

# **EXCELLENCE IN LEADERSHIP ACADEMY**



**Annual Financial Report  
For the Fiscal 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

EXCELLENCE IN LEADERSHIP ACADEMY  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2024



EXCELLENCE IN LEADERSHIP ACADEMY

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**Excellence in Leadership Academy  
Certificate of Board  
Federal ID# 45-3816853**

Excellence in Leadership Academy  
Name of Charter School

Hidalgo County  
County

108-809  
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 7<sup>th</sup> day of January 2025.

*Maria S. Gomez*  
Signature of Board Secretary

*Henry Ruse*  
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, Suite 102  
Corpus Christi, Texas 78411  
Office (361)980-0428 Fax (361)980-1002

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Excellence in Leadership Academy  
Mission, Texas

Members of the Board of Directors:

***Opinion***

We have audited the accompanying financial statements of Excellence in Leadership Academy (a non-profit organization) which comprise the statement of financial position as of August 31, 2024 and the related statement 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 Excellence in Leadership Academy 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Excellence in Leadership Academy 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 Excellence in Leadership Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Excellence in Leadership Academy'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 Excellence in Leadership Academy's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting procedures 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 schedule of expenditures of federal awards is 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 January 7, 2025, on our consideration of Excellence in Leadership Academy'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, Texas

January 7, 2025

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FINANCIAL SECTION

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EXCELLENCE IN LEADERSHIP ACADEMY  
**Statement of Financial Position**  
August 31, 2024

Exhibit A-1

**ASSETS**

Current Assets			
Cash & Cash Equivalent	\$		583,252
Due From State			626,814
Total Current Assets			1,210,066
Property & Equipment, Net			255,113
<b>Total Assets</b>			1,465,179

**LIABILITIES and NET ASSETS**

Current Liabilities			
Due To State			9,020
Wages Payable			-
Current Portion of Long Term Debt			2,864
Total Current Liabilities			11,884
Long Term Debt			4,699
Total Liabilities			16,583
<b>NET ASSETS</b>			
Without Donor Restrictions			512,247
With Donor Restrictions			936,349
Total Net Assets			1,448,596
<b>Total Liabilities and Net Assets</b>	\$		1,465,179

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

EXCELLENCE IN LEADERSHIP ACADEMY

*Statement of Activities*

For the Year Ended August 31,2024

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Local Support			
Interest and Other Income	\$ 20,744	\$ -	\$ 20,744
Contributions	-	-	-
Total Local Support	20,744	-	20,744
State Program Revenues			
Foundation School Program	-	2,354,886	2,354,886
Other State Aid	-	380,481	380,481
Total State Program Revenue	-	2,735,367	2,735,367
Federal Program Revenues			
Child Nutrition	-	159,383	159,383
Special Education Grant	-	44,502	44,502
Special Education Preschool Grant	-	810	810
ESSER Grants	-	677,190	677,190
Title I Grant to Local Educational Agencies	-	167,552	167,552
Teacher and School Leader Incentive Grant	-	16,210	16,210
Title IV	-	13,640	13,640
Title III Limited English Proficient	-	-	-
LEP Summer Grant	-	1,469	1,469
Total Federal Programs Revenues	-	1,080,756	1,080,756
Net Assets Released From Restrictions			
Restrictions Satisfied by Payments	3,816,123	(3,816,123)	-
Total Revenue and Oher Support	3,836,867	-	3,836,867
<b>EXPENSES</b>			
Program Services			
Instruction and Instructional Related Services	2,499,933	-	2,499,933
Instructional & School Leadership	266,717	-	266,717
Support Services			
Administrataive Support Services	343,007	-	343,007
Ancillary Services	-	-	-
Support Services-Non Student Based	532,314	-	532,314
Support Services - Student	272,884	-	272,884
Debt	-	-	-
Total Expenses	3,914,855	-	3,914,855
<b>Changes in Net Assets</b>	(77,988)	-	(77,988)
<b>Net Assets Beginning of Year</b>	590,235	936,349	1,526,584
<b>Net Assets End of Year</b>	\$ 512,247	\$ 936,349	\$ 1,448,596

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

EXCELLENCE IN LEADERSHIP ACADEMY

*Statement of Functional Expenses*

For the Year Ended August 31,2024

Exhibit A-3

	Program Activities	Support Activities	Totals
	Program Services	General Administration	
<b>EXPENSES</b>			
Salaries & Wages	\$ 1,881,006	\$ 392,518	\$ 2,273,524
Benefits	317,811	34,848	352,659
Payroll Taxes	26,310	5,539	31,849
Total Payroll Expenses	2,225,127	432,905	2,658,032
Rental Expense	-	261,232	261,232
Contract Labor	235,793	296,259	532,052
Utilities	-	55,661	55,661
Depreciation	-	21,531	21,531
Supplies	267,906	26,891	294,797
Travel	-	510	510
Insurance & Bonding	18,180	-	18,180
Professional Fees and Dues	45,953	26,531	72,484
Other	-	376	376
Total Non-Payroll Expenses	567,833	688,990	1,256,823
<b>Total Expenses</b>	<b>\$ 2,792,960</b>	<b>\$ 1,121,895</b>	<b>\$ 3,914,855</b>

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

EXCELLENCE IN LEADERSHIP ACADEMY

**Statement of Cash Flows**

For the Year Ended August 31, 2024

Exhibit A-4

**Cash Flows From Operating Activities**

Change in Net Assets	\$	(77,988)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation		21,531
Prior Period Adjustments		-
(Increase) Decrease in		
Due from State		(330,100)
Inventories		-
Other Assets		-
Increase (Decrease) in		
Accounts Payable		9,020
Accrued Salaries		-
Payroll Taxes		-
		<u>(377,537)</u>

**Cash Flows From Investing Activities**

Purchase of Furniture, Fixtures & Equipment		(11,488)
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**Cash Flows From Financing Activities**

Accrued Interest Payable		-
Issuance of Debt		-
Loan Issuance Cost		-
Principal Payments		7,563
		<u>7,563</u>

Net Increase (Decrease) in Cash		(381,462)
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<b>Cash at Beginning of Year</b>		<u>964,714</u>
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<b>Cash at End of Year</b>	\$	<u><u>583,252</u></u>
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Summary of Cash		
Cash & Cash Equivalent		583,252
Total Cash	\$	<u><u>583,252</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Academy**

The Excellence in Leadership Academy (ELA) is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy is governed by the Board of Directors. The Board of Directors is selected pursuant to the bylaws of the Academy and has the authority to make decisions, appoint the officers of the Academy and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Academy.

The Academy operates under an open enrollment charter granted by the Texas State Board of Education. The charter was initially issued for a period of five years. The school is part of the public school system of the state and is entitled to distribution from the State's available school fund. However, the School does not have the authority to impose taxes.

Excellence in Leadership Academy currently services Pre-K to 8<sup>th</sup> grade students. Highlights of their services to their students and community include highly qualified and committed staff, state of the art technology, and family and community involvement. The Academy offers dual language programs, smaller learning communities, and integration of college and career readiness standard.

The charter holder operated only a single charter school and did not conduct any other charter or non-charter activities.

**B. Basis of Presentation**

The combined general-purpose financial statements include the accounts of Excellence in Leadership Academy. All significant intercompany accounts and transactions have been eliminated in the combined general-purpose financial statements.

The financial statements of the Academy have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Academy 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 donor-imposed 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 Academy management and the board of directors.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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.

During the current year, the School adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires the School to recognize revenue when it transfers control of promised goods or services. Revenue is recognized in an amount that reflects the consideration the School expects to receive in exchange for those goods or services. The ASU also requires School to disclose sufficient quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Management has determined that this ASU did not impact the School's financial statements.

**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 Academy 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 foundations 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.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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.

**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.

**H. 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:

<u>Expense</u>	<u>Method of Allocation</u>
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 Repair	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

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**I. Finance Leases**

The new lease accounting standard consists of the statement ASC 842 which changed the way leases are documented on 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. The lease liability is calculated as the present value of lease payments. The right-of-use asset is the lease liability.

**2. AVAILABILITY AND LIQUIDITY**

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

Financial assets at year end:		<u>2024</u>	
Cash in bank		\$ 583,252	
Due from State		<u>626,814</u>	
	Total financial assets		1,210,066
Less amounts not available to be used within one year:			
Net assets with donor restrictions		936,349	
Less net assets with purpose restrictions to be met in less than a year		-	
Quasi endowment established by the board		<u>-</u>	
		<u>936,349</u>	
Financial assets available to meet general expenditures over the next twelve months			<u>\$ 273,717</u>

As part of the Academy'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 they 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:

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

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS (Continued):**

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

**4. CONCENTRATIONS**

**A. Cash in Bank**

The Academy maintains bank accounts with Chase Bank. Federal deposit insurance on the Chase Bank accounts totaled \$250,000 on accounts. The book balance totaled \$583,252.29 and the bank balance totaled \$691,110.65 on August 31, 2024. The Academy maintains its cash with high quality financial institutions which the Academy believes limits these risks.

**B. Revenue**

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

**5. GRANTS AND CONTRACTS RECEIVABLE AND PAYABLE**

The Academy's principal source of funding for the programs is derived from Federal and State grants and Texas Education Agency Foundation funds. Revenues received directly from Federal and State grantors totaled \$1,461,237 for the fiscal year ended August 31, 2024. Amounts received as Texas Education Foundation funds totaled \$2,354,886. Grants and contracts receivable are deemed to be fully collectible by management and totaled \$20,744.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**6. PENSION DISCLOSURE**

The Academy 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.

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

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 System of 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	

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**6. PENSION DISCLOSURE (continued)**

**Benefits Provided**

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

In May, 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound.

**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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee and employer contribution rates for fiscal years 2020 thru 2025.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**6. PENSION DISCLOSURE (continued)**

	<b>2024</b>	<b>2023</b>
Member	8.25%	8.0%
Non-Employer Contributing Entity (State)	8.25%	8.0%
Employers	8.25%	8.0%
2024 Employer Contributions		\$ 199,367
2024 Member Contributions		\$ 184,806

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). 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:

- 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 or charter school, the employer shall contribute 1.8% of covered payroll to the pension fund beginning in fiscal year 2023.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- 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.

The charter school did not contribute to any other defined benefit pension plans.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**7. ON-BEHALF PAYMENTS**

Excellence In Leadership Academy recorded on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$124,932 for the year ended August 31, 2024. These payments were not required to be posted in the prior year.

**8. FIXED ASSETS**

The Excellence in Leadership Academy did not receive any donated property this fiscal year

Fixed Assets at August 31, 2024 were as follows:

Building and Improvements	\$ 265,083
Furniture, Fixtures and Equipment	<u>112,799</u>
Total	377,882
Less: Accumulated Depreciation	<u>(122,769)</u>
Property and Equipment, net	<u>\$ 255,113</u>

**9. OWNERSHIP IN PROPERTY AND EQUIPMENT**

Capital assets acquired with public funds received by the Academy for the operation of Excellence in Leadership Academy constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets for the Excellence in Leadership Academy.

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with Donor Restrictions for they year ended August 31, 2024 were as follows:

General Fund	\$ 819,660
Food Service	98,275
Textbook Fund	<u>18,414</u>
Total	<u>\$ 936,349</u>

**11. OPERATING LEASES**

The Academy entered into a lease agreement with Luz Para Las Naciones, Inc. Mission, Texas for 18,792 square feet of classroom and office space for its school operation. The lease covers the use of the parking lot and the back yard area. The Academy renewed on January 2024, with the lease payment of \$20,671.20 due by the 25<sup>th</sup> of each month. This lease agreement is scheduled to expire December 31, 2024. The lease renews annually. The total lease payments as of August 31, 2024 were \$248,054.20.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2024

**12. 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 \$350 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.

**13. COMMITMENTS AND CONTINGENCIES**

The Academy 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.

**14. 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	\$ 1,079,288
Per Audited Financial Statements	<u>1,080,757</u>
Difference between monies received and financial statements	( 1,469)
LEP Summer Grant	<u>1,469</u>
Balance	<u>\$ -0-</u>

**15. EVALUATION OF SUBSEQUENT EVENTS**

The Academy has evaluated subsequent events through January 7, 2025, the date which the financial statements were available to be issued.

**16. RIGHT TO USE LIABILITY**

The charter holder entered into a lease on April 1, 2023 with Copy Graphic's, Inc. in the amount of 12,144 to lease copiers. The interest rate of the note is 2.75% with a maturity date of March 31, 2027. The balance at August 31, 2024 was \$7,563.

DESCRIPTION	Interest Rate Payable	Interest Current Year	Amounts Outstanding 9/1/2023	Increase	Decrease	Amounts Outstanding 8/31/2024	Current Portion
Copy Graphic's, Inc.	2.75%	\$ 376	\$ -	\$ 11,488	\$ 3,925	\$ 7,563	\$ 2,864
		<u>\$ 376</u>	<u>\$ -</u>	<u>\$ 11,488</u>	<u>\$ 3,925</u>	<u>\$ 7,563</u>	<u>\$ 2,864</u>

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SPECIFIC PURPOSE FINANCIAL SECTION

## EXCELLENCE IN LEADERSHIP ACADEMY

*Statement of Financial Position*

August 31, 2024

Exhibit B-1

**ASSETS**

## Current Assets

Cash in Bank	\$	583,252
Certificate of Deposit		-
Due from State		626,814
Total Current Assets		<u>1,210,066</u>

## Property and Equipment

Land		-
Building and Improvements		265,083
Furniture and Equipment		112,799
Less: Accumulated Depreciation		<u>(122,769)</u>
Property and Equipment Net		255,113

**Total Assets**1,465,179**LIABILITIES and NET ASSETS**

## Current Liabilities

Due To State		9,020
Accrued Wages Payable		-
Current Portion of Long Term Debt		2,864
Total Current Liabilities		<u>11,884</u>

## Long Term Debt

Long Term Debt		<u>4,699</u>
Total Liabilities		16,583

**NET ASSETS**

Without Donor Restrictions		512,247
With Donor Restrictions		936,349
Total Net Assets		<u>1,448,596</u>

**Total Liabilities and Net Assets**\$ 1,465,179

**EXCELLENCE IN LEADERSHIP ACADEMY**

*Statement of Activities*

For the Year Ended August 31, 2024

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Local Support			
5740 Tuition, Rent and Afterschool	\$ 221	\$ -	\$ 221
5750 Food Sales	-	-	-
5748 Other Revenues from Local Sources- Locally Defined	-	-	-
5749 Other Revenues from Local Sources	20,523	-	20,523
Total Local Support	20,744	-	20,744
State Program Revenues			
5810 Foundation School Program	-	2,354,886	2,354,886
5820 State Program Revenues Distributed by the Texas Education Agency	-	255,548	255,548
5830 Revenues from Texas Government Agencies	-	124,932	124,932
Total State Program Revenue	-	2,735,366	2,735,366
Federal Program Revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	1,080,756	1,080,756
5930 Federal Revenues Not Distributed by the Texas Education Agency	-	-	-
Total Federal Programs Revenues	-	1,080,756	1,080,756
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	3,816,122	(3,816,122)	-
Total Revenue and Other Support	3,836,866	-	3,836,866
<b>EXPENSES</b>			
Program Services			
11 Instruction	2,498,734	-	2,498,734
12 Instructional Resources & Media Services	-	-	-
13 Curriculum Development and Instructional Staff Development	1,199	-	1,199
21 Instructional Leadership	88,449	-	88,449
23 School Leadership	178,268	-	178,268
31 Guidance, Counseling and Evaluation	68,589	-	68,589
32 Social Services	-	-	-
33 Health Services	18,706	-	18,706
34 Transportation	-	-	-
35 Food Services	151,489	-	151,489
36 Co-Curricular/Extracurricular Activities	34,100	-	34,100
41 General Administration	343,007	-	343,007
51 Plant Maintenance and Operations	434,687	-	434,687
52 Security & Monitoring Services	31,175	-	31,175
53 Data Processing	66,452	-	66,452
61 Community Services	-	-	-
71 Debt	-	-	-
81 Fund Raising	-	-	-
Total Expenses	3,914,855	-	3,914,855
Changes in Net Assets	(77,988)	-	(77,988)
Net Assets Beginning of Year	590,235	936,349	1,526,584
Prior Period Adjustments	-	-	-
Net Assets End of Year	\$ 512,247	\$ 936,349	\$ 1,448,596

EXCELLENCE IN LEADERSHIP ACADEMY

*Statement of Cash Flows*

For the Year Ended August 31,2024

Exhibit B-3

**Cash Flows From Operating Activites**

Change in Net Assets	\$	(77,988)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activites		
Depreciation		21,531
Prior Period Adjustments		-
(Increase) Decrease in		
Due from State		(330,100)
Inventories		-
Other Assets		-
Increase (Decrease) in		
Due to State		9,020
Accrued Salaries		-
Payroll Taxes		-
		<u>(377,537)</u>

**Cash Flows From Investing Activites**

Purchase of Furniture, Fixtures & Equipment		(11,488)
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**Cash Flows From Financing Activites**

Accrued Interest Payable		-
Issuance of Debt		-
Loan Issuance Cost		-
Principal Payments		7,563
		<u>7,563</u>

Net Increase (Decrease) in Cash		(381,462)
---------------------------------	--	-----------

<b>Cash at Beginning of Year</b>		<u>964,714</u>
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<b>Cash at End of Year</b>	\$	<u><u>583,252</u></u>
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Summary of Cash

Cash in Bank		583,252
Restricted Cash		-
Certificare of Deposit		-
Total Cash	\$	<u>583,252</u>

Supplemental Information

Cash Paid for Interest	\$	376
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EXCELLENCE IN LEADERSHIP ACADEMY

*Schedule of Capital Assets*

August 31, 2024

Exhibit C-1

	Local	State	Federal	Total
1110 Cash	\$ (42,828)	\$ 1,037,008	\$ (410,927)	\$ 583,252
1510 Land	-	-	-	-
1520 Building and Improvements	-	265,083	-	265,083
1531 Vehicles	-	-	-	-
1539 Furniture and Equipment	23,318	89,481	-	112,799
1580 Construction in Progress	-	-	-	-
Total Property and Equipment	\$ 23,318	\$ 354,564	\$ (410,927)	\$ 961,134
Less Accumulated Depreciation				(122,769)
Net Property and Equipment				\$ 838,365



EXCELLENCE IN LEADERSHIP ACADEMY

*Schedule of Related Party Transactions*

August 31, 2024

Exhibit C-3

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

EXCELLENCE IN LEADERSHIP ACADEMY

*Schedule of Related Party Transactions*

August 31, 2024

Exhibit C-4

Related Party Name	Name of Relation to the Related Party		Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
None							

EXCELLENCE IN LEADERSHIP ACADEMY

*Statement of Expenses*

August 31, 2024

Exhibit D-1

**EXPENSES**

6100 Payroll Costs	\$	2,658,032
6200 Professional and Contracted Services		848,945
6300 Supplies and Materials		294,797
6400 Other Operating Costs		112,706
6500 Interest Expense		376
Total Payroll Expenses	\$	<u>3,914,855</u>

EXCELLENCE IN LEADERSHIP ACADEMY

*Budgetary Comparison Schedule*

For the Year Ended August 31, 2024

	Budgeted Amounts		Actual Amount	Exhibit E-1 Variance From Final Budget
	Original	Final		
<b>REVENUE AND OTHER SUPPORT</b>				
Local Support				
5740 Tuition, Rent and Afterschool	68,377	\$ 130	\$ 221	\$ 91
5750 Food Sales	162,142	100	-	(100)
5748 Other Revenues from Local Sources- Locally Defined	-	-	-	-
5749 Other Revenues from Local Sources	-	42,000	20,523	(21,477)
Total Local Support	230,519	42,230	20,744	(21,486)
State Program Revenues				
5810 Foundation School Program	3,036,203	2,364,449	2,354,886	(9,563)
5820 State Program Revenues Distributed by the Texas Education Agency	33,830	698,392	255,548	(442,844)
5830 Revenues from Texas Government Agencies	-	-	124,932	(124,932)
Total State Program Revenue	3,070,033	3,062,841	2,735,367	(577,339)
Federal Program Revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	2,075,023	1,091,089	1,080,756	(10,333)
5930 Federal Revenues Not Distributed by the Texas Education Agency	263,827	4,262	-	(4,262)
Total Federal Programs Revenues	2,338,850	1,095,351	1,080,756	(14,595)
Total Revenue and Other Support	5,639,402	4,200,422	3,836,866	(613,419)
<b>EXPENSES</b>				
Program Services				
11 Instruction	4,117,394	2,884,655	2,498,734	385,921
12 Instructional Resources & Media Services	9,606	-	-	-
13 Curriculum Development and Instructional Staff Development	8,270	4,000	1,199	2,801
21 Instructional Leadership	50,000	103,373	88,449	14,924
23 School Leadership	210,058	178,271	178,268	3
31 Guidance, Counseling and Evaluation	60,610	69,156	68,589	567
32 Social Services	126,667	-	-	-
33 Health Services	38,193	18,726	18,706	20
34 Transportation	-	-	-	-
35 Food Services	165,129	159,881	151,489	8,392
36 Co-Curricular/Extracurricular Activities	38,744	42,000	34,099	7,901
41 General Administration	205,332	343,037	343,007	30
51 Plant Maintenance and Operations	474,234	489,053	434,687	54,366
52 Security & Monitoring Services	22,443	32,042	31,175	867
53 Data Processing	112,722	83,676	66,452	17,224
61 Community Services	-	-	-	-
71 Debt	-	-	-	-
81 Fund Raising	-	-	-	-
Total Expenses	5,639,402	4,407,870	3,914,855	493,014
Changes in Net Assets	-	(207,448)	(77,988)	(120,405)
Net Assets Beginning of Year	1,526,584	1,526,584	1,526,584	-
Net Assets End of Year	\$ 1,526,584	\$ 1,319,136	\$ 1,448,596	\$ (120,405)

EXCELLENCE IN LEADERSHIP ACADEMY  
*Schedule of State Compliance Questions*  
 August 31, 2024

Exhibit J-4

Data Code	Description	Column Response
	<b><i>Section A - Compensatory Education Program</i></b>	
AP1	Did your Charter expend any state compensatory education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education program during the charter fiscal year?	297,605
AP4	List the actual direct program expenditures for state compensatory education program during the charter fiscal year?	186,340
	<b><i>Section B - Bilingual Education Program</i></b>	
AP1	Did your Charter expend any bilingual education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its bilingual education program?	Yes
AP3	List the total state allotment funds received for bilingual education program during the charter fiscal year?	73,133
AP4	List the actual direct program expenditures for bilingual education program during the charter fiscal year?	77,884

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COMPLIANCE  
AND  
INTERNAL CONTROL SECTION

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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  
Excellence in Leadership Academy  
Mission, 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 2024 (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 January 7, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Excellence in Leadership Academy'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Excellence in Leadership Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Excellence in Leadership Academy's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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  
January 7, 2025

**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 Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
Excellence in Leadership Academy  
Mission, Texas

**Report of Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Excellence in Leadership Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Excellence in Leadership Academy's major federal programs for the year ended August 31, 2024. Excellence in Leadership Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Raul Hernandez + Company, P.C.*  
Corpus Christi, TX  
January 7, 2025

**Excellence in Leadership Academy**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended August 31, 2024

I. Summary of Auditors' Results

1. Type of auditors' report issued on the financial statements of the auditee	Unmodified
2. Significant deficiencies in internal controls disclosed by the audit of the financial statements	Yes
a. Significant deficiencies that were material weaknesses	None
3. Noncompliance material to the financial statements of the auditee disclosed by the audit of the financial statements	None
4. Significant deficiencies in internal controls over major programs disclosed by the audit of the financial statements	None
a. Significant deficiencies that were material weaknesses	None
5. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
6. Type of auditors' report issued on compliance for major programs	Unmodified
7. Findings disclosed by the audit of the financial statements which the auditor is required to report	None
8. Major Programs: TCLASS ESSER III (84.425D), CRRSA ESSER II (84,525D), ARP ESSER III (84.525D)	
9. The dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
10. Auditee qualified as a low-risk auditee	No

II. Financial Statement Findings

None identified

A. Questioned Costs: \$ 0.

III. Findings and questioned costs for state and federal awards.

None identified

**Excellence in Leadership Academy  
Schedule of Prior Audit Findings**

**For the Fiscal year ended August 31, 2024**

**I. Status of Prior Year Findings:**

**Finding No. 2023-001**

Criteria: All transaction types occurring in the course of business should be timely and coded properly in the general ledger. Preparation of year-end adjusting journal entries, reconciliations, reviews and other general ledger year-end balancing should be completed in a timely manner to provide complete and accurate financial reports.

Condition: The district did not maintain accurate general ledgers, bank reconciliations, accurate year-end accruals for receivables and payables, schedules of debt, and did not prepare timely financial reports. Preparation of year-end adjusting journal entries and schedules and the review and reconciliation of those amounts for accuracy was not complete. This resulted in additional time and effort on our part during the course of the audit.

Cause: During the course of the audit, there were various general ledger accounts that required adjustments. A key accounting position was vacated due to the departure of the employee. The distribution of her duties took an extraordinary amount of time to adapt to the accounting processes. The charter school contracted with a financial consultant to provide technical assistance with balancing and year-end closing, however, the additional time and effort caused the audit to be delayed.

Effect: The Charter School had a general ledger that was not reconciled at year-end and not ready for audit.

Recommendation: The Charter School must develop a year-end closing plan and ensure that proper internal controls over financial reporting and compliance are in place.

Management Response: Management agrees. Charter School's finance director will be responsible for ensuring accurate and timely reporting of accounting and financial information. The Charter School has contracted a financial consultant for technical assistance with the year-end closing process. The Charter School will implement corrective measures within the next fiscal year.

Status: The finding has been addressed and corrected.

**Excellence in Leadership Academy  
Corrective Action Plan**

**For the Fiscal year ended August 31, 2024**

N/A

EXCELLENCE IN LEADERSHIP ACADEMY  
*Schedule of Expenditures of Federal Awards*  
 For the Year Ended August 31, 2024

Grant Program	Federal CFDA Number	Pass Through Entity Identify Number	Federal Expenditures
United States Department of Education			
Passed Through State Department of Education			
ESEA Title I Part A	84.010A	24610101108809	\$ 167,552
ESEA Title II Part A - Teacher and Principle Training and Recruiting	84.367A	24694501108809	16,210
ESEA Title IV Part A - Subpart I	84.424A	24680101108809	13,640
IDEA Part B Formula	84.027A	246600011088096600	44,502
IDEA Part B Preschool	84.173A	246610011088096610	810
TCLAS ESSER III	84.425D	2158042108809	116,052
CRRSA ESSER II Grant	84.425D	21521001108809	196,930
ARP ESSER III Grant	84.425D	21528001108809	364,209
<i>Total United States Department of Education</i>			<u>919,905</u>
United States Department of Agriculture			
Passed Through State Department of Education			
National School Lunch	10.555	71302301	123,612
School Breakfast Program	10.553	71402201	35,771
Child and Adult Care Food Program	10.558		-
<i>Total State Department of Education</i>			<u>159,383</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,079,288</u></b>

**EXCELLENCE IN LEADERSHIP ACADEMY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Fiscal Year Ended August 31, 2024**

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter School. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Sub-recipients:**

During the year ended August 31, 2024, the Charter School had no sub-recipients.

**Federal Loans and Loan Guarantees:**

During the year ended August 31, 2024, the Charter School had no outstanding federal loans payable or loan guarantees.

**Federally Funded Insurance:**

During the year ended August 31, 2024, the Charter School had no federally funded insurance.

**Noncash awards:**

During the year ended August 31, 2024, the Charter School did not receive noncash-assistance under the National School Lunch Program.

**Indirect Cost Rate:**

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended August 31, 2024, the Charter School did not elect to use this rate.

**Reconciliation from the Schedule of Expenditures of Federal Awards to Exhibit A-2:**

Total Federal Award Expended	\$ 1,079,288
Summer LEP Program	<u>1,468</u>
Exhibit A-2	<u>\$ 1,080,756</u>