MONTESSORI ASSOCIATION OF SOUTH TEXAS

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS 5402 Holly Rd. Suite 102. Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

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MONTESSORI ASSOCIATION OF SOUTH TEXAS AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2024

MONTESSORI ASSOCIATION OF SOUTH TEXAS

TABLE OF CONTENTS AUGUST 31, 2024

| Certificate of Board | |
|--|----|
| Independent Auditors' Report | 1 |
| Financial Section: | |
| Statement of Financial Position 5 | 1 |
| Statement of Activities 6 | 5 |
| Statement of Functional Expenses 7 | |
| Statement of Cash Flows 8 | 1 |
| Notes to the Financial Statements 9 |) |
| Specific-Purpose Financial Section: | |
| Statement of Financial Position |) |
| Statement of Activities |) |
| Statement of Cash Flows | |
| Schedule of Expenses | 2 |
| Schedule of Capital Assets | 3 |
| Real Property Interest Ownership | 1 |
| Budgetary Comparison Schedule |) |
| Use of Funds Report - Select State Allotment Programs | วิ |

| Schedule | 2 | oſ | | Fir | ndi | Ing | js | ar | nd | Qu | les | stic | one | ed | | | | | | | | | | |
|----------|----|-----|----|-----|-----|-----|----|----|-----|-----|-----|------|-----|----|-----|-----|----|---|---|---|---|---|---|-----|
| Costs | | | • | • | • | • | • | • | • | ٠ | • | • | • | • | ÷ | ł | ÷ | • | ٠ | 9 | ٠ | ÷ | * | 2.9 |
| Summary | 10 | Sch | ne | dul | e | ot | Ē | Pr | loi | c 7 | Auc | lit | Fj | na | dir | ngs | 5. | ÷ | • | ÷ | ÷ | ÷ | ÷ | 30 |

Montessori Association of South Texas Certificate of Board

178-807 Montessori Association of South Texas Nueces County Name of Charter School County Co.-Dist. Number We, the undersigned, certify that the attached annual financial reports of the above-named association were reviewed and (check one) / approved disapproved for the year ended August 31, 2024 at a meeting of the Board of Directors on the 22 day of Nov. 2024.

1

Signature of Board Secretary

Signature of Board President

If the Board of Directors disapproved the auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

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Raul Hernandez & Company, P. C.

Certified Public Accountants 5402 Holly Rd, Ste 102 Corpus Christi, Texas 78411 Office (361)980-0428 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Montessori Association of South Texas Corpus Christi, Texas

Opinion

We have audited the accompanying financial statements of Montessori Association of South Texas (a non-profit organization) which comprise the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montessori Association of South Texas as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity 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 and the standards applicable to financial audits contained in <u>Government</u> <u>Auditing Standards</u>, 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 Montessori Association of South Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Montessori Association of South Texas' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional 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 Montessori Association of South Texas' 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 Montessori Association of South Texas' 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 financial schedules noted as supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts 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 attements 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 financial schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024 on our consideration of Montessori Association of South Texas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Raul Hernandez & Company, P.C.

Corpus Christi, TX November 6, 2024

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FINANCIAL SECTION

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Montessori Association of South Texas Statement of Financial Position August 31, 2024

Exhibit A-1

| ACCOUNT OF A | |
|--|--|
| Assets | |
| Current assets: | |
| Cash in Bank | \$ 689,728 |
| Due from State | 145,776 |
| Other Receivables | |
| Total Current Assets | 835,504 |
| Fixed Assets: | |
| Buildings and Improvements | 789,642 |
| Furniture, Fixtures and Equipment | 32,177 |
| Right to Use Asset | 64,587 |
| | 886,406 |
| Less: Accumulated Depreciation | (512,335) |
| Property and Equipment, nel | 374,071 |
| Total Assets | \$ 1,209,575 |
| Liabilities and Net Assets | |
| | |
| Current liabilities: | 80.325 |
| Current liabilities: Accrued Salaries | 89,225 |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability | 11,683 |
| Current liabilities: Accrued Salaries | |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability Total Current Liabilities Long-Term Liabilities | <u>11,683</u> 100,908 |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability | 11,683 |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability Total Current Liabilities Long-Term Liabilities | <u>11,683</u> 100,908 |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability Total Current Liabilities Long-Term Liabilities Long-term Portion of Right to Use Liability Total Liabilities | <u>11,683</u> 100,908 51,944 152,852 |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability Total Current Liabilities Long-Term Liabilities Long-term Portion of Right to Use Liability Total Liabilities | <u>11,683</u> 100,908 <u>51,944</u> <u>152,852</u> 150,995 |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability Total Current Liabilities Long-Term Liabilities Long-term Portion of Right to Use Liability Total Liabilities | <u>11,683</u> <u>100,908</u> <u>51,944</u> <u>152,852</u> 150,995 905,728 |
| Current liabilities: Accrued Salaries Current Portion of Right to Use Liability Total Current Liabilities Long-Term Liabilities Long-term Portion of Right to Use Liability Total Liabilities Net assets: Without Donor Restrictions | <u>11,683</u> 100,908 <u>51,944</u> <u>152,852</u> 150,995 |

Montessori Association of South Texas Statement of Activities For the Year Ended August 31, 2024

Exhibit A-2

| | Without Donor Restrictions | | With Donor Restrictions | | Total |
|--|-------------------------------|-----|----------------------------|------|-----------|
| REVENUE AND OTHER SUPPORT | 11000111000111 | | | | |
| Local Support | | | | | |
| Contributions | \$ 36,170 | 5 | | \$ | 36,170 |
| Fund-raising activities | 42,303 | | - | | 42,303 |
| Interest and other income | 49,662 | | | | 49,662 |
| Total local support | 128,135 | | | | 128,135 |
| State Program Revenues | | | | | |
| Foundation School Program | | | 1,246,928 | | 1,246,928 |
| Other State Aid | | | 160,094 | | 160,094 |
| Total State Program Revenue | | | 1,407,022 | | 1,407,022 |
| Federal program revenues | | | | | |
| Federal Revenues Distributed by the Texas | | | | | |
| Education Agency | | | 59,204 | | 59,204 |
| Total Federal Program Revenue | | | 59,204 | | 59,204 |
| Total Federal Flogram Revenue | | | 00,204 | | 00,204 |
| Net assets released from restrictions: | | | | | |
| Restrictions satisfied by payments | 1,459,539 | | (1,459,539) | | |
| Total Revenue and Other Support | 1,587,674 | | 6,687 | | 1,594,361 |
| EXPENSES | | | | | |
| Program Services | | | | | |
| Instruction and Instructional-Related Services | 1,012,102 | | - | | 1,012,102 |
| Instructional and School Leadership | 76,970 | | | | 76,970 |
| Support Services: | | | | | |
| Administrative Support Services | 176,950 | | - | | 176,950 |
| Support Services - Non-Student Based | 273,698 | | - | | 273,698 |
| Support Services - Student | 53,855 | | | | 53,855 |
| Community Services | 00,000 | | | | |
| Debt Service | 135 | | | | 135 |
| | 1,593,710 | 2.0 | | 6 K | 1,593,710 |
| Total Expenses | 1,080,710 | 8 | | 1.00 | 1,000,710 |
| Excess (Deficiency) of Revenues | 10 0201 | | 6,687 | | 651 |
| Over (Under) Expenses | (6,036) | | 0,087 | 1 | 001 |
| CHANGE IN NET ASSETS | (6,036) | | 6,687 | | 651 |
| NET ASSETS BEGINNING OF YEAR | 157,031 | | 899,041 | | 1,056,072 |
| NET ASSETS END OF YEAR | \$ 150,995 | \$ | 905,728 | \$ | 1,056,723 |

Montessori Association of South Texas Statement of Functional Expenses For the Year Ended August 31, 2024

Exhibit A-3

| | Prog | ram Activities | Support A | ctivities | | | |
|----------------------------|------|---------------------|---------------------------|-----------|----------|----|-----------|
| Expenses | | Program Services | neral and ninistration | Fun | draising | - | Totals |
| Salaries and Wagos | \$ | 680,602 | \$ 139,969 | \$ | - | \$ | 820,571 |
| Benefits | | 108,354 | 8,588 | | | | 116,942 |
| Payroll Taxes | | 11,549 | 2,301 | | | | 13,850 |
| Total Payroll Expenses | | 800,505 | 150,858 | | * | | 951,363 |
| Rental Expense | \$ | 10.20 | \$ 20,413 | \$ | - | \$ | 20,413 |
| Contracted Services | | 163,474 | 137,531 | | | | 301,005 |
| Maintenance and Repairs | | - | | | ÷ | | - |
| Utilities | | | 33,710 | | 1.2 | | 33,710 |
| Depreciation | | 53,206 | - 19 - - | | +C | | 53,206 |
| Supplies | | 47,561 | 44,242 | | 8,925 | | 100,728 |
| Travel | | 19,828 | 42,654 | | | | 62,482 |
| Instructional Materials | | - | | | - | | |
| Insurance and Bonding | | 4,487 | 33,028 | | 14 L | | 37,515 |
| Professional Fees and Dues | | - | 24,953 | | - C | | 24,953 |
| Other | | | 8,335 | | ÷. | | 8,335 |
| Total Non-Payroll Expenses | \$ | 288,556 | \$ 344,866 | \$ | 8,925 | \$ | 642,347 |
| Total Expenses | \$ | 1,089,061 | \$ 495,724 | \$ | 8,925 | \$ | 1,593,710 |

Montessori Association of South Texas Statement of Cash Flows For the Year Ended August 31, 2024

Exhibit A-4

| Cash Flows From Operating Activities | m | 651 |
|---|---------|----------|
| Change in Net Assets | \$ | 051 |
| Adjustments to reconcile change in net assets to net cash | | |
| provided (used) by operating activities: | | |
| Depreciation | | 56,435 |
| Prior Period Adjustment | | |
| (Increase) Decrease in: | | (10 007) |
| Due from State | | (10,887) |
| Other Receivables | | |
| Other current assets | | - |
| Increase (Decrease) in: | | |
| Accounts Payable | | |
| Accrued Salaries | | 5,380 |
| Payroll Taxes | | ÷. |
| Teacher Retirement | | |
| Other current liabilities | - | - |
| | | 51,579 |
| Cash Flows From Investing Activities | | |
| Purchase of furniture, fixtures & equipment | | (64,587) |
| | - | (64,587) |
| Cash Flows From Financing Activities | | |
| Principal Payments | | 63,628 |
| | <u></u> | 63,628 |
| Net Increase (Decrease) in Cash | | 50,620 |
| Cash at Beginning of Year | | 639,108 |
| Cash at End of Year | \$ | 689,728 |
| Summary of Cash: | | |
| Cash in Bank | | 689,728 |
| Total Cash | \$ | 689,728 |
| | - ¥ | |

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Montessori Association of South Texas was incorporated May 27, 1986. The Association was formed to support the development and funding of the Montessori education philosophy for pre-school through high school programs. It is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association is governed by the Board of Directors. The Board of Directors is selected pursuant to the bylaws of the Association and has the authority to make decisions, appoint the officers of the Association and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Association. The Association operates the Corpus Christi Montessori School.

The Corpus Christi Montessori School (Charter School) is a charter school operating under an open enrollment charter granted by the Texas State Board of Education during 2005. The charter school is part of the public school system of the state and is entitled to distribution from the State's available school fund. The school does not have the authority to impose taxes or charge tuition. The charter school currently serves first through eighth grades.

B. Basis of Presentation

The combined general-purpose financial statements include the accounts of Montessori Association of South Texas and Corpus Christi Montessori School. All significant intercompany accounts and transactions have been eliminated in the combined generalpurpose financial statements.

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donorimposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fixed Assets and Depreciation

All purchased fixed assets are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition. Fixed assets are defined by the organization as capital assets with an individual cost of more than \$1,000. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

D. Revenues

Revenues from the state's available school fund are based on reported attendance. State foundation revenues are public funds held in trust by the charter holder for the benefit of the students of the charter school and as such are reported as temporarily restricted revenues.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Governmental grant contracts that are entered into by the School are recognized as revenue when services are rendered or when the expenses in connection with those services are incurred.

E. Donated Goods and Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

F. Cash and Cash Equivalents

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Estimates

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

II. Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense | Method of Allocation |
|----------------------------|----------------------|
| Salaries and wages | Time and Effort |
| Benefits | Time and Effort |
| Payroll Taxes | Time and Effort |
| Rental Expense | Square Footage |
| Contracted Services | Full Time Equivalent |
| Maintenance and Repait | Time and Effort |
| Utilities | Square Footage |
| Depreciation | Square Footage |
| Supplies | Time and Effort |
| Travel | Time and Effort |
| Instructional Materials | Time and Effort |
| Insurance and Bonding | Square Footage |
| Professional Fees and Dues | Full Time Equivalent |
| Other | Time and Effort |
| | |

I. New Accounting Pronouncement

The Texas Education Agency Financial Accountability System Resource Guide, Update 19, Module 2: Special Supplement - Charter Schools aligns with current financial accounting reporting standards. Updates included a requirement for the recording of Teacher Retirement System on-behalf revenue and payments and the calculations for the amounts. This module established financial and accounting requirements for Texas public charter schools to ensure uniformity in accounting in conformity with GAAP. This includes current guidance that complements the American Institute of Certified Public Accountants Audit and Accounting Guide, State and Local Governments and supplements the Government Auditing Standards of the United States Government Accountability Office. These requirements would facilitate preparation of financial statements that conform to GAAP established by the Financial Accounting Standards Board. Module 3 aligns with current financial accounting standards. Updates were made to accounting codes which included updates to accounting codes for dyslexia and related disorders added by HB 3928, 88th Texas Leg Regular Session 2023, as well as the addition of accounting codes for TRS on-behalf payments.

2. AVAILABILITY AND LIQUIDITY

The following represents the Charter School financial assets at August 31, 2024:

| Financial assets at year end: | | 2024 |
|---|-----|---------|
| Cash in bank | \$ | 689,728 |
| Due from State | | 145,776 |
| Total financial assets | | 835,504 |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | | 905,729 |
| Less net assets with purpose restrictions to be met in | | |
| less than a year | | |
| Quasi endowment established by the board | - | |
| | | 905,729 |
| Financial assets available to meet general expenditures | | |
| over the next twelve months | (\$ | 70,225) |

As part of the Association's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due by maintaining a significant portion of its assets in cash.

3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS

The requirements of Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB also establishes a fair value hierarchy that categorizes the inputs used in valuation methodologies into three levels.

Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and the reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. A three-tier hierarchy categorizes the inputs used to measure fair value as follows:

3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS (continued)

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- · Quoted prices for similar assets/liabilities in active markets;
- · Quoted prices for identical or similar assets in non-active markets;
- · Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Association does not have any financial instruments that apply to this three-tier hierarchy.

4. CONCENTRATIONS

A. Cash in Bank

The Association and Schools maintain bank accounts with Bank of America that exceeded \$250,000 at various times during the year. Federal deposit insurance on the Bank of America accounts totaled \$250,000 on interest bearing accounts. There are no other insurance or collateralization agreements to protect these accounts above the federal limits. The balance in the accounts totaled \$689,728 on August 31, 2024. The Organization's cash balances in banks are fully insured by FDIC. The Organization maintains its cash with high quality financial institutions which the Organization believes limits these risks.

B. Revenues

The principal source of revenue for the Charter School is its receipt of state program revenues received from the Texas Education Agency.

5. PENSION DISCLOSURE

Plan Description

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

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

| Name of Plan: Teacher Retirement Sys | tem of 7 | Texas |
|--------------------------------------|----------|-------------|
| Plan Number: N/A | | |
| Zone status: Unknown | | |
| (Dollars in Thousands) | | |
| 1. Total Plan Assets | \$ | 255,860,866 |
| 2. Accumulated Benefit Obligations | | 187,170,535 |
| 3. The plan is 73.15% funded | | |

Benefits Provided

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

5. PENSION DISCLOSURE (continued)

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 202 thru 2024. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2023 as discussed in Note 1 of the TRS 2023 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2023 and 2024.

Contribution Rates

| | 202 | 24 | 2023 | |
|--|------|----|---------|--|
| Member | 8.25 | 5% | 8.0% | |
| Non-Employer Contributing Entity (State) | 8.25 | 5% | 8.0% | |
| Employers | 8.25 | 5% | 8.0% | |
| 2024 Employer Contributions | \$ | 26 | ,333.95 | |
| 2024 Member Contributions | S | 65 | ,669.09 | |

Contributors to the plan include members, employers and the State of Texas as the only nonemployer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). The School's contribution does not represent more than 5 percent of total contributions to the TRS plan.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

5. PENSION DISCLOSURE (continued)

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

There have been no changes that would affect the comparison of employer contributions from year to year.

5. ON-BEHALF PAYMENTS

Corpus Christi Montessori School Charter School recorded on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$55,306 for the year ended August 31, 2024. These payments were not required to be posted in the prior year.

6. FIXED ASSETS

| | Beginning Balance | 1 | Additions | 6 | Deletions | | Ending Balance |
|------------------------------------|----------------------|----|-----------|----|-----------|----|-------------------|
| Building and Improvements | \$ 789,642 | \$ | | \$ | - | \$ | 789,642 |
| Furniture, Fixtures, and Equipment | 32,177 | | - | | ÷ | | 32,177 |
| Right to Use Asset-Copier Lease | | | 64,587 | | | | 64,587 |
| Total Fixed Assets | 821,819 | | 64,587 | | - | | 886,406 |
| Less: Accumulated Depreciation | (455,899) | | (56,436) | | | | (512,335) |
| Total Fixed Assets, net | \$ 365,920 | \$ | 8,151 | \$ | ÷ | S | 374,071 |

Depreciation expense for the year ended August 31, 2024 is \$56,436.

7. OWNERSHIP IN PROPERTY AND EQUIPMENT – CORPUS CHRISTI MONTESSORI SCHOOL

Capital assets acquired with public funds received by the Association for the operation of Corpus Christi Montessori School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets for Corpus Christi Montessori School.

On December 31, 2014, MAST received donated property of based on its appraisal value and in its "as is" condition under a Special Warranty Deed.

8. RIGHT TO USE ASSETS/LIABILITIES

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

The charter school entered into a lease agreement on June 5, 2024, for four copiers with Knight Office Solutions. The lease consists of a monthly payment of \$1,095 for 63 months with interest of 2.5%. The lease matures on October 5, 2029.

| DESCRIPTION | N | ŀ | erest tate yable | Cu | lerest rrent /ear | Amou Outstan 9/1/20 | ding | _1 | ncrease | 100 | orease | Qu | amounts dstanding (31/2024 | | Current Portion |
|---|----------------------|-----------|--------------------------------------|----------------------|-------------------------|------------------------------|------|----|--|-----|--------|----------|----------------------------------|----|--------------------|
| Knight Office Solutions Four Sharp Copiers | | | 2.50% | s | 135 | S | | s | 64,587 | \$ | 960 | \$ | 63,627 | s | 11,683 |
| | | | | S | 135 | S | 4 | 5 | 64.587 | \$ | 960 | <u>s</u> | 63,627 | \$ | 11,683 |
| | | | | | | | | | | | | | | | |
| Year ended August 31 | | Pri | incipal | | lr | iterest | | T | otal | | | | | | |
| Year ended August 31 | 2025 | Pri \$ | incipal 11.6 | | lr \$ | nterest 1,457 | | - | otal 13,140 | | | | | | |
| Year ended August 31 | 2026 | | 11.6 11,9 | 78 | | 1,457 1,162 | 5 | - | 13,140 13,140 | | | | | | |
| Year ended August 31 | 2026 2027 | | 11.6 11,9 12,2 | 78 80 | | 1,457 1,162 860 | \$ | - | 13,140 13,140 13,140 | | | | | | |
| Year ended August 31 | 2026 2027 2028 | | 11.6 11,9 12,2 12,5 | 78 80 92 | | 1,457 1,162 860 548 | | - | 13,140 13,140 13,140 13,140 | | | | | | |
| Year ended August 31 | 2026 2027 | | 11,6 11,9 12,2 12,5 12,9 | 78 80 92 10 | | 1,457 1,162 860 | 5 | - | 13,140 13,140 13,140 13,140 13,140 13,140 | | | | | | |
| Year ended August 31 Thereafter | 2026 2027 2028 | | 11,6 11,9 12,2 12,5 12,9 | 78 80 92 | | 1,457 1,162 860 548 | 5 | - | 13,140 13,140 13,140 13,140 | | | | | | |

9. GROUP HEALTH INSURANCE

During the year ended August 31, 2024, employees of the charter school were covered by a Health Insurance Plan (the Plan). The charter school contributed from \$260 per month per employee enrolled in the plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums. All premiums were paid to licensed insurers.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2024 were as follows:

| Foundation School Program | S | 870,955 | |
|-------------------------------------|----|---------|--|
| ESSER | | 121 | |
| State Textbook Fund | | 181 | |
| Campus Activity Program | | 34,472 | |
| Total | \$ | 905,729 | |
| AND ADDRIDG A BUS COMMUNICIPALCINES | - | | |

11. COMMITMENTS AND CONTINGENCIES

The Charter School receives federal and state funds which are governed by various rules and regulations by the grantor. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants other than as reflected in the financial statements.

12. RECONCILIATION OF REVENUES FROM FEDERAL PROGRAMS

The Charter School received revenues from federal programs for the year August 31, 2024 as follows:

| Federal Monies Received | \$ | 55,311 |
|---|----|--------|
| Per Audited Financial Statements | 2 | 59,204 |
| Difference between monies received and financial statements | (| 3,893) |
| Grants Receivable from 2023 | | 3,893 |
| Balance | \$ | -0- |

13. EVALUATION OF SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events through November 6, 2024, the date which the financial statements were available to be issued.

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SPECIFIC-PURPOSE FINANCIAL SECTION

Corpus Christi Montessori School Statement of Financial Position August 31, 2024

Exhibit B-1

| Assets | |
|--|--------------|
| Current assets: | |
| Cash in Bank | \$ 642,517 |
| Due from State | 145,776 |
| Total Current Assets | 788,293 |
| Fixed Assets: | |
| Buildings and Improvments | 534,114 |
| Furniture, Fixtures and Equipment | 32,177 |
| Right to Use Asset | 64,587 |
| Less: Accumulated Depreciation | (360,591) |
| Property and Equipment, net | 270,287 |
| Total Assets | \$ 1,058,580 |
| Liabilities and Net Assets Current liabilities: | |
| Accrued Salaries | 89,225 |
| Current Portion of Right to Use Liability | 11,683 |
| Total Current Liabilities | 89,225 |
| Long-Term liabilities | |
| Long-term Portion of Right to Use Liability | 51,944 |
| Total Liabilities | 152,852 |
| Net assets: | |
| Wilhout Donor Restrictions | 1 |
| With Donor Restrictions | 905,728 |
| Total net assets | 905,728 |
| Total Liabilities and Net Assets | \$ 1,058,580 |

Corpus Christi Montessori School Statement of Activities For the Year Ended August 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|-----------------------------|------------|
| EVENUE AND OTHER SUPPORT | | | |
| Local Support | -244.440 | 2 | 3. 12.624 |
| 5742 Earnings from Temporary Deposits \$ | 17,174 | s - | \$ 17,174 |
| 5744 Contributions | + | | |
| 5748 Other Revenues from Local Sources-Locally Defined | | - | - |
| 5749 Other Revenues from Local Sources | | - | |
| Total local support | 17,174 | - | 17,174 |
| State Program Revenues | | | |
| 5810 Foundation School Program | | 1,246,928 | 1,246,928 |
| 5820 State Program Revenues Distributed by the | | | |
| Texas Education Agency | | 104,788 | 104,788 |
| 5830 Revenues from Texas Government Agencies | - | 55,306 | 55,306 |
| Total State Program Revenue | | 1,407,022 | 1,407,022 |
| Federal program revenues | | of the second | |
| 5920 Federal Revenues Distributed by the Texas | | | |
| Education Agency | | 59,204 | 59,204 |
| Total Federal Program Revenue | | 59,204 | 59,204 |
| Total i dona i rogian novende | | | |
| Net assets released from restrictions: | | and the first of the second | |
| Restrictions satisfied by payments | 1,459,539 | (1,459,539) | |
| Total Revenue and Other Support | 1,476,713 | 6,687 | 1,483,400 |
| XPENSES | | | |
| 11 Instruction | 902,260 | | 902,260 |
| 12 Instructional Resources and Media Services | 002,200 | | 002,200 |
| 13 Curriculum Development and Instructional | | | |
| Staff Development | 51,094 | | 51,094 |
| 21 Instructional Leadership | 51,034 | | 01,004 |
| | 76,970 | | 76,970 |
| 23 School Leadership | | - | 16,132 |
| 31 Guidance Counseling and Evaluation | 16,132 | - | 10,152 |
| 35 Food Services | 434 | | 434 |
| 36 Cocurricular/Extracurricular Activities | | - 3 | |
| 41 General Administration | 171,178 | | 171,178 |
| 51 Plant Maintenance and Operations | 222,423 | ~ | 222,423 |
| 52 Security and Monitoring Services | 15,747 | | 15,747 |
| 53 Data Processing | 20,340 | | 20,340 |
| 61 Community Services | | | |
| 71 Debt Service | 135 | | 135 |
| 81 Fund Raising | | | |
| Total Expenses | 1,476,713 | | 1,476,713 |
| Excess (Deficiency) of Revenues | | 5 4 5 4 | |
| Over (Under) Expenses | | 6,687 | 6,687 |
| | | | |
| HANGE IN NET ASSETS | | 6,687 | 6,687 |
| ET ASSETS BEGINNING OF YEAR | <u> </u> | 899,041 | 899,041 |
| ET ASSETS END OF YEAR \$ | | \$ 905,728 | \$ 905,728 |

Corpus Christi Montessori School Statement of Cash Flows For the Year Ended August 31, 2024

Exhibit B-3

| Cash Flows From Operating Activities | | |
|---|----|---------------------------------------|
| Change in Net Assets | \$ | 6,687 |
| Adjustments to reconcile change in net assets to net cash | | |
| provided (used) by operating activities: | | |
| Depreciation | | 39,661 |
| (Increase) Decrease in: | | |
| Due from State | | (10,886) |
| Due from Other Funds | | |
| Prepaid Expenses | | - |
| Increase (Decrease) in: | | |
| Accounts Payable | | × |
| Due to State | | |
| Payroll Taxes | | |
| Teacher Retirement | | * |
| Accrued Liabilities | | · · · · · · · · · · · · · · · · · · · |
| Accrued Wages | | 5,380 |
| Cash Flows From Operating Activities | _ | 40,842 |
| Cash Flows From Investing Activities | | |
| Purchase of furniture, fixtures & equipment | | (64,587) |
| | - | (64,587) |
| Cash Flows From Financing Activities | | |
| Principal Payments | | 63,627 |
| a construction of a second | | 63,627 |
| Net Increase (Decrease) in Cash | | 39,882 |
| Cash at Beginning of Year | _ | 602,635 |
| Cash at End of Year | \$ | 642,517 |
| | | |
| | | |
| Summary of Cash: Cash in Bank | | 642,517 |

Corpus Christi Montessori School Schedule of Expenses For the Year ended August 31, 2024

Exhibit C-1

| enses | | |
|---|----|-----------|
| | ¢ | 020 000 |
| 6100 Payroll Costs | \$ | 938,699 |
| 6200 Professional and Contract Services | | 369,479 |
| 6300 Supplies and Materials | | 71,522 |
| 6400 Other Operating Costs | | 96,878 |
| 6500 Interest Expense | | 135 |
| Total Expenses | \$ | 1,476,713 |

Corpus Christi Montessori School Schedule of Assets August 31, 2024

Exhibit D-1

| | O | | | | |
|--|------------|-----------|----|-------------------|-----------|
| | Local | State | | Federal | Total |
| 1110 Cash | \$ \$ | 650,496 | \$ | (7,979) \$ | 642,517 |
| 1510 Land and Improvements | | | | | - |
| 1520 Buildings and Improvements | ÷. | 534,114 | | ÷ | 534,114 |
| 1539 Furniture, Fixtures and Equipment | ÷1 | 32,177 | | | 32,177 |
| 1559 Right to Use Asset | | 64,587 | | | 64,587 |
| Total Property and Equipment | \$ - \$ | 1,281,374 | \$ | <u>(7,979)</u> \$ | 1,273,395 |

Corpus Christi Montessori School Schedule of Real Property Ownership Interest August 31, 2024

Exhibit D-2

| | | Total | 1 | | | | |
|-------------------------------------|-----|-------------|---|--|--|---|--|
| Property Address | Ass | essed Value | Lo | cal | State | Federal | Total |
| 822 Ayers, Corpus Christi, TX 78404 | 5 | 1,056,149 | \$ | \$ | 534,114 S | - 5 | 534,114 |
| | | | | | 1 | - | |
| | | | | | | 1 | |
| | | | | | | | + |
| | 5 | 1,066,149 | 5 | - 5 | 534,114 \$ | - S | 534,114 |
| | | | Properly Arldress Assessed Value 822 Ayers, Corpus Christi, TX 78404 \$ 1,056,149 | Property Arldress Assessed Value Lo 822 Ayers, Corpus Christi, TX 78404 \$ 1,056,149 \$ | Property Address Assessed Value Local 822 Ayers, Corpus Chrisu, TX 78404 \$ 1,056,149 \$ \$ | Property Arldress Assessed Value Local State 822 Ayers, Corpus Christi, TX 78404 \$ 1,056,149 \$ \$ 534,114 \$ | Property Arldress Assessed Value Local State Foderal 822 Ayers, Corpus Christi, TX 78404 \$ 1,056,149 \$ \$ 534,114 \$ - \$ |

Corpus Christi Montessori School Budgetary Comparison Schedule For the Year Ended August 31, 2024

| | | Budgeted Amounts | | | Actual | | Variance from Final | |
|--|----|---------------------------------------|-----|-----------|---------|-----------|------------------------|------------|
| | | Original | u n | Final | е. С | Amounts | | Budget |
| REVENUE AND OTHER SUPPORT | | | - | (| | | 119 | |
| Local Support | | | | | | | | |
| 5742 Earnings on Temporary Deposits | \$ | 1,000 | \$ | 1,000 | \$ | 17,174 | 5 | 16,174 |
| 5744 Contributions | - | 11225 | | | | 1000 | 1 | - |
| 5748 Other Revenues from Local Sources-Locally Defined | | | | | | | | ÷ |
| 5749 Other Revenues from Local Sources | | 1,000 | | 31,000 | | | | (31,000) |
| Total local support | | 2,000 | | 32,000 | 5.6 | 17,174 | | (14,826) |
| State Program Revenues | | 2,000 | | 02,000 | | (Line) | | (Tritosio) |
| 5810 Foundation School Program | | 1,264,500 | | 1,264,500 | | 1,246,928 | | (17,572) |
| | | 1,204,000 | | 1,204,000 | | 1,240,320 | | (mare) |
| 5820 State Program Revenues Distributed by the | | | | 104,788 | | 104,788 | | |
| Texas Education Agency | | | | | | | | - |
| 5830 Revenues from Texas Government Agencies | | - | | 55,306 | 2.4 | 55,306 | c isi | - |
| Total State Program Revenue | | 1,264,500 | | 1,424,594 | | 1,407,022 | | (17,572) |
| Federal program revenues | | | | | | | | |
| 5920 Federal Revenues Distributed by the Texas | | | | | | | | |
| Education Agency | | - | | 59,214 | | 59,204 | | (10) |
| Total Federal Program Revenue | | · · · · · · · · · · · · · · · · · · · | | 59,214 | | 59,204 | | (10) |
| Total Revenue and Other Support | | 1,266,500 | 1 | 1,515,808 | | 1,483,400 | 1 | (32,408) |
| EXPENSES | | | | | | | | |
| 11 Instruction | | 802,848 | | 957,484 | | 902,260 | | 55,224 |
| 12 Instructional Resources and Media Services | | | | | | | | |
| 13 Curriculum Development and Instructional | | | | | | | | |
| Staff Development | | 65,120 | | 65,570 | | 51,094 | | 14,476 |
| 21 Instructional Leadership | | 001120 | | and a s | | | | |
| 23 School Leadership | | 69,997 | | 72,997 | | 76,970 | | (3,973) |
| 31 Guidance Counseling and Evaluation | | 7,000 | | 7,000 | | 16,132 | | (9,132) |
| 35 Food Services | | 7,000 | | 7,000 | | 10,102 | | (0,10E) |
| | | - | | 5 | | 434 | | (434) |
| 36 Cocurricular/Extracurricular Activities | | 404 405 | | 470 405 | | 171,178 | | |
| 41 General Administration | | 181,425 | | 176,425 | | | | 5,247 |
| 51 Plant Maintenance and Operations | | 109,310 | | 205,532 | | 222,423 | | (16,891) |
| 52 Security and Monitoring Service | | 15,000 | | 15,000 | | 15,747 | | (747) |
| 53 Data Processing | | 15,300 | | 15,300 | | 20,340 | | (5,040) |
| 61 Community Services | | 500 | | 500 | | | | 500 |
| 81 Fundraising | | | | A. | | 135 | | (135) |
| Total Expenses | | 1,266,500 | | 1,515,808 | | 1,476,713 | | 39,095 |
| Excess (Deficiency) of Revenues | | | | | | | | |
| Over (Under) Expenses | | | | - | 1 | 6,687 | 10 | 6,687 |
| | | | | | | | | |
| CHANGE IN NET ASSETS | | | | 1.11 | | 6,687 | | 6,687 |
| NET ASSETS BEGINNING OF PERIOD | | 899,041 | | 899,041 | | 899,041 | 1 | |
| NET ASSETS END OF PERIOD | ¢. | 899.041 | æ | 899,041 | s | 905,728 | s | 6.687 |

Exhibit E-1

Corpus Christi Montessori School State Compensatory Education and Bilingual Education Program Expenditures 8/31/2024

Exhibit J-4 Section A: Compensatory Education Programs Did your Charter School expend any state compensatory education state allotment funds AP1 Yes during the district's fiscal year? Does the Charter School have written policies and procedures for its state compensatory AP2 Yes education program? List the total state allotment funds received for state compensatory education programs AP3 5 42.812.00 during the School's fiscal year. AP4 List the actual direct program expenses for state compensatory education programs \$ 62,134.00 during the School's fiscal year. Section B: Bilingual Education Programs AP5 Did your Charter School expend any bilingual education program state allotment funds during the Charter School's fiscal year? Yes Does your Charter School have written policies and procedures for its bilingual education AP6 Yes program? AP7 List the total state allotment funds received for bilingual education programs during the Charter School's fiscal year. \$ 2,373.00 AP8 List the actual direct program expenses for bilingual education programs during the 3,816.00 Charter School's fiscal year. \$

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Raul Hernandez & Company, P.C.

Certified Public Accountants 5402 Holly Rd., Suite 102 Corpus Christi, Texas 78411 Office (361)980-0428 Fax (361)980-1002

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 GOVERNMENTAL AUDITING STANDARDS

To the Board of Directors Montessori Association of South Texas Corpus Christi, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Montessori Association of South Texas (a nonprofit organization), which comprise of the 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, and have issued our report on them dated November 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Montessori Association of South Texas'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 Montessori Association of South Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the Montessori Association of South Texas's internal control over financial reporting.

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 combination of control 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 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Montessori Association of South Texas's financial statements are free of 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 determination of financial statement amounts. 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.

Raul Hernandez + Company, P.C.

Corpus Christi, TX November 6, 2024

MONTESSORI ASSOCIATION OF SOUTH TEXAS SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2024

A. Summary of the Auditors' Results

| 1. Financial statements: | | |
|--|-------------------------|--------------|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| One or more material weaknesses identified | ?Yes | <u>X_</u> No |
| One or more significant deficiencies identifi are not considered to be material weaknesse | | <u>X</u> No |
| Noncompliance material to financial statement | nts | |
| noted? | Yes | X No |
| 2. Federal Awards | | |
| A single audit was not required for the year | ar ended August 31, 202 | 24 |

B. Financial Statement Findings

None identified

C. Findings and Questioned Costs for Federal Awards

None identified

MONTESSORI ASSOCIATION OF SOUTH TEXAS SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2024

N/A



Corpus Christi Montessori School A Free Public Charter

822 Ayers Street Corpus Christi, Texas 78404 (361) 852-0707 www.cc-montessori.com

December 5, 2024

To: Texas Education Agency Subject: Variance in 2023-2024 budget

Variance for Final Budget vs Actual Budget:

Function 13- Did not have anticipated expenditures

Function 31- Additional counseling and mental health awareness expenditures

Function 36 - Did not have anticipated Co-Curricular expenses

Function 51 - Due to increased expenses for repairs with the building and safety concerns with the building

Variance for Original Budget vs Final Budget

Function 11 - Due to payroll increases

Function 51 - Safety improvements for building and repairs.

Respectfully,

Cerise Weeks, Director