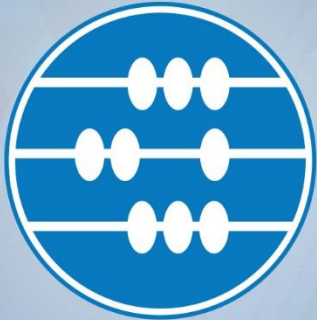


THIRD FUTURE SCHOOLS- TEXAS NETWORK
BASIC FINANCIAL STATEMENTS

JUNE 30, 2023



Richard C. Brozewicz

Certified Public Accountant

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Richard C. Brozewicz
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Third Future Schools- Texas Network

Opinion

We have audited the accompanying financial statements of Third Future Schools- Texas Network, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and changes in net assets (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Third Future Schools- Texas Network as of June 30, 2023 and the changes in its net assets (deficit) 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. 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 Third Future Schools- Texas Network 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 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 Third Future Schools- Texas Network's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's 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 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 generally accepted 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, including omissions, 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, 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 Third Future Schools- Texas Network'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 Third Future Schools- Texas Network'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.



Richard C. Brozewicz
Certified Public Accountant

Other Matters

Required Supplementary Information

The accompanying supplementary information (the Schedules for Individual Charter Schools) required by TEA is presented for purposes of additional analysis are presented on pages 16 to 31, 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 consolidated financial statements as a whole.

Richard Brozewicz, CPA

Fate, Texas

December 27, 2023

Third Future Schools- Texas Network
Statement of Financial Position
June 30, 2023

| | 2023 |
|---|---------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and Cash Equivalents | \$ 115,984 |
| Accounts Receivable | 153,341 |
| Prepaid Expenses | 113,540 |
| Intercompany Receivables | 8,105,570 |
| Right to Use Asset- Net of Amortization | 567,804 |
| Total Current Assets | \$ 9,056,239 |
| TOTAL ASSETS | \$ 9,056,239 |
| LIABILITIES AND NET ASSETS | |
| CURRENT LIABILITIES | |
| Accounts Payable and Accrued Expenses | \$ 10,615,258 |
| Right of Use Asset- Current Portion | 273,481 |
| Deferred Revenue | 396,151 |
| Total Current Liabilities | \$ 11,284,890 |
| NON-CURRENT LIABILITIES | |
| Right of Use Asset- Long Term Portion | 456,960 |
| Total NonCurrent Liabilities | \$ 456,960 |
| NET ASSETS | |
| Without Donor Restrictions | \$ (2,685,611) |
| Total Net Assets | \$ (2,685,611) |
| TOTAL LIABILITIES AND NET ASSETS | \$ 9,056,239 |

Third Future Schools- Texas Network
Statement of Activities and Changes in Net Assets (Deficit)
June 30, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|-----------------------|
| REVENUES AND OTHER SUPPORT | | | |
| State Program Revenue | | | |
| State Program Revenue | \$ 24,626,216 | \$ - | \$ 24,626,216 |
| Federal Program Revenue | | | |
| Federal Program Revenue | - | 18,508 | 18,508 |
| Net assets released from restrictions | | | |
| Restrictions Satisfied by Payments | 18,508 | (18,508) | - |
| Total Public Support and Other Income | \$ 24,644,724 | - | \$ 24,644,724 |
| Total Public Support, Revenue, and Other Income | <u>\$ 24,644,724</u> | <u>\$ -</u> | <u>\$ 24,644,724</u> |
| FUNCTIONAL EXPENSES | | | |
| Program Service Expenses | | | |
| Instruction and Instructional-related Services | \$ 13,268,544 | \$ - | \$ 13,268,544 |
| Instructional Supplies | 2,393,914 | - | 2,393,914 |
| Management and General Expenses | | | |
| Administrative Support Services | 10,215,442 | - | 10,215,442 |
| Total Functional Expenses | <u>\$ 25,877,900</u> | <u>\$ -</u> | <u>\$ 25,877,900</u> |
| Excess of Public Support and Revenues Over Expenses | \$ (1,233,176) | \$ - | \$ (1,233,176) |
| Net assets, beginning of year | <u>(1,452,435)</u> | <u>-</u> | <u>(1,452,435)</u> |
| Net assets (deficit), end of year | <u>\$ (2,685,611)</u> | <u>\$ -</u> | <u>\$ (2,685,611)</u> |

See accompanying notes to the financial statements

Third Future Schools- Texas Network
Statement of Cash Flows
Year Ended June 30, 2023

| | 2023 |
|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in Net Assets | \$ (1,233,176) |
| Adjustments to Reconcile Increase in Net Assets to Net (Increase)Decrease in: | |
| Accounts Receivable | (7,815,271) |
| Non current assets/liabilities | 162,635 |
| Increase(Decrease) in: | |
| Accounts Payable and Accrued liabilities | 8,728,710 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ (157,102) |
| | |
| NET INCREASE (DECREASE) IN CASH and Cash Equivalents | (157,102) |
| | |
| BEGINNING CASH BALANCE | 273,086 |
| ENDING CASH BALANCE | \$ 115,984 |

Third Future Schools- Texas Network
Statement of Functional Expenses
June 30, 2023

| | <u>Program Expense</u> | <u>Management and General</u> | <u>TOTAL</u> |
|-----------------------------------|----------------------------|-----------------------------------|----------------------|
| Expenses | | | |
| Instructional Salaries & Benefits | \$ 13,268,544 | \$ - | \$ 13,268,544 |
| Admin Salaries & Benefits | - | 3,394,989 | 3,394,989 |
| Admin Support Costs | - | 4,707,379 | 4,707,379 |
| Supplies and Materials | 2,393,914 | - | 2,393,914 |
| Professional Services | - | 1,512,435 | 1,512,435 |
| Other Operating Services | - | 305,270 | 305,270 |
| Interest | - | 11,468 | 11,468 |
| Amortization | - | 283,902 | 283,902 |
| TOTAL | <u>\$ 15,662,458</u> | <u>\$ 10,215,442</u> | <u>\$ 25,877,900</u> |

See accompanying notes to the financial statements

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Third Future Schools- Texas Network (the “Third Future Schools- Texas”) is a 501(c)(3), non-profit corporation organized under the laws of the State of Texas governed by a board of directors. Third Future Schools- Texas operates three charter schools in the state of Texas, Ector Collegiate Preparatory middle school, Sam Houston Collegiate Preparatory Elementary, Mendez Middle School.

Method of Accounting – The Third Future Schools- Texas uses the accrual method of accounting and, as such, recognizes income when earned and expenses when incurred.

Cash Equivalents – For purposes of the statements of cash flows, the Third Future Schools- Texas considers all cash on hand and highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Net Assets– Third Future Schools- Texas is required to report information regarding its financial position according to two classes net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains , and losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets without donor restrictions represent resources that are available for the general operations of Third Futures Schools- Texas.

Net assets with donor restrictions- time and purpose are utilized to record resources received that are expendable only for the purposes or period specified by the donor. Net assets with donor restrictions held in perpetuity are utilized to record resources whose use by Third Future Schools-Texas is limited by donor-imposed stipulations that are to be held or invested in perpetuity. As of June 30, 2023, there were no net assets with donor restrictions- time and purpose or held in perpetuity.

Income Taxes – The Third Future Schools- Texas is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management believes the Third Future Schools- Texas continues to satisfy the requirements of a tax-exempt Third Future Schools- Texas at June 30, 2023. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Third Future Schools- Texas had no uncertain income tax positions at June 30, 2023.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation – The Third Future Schools- Texas presents its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net asset with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. For the year ended June 30, 2023, there were no net assets with donor restrictions.

Functional Expense Allocation – The cost of providing various programs and other activities has been summarized in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries, payroll taxes, office expenses, and postage are allocated based on time and effort.

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

Revenue and Contributions – Unconditional promises to give and grants receivables are recognized as revenues in the period received and are recorded as increases in net assets with or without donor restrictions depending on the existence and nature of any donor or grantor restrictions. All contributions and grants received consist solely of non-exchange, non-reciprocal transactions, and contain no donor nor grantor-specified conditions or barriers that would cause contributions or grants to be considered conditional in nature.

Donor or grantor-imposed conditions - Donor or grantor-imposed conditions are separate from donor or grantor-imposed restrictions. The Third Future Schools- Texas records contributions of cash and other assets with donor or grantor-imposed restrictions as grants and contributions with donor restrictions within the statements of activities if they are received with donor stipulations that restrict the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reclassified to net assets without donor restrictions and reported in the statements of activities as released from restriction. However, donor-restricted grants and contributions whose restrictions are met in the same reporting period.

are reported as net assets without donor restrictions. All other restricted promises to give that lack specific donor restrictions are recorded as increases in net assets with donor restrictions depending on the nature of the restriction. For the years ended June 30, 2023 there were no net assets with donor restrictions.

Grants – Grant revenue relates to the portion of federal and/or state grants allocated to the charter holder and to each campus, and is recorded as grant revenue on the statement of activities. This revenue is recorded as related expenses and/or services are incurred.

Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter schools have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, the charter schools funds may be subject to refund, if so determined by the Texas Education Agency or the grantor agency.

Per Pupil Funding Revenue – Per Pupil Funding Revenue relates to the operational revenue contractually owed to Ector and Sam Houston campuses through the independent school districts based on enrollment to operate the campus..

New Accounting Pronouncements – In May 2014, FASB issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606), which amended the existing accounting standards for revenue recognition. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively, ASC 606). The Third Future Schools- Texas adopted the provisions of ASU 2014-09 and the related ASUs which resulted in no cumulative adjustment to net assets. There were no changes in the timing and amount of revenue recognition as a result of the adoption of these ASUs.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Pronouncements – In February 2016, FASB issued ASU 2016-02, Leases, (Topic 842). ASU 2016-02 is intended to improve financial reporting about leasing transactions. The ASU will require organizations that lease assets to recognize assets and liabilities on the statement of financial position for the rights and obligations created by those leases. In June 2020, FASB issued ASU 2020-05, to extend the implementation date to years beginning after December 15, 2021. Early adoption is permitted. The Third Future Schools- Texas has adopted this pronouncement and has reported it in these financial statements.

NOTE 2- FINANCIAL INSTRUMENTS

The Third Future Schools- Texas’s maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Third Future Schools- Texas has not experienced any losses in such accounts. Third Future Schools- Texas believes it is not exposed to any significant credit risk on cash and cash equivalents. Third Futures Schools- Texas bank cash balance is \$426,894 of which \$250,000 is federally insured, which leaves \$176,894 at risk. Third Futures School-Texas has a cash ledger balance of \$115,984.

NOTE 3- LEASE (Fixed Asset Portion)

In March 2023, the network entered into a lease agreement for the copiers for both Ector and Sam Houston. The agreement requires monthly payments through May 30, 2025 and March 30, 2026. The agreement does not have a stated interest rate, as such we used the 5 year treasury rate of 3.91%, as the basis to calculate the imputed interest.

| | 6/30/2022 Balance | Additions | Deletions | 6/30/2023 Balance |
|--------------------------------|----------------------|------------|-----------|----------------------|
| Leased assets being amortized | | | | |
| Right to Use Asset | - | 851,705 | - | 851,705 |
| Total Capital Assets | - | 851,705 | - | 851,705 |
| Accumulated Ammortization | | | | |
| Right to Use Asset | - | 283,902 | - | 283,902 |
| Total Ammortization | - | 283,902 | - | 283,902 |
| Total Assets, being Ammortized | - | (283,902) | - | (283,902) |
| Net Capital Assets | \$ - | \$ 567,804 | \$ - | \$ 567,804 |

NOTE 3- LEASE (Debt Portion)

In March 2023, the network entered into a lease agreement for the copiers for both Ector and Sam Houston. The agreement requires monthly payments through May 30, 2025 and March 30, 2026. The agreement does not have a stated interest rate, as such we used the 5 year treasury rate of 3.91%, as the basis to calculate the imputed interest. Below is the table of expected Principle and interest payments for the copier leases.

Fiscal Year Ending June 30,

| | Principal | Interest | Total |
|-------|------------|-----------|------------|
| 2024 | \$ 273,481 | \$ 23,694 | \$ 297,175 |
| 2025 | 272,388 | 12,861 | 285,249 |
| 2026 | 184,573 | 3,054 | 187,627 |
| Total | \$ 730,442 | \$ 39,609 | \$ 770,050 |

NOTE 4- RELATED PARTY TRANSACTIONS

Ector Collegiate Preparatory middle school and Sam Houston Collegiate Preparatory Elementary are programs of Third Future Schools- Texas and Third Future Schools Network. Ector, Mendez, and Sam Houston receive professional services from Third Future Schools- Texas.

NOTE 5- LIQUIDITY

As of June 30, 2023, Third Future Schools had \$269,325 of financial assets available to meet current obligations within one year of the statement of financial position date. These assets consist of accounts receivable of \$153,341 and cash of \$115,984.

NOTE 6- PENSION PLAN OBLIGATIONS

Plan Description

Third Futures Schools- Texas 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 Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That 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 form 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.

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 1 year, the period would be increased by such action. State law provides for a member contribution rate of 8.0% for fiscal year

NOTE 6- PENSION PLAN OBLIGATIONS(Cont)

2023, and a state contribution rate of 7.75% for fiscal year 2023. The charter school's employee contributions to the system for the year ended June 30, 2023 were \$66,008, equal to the required contributions for the year.

NOTE 7—SUBSEQUENT EVENTS

The Third Future Schools- Texas has evaluated subsequent events through December 27, 2023, which is the date the financial statements were available to be issued. The Third Future Schools- Texas has determined that all material events have been disclosed and no other entries are needed.

Potential Litigation:

A former teacher of the TFS has filed her charge of discrimination with the EEOC on May 31, 2023, alleging that they were discriminated against in their termination in violation of Title VII. The school has vigorously denied this allegation and as of the date of this audit report no lawsuit has been filed and no outcome has been determined nor a potential impact has been calculated. As a result, the school has not estimated any contingency for this lawsuit until one is filed and an outcome can be determined.

NOTE 8— NET ASSETS (DEFICIT)

The Third Future Schools- Texas is currently running a deficit in net assets. This deficit is caused by the liabilities to other TFS network schools and to TFS corporate. These obligations are funds owed to TFS as a whole and is not a reflection of the schools operation status. Management is aware of this deficit and they are taking steps to mitigate this deficit by putting restrictions on what schools they will open up and ensure that any new school meets the profitability metrics set by management. Management believes this will be enough to mitigate the risk of running the deficit in net assets.

REQUIRED SUPPLEMENTARY INFORMATION

Ector Collegiate Preparatory Middle School
Statement of Activities
June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------|
| REVENUES AND OTHER SUPPORT | | | |
| State Program Revenue | | | |
| State Program Revenue | \$ 13,995,789 | \$ - | \$ 13,995,789 |
| Federal Program Revenue | | | |
| Federal Program Revenue | - | (232,308) | (232,308) |
| Net assets released from restrictions | | - | - |
| Restrictions Satisfied by Payments | \$ (232,308) | \$ 232,308 | \$ - |
| Total Public Support and Other Income | \$ 13,763,481 | - | \$ 13,763,481 |
| Total Public Support, Revenue, and Other Income | \$ 13,763,481 | \$ - | \$ 13,763,481 |
| FUNCTIONAL EXPENSES | | | |
| 11 Instruction | \$ 7,063,393 | \$ - | \$ 7,063,393 |
| 12 Instructional Supplies | 711,198 | - | 711,198 |
| 41 General Administration | 5,154,060 | - | 5,154,060 |
| Total Functional Expenses | \$ 12,928,651 | \$ - | \$ 12,928,651 |
| Excess of Public Support and Revenues Over Expenses | 834,830 | - | 834,830 |
| Net assets, beginning of year | (966,984) | - | (966,984) |
| Net assets (deficit), end of year | \$ (132,154) | \$ - | \$ (132,154) |

See accompanying notes to the financial statements

EXPENSES

| | |
|-----------------------------------|----------------------|
| Instructional Salaries & Benefits | \$ 7,063,393 |
| Admin Salaries & Benefits | 1,180,238 |
| Admin Support Costs | 3,480,987 |
| Supplies and Materials | 711,198 |
| Professional Services | 239,746 |
| Other Operating Services | 4,851 |
| Interest | 8,997 |
| Amortization | 239,241 |
| Total Expenses | <u>\$ 12,928,651</u> |

See accompanying notes to the financial statements

Ector Collegiate Preparatory Middle School
Schedule of Capital Assets
June 30, 2023

| | Ownership Interest | | |
|----------------------|--------------------|---------------------|-------------|
| | Local | State | Federal |
| Cash | \$ - | \$ 2,696,667 | \$ - |
| Accounts Receivable | - | 32,437 | - |
| Total Capital Assets | <u>\$ -</u> | <u>\$ 2,729,104</u> | <u>\$ -</u> |

See accompanying notes to the financial statements

Ector Collegiate Preparatory Middle School
 Budgetary Comparison Schedule
 June 30, 2023

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|---|----------------------|----------------------|----------------------|------------------------------------|
| REVENUES AND OTHER SUPPORT | | | | |
| State and Local Program Revenue | | | | |
| State and Local Program Revenue | \$ 14,795,469 | \$ 14,795,469 | \$ 13,995,789 | \$ (799,680) |
| Federal Program Revenue | | | | |
| Federal Program Revenue | <u>2,759,399</u> | <u>2,759,399</u> | <u>(232,308)</u> | <u>(2,991,707)</u> |
| Total Public Support, Revenue, and Other Income | <u>\$ 17,554,868</u> | <u>\$ 17,554,868</u> | <u>\$ 13,763,481</u> | <u>\$ (3,791,387)</u> |
| FUNCTIONAL EXPENSES | | | | |
| 11 Instruction | \$ 8,056,580 | \$ 8,056,580 | \$ 7,063,393 | \$ 993,187 |
| 12 Instructional Supplies | 1,044,000 | 1,044,000 | 711,198 | 332,802 |
| 41 General Administration | 6,695,197 | 6,695,197 | 5,154,060 | 1,541,137.15 |
| Total Functional Expenses | <u>\$ 15,795,777</u> | <u>\$ 15,795,777</u> | <u>\$ 12,928,651</u> | <u>\$ 2,867,126</u> |
| Excess of Public Support and Revenues Over Expenses | 1,759,091 | - | 834,830 | (924,261) |
| Net assets, beginning of year | <u>(966,984)</u> | <u>(966,984)</u> | <u>(966,984)</u> | - |
| Net assets (deficit), end of year | <u>\$ 792,107</u> | <u>\$ 792,107</u> | <u>\$ (132,154)</u> | <u>\$ (924,261)</u> |

See accompanying notes to the financial statements

Sam Houston Collegiate Preparatory Elementary
Statement of Activities
June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------|
| REVENUES AND OTHER SUPPORT | | | |
| State Program Revenue | | | |
| State Program Revenue | \$ 3,815,087 | \$ - | \$ 3,815,087 |
| Federal Program Revenue | | | |
| Federal Program Revenue | - | 247,313 | 247,313 |
| Net assets released from restrictions | | - | - |
| Restrictions Satisfied by Payments | \$ 247,313 | \$ (247,313) | \$ - |
| Total Public Support and Other Income | \$ 4,062,400 | - | \$ 4,062,400 |
| Total Public Support, Revenue, and Other Income | \$ 4,062,400 | \$ - | \$ 4,062,400 |
| FUNCTIONAL EXPENSES | | | |
| 11 Instruction | \$ 3,077,784 | \$ - | \$ 3,077,784 |
| 12 Instructional Supplies | 185,693 | | 185,693 |
| 41 General Administration | 1,502,004 | - | 1,502,004 |
| Total Functional Expenses | \$ 4,765,481 | \$ - | \$ 4,765,481 |
| Excess of Public Support and Revenues Over Expenses | (703,081) | - | (703,081) |
| Net assets, beginning of year | (809,273) | - | (809,273) |
| Net assets (deficit), end of year | \$ (1,512,354) | \$ - | \$ (1,512,354) |

See accompanying notes to the financial statements

Sam Houston Collegiate Preparatory Elementary
Schedule of Expenses
June 30, 2023

EXPENSES

| | |
|-----------------------------------|---------------------|
| Instructional Salaries & Benefits | \$ 3,077,784 |
| Admin Salaries & Benefits | 452,916 |
| Admin Support Costs | 523,982 |
| Supplies and Materials | 185,693 |
| Professional Services | 474,596 |
| Other Operating Services | 3,378 |
| Interest | 2,471 |
| Amortization | 44,661 |
| Total Expenses | <u>\$ 4,765,481</u> |

See accompanying notes to the financial statements

Sam Houston Collegiate Preparatory Elementary
Schedule of Capital Assets
June 30, 2023

| | Ownership Interest | | |
|----------------------|--------------------|---------------------|-------------|
| | Local | State | Federal |
| Cash | \$ - | \$ (891,465) | \$ - |
| Accounts Receivable | - | 20,904 | - |
| Total Capital Assets | <u>\$ -</u> | <u>\$ (870,561)</u> | <u>\$ -</u> |

See accompanying notes to the financial statements

Sam Houston Collegiate Preparatory Elementary
Budgetary Comparison Schedule
June 30, 2023

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|--|---------------------|---------------------|-----------------------|------------------------------------|
| REVENUES AND OTHER SUPPORT | | | | |
| State and Local Program Revenue | | | | |
| State and Local Program Revenue | \$ 4,742,673 | \$ 4,742,673 | \$ 3,815,087 | \$ (927,586) |
| Federal Program Revenue | | | | |
| Federal Program Revenue | <u>729,861</u> | <u>729,861</u> | <u>247,313</u> | <u>(482,548)</u> |
| Total Public Support, Revenue, and Other Income | <u>\$ 5,472,534</u> | <u>\$ 5,472,534</u> | <u>\$ 4,062,400</u> | <u>\$ (1,410,134)</u> |
| FUNCTIONAL EXPENSES | | | | |
| 11 Instruction | \$ 3,001,769 | \$ 3,001,769 | \$ 3,077,784 | \$ (76,015) |
| 12 Instructional Supplies | 177,325 | 177,325 | 185,693 | (8,368) |
| 41 General Administration | <u>2,242,768</u> | <u>2,242,768</u> | <u>1,502,004</u> | <u>740,764</u> |
| Total Functional Expenses | <u>\$ 5,421,862</u> | <u>\$ 5,421,862</u> | <u>\$ 4,765,481</u> | <u>\$ 656,381</u> |
| Excess of Public Support and Revenues Over Expenses | 50,672 | - | (703,081) | (753,753) |
| Net assets, beginning of year | <u>(809,273)</u> | <u>(809,273)</u> | <u>(809,273)</u> | <u>-</u> |
| Net assets (deficit), end of year | <u>\$ (758,601)</u> | <u>\$ (758,601)</u> | <u>\$ (1,512,354)</u> | <u>\$ (753,753)</u> |

See accompanying notes to the financial statements

Third Future Schools- Texas Network
Statement of Activities
June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|--------------|
| REVENUES AND OTHER SUPPORT | | | |
| State Program Revenue | | | |
| State Program Revenue | \$ 2,313,341 | \$ - | \$ 2,313,341 |
| Federal Program Revenue | | | |
| Federal Program Revenue | - | - | - |
| Net assets released from restrictions | | - | - |
| Restrictions Satisfied by Payments | \$ - | \$ - | \$ - |
| Total Public Support and Other Income | \$ 2,313,341 | - | \$ 2,313,341 |
| Total Public Support, Revenue, and Other Income | \$ 2,313,341 | \$ - | \$ 2,313,341 |
| FUNCTIONAL EXPENSES | | | |
| 11 Instruction | \$ 432,090 | \$ - | \$ 432,090 |
| 12 Instructional Supplies | 1,139,708 | | 1,139,708 |
| 41 General Administration | 2,028,196 | - | 2,028,196 |
| Total Functional Expenses | \$ 3,599,994 | \$ - | \$ 3,599,994 |
| Excess of Public Support and Revenues Over Expenses | (1,286,653) | - | (1,286,653) |
| Net assets, beginning of year | 323,822 | - | 323,822 |
| Net assets , end of year | \$ (962,831) | \$ - | \$ (962,831) |

See accompanying notes to the financial statements

EXPENSES

| | |
|-----------------------------------|---------------------|
| Instructional Salaries & Benefits | \$ 432,090 |
| Admin Salaries & Benefits | 1,323,592 |
| Admin Support Costs | 71,209 |
| Supplies and Materials | 1,139,708 |
| Professional Services | 545,031 |
| Other Operating Services | 88,365 |
| Interest | - |
| Amortization | - |
| Total Expenses | <u>\$ 3,599,994</u> |

See accompanying notes to the financial statements

Third Future Schools- Texas Network
 Schedule of Capital Assets
 June 30, 2023

| | Ownership Interest | | |
|----------------------|--------------------|----------------|---------|
| | Local | State | Federal |
| Cash | \$ - | \$ (1,881,500) | \$ - |
| Accounts Receivable | - | 100,000 | - |
| Total Capital Assets | \$ - | \$ (1,781,500) | \$ - |

See accompanying notes to the financial statements

Third Future Schools- Texas Network
 Budgetary Comparison Schedule
 June 30, 2023

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| REVENUES AND OTHER SUPPORT | | | | |
| State Program Revenue | | | | |
| State Program Revenue | \$ 6,050,000 | \$ 6,050,000 | \$ 2,313,341 | \$ (3,736,659) |
| Federal Program Revenue | | | | |
| Federal Program Revenue | - | - | - | - |
| Total Public Support, Revenue, and Other Income | <u>\$ 6,050,000</u> | <u>\$ 6,050,000</u> | <u>\$ 2,313,341</u> | <u>\$ (3,736,659)</u> |
| FUNCTIONAL EXPENSES | | | | |
| 11 Instruction | \$ - | \$ - | \$ 432,090 | \$ (432,090) |
| 12 Instructional Supplies | 270,000 | 270,000 | 1,139,708 | (869,708) |
| 41 General Administration | 5,409,464 | 5,409,464 | 2,028,196 | 3,381,268 |
| Total Functional Expenses | <u>\$ 5,679,464</u> | <u>\$ 5,679,464</u> | <u>\$ 3,599,994</u> | <u>\$ 2,079,470</u> |
| Excess of Public Support and Revenues Over Expenses | 370,536 | - | (1,286,653) | (1,657,189) |
| Net assets, beginning of year | <u>323,822</u> | <u>323,822</u> | <u>323,822</u> | <u>-</u> |
| Net assets (deficit), end of year | <u>\$ 694,358</u> | <u>\$ 694,358</u> | <u>\$ (962,831)</u> | <u>\$ (1,657,189)</u> |

See accompanying notes to the financial statements

Mendez Middle School
Statement of Activities
June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|--------------|
| REVENUES AND OTHER SUPPORT | | | |
| State Program Revenue | | | |
| State Program Revenue | \$ 4,501,999 | \$ - | \$ 4,501,999 |
| Federal Program Revenue | | | |
| Federal Program Revenue | - | 3,503 | 3,503 |
| Net assets released from restrictions | | - | - |
| Restrictions Satisfied by Payments | \$ 3,503 | \$ (3,503) | \$ - |
| Total Public Support and Other Income | \$ 4,505,502 | - | \$ 4,505,502 |
| Total Public Support, Revenue, and Other Income | \$ 4,505,502 | \$ - | \$ 4,505,502 |
| FUNCTIONAL EXPENSES | | | |
| 11 Instruction | \$ 2,695,277 | \$ - | \$ 2,695,277 |
| 12 Instructional Supplies | 357,316 | - | 357,316 |
| 41 General Administration | 1,531,182 | - | 1,531,182 |
| Total Functional Expenses | \$ 4,583,774 | \$ - | \$ 4,583,774 |
| Excess of Public Support and Revenues Over Expenses | (78,272) | - | (78,272) |
| Net assets, beginning of year | - | - | - |
| Net assets (deficit), end of year | \$ (78,272) | \$ - | \$ (78,272) |

See accompanying notes to the financial statements

EXPENSES

| | |
|-----------------------------------|---------------------|
| Instructional Salaries & Benefits | \$ 2,695,277 |
| Admin Salaries & Benefits | 438,243 |
| Admin Support Costs | 631,201 |
| Supplies and Materials | 357,316 |
| Professional Services | 253,062 |
| Other Operating Services | 208,675 |
| Interest | - |
| Amortization | - |
| Total Expenses | <u>\$ 4,583,774</u> |

See accompanying notes to the financial statements

Mendez Middle School
Schedule of Capital Assets
June 30, 2023

| | Ownership Interest | | |
|----------------------|--------------------|-------------------|-------------|
| | Local | State | Federal |
| Cash | \$ - | \$ 192,281 | \$ - |
| Accounts Receivable | - | - | - |
| Total Capital Assets | <u>\$ -</u> | <u>\$ 192,281</u> | <u>\$ -</u> |

See accompanying notes to the financial statements

Mendez Middle School
 Budgetary Comparison Schedule
 June 30, 2023

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| REVENUES AND OTHER SUPPORT | | | | |
| State and Local Program Revenue | | | | |
| State and Local Program Revenue | \$ 3,769,475 | \$ 3,769,475 | \$ 4,501,999 | \$ 732,524 |
| Federal Program Revenue | | | | |
| Federal Program Revenue | <u>2,046,504</u> | <u>2,046,504</u> | <u>3,503</u> | <u>(2,043,001)</u> |
| Total Public Support, Revenue, and Other Income | <u>\$ 5,815,979</u> | <u>\$ 5,815,979</u> | <u>\$ 4,505,502</u> | <u>\$ (1,310,477)</u> |
| FUNCTIONAL EXPENSES | | | | |
| 11 Instruction | \$ 2,696,974 | \$ 2,696,974 | \$ 2,695,277 | \$ 1,697 |
| 12 Instructional Supplies | 783,000 | 783,000 | 357,316 | 425,684 |
| 41 General Administration | <u>1,854,386</u> | <u>1,854,386</u> | <u>1,531,182</u> | <u>323,204.10</u> |
| Total Functional Expenses | <u>\$ 5,334,360</u> | <u>\$ 5,334,360</u> | <u>\$ 4,583,774</u> | <u>\$ 750,586</u> |
| Excess of Public Support and Revenues Over Expenses | 481,619 | - | (78,272) | (559,891) |
| Net assets, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net assets (deficit), end of year | <u>\$ 481,619</u> | <u>\$ 481,619</u> | <u>\$ (78,272)</u> | <u>\$ (559,891)</u> |

See accompanying notes to the financial statements