

**CASA GRACIA DBA TRINITY
CHARTER SCHOOLS**

Consolidated Financial Statements
and Supplementary Information

August 31, 2024 and 2023



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**CASA GRACIA dba TRINITY CHARTER SCHOOLS
046-802**

(Federal Employer Identification Number: 74-2314606)

CERTIFICATE OF BOARD

August 31, 2024

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Casa Gracia dba Trinity Charter Schools was reviewed and approved disapproved for the year ended August 31, 2024, at a meeting of the governing body of said charter school on the 17 day of January, 2025.

DocuSigned by:

Andrew Benscoter

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Signature of Board Secretary

DocuSigned by:

Andrew Goerdel

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Signature of Board President

Independent Auditor's Report

To The Board of Trustees of
Casa Gracia dba Trinity Charter Schools
Austin, Texas

Opinion

We have audited the accompanying financial statements of Casa Gracia dba Trinity Charter Schools (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and the *Government Auditing Standards*, we:

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Houston, TX
January 10, 2025

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidated Statements of Financial Position
August 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 3,021,731	\$ 2,318,738
Grants Receivable	672,471	1,135,107
Other Receivable	100,522	19,262
	<hr/>	<hr/>
Total Current Assets	3,794,724	3,473,107
Property, Plant, and Equipment		
Furniture and Equipment	7,773	7,773
Vehicles	148,572	118,588
Buildings and Improvements	669,100	912,296
	<hr/>	<hr/>
	825,445	1,038,657
Less: Accumulated Depreciation	(294,950)	(339,388)
	<hr/>	<hr/>
Total Property, Plant, and Equipment	530,495	699,269
Other Assets		
Operating Lease Right-of-Use Assets	398,521	633,779
Prepaid Assets	4,236	229,088
	<hr/>	<hr/>
Total Other Assets	402,757	862,867
	<hr/>	<hr/>
Total Assets	\$ 4,727,976	\$ 5,035,243

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

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidated Statements of Financial Position (Continued)
August 31, 2024 and 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 48,594	\$ 87,420
Payroll Liabilities	367,506	399,799
Current Portion of Operating Lease Liability	299,365	289,269
Current Portion of Notes Payable	8,045	-
Total Current Liabilities	723,510	776,488
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion	99,156	344,510
Notes Payable, Net of Current Portion	46,592	-
Total Long-Term Liabilities	145,748	344,510
Total Liabilities	869,258	1,120,998
Net Assets		
Without Donor Restrictions	1,082,531	968,542
With Donor Restrictions	2,776,187	2,945,703
Total Net Assets	3,858,718	3,914,245
Total Liabilities and Net Assets	\$ 4,727,976	\$ 5,035,243

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

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidated Statement of Activities
For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Revenues			
Local Support			
Other Revenues from Local Sources	\$ 2,376,574	\$ -	\$ 2,376,574
Total Local Support	2,376,574	-	2,376,574
State Program Revenues	-	5,835,357	5,835,357
Federal Program Revenues	-	2,519,990	2,519,990
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	8,524,863	(8,524,863)	-
Total Revenues	10,901,437	(169,516)	10,731,921
Expenses			
Program Services			
Instruction and Instructional-Related Services	5,966,617	-	5,966,617
Instructional and School Leadership	1,426,880	-	1,426,880
Support Services-Student (Pupil)	1,197,353	-	1,197,353
Ancillary Services	68,569	-	68,569
Total Program Services	8,659,419	-	8,659,419
Supporting Services			
Administrative Support Services	1,079,628	-	1,079,628
Support Services-Non-Student Based	922,598	-	922,598
Debt Service	3,258	-	3,258
Total Supporting Services	2,005,484	-	2,005,484
Total Expenses	10,664,903	-	10,664,903
Non-Operating Revenues (Expenses)			
Loss on Sale of Property	(122,545)	-	(122,545)
Total Non-Operating Revenues (Expenses)	(122,545)	-	(122,545)
Change in Net Assets	113,989	(169,516)	(55,527)
Net Assets, Beginning of Year	968,542	2,945,703	3,914,245
Net Assets, End of Year	\$ 1,082,531	\$ 2,776,187	\$ 3,858,718

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

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidated Statement of Activities
For the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenues			
Local Support			
Other Revenues from Local Sources	\$ 1,844,807	\$ 115,100	\$ 1,959,907
Total Local Support	<u>1,844,807</u>	<u>115,100</u>	<u>1,959,907</u>
State Program Revenues	-	5,785,115	5,785,115
Federal Program Revenues	-	2,116,266	2,116,266
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	8,391,635	(8,391,635)	-
Total Revenues	<u>10,236,442</u>	<u>(375,154)</u>	<u>9,861,288</u>
Expenses			
Program Services			
Instruction and Instructional-Related Services	6,056,070	-	6,056,070
Instructional and School Leadership	1,133,619	-	1,133,619
Support Services- Student (Pupil)	1,076,814	-	1,076,814
Ancillary Services	66,114	-	66,114
Total Program Services	<u>8,332,617</u>	<u>-</u>	<u>8,332,617</u>
Supporting Services			
Administrative Support Services	1,008,892	-	1,008,892
Support Services- Non-Student Based	790,873	-	790,873
Total Supporting Services	<u>1,799,765</u>	<u>-</u>	<u>1,799,765</u>
Total Expenses	<u>10,132,382</u>	<u>-</u>	<u>10,132,382</u>
Change in Net Assets	<u>104,060</u>	<u>(375,154)</u>	<u>(271,094)</u>
Net Assets, Beginning of Year	<u>864,482</u>	<u>3,320,857</u>	<u>4,185,339</u>
Net Assets, End of Year	<u>\$ 968,542</u>	<u>\$ 2,945,703</u>	<u>\$ 3,914,245</u>

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

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2024

	Program Services	Supporting Services	
	Program Expense	General and Administrative	Total
Expenses			
Salaries	\$ 6,357,544	\$ 764,893	\$ 7,122,437
Payroll Taxes	208,592	13,841	222,433
Employee Benefits	984,599	136,521	1,121,120
Rental Expense	-	325,464	325,464
Maintenance and Repairs	-	9,331	9,331
Utilities	-	70,959	70,959
Depreciation	-	81,903	81,903
Supplies	540,119	99,179	639,298
Travel	72,620	36,768	109,388
Equipment Lease	56,435	-	56,435
Insurance	44,318	131	44,449
Professional Fees	355,606	433,806	789,412
Interest	-	3,258	3,258
Other	39,586	29,430	69,016
Total Expenses	\$ 8,659,419	\$ 2,005,484	\$ 10,664,903

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

CASA GRACIA, DBA TRINITY CHARTER SCHOOLS
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2023

	Program Services	Supporting Services	
	Program Expense	General and Administrative	Total
Expenses			
Salaries	\$ 6,134,412	\$ 588,538	\$ 6,722,950
Payroll Taxes	183,556	7,330	190,886
Employee Benefits	817,592	72,805	890,397
Rental Expense	4,300	311,541	315,841
Maintenance and Repairs	-	15,607	15,607
Utilities	-	84,504	84,504
Depreciation	-	81,960	81,960
Supplies	560,251	72,468	632,719
Travel	75,739	16,288	92,027
Equipment Lease	53,512	-	53,512
Insurance	31,393	143	31,536
Professional Fees	396,528	524,728	921,256
Other	75,334	23,853	99,187
Total Expenses	\$ 8,332,617	\$ 1,799,765	\$ 10,132,382

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

CASA GRACIA, DBA TRINITY CHARTER SCHOOLS
Consolidated Statements of Cash Flows
For the Year Ended August 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ (55,527)	\$ (271,094)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	81,903	81,960
Loss on Sale of Assets	122,545	-
(Increase) Decrease in Assets		
Grants Receivable	462,636	27,434
Other Receivable	(81,260)	101,235
Other Assets	224,852	(214,798)
Right-of-Use Assets for Operating Leases	235,258	209,959
Increase (Decrease) in Liabilities		
Accounts Payable	(38,826)	34,647
Payroll Liabilities	(32,293)	(93,918)
Operating Lease Liabilities	(235,258)	(209,959)
Total Adjustments	739,557	(63,440)
Net Cash Provided by (Used in) Operating Activities	684,030	(334,534)
Cash Flows from Financing Activities		
Cash Received on Disposal of Assets	32,907	-
Purchase of Fixed Asset	(9,600)	(47,837)
Net Cash Provided by (Used in) Investing Activities	23,307	(47,837)
Cash Flows from Investing Activities		
Payment to Note Payable	(4,344)	-
Net Cash (Used in) Financing Activities	(4,344)	-
Net Increase (Decrease) in Cash	702,993	(382,371)
Cash and Cash Equivalents, Beginning of Year	2,318,738	2,701,109
Cash and Cash Equivalents, End of Year	\$ 3,021,731	\$ 2,318,738
Supplemental Disclosures on Non-Cash Transactions		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Right of Use Assets	\$ 92,132	\$ 588,852
New Operating Lease Liabilities	\$ (92,132)	\$ (588,852)
Note Payable in Exchange of Vehicles	\$ 58,981	\$ -
Cash Paid During the Year for:		
Interest	\$ 3,258	\$ -

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

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 1. Organization

Casa Gracia, dba Trinity Charter Schools (the Organization) is a not-for-profit organization incorporated in the State of Texas in 2003. In March 2004, the State Board of Education of the State of Texas granted the Organization an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code in order to provide educational services to students in grades K-12. Trinity Charter Schools was opened in the 2003- 2004 academic year for the sole purpose of operating a public charter school.

The Organization operates as a single charter school and conducts other non-charter activities with and through Casa Gracia NC, LLC (CGNC), whose sole member is the Organization. CGNC is consolidated with the charter school activities of the Organization and presented in consolidated financial statements because the Organization has a direct controlling interest in CGNC. The Organization receives the majority of its funding for charter school activities from the Texas Education Agency (TEA) based on the school's average daily attendance. CGNC's activities are managed separately from the activities of Trinity Charter School and are supported entirely through private sources. Since the Organization receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

The Board of Directors is comprised of five members who govern the Organization. The Board of Directors is selected pursuant to the bylaws of the Organization and has the authority to make decisions, appoint the CEO, and significantly influence operations. The Board of Directors has primary accountability for the fiscal affairs of the Organization and governs its programs, services, activities, and functions.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities-205 Presentation of Financial Statements*. Under FASB ASC 958-205, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets are included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify *Topic 842*: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*; ASU 2020-02, *Financial Instruments - Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)*; and ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the consolidated statements of financial position.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Trinity, Inc. elected to adopt these ASUs using the modified retrospective approach required by the standards and implementing the standards using the effective date method, which established September 1, 2022 as both the effective date and date of initial application. Trinity, Inc. elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed Trinity, Inc. to carry forward the historical lease classification.

In addition, Trinity, Inc. made the following elections: to use hindsight in determining the lease term for existing leases; to apply the short-term lease exception to all leases with a term of one year or less; and to use a risk-free discount rate for all operating leases, determined using a period comparable with that of the lease term.

The adoption of the ASUs had a material impact on Trinity, Inc.'s consolidated statements of financial position and on the consolidated statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. ROU assets represent Trinity, Inc.'s right to use an underlying asset for the lease term, and lease liabilities represent Trinity, Inc.'s obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Principles of Consolidation

The consolidated financial statements include all of the Organization's accounts. All significant interagency balances and transactions have been eliminated.

Contributions

Contributions are recorded at fair value when the Organization is in possession of or receives an unconditional promise to give. In accordance with *FASB ASC 958 Not-for-Profit Entities-605 Revenue Recognition*, contributions received are recorded as *with donor restrictions* or *without donor restrictions*, depending on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to *without donor restrictions*. The Organization's policy is to report donor-restricted support that is satisfied in the year of receipt as donor-restricted and then fully released in the same year.

Contributed services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed goods are recorded at their fair value in the period received.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Federal, State, and Local Grants

Revenues from the State of Texas school fund are earned based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as support either with or without donor-imposed restrictions, in accordance with FASB Accounting Standards Update (ASU) 2016-14. Government grant contracts that are entered into by the Organization are recognized as revenue when services are rendered or when expenses in connection with those services are incurred in accordance with the accrual method. Advances from government agencies are recorded as refundable advances. Eligible expenditures incurred in excess of grant fund reimbursements are recorded as receivables.

Any funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of any noncompliance with the terms of the grant.

Support and Revenue

Support and revenue are recorded based on the accrual method.

Cash Donations and Donated Services

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the Organization.

Property, Plant, and Equipment

Property and equipment purchased by the Organization are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon the following estimated useful lives: furniture and office equipment - 3 to 10 years; buildings - 25 to 39 years. Gains or losses from retirement or sale of property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to unrestricted net assets.

Pledges and Accounts Receivable

Contributions which are in substance, unconditional, are recognized when received by the Organization. Contributions that are restricted by the donor are reported as increases in *net assets without donor restrictions* if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in *net assets with donor restrictions*. When a restriction expires, *net assets with donor restrictions* are reclassified to *net assets without donor restrictions*.

No provision has been made for uncollectible promises to give for accounts receivable as of the consolidated statement of financial position date, given that none have been identified.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and is exempt from federal income taxes except to the extent it has unrelated business activities. CGNC is considered a disregarded entity of its sole member Casa Gracia. As such, no provision for federal income taxes has been made in the accompanying financial statements.

The Organization's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At August 31, 2024, no interest or penalties have been or are required to be accrued. The Organization, generally, is no longer subject to income tax examinations by federal authorities for years prior to August 31, 2018.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in non-interest-bearing demand accounts at domestic financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, bank depository accounts exceeded federally insured limits. The Organization has not experienced any losses on uninsured amounts.

Compensated Absences

The Organization's permanent employees accumulate, and vest vacation leave at varying rates depending on longevity. It is the Organization's policy to accrue accumulated vacation at year-end.

Estimates

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

Note 3. Pension Plan Obligations

Plan Description

The charter school contributes to the Teacher Retirement System of Texas (TRS), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public-school systems of Texas.

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Directors. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 3. Pension Plan Obligations (Continued)

Plan Description (Continued)

report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2024, provided the following information:

Pension Fund	Total Plan Assets 2024	Total Pension Liability 2024	Percent Funded
TRS	\$ 243,089,146,000	\$ 271,627,434,000	77.51%

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

State law provides for a member contribution rate of 8.25% for the 2024 fiscal year. The state's contribution rate as a non-employer contributing entity was 8.25% in fiscal year 2024. The charter school's employee contributions to the system for the year ended August 31, 2024 were \$402,358, equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 8.25% totaling \$69,474 for the year ended August 31, 2024. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was assessed a surcharge totaling \$49,525. Per Texas Education Agency's request, the charter school has recorded the amounts contributed by TRS on-behalf of each District's employees. The on-behalf contributions during fiscal year 2024 was \$264,851.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 4. Health Care Coverage

During the year ended August 31, 2024, employees of the Organization were covered by a health insurance plan. The school contributed \$442 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premium for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

Note 5. Budget

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

Note 6. Commitments and Contingencies

The Organization receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the TEA and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school 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 TEA or the grantor agency.

Note 7. Risk Concentrations

The Organization has grant receivables with the State of Texas in the amount of \$151,241 and grant receivables with federal agencies in the amount of \$218,519 as of August 31, 2024.

As of August 31, 2024, amounts in excess of FDIC insured balances were \$2,657,686. The Organization has not incurred any losses on amounts held in depository accounts in excess of federally insured limits.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 8. Notes Payable

The organization's obligations under notes payable consist of the following:

Note payable to Ally Financial. The note is dated January 2, 2024. The note payable carries a rate of 9.74% and is payable in 72 equal monthly installments of \$632 beginning February 16, 2024. The date of maturity is January 16, 2030.	\$ 31,734
Note payable to Ally Financial. The note is dated January 2, 2024. The note payable carries a rate of 9.49% and is payable in 72 equal monthly installments of \$454 beginning February 16, 2024. The date of maturity is January 16, 2030.	<u>22,903</u>
Total Notes Payable at August 31, 2024 is	<u>54,637</u>
Less: Current Portion of Notes Payable	(8,045)
Notes Payable, Net of Current Portion	<u><u>\$ 46,592</u></u>

Future maturities of notes payable are as follows:

Year Ending August 31,	Principal	Interest	Total
2025	\$ 8,045	4,987	13,032
2026	8,945	4,087	13,032
2027	9,846	3,186	13,032
2028	10,838	2,194	13,032
2029	11,929	1,103	13,032
Thereafter	5,034	111	5,145
Total	<u><u>\$ 54,637</u></u>	<u><u>\$ 15,668</u></u>	<u><u>\$ 70,305</u></u>

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 9. Operating Lease Commitment

The organization is currently leasing its equipment and office space on a noncancellable operating lease. All leases expire by August 2026.

The organization's minimum annual lease commitment is as follows:

Year Ending August 31,	Amount
2025	\$ 307,508
2026	<u>100,448</u>
Total Operating Lease Payments	407,956
Less: Present Value Discount	<u>(9,435)</u>
Total Operating Lease Liabilities	<u>\$ 398,521</u>

Operating lease expense amounted to \$381,899 for the twelve months ended August 31, 2024.

Supplemental statement of financial position information related to leases is as follows as of August 31, 2024:

Weighted-Average Remaining Lease Term (in Years):	
Operating Leases	1.40
Weighted-Average Discount Rate:	
Operating Leases	3.53%

Right-of-use assets under operating leases were as follows:

	2024	2023
Operating Lease Right-of-Use Assets - Beginning Balance	\$ 633,779	\$ 254,886
New Operating Lease Right-of-Use Assets	<u>92,132</u>	<u>588,852</u>
	725,911	843,738
Less: Current Year Amortization	<u>(327,390)</u>	<u>(209,959)</u>
Operating Lease Right-of-Use Assets - Ending Balance	<u>\$ 398,521</u>	<u>\$ 633,779</u>

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 10. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 3,021,731	\$ 2,318,738
Grant and Other Receivable	<u>772,993</u>	<u>1,154,369</u>
Total Financial Assets	<u>3,794,724</u>	<u>3,473,107</u>
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Donor-Restricted Imposed Restrictions as to Use or Time:	<u>-</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs For General Expenditure Within One Year	<u>\$ 3,794,724</u>	<u>\$ 3,473,107</u>

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization. Excess cash may be invested in short-term investments such as certificates of deposit that have maturity dates of less than three months.

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions at August 31, 2024, are available for the following periods:

Subject to expenditure for specified purposes:

State-Financed General Charter School Activities	<u>\$ 2,776,187</u>
Total Restricted Funds	<u>\$ 2,776,187</u>

CASA GRACIA DBA TRINITY CHARTER SCHOOLS

Notes to Financial Statements

Note 11. Net Assets with Donor Restrictions (Continued)

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

State Funds	\$	6,004,873
Federal Funds		<u>2,519,990</u>
Total Restrictions Released	\$	<u>8,524,863</u>

Note 12. Subsidiary Relationships

For purposes of TEA educational rules and code, the Organization operates as a subsidiary of Lutheran Social Services of the South, Inc. dba Upbring (Upbring), a 501 (c)(3) tax-exempt organization. Upbring effectively controls the Organization in a relationship that is permitted under Title 19 of the Texas Administrative Code Section 100.1011 (14)(B) and has been expressly recognized and approved by the Texas Education Commissioner and the State Board of Education. Some of the sixteen charter schools served by the Organization provide on-site, specialized education for residents of treatment centers operated by Upbring. At these sites, as well as the other residential treatment centers not operated by Upbring, the Organization leases physical space from the respective treatment center in providing on-site education services. Transactions between the organizations have been negotiated in a manner that substantially reflects arms-length negotiations.

In October 2018, Casa Gracia expanded its operations under Casa Gracia NC, LLC (CGNC) - a Texas single-member limited liability company that is considered a disregarded entity of its sole member Casa Gracia - in order to promote charitable, scientific, literary and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. At present, CGNC's principal activity consists of providing education services to refugee children under the care of Upbring. CGNC's activities are managed separately from the activities of Trinity Charter School and are not supported through state or federal funding. There are a total of five non-charter schools operating under CGNC.

During the year, Upbring paid the Organization \$2,275,972 for education services provided by CGNC over the course of the standard school year.

Note 13. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through January 10, 2025, the date which the consolidated financial statements were available to be issued. No events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Independent Auditor's Report on Supplementary Information

To The Board of Directors of
Casa Gracia dba Trinity Charter Schools
Austin, Texas

We have audited the financial statements of Casa Gracia, dba Trinity Charter Schools as of and for the year ended August 31, 2024, and our report thereon dated January 10, 2025, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School and Consolidating Financial Statements dated August 31, 2024 and appearing on pages 23 to 33 and 43 to 45 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



A Professional Accounting Corporation

Houston, TX
January 10, 2025

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Statement of Financial Position for Individual Charter School
For the Year Ended August 31, 2024

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,863,831	\$ 2,153,621
Grants Receivable	369,750	992,460
Other Receivable	100,522	19,262
Total Current Assets	3,334,103	3,165,343
Property and Equipment		
Furniture and Equipment	7,773	7,773
Vehicles	148,572	118,588
Buildings and Improvements	669,100	912,296
	825,445	1,038,657
Less: Accumulated Depreciation	(294,950)	(339,388)
Total Property and Equipment	530,495	699,269
Other Assets		
Operating Lease Right-of-Use Assets	398,521	633,779
Prepaid Assets	4,236	181,457
Total Other Assets	402,757	815,236
Total Assets	\$ 4,267,355	\$ 4,679,848

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Statement of Financial Position for Individual Charter School (Continued)
For the Year Ended August 31, 2024

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 48,221	\$ 85,898
Payroll Liabilities	313,128	337,807
Current Portion of Operating Lease Liability	299,365	289,269
Current Portion of Notes Payable	8,045	-
Total Current Liabilities	668,759	712,974
Long-Term Liabilities		
Operating Lease Liability, Net of Current Portion	99,156	344,510
Notes Payable, Net of Current Portion	46,592	-
Total Long-Term Liabilities	145,748	344,510
Total Liabilities	814,507	1,057,484
Net Assets		
Without Donor Restrictions	676,661	676,661
With Donor Restrictions	2,776,187	2,945,703
Total Net Assets	3,452,848	3,622,364
Total Liabilities and Net Assets	\$ 4,267,355	\$ 4,679,848

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Statement of Statement of Activities for Individual Charter School
For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues				
Local Support				
5740 Other Revenues from Local Sources	\$ 154,602	\$ -	\$ 154,602	\$ 160,894
Total Local Support	154,602	-	154,602	160,894
State Program Revenues				
5810 Foundation School Program Act Revenues	-	5,555,437	5,555,437	5,776,864
5820 State Program Revenues Distributed by Texas Education Agency	-	15,069	15,069	13,538
5830 State Revenues from State of Texas Government Agencies	-	264,851	264,851	-
Total State Program Revenues	-	5,835,357	5,835,357	5,790,402
Federal Program Revenues				
5920 Federal Revenues Distributed by Texas Education Agency	-	2,519,990	2,519,990	2,095,668
5930 Federal Revenues Distributed by Other Government Agencies	-	-	-	15,311
Total Federal Program Revenues	-	2,519,990	2,519,990	2,110,979
Net Assets Released from Restrictions				
Restrictions Satisfied by Payments	8,524,863	(8,524,863)	-	-
Total Revenues	8,679,465	(169,516)	8,509,949	8,062,273
Expenses				
11 Instruction	4,292,234	-	4,292,234	4,564,181
12 Instructional Resources and Media Services	78	-	78	-
13 Curriculum Development and Instructional Staff Development	106,307	-	106,307	299,686
21 Instructional Leadership	208,283	-	208,283	94,488
23 School Leadership	790,003	-	790,003	695,700
31 Guidance, Counseling and Evaluating Services	732,776	-	732,776	670,572
32 Social Work Services	332,027	-	332,027	279,777
33 Health Services	154	-	154	39
35 Food Services	132,080	-	132,080	126,050
41 General Administration	1,004,002	-	1,004,002	906,428
51 Plant Maintenance and Operations	703,928	-	703,928	627,437
52 Security and Monitoring Services	37,377	-	37,377	23,920
53 Data Processing Services	145,844	-	145,844	83,037
61 Community Services	68,569	-	68,569	66,114
71 Debt Service	3,258	-	3,258	-
Total Expenses	8,556,920	-	8,556,920	8,437,427
Non-Operating Revenues (Expenses)				
7951 Gain on Sale of Property	51,907	-	51,907	-
8951 Loss on Sale of Property	(174,452)	-	(174,452)	-
Total Non-Operating Revenues (Expenses)	(122,545)	-	(122,545)	-
Change in Net Assets	-	(169,516)	(169,516)	(375,154)
Net Assets, Beginning of Year	676,661	2,945,703	3,622,364	3,997,518
Net Assets, End of Year	\$ 676,661	\$ 2,776,187	\$ 3,452,848	\$ 3,622,364

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Statement of Statement of Cash Flows for Individual Charter School
For the Year Ended August 31, 2024

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ (169,516)	\$ (375,154)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	81,903	81,960
Loss on Sale of Assets	122,545	-
(Increase) Decrease in Assets		
Grants Receivable	622,710	170,081
Other Receivable	(81,260)	(17,323)
Other Assets	177,221	(169,263)
Right-of-Use Assets for Operating Leases	235,258	291,806
Increase (Decrease) in Liabilities		
Accounts Payable	(37,677)	32,299
Payroll Liabilities	(24,679)	(83,554)
Operating Lease Liabilities	(235,258)	(291,806)
Total Adjustments	860,763	14,200
Net Cash Provided by (Used in) Operating Activities	691,247	(360,954)
Cash Flows from Investing Activities		
Cash Received on Disposal of Assets	32,907	-
Purchase of Fixed Asset	(9,600)	(47,837)
Net Cash Provided by (Used in) Investing Activities	23,307	(47,837)
Cash Flows from Financing Activities		
Payment to Note Payable	(4,344)	-
Net Cash Used in Financing Activities	(4,344)	-
Net Increase (Decrease) in Cash	710,210	(408,791)
Cash and Cash Equivalents, Beginning of Year	2,153,621	2,562,412
Cash and Cash Equivalents, End of Year	\$ 2,863,831	\$ 2,153,621
Supplemental Disclosures on Non-Cash Transactions		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Right-Of-Use Assets	\$ 92,132	\$ 588,852
New Operating Lease Liabilities	\$ (92,132)	\$ (588,852)
Note Payable in Exchange of Vehicles	\$ 58,981	\$ -
Cash Paid During the Year for:		
Interest	\$ 3,258	\$ -

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Schedule of Expenses for Individual Charter School
For the Year Ended August 31, 2024

	2024	2023
Expenses		
6100 Payroll Costs	\$ 6,762,616	\$ 6,427,279
6200 Professional and Contracted Services	1,144,373	1,227,268
6300 Supplies and Materials	416,642	530,137
6400 Other Operating Costs	230,031	252,745
6500 Debt	3,258	-
	<hr/>	<hr/>
Total Expenses	\$ 8,556,920	\$ 8,437,429

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Schedule of Assets for Individual Charter School
For the Year Ended August 31, 2023

		Ownership Interest		
		Local	State	Federal
Capital Assets				
1110	Cash and Cash Equivalents	\$ 267,461	\$ 2,596,370	\$ -
1520	Building and Improvements	-	669,100	-
1531	Vehicles	-	148,572	-
1539	Furniture and Equipment	-	7,773	-
1554	Right-of-Use Assets: Operating Lease for Building	-	340,190	-
1559	Right-of-Use Assets: Operating Lease for Equipment	-	58,331	-
Total Capital Assets		\$ 267,461	\$ 3,820,336	\$ -

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Budgetary Comparison Schedule for Individual Charter School
For the Year Ended August 31, 2024

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support					
5740	Other Revenues from Local Sources	\$ 49,900	\$ 154,600	\$ 154,602	\$ 2
Total Local Support		49,900	154,600	154,602	2
State Program Revenues					
5810	Foundation School Program Act Revenues	5,836,300	5,625,400	5,555,437	(69,963)
5820	State Program Revenues Distributed by Texas Education Agency	-	-	15,069	15,069
5830	State Revenues from State of Texas Government Agencies	-	-	264,851	
Total State Program Revenues		5,836,300	5,625,400	5,835,357	(54,894)
Federal Program Revenues					
5920	Federal Revenues Distributed by Texas Education Agency	1,884,162	2,520,000	2,519,990	(10)
Total Federal Program Revenues		1,884,162	2,520,000	2,519,990	(10)
Total Revenues		7,770,362	8,300,000	8,509,949	(54,902)
Expenses					
11	Instruction	4,049,075	4,132,800	4,292,234	(159,434)
12	Instructional Resources and Media Services	-	100	78	22
13	Curriculum Development and Instructional Staff Development	119,755	105,600	106,307	(707)
21	Instructional Leadership	205,865	205,300	208,283	(2,983)
23	School Leadership	745,863	764,900	790,003	(25,103)
31	Guidance, Counseling and Evaluating Services	731,222	707,100	732,776	(25,676)
32	Social Work Services	274,308	330,600	332,027	(1,427)
33	Health Services	175	200	154	46
35	Food Services	142,150	132,100	132,080	20
41	General Administration	839,537	964,600	1,004,002	(39,402)
51	Plant Maintenance and Operations	547,677	695,800	703,928	(8,128)
52	Security and Monitoring Services	6,500	37,300	37,377	(77)
53	Data Processing Services	53,185	144,400	145,844	(1,444)
61	Community Services	55,050	68,600	68,569	31
71	Debt Service	-	3,300	3,258	42
Total Expenses		7,770,362	8,292,700	8,556,920	(264,220)
Non-Operating Revenues (Expenses)					
7951	Gain on Sale of Property	-	51,908	51,907	(1)
8951	Loss on Sale of Property	-	(174,452)	(174,452)	-
Total Non-Operating Revenues (Expenses)		-	(122,544)	(122,545)	(1)
Change in Net Assets		-	(115,244)	(169,516)	209,317
Net Assets, Beginning of Year		3,622,364	3,622,364	3,622,364	-
Net Assets, End of Year		\$ 3,622,364	\$ 3,507,120	\$ 3,452,848	\$ 209,317

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidating Statement of Financial Position
For the Year Ended August 31, 2024

	Trinity Charter School	Casa Gracia NC, LLC	Eliminations	Total
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 2,863,831	\$ 157,900	\$ -	\$ 3,021,731
Grants Receivable	369,750	302,721	-	672,471
Other Receivable	100,522	-	-	100,522
Total Current Assets	3,334,103	460,621	-	3,794,724
Property and Equipment				
Furniture and Equipment	7,773	-	-	7,773
Vehicles	148,572	-	-	148,572
Buildings and Improvements	669,100	-	-	669,100
	825,445	-	-	825,445
Less: Accumulated Depreciation	(294,950)	-	-	(294,950)
Total Property and Equipment	530,495	-	-	530,495
Other Assets				
Operating Lease Right-of-Use Assets	398,521	-	-	398,521
Prepaid Assets	4,236	-	-	4,236
Total Other Assets	402,757	-	-	402,757
Total Assets	\$ 4,267,355	\$ 460,621	\$ -	\$ 4,727,976

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidating Statement of Financial Position (Continued)
For the Year Ended August 31, 2024

	Trinity Charter School	Casa Gracia NC, LLC	Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 48,221	\$ 373	\$ -	\$ 48,594
Payroll Liabilities	313,128	54,378	-	367,506
Current Portion of Operating Lease Liability	299,365	-	-	299,365
Current Portion of Notes Payable	8,045	-	-	8,045
Total Current Liabilities	668,759	54,751	-	723,510
Long-Term Liabilities				
Operating Lease Liability, Net of Current Portion	99,156	-	-	99,156
Notes Payable, Net of Current Portion	46,592	-	-	46,592
Total Long-Term Liabilities	145,748	-	-	145,748
Total Liabilities	145,748	-	-	869,258
Net Assets				
Without Donor Restrictions	676,661	405,870	-	1,082,531
With Donor Restrictions	2,776,187	-	-	2,776,187
Total Net Assets	3,452,848	405,870	-	3,858,718
Total Liabilities and Net Assets	\$ 4,267,355	\$ 460,621	\$ -	\$ 4,727,976

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidating Statement of Activities
For the Year Ended August 31, 2024

	Trinity Charter School	Casa Gracia NC, LLC	Eliminations	Total
Revenues				
Local Support				
Other Revenues from Local Sources	\$ 154,602	\$ 2,275,972	\$ (54,000)	\$ 2,376,574
Total Local Support	154,602	2,275,972	(54,000)	2,376,574
State Program Revenues	5,835,357	-	-	5,835,357
Federal Program Revenues	2,519,990	-	-	2,519,990
Total Revenues	8,509,949	2,275,972	(54,000)	10,731,921
Expenses				
Program Services				
Instruction and Instructional-Related Services	4,398,619	1,567,998	-	5,966,617
Instructional and School Leadership	998,286	428,594	-	1,426,880
Support Services-Student (Pupil)	1,197,037	316	-	1,197,353
Ancillary Services	68,569	-	-	68,569
Total Program Services	6,662,511	1,996,908	-	8,659,419
Supporting Services				
Administrative Support Services	1,004,002	129,626	(54,000)	1,079,628
Support Services-Non-Student Based	887,149	35,449	-	922,598
Debt Service	3,258	-	-	3,258
Total Supporting Services	1,894,409	165,075	(54,000)	2,005,484
Total Expenses	8,556,920	2,161,983	(54,000)	10,664,903
Non-Operating Revenues (Expenses)				
Loss on Sale of Property	(122,545)	-	-	(122,545)
Total Non-Operating Revenues (Expenses)	(122,545)	-	-	(122,545)
Change in Net Assets	(169,516)	113,989	-	(55,527)
Net Assets, Beginning of Year	3,622,364	291,881	-	3,914,245
Net Assets, End of Year	\$ 3,452,848	\$ 405,870	\$ -	\$ 3,858,718

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Consolidating Statement of Cash Flows
For the Year Ended August 31, 2024

	Trinity Charter School	Casa Gracia NC, LLC	Total
Cash Flows from Operating Activities			
Change in Net Assets	\$ (169,516)	\$ 113,989	\$ (55,527)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	81,903	-	81,903
Loss on Sale of Assets	122,545	-	122,545
(Increase) Decrease in Assets			
Grants Receivable	622,710	(160,074)	462,636
Other Receivable	(81,260)	-	(81,260)
Other Assets	177,221	47,631	224,852
Right-of-Use Assets for Operating Leases	235,258	-	235,258
Increase (Decrease) in Liabilities			
Accounts Payable	(37,677)	(1,149)	(38,826)
Payroll Liabilities	(24,679)	(7,614)	(32,293)
Operating Lease Liabilities	(235,258)	-	(235,258)
Total Adjustments	860,763	(121,206)	739,557
Net Cash Provided by (Used in) Operating Activities	691,247	(7,217)	684,030
Cash Flows from Investing Activities			
Cash received on Disposal of Assets	32,907	-	32,907
Purchase of Fixed Asset	(9,600)	-	(9,600)
Net Cash Provided by Investing Activities	23,307	-	23,307
Cash Flows from Financing Activities			
Payment to Note Payable	(4,344)	-	(4,344)
Net Cash Used in Financing Activities	(4,344)	-	(4,344)
Net Increase (Decrease) in Cash	710,210	(7,217)	702,993
Cash, Beginning of Year	2,153,621	165,117	2,318,738
Cash, End of Year	\$ 2,863,831	\$ 157,900	\$ 3,021,731
Supplemental Disclosure on Non-Cash Transactions			
Note Payable in Exchange of Vehicles	\$ 58,981	\$ -	\$ -
Cash Paid During the Year for:			
Interest	\$ 3,258	\$ -	\$ -

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Directors of
Casa Gracia dba Trinity Charter Schools
Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa Gracia dba Trinity Charter Schools (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Houston, TX
January 10, 2025

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

To The Board of Directors of
Casa Gracia dba Trinity Charter Schools
Austin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Casa Gracia, dba Trinity Charter Schools' (the Organization) (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Casa Gracia, dba Trinity Charter Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the Organization's compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Houston, TX
January 10, 2025

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Schedule of Findings and Questioned Costs
August 31, 2024

Section I. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program</u>
84.425	Education Stabilization Fund

Dollar threshold used to determine Type A Programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Findings - Financial Statement Audit

None.

Section III. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Schedule of Prior Year Findings
August 31, 2024

Financial Statement Findings

None.

Federal Award Findings and Questioned Costs

None.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Federal Expenditure
U.S. Department of Education			
Passed - Through Texas Education Agency			
Title I, Part A, School Improvement	84.010A	23610101046802	18,958
Title I, Part A, School Improvement	84.010A	24610101046802	512,708
Title I, Part D, Subpart 2, Delinquent Programs	84.010A	23610103046802	13,999
Title I, Part D, Subpart 2, Delinquent Programs	84.010A	24610103046802	226,063
Title II, Part A, Teacher/Principal Training & Recruiting	84.367A	24694501046802	12,728
Title IV, Part A, Subpart 1	84.424A	23680101046802	1,458
Title IV, Part A Subpart 1	84.424A	24680101046802	20,353
Special Education Cluster			
Idea - B Formula	84.027A	236600010468026000	8,948
Idea - B Formula	84.027A	246600010468026000	146,824
Total Special Education Cluster			<u>155,772</u>
Total U.S. Department of Education, Non-COVID-19 Assistance			<u>962,039</u>
Passed - Through Texas Education Agency:			
COVID-19 - American Rescue Plan Elementary and Secondary School Education Stabilization (ESSER III) Fund	84.425U	21528001046802	1,515,409
Total U.S. Department of Education, COVID-19 Assistance			<u>1,515,409</u>
Total U.S. Department of Education			<u>2,477,448</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement School Breakfast Program	10.553		23,644
National School Lunch Program	10.555		18,898
Total Child Nutrition Cluster			<u>42,542</u>
Total U.S. Department of Agriculture			<u>42,542</u>
Total Expenditures of Federal Awards			<u>\$ 2,519,990</u>

See independent auditor's report on supplementary information.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

Note 1. Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended August 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Casa Gracia dba Trinity Charter Schools, it is not intended to and does not present the financial position, changes in net assets or cash flows of Casa Gracia dba Trinity Charter Schools, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Note 3. De Minimus Cost Rate

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

Note 4. Subrecipients

The Organization did not provide federal awards to subrecipients.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2024

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

See independent auditor's report on supplementary information.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Schedule of Related Party Transactions
For the Year Ended August 31, 2024

Related Party Name	Name of Relation to the Related Party	Relationship	Types of Transactions	Description of Terms and Conditions	Source of Fund Used	Payment Frequency	Total Paid During FY	Principal Balance Due
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None

See independent auditor's report on supplementary information.

CASA GRACIA DBA TRINITY CHARTER SCHOOLS
Special Program Compliance Schedule
For the Year Ended August 31, 2024

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Program</u>		
AP1	Did the charter school expend any state compensatory education program state allotment funds during the district'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.	\$466,928
AP4	Actual direct program expenditures for state compensatory education programs during the charter school's fiscal year. (PICs 24, 26, 28, 29, 30)	\$557,104
<u>Section B: Bilingual Education Programs</u>		
AP5	Did the charter school expend any bilingual education program state allotment funds during the district'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.	\$8,041
AP8	Actual direct program expenditures for bilingual education allotment programs during the charter school's fiscal year. (PICs 25)	\$29,376

See independent auditor's report on supplementary information.