1,960,020	\$ (437,120)	
Change in Net Assets	563,272	376,713			4,993	(371,720)	
Net Assets, Beginning of Year	7,249,303	7,249,303			7,249,303	-	
Net Assets, End of Year	\$ 7,812,575	\$ 7,626,016			\$ 7,254,296	\$ (371,720)	

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, 2024**

**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) More Dance Tuition revenue than anticipated
- (2) More Singing Girls camp revenue than anticipated.
- (3) More Music Tuition revenue than anticipated.

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

- (4) Did not budget enough for depreciation.
- (5) Did not budget for depreciation.
- (6) Did not budget enough for depreciation.
- (7) Did not budget enough for the new IT network.
- (8) Did not budget for the amortization of debt costs.

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

- (9) Rent income had to be decreased due to FWAFA and TESA paying less for rent.
- (10) Sales income was more than originally anticipated, and an unanticipated mutual fund dividend was received.
- (11) Anticipated there would be less Singing Girls of Texas fees received than originally budgeted. However, there were actually more received.
- (12) Music conservatory had less tuition 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:

- (13) No longer have the vending machines.

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, 2024**

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.	\$123,970
AP4	Actual direct program expenditures for state compensatory education programs during the charter school’s fiscal year.	\$ 71,106

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.	\$ 9,158
AP8	Actual direct program expenditures for bilingual education allotment programs during the charter school’s fiscal year.	\$ 5,050



**TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL  
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED AUGUST 31, 2024**

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.	\$ 43,197
AP4	Actual direct program expenditures for state compensatory education programs during the charter school's fiscal year.	\$ 31,762

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.	\$ 13,782
AP8	Actual direct program expenditures for bilingual education allotment programs during the charter school's fiscal year.	\$ 10,595

**FORT WORTH ACADEMY OF FINE ARTS CHARTER SCHOOL  
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST  
FOR THE YEAR ENDED AUGUST 31, 2024**

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

The accompanying notes are an integral part of these statements.

**TEXAS SCHOOL OF THE ARTS CHARTER SCHOOL  
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST  
FOR THE YEAR ENDED AUGUST 31, 2024**

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

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, 2024

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, 2024

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

The accompanying notes are an integral part of these statements.





**Compliance  
and  
Internal Control**



# FREEMON, SHAPARD & STORY

*Certified Public Accountants*

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

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

Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Texas Center for Arts + Academics (a nonprofit organization), which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 21, 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-1 to 2024-3.

### **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,



Freemon, Shapard, & Story  
Windthorst, TX  
January 21, 2025

**TEXAS CENTER FOR ARTS + ACADEMICS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2024**

I. Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_ Yes  X  No

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

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

*Federal Awards*

Under the guidelines of OMB Uniform Guidance, a Single Audit was not required for the year ended August 31, 2024.

II. Financial Statement Findings

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.

*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.

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.

*Cause*

Texas School of the Arts had a new inexperienced PEIMS Coordinator who was experiencing health issues. His medical issues caused him to miss a significant amount of work, and he was behind on his job responsibilities. He hastily submitted the Summer PEIMS without having them verified by the campus.

*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.

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.

*Cause*

Due to the turnover in the finance department and moving the schools' books to the education service center, no one was aware this was not being done.

*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.

### 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, 2024**

N/A No prior audit findings.