

**CASA GRACIA, dba TRINITY CHARTER SCHOOLS**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED AUGUST 31, 2021**

## TABLE OF CONTENTS

	<b>Page No.</b>
CERTIFICATE OF BOARD	
Independent Auditor's Report	1
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Financial Statements	7
Independent Auditor's Report on Supplementary Information	16
SUPPLEMENTAL FINANCIAL STATEMENTS	
- Statement of Financial Position for Individual Charter School	17
- Statement of Activities for Individual Charter School	18
- Statement of Cash Flows for Individual Charter School	19
- Schedule of Expenses for Individual Charter School	20
- Schedule of Capital Assets for Individual Charter School	21
- Budgetary Comparison Schedule for Individual Charter School	22
- Consolidating Statement of Financial Position	23
- Consolidating Statement of Activities	24
- Consolidating Statement of Cash Flows	25
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 <i>Government Auditing Standards</i>	26
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28

<b>TABLE OF CONTENTS (Continued)</b>	<b>Page No.</b>
Schedule of Findings and Questioned Costs	30
Schedule of Prior Year Findings	31
Schedule of Expenditures of Federal Awards	32
Notes to Schedule of Expenditures of Federal Awards	33
Schedule of Real Property Ownership Interest for Casa Gracia dba Trinity Charter Schools	34
Schedule of Related Party Transactions for Casa Gracia dba Trinity Charter Schools	35

**CASA GRACIA, dba TRINITY CHARTER SCHOOLS**  
046-802  
(Federal Employer Identification Number: 74-2314606)

**CERTIFICATE OF BOARD**  
August 31, 2021

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Casa Gracia, dba Trinity Charter Schools was reviewed and   x   approved        disapproved for the year ended August 31, 2021, at a meeting of the governing body of said charter school on the   28<sup>th</sup>   day of   January  , 20  22  .

DocuSigned by:  
  
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\_\_\_\_\_  
Signature of Board Secretary

DocuSigned by:  
  
8CD6C6875A78479...  
\_\_\_\_\_  
Signature of Board President

# GOMEZ & COMPANY

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## CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Casa Gracia dba Trinity Charter Schools (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Gracia dba Trinity Charter Schools as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### **Report on Summarized Comparative Information**

We have previously audited Casa Gracia dba Trinity Charter Schools' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of Casa Gracia dba Trinity Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Casa Gracia dba Trinity Charter Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa Gracia dba Trinity Charter Schools' internal control over financial reporting and compliance.



Houston, TX  
January 28, 2022

CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2021  
(With Comparative Totals for August 31, 2020)

	2021	2020
<b>ASSETS</b>		
Current Assets		
Cash	\$ 3,522,180	\$ 3,710,962
Grants Receivable	788,950	162,990
Other Receivables	93,742	-
Total Current Assets	4,404,872	3,873,952
Property and Equipment		
Furniture and Equipment	7,773	58,046
Vehicles	88,588	90,497
Construction in Progress	21,314	-
Buildings and Improvements	654,014	639,753
	771,689	788,296
Less: Accumulated Depreciation	(194,567)	(229,203)
	577,122	559,093
Other Assets		
Prepaid Assets	9,194	35,534
<b>TOTAL ASSETS</b>	<b>\$ 4,991,188</b>	<b>\$ 4,468,579</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 161,571	\$ 68,669
Payroll Liabilities	560,654	421,301
Current Portion of Capital Leases Payable	14,093	54,541
Total Current Liabilities	736,318	544,511
Long-Term Liabilities		
Capital Leases, net of Current Portion	-	14,093
Total Long-Term Liabilities	-	14,093
<b>TOTAL LIABILITIES</b>	<b>736,318</b>	<b>558,604</b>
Net Assets		
Without Donor Restrictions	885,107	924,242
With Donor Restrictions	3,369,763	2,985,733
<b>TOTAL NET ASSETS</b>	<b>4,254,870</b>	<b>3,909,975</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,991,188</b>	<b>\$ 4,468,579</b>

CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues				
Other revenues from Local Sources	\$ 1,178,201	\$ 96,566	\$ 1,274,767	\$ 1,166,599
State Program Revenues	-	7,057,480	7,057,480	7,258,983
Federal Program Revenues	-	1,119,089	1,119,089	837,221
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	7,904,249	(7,904,249)	-	-
Total Revenues	<u>9,082,450</u>	<u>368,886</u>	<u>9,451,336</u>	<u>9,262,803</u>
Expenses				
Program Services				
Instruction and Instructional-Related Services	5,626,427	-	5,626,427	5,489,047
Instructional and School Leadership	952,629	-	952,629	1,160,265
Support Services- Student (Pupil)	944,817	-	944,817	724,685
Ancillary Services	64,835	-	64,835	50,512
Total Program Services	<u>7,588,708</u>	<u>-</u>	<u>7,588,708</u>	<u>7,424,509</u>
Support Services				
Administrative Support Services	687,741	-	687,741	682,848
Support Services- Non-Student Based	842,806	-	842,806	859,810
Debt Service	2,330	-	2,330	5,145
Total Support Services	<u>1,532,877</u>	<u>-</u>	<u>1,532,877</u>	<u>1,547,803</u>
Total Expenses	<u>9,121,585</u>	<u>-</u>	<u>9,121,585</u>	<u>8,972,312</u>
Gain on Sale of Assets	<u>-</u>	<u>15,144</u>	<u>15,144</u>	<u>(129,076)</u>
Change in Net Assets	<u>(39,135)</u>	<u>384,030</u>	<u>344,895</u>	<u>161,415</u>
Net Assets, Beginning of Year	<u>924,242</u>	<u>2,985,733</u>	<u>3,909,975</u>	<u>3,748,560</u>
Net Assets, End of Year	<u>\$ 885,107</u>	<u>\$ 3,369,763</u>	<u>\$ 4,254,870</u>	<u>\$ 3,909,975</u>



CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)

	Program Expense	General and Administrative	2021 Total	2020 Total
Expenses				
Salaries	\$ 5,585,061	\$ 535,834	\$ 6,120,895	\$ 5,957,943
Payroll Taxes	151,603	10,728	162,331	167,534
Employee Benefits	665,542	54,284	719,826	727,237
Rental Expense	2,999	305,997	308,996	290,379
Maintenance and Repairs	537	20,063	20,600	46,725
Utilities	-	69,975	69,975	71,532
Depreciation	-	56,310	56,310	54,863
Supplies	427,467	126,138	553,605	477,856
Travel	29,418	5,401	34,819	18,392
Equipment Lease	77,393	-	77,393	86,188
Insurance	39,478	1,525	41,003	24,794
Professional Fees	563,518	316,298	879,816	1,011,633
Interest	-	2,330	2,330	5,145
Other	45,692	27,994	73,686	32,091
Total Expenses	<u>\$ 7,588,708</u>	<u>\$ 1,532,877</u>	<u>\$ 9,121,585</u>	<u>\$ 8,972,312</u>

CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 344,895	\$ 161,415
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	56,310	54,863
(Increase) Decrease in Grants Receivable	(625,960)	357,871
(Increase) Decrease in Other Receivable	(93,092)	12,756
(Increase) Decrease in Other assets	26,341	(28,941)
Increase (Decrease) in Accounts Payable	92,257	(67,095)
Increase (Decrease) in Payroll Liabilities	139,346	43,639
Gain on disposal of assets, net of costs of sale	(15,144)	52,109
Total Adjustments	(419,942)	425,202
Net Cash Provided (Used) by Operating Activities	(75,047)	586,617
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchases of fixed assets	(59,194)	-
Proceeds from disposal of fixed assets	-	110,000
Net Cash Provided (Used) By Investing Activities	(59,194)	110,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Capital Lease	(54,541)	(52,135)
Net Cash Provided (Used) By Financing Activities	(54,541)	(52,135)
<b>NET INCREASE (DECREASE) IN CASH</b>	(188,782)	644,482
<b>CASH AT BEGINNING OF YEAR</b>	3,710,962	3,066,480
<b>CASH AT END OF YEAR</b>	\$ 3,522,180	\$ 3,710,962
 <b><u>SUPPLEMENTAL INFORMATION DISCLOSED</u></b>		
Cash Paid During the Year for:		
<b>INTEREST</b>	\$ 2,330	\$ 5,145

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

A. Organization:

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

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

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

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

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

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS

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

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

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

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

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

PRINCIPLES OF CONSOLIDATION

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

CONTRIBUTIONS

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

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

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

B. Summary of Significant Accounting Policies: (Continued)

GRANTS

The Organization considers all government grants as exchange transactions rather than contributions. The Organization recognizes revenue from grants as eligible expenditures are incurred. Advances from government agencies are recorded as refundable advances. Eligible expenditures incurred in excess of grant fund reimbursements are recorded as receivables.

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

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

CASH DONATIONS AND DONATED SERVICES

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

PROPERTY AND EQUIPMENT

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

PLEDGES AND ACCOUNTS RECEIVABLE

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

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

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

B. Summary of Significant Accounting Policies: (Continued)

INCOME TAXES

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

The Organization's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At August 31, 2021, no interest or penalties have been or are required to be accrued. The Organization, generally, is no longer subject to income tax examinations by federal authorities for years prior to August 31, 2018.

CASH AND CASH EQUIVALENTS

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

COMPENSATED ABSENCES

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

ESTIMATES

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

CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to off-balance-sheet credit risk include cash on deposit with financial institutions which were insured for up to \$250,000 by the U.S. Federal Deposit Insurance Corporation. At various times throughout the period ended August 31, 2021, the Organization's balance in its accounts has exceeded these federally insured limits. Investments in debt securities have been pledged by a banking institution to mitigate the risk of loss for balances exceeding FDIC insurance thresholds.

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

C. Pension Plan:

*Plan Description*

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

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (“ISD”) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2021 provided the following information:

Pension Fund	Total Plan Assets 2021	Total Pension Liability 2021	Percent Funded
TRS	\$ 223,172,755,000	\$ 227,273,464,000	88.79%

*Funding Policy*

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

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

C. Pension Plan: (Continued)

State law provides for a member contribution rate of 7.7% for the 2021 fiscal year. The state's contribution rate as a non-employer contributing entity was 7.5% in fiscal year 2021. The charter school's employee contributions to the system for the year ended August 31, 2021 were \$397,510, equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 7.5% totaling \$140,891 for the year ended August 31, 2021. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was assessed a surcharge totaling \$36,458.

D. Budget:

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

E. Commitments and Contingencies:

The Organization receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency (TEA) and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the TEA or the grantor agency.

F. Health Care Coverage:

During the period ended August 31, 2021, employees of the Organization were covered by a health insurance plan. The school contributed \$397 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.



CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

G. Operating Lease Commitment:

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 330,687
2023	254,886
Total	<u>\$ 585,573</u>

Operating lease expense for the Organization amounted to \$386,389 for the period ended August 31, 2021.

H. Capital Lease Obligation:

The Organization's obligations under capital lease obligations consist of the following:

Noncancelable, net capital lease obligation to a bank for acquisition of a modular classroom building. The lease is dated December 16, 2016; has a fixed interest rate of 5.5%; an initial balance of \$249,253; a bargain purchase option of \$1; and is payable in 60 monthly installments of \$4,739. The date of maturity is December 15, 2021.

	\$ 14,093
Less Current Portion	<u>(14,093)</u>
Capital Lease Payable, non-current portion	<u>\$ -</u>

Future maturities of capital lease payable are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	14,093	125	14,218
Thereafter	-	-	-
Total	<u>\$ 14,093</u>	<u>\$ 125</u>	<u>\$ 14,218</u>

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

I. Liquidity and Availability of Financial Assets:

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

Financial assets at year-end:		
Cash and cash equivalents	\$	3,522,180
Grant and other receivables		882,692
Total financial assets		<u>4,404,872</u>
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions as to time or use		<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>4,404,872</u>

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

J. Net Assets with Donor Restrictions:

Net assets with donor restrictions at August 31, 2021 are restricted as follows:

Subject to expenditure for specified purposes:

State-financed general charter school activities	\$	3,369,763
Total restricted funds	\$	<u>3,369,763</u>

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

State Funds	\$	6,785,160
Federal Funds		1,119,089
Total Restrictions Released	\$	<u>7,904,249</u>

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

K. Subsidiary Relationships:

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

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

During the year, Upbring paid the Organization \$1,030,171 for education services provided by CGNC over the course of the standard school year.

At August 31, 2021, the charter school operations also recognized \$65,926 in interagency revenue for the year ended August 31, 2021. These amounts have been eliminated from the consolidated financial statements.

L. Evaluation of Subsequent Events:

The Organization has evaluated subsequent events through January 28, 2022, the date which the financial statements were available to be issued.

# GOMEZ & COMPANY

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## CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Casa Gracia, dba Trinity Charter Schools as of and for the year ended August 31, 2021, and our report thereon dated January 28, 2022, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School and Consolidating Financial Statements dated August 31, 2021 and appearing on pages 17 to 25 and 34 to 35 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Houston, TX  
January 28, 2022

## CASA GRACIA dba TRINITY CHARTER SCHOOLS

## STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2021

(With Comparative Totals for August 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 3,348,089	\$ 3,428,953
Grants Receivable	788,950	162,990
Other Receivables	7,349	-
Intercompany Receivable	-	650
Total Current Assets	<u>4,144,388</u>	<u>3,592,593</u>
Property and Equipment		
Furniture and Equipment	7,773	58,046
Vehicles	88,588	90,497
Construction in Progress	21,314	-
Buildings and Improvements	654,014	639,753
	<u>771,689</u>	<u>788,296</u>
Less: Accumulated Depreciation	(194,567)	(229,203)
Total Property and Equipment	<u>577,122</u>	<u>559,093</u>
Other Assets		
Prepaid Assets	7,100	33,438
TOTAL ASSETS	<u>\$ 4,728,610</u>	<u>\$ 4,185,124</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 160,894	\$ 67,112
Payroll Liabilities	507,199	390,509
Current Portion of Capital Leases Payable	14,093	54,541
Total Current Liabilities	<u>682,186</u>	<u>512,162</u>
Long-term Liabilities		
Capital Leases, net of Current Portion	-	14,093
Total Long-Term Liabilities	<u>-</u>	<u>14,093</u>
TOTAL LIABILITIES	<u>682,186</u>	<u>526,255</u>
Net Assets		
Without Donor Restrictions	676,661	673,136
With Donor Restrictions	3,369,763	2,985,733
TOTAL NET ASSETS	<u>4,046,424</u>	<u>3,658,869</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,728,610</u>	<u>\$ 4,185,124</u>

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>Revenues</b>				
<b>Local Support:</b>				
5740 Other Revenues from Local Sources	\$ 213,956	\$ 93,048	\$ 307,004	\$ 74,582
5750 Revenue from Cocurricular Activities	-	3,518	3,518	902
Total Local Support	<u>213,956</u>	<u>96,566</u>	<u>310,522</u>	<u>75,484</u>
<b>State Program Revenues:</b>				
5810 Foundation School Program Act Revenues	-	7,045,875	7,045,875	7,179,685
5820 State Program Revenues Distributed by Texas Education Agency	-	11,605	11,605	79,298
Total State Program Revenues	<u>-</u>	<u>7,057,480</u>	<u>7,057,480</u>	<u>7,258,983</u>
<b>Federal Program Revenues:</b>				
5920 Federal Revenues Distributed by Texas Education Agency	-	1,097,079	1,097,079	837,221
5930 Federal Revenues Distributed by Other State Agencies	-	22,010	22,010	-
Total Federal Program Revenues	<u>-</u>	<u>1,119,089</u>	<u>1,119,089</u>	<u>837,221</u>
<b>Net Assets Released from Restrictions:</b>				
Restrictions Satisfied by Payments	7,904,249	(7,904,249)	-	-
Total Revenues	<u>8,118,205</u>	<u>368,886</u>	<u>8,487,091</u>	<u>8,171,688</u>
<b>Expenses</b>				
11 Instruction	4,786,182	-	4,786,182	4,827,268
13 Curriculum Development and Instructional Staff Development	137,749	-	137,749	125,960
21 Instructional Leadership	69,080	-	69,080	202,982
23 School Leadership	672,751	-	672,751	765,641
31 Guidance, Counseling and Evaluating Services	695,932	-	695,932	686,034
32 Social Work Services	165,898	-	165,898	-
33 Health Services	71	-	71	3,406
35 Food Services	81,561	-	81,561	32,765
41 General Administration	638,789	-	638,789	634,980
51 Plant Maintenance and Operations	597,074	-	597,074	693,004
52 Security and Monitoring Services	13,390	-	13,390	2,389
53 Data Processing Services	189,038	-	189,038	136,968
61 Community Services	64,835	-	64,835	50,512
71 Debt Service	2,330	-	2,330	5,145
Total Expenses	<u>8,114,680</u>	<u>-</u>	<u>8,114,680</u>	<u>8,167,054</u>
Gain on Sale of assets	<u>-</u>	<u>15,144</u>	<u>15,144</u>	<u>129,076</u>
Change in Net Assets	<u>3,525</u>	<u>384,030</u>	<u>387,555</u>	<u>(124,442)</u>
Net Assets, beginning of year	<u>673,136</u>	<u>2,985,733</u>	<u>3,658,869</u>	<u>3,783,311</u>
Net Assets, end of year	<u>\$ 676,661</u>	<u>\$ 3,369,763</u>	<u>\$ 4,046,424</u>	<u>\$ 3,658,869</u>

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 387,555	\$ (124,442)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	56,310	54,863
(Increase) Decrease in Grants Receivable	(625,960)	357,871
(Increase) Decrease in Other Receivable	(7,349)	12,756
(Increase) Decrease in Intercompany Receivable	650	118,643
(Increase) Decrease in Other Assets	26,341	(28,941)
Increase (Decrease) in Accounts Payable	93,781	(67,086)
Increase (Decrease) in Payroll Liabilities	116,687	43,587
Gain on disposal of assets, net of cost of sales	(15,144)	52,109
Total Adjustments	(354,684)	543,802
Net Cash Provided (Used) by Operating Activities	32,871	419,360
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(59,194)	-
Disposal of Fixed Assets	-	110,000
Net Cash Provided (Used) By Investing Activities	(59,194)	110,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Capital Lease	(54,541)	(52,135)
Net Cash Provided (Used) By Financing Activities	(54,541)	(52,135)
NET INCREASE (DECREASE) IN CASH	(80,864)	477,225
CASH AT BEGINNING OF YEAR	3,428,953	2,951,728
CASH AT END OF YEAR	\$ 3,348,089	\$ 3,428,953
<u>SUPPLEMENTAL INFORMATION DISCLOSED</u>		
Cash Paid During the Year for:		
INTEREST	\$ 2,330	\$ 5,145

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
SCHEDULE OF EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)

<b>EXPENSES</b>	2021	2020
6100 Payroll Costs	\$ 6,171,742	\$ 6,168,725
6200 Professional and Contracted Services	1,255,221	1,422,696
6300 Supplies and Materials	489,930	450,184
6400 Other Operating Costs	195,457	120,304
6500 Debt	2,330	5,145
Total Expenses	\$ 8,114,680	\$ 8,167,054



CASA GRACIA dba TRINITY CHARTER SCHOOLS

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2021

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 435,093	\$ 2,912,996	\$ -
1520 Building and Improvements	-	225,361	-
1531 Vehicles	-	88,588	-
1539 Furniture and Equipment	-	7,773	-
1551 Buildings Under Capital Leases	-	449,967	-
Total Capital Assets	<u>\$ 435,093</u>	<u>\$ 3,684,685</u>	<u>\$ -</u>

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ 225,865	\$ 364,211	\$ 307,004	\$ (57,207)
5750 Revenue from Cocurricular Activities	-	2,584	3,518	934
Total Local Support	<u>225,865</u>	<u>366,795</u>	<u>310,522</u>	<u>(56,273)</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	7,278,569	6,985,831	7,045,875	60,044
5820 State Program Revenues Distributed by Texas Education Agency	<u>25,000</u>	<u>25,000</u>	<u>11,605</u>	<u>(13,395)</u>
Total State Program Revenues	<u>7,303,569</u>	<u>7,010,831</u>	<u>7,057,480</u>	<u>46,649</u>
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	1,078,174	877,226	1,097,079	219,853
5930 Federal Revenues Distributed by Other Government Agencies	<u>-</u>	<u>22,010</u>	<u>22,010</u>	<u>-</u>
Total Federal Program Revenues	<u>1,078,174</u>	<u>899,236</u>	<u>1,119,089</u>	<u>219,853</u>
Total Revenues	<u>8,607,608</u>	<u>8,276,862</u>	<u>8,487,091</u>	<u>210,229</u>
EXPENSES				
11 Instruction	4,651,689	4,565,029	4,786,182	(221,153)
13 Curriculum Development and Instructional Staff Development	47,748	61,363	137,749	(76,386)
21 Instructional Leadership	71,472	77,262	69,080	8,182
23 School Leadership	657,362	679,922	672,751	7,171
31 Guidance, Counseling and Evaluating Services	490,896	506,916	695,932	(189,016)
32 Social Work Services	-	100	165,898	(165,798)
33 Health Services	2,500	2,500	71	2,429
35 Food Services	22,110	22,110	81,561	(59,451)
41 General Administration	659,780	654,080	638,789	15,291
51 Plant Maintenance and Operations	527,738	548,128	597,074	(48,946)
52 Security and Monitoring Services	2,415	2,415	13,390	(10,975)
53 Data Processing Services	133,259	141,444	189,038	(47,594)
61 Community Services	1,600	7,300	64,835	(57,535)
71 Debt Service	10,000	10,000	2,330	7,670
Total Expenses	<u>7,278,569</u>	<u>7,278,569</u>	<u>8,114,680</u>	<u>(836,111)</u>
Gain Sale of Assets	<u>-</u>	<u>-</u>	<u>15,144</u>	<u>15,144</u>
Change in Net Assets	<u>1,329,039</u>	<u>998,293</u>	<u>387,555</u>	<u>(610,738)</u>
Net Assets, beginning of year	<u>3,658,869</u>	<u>3,658,869</u>	<u>3,658,869</u>	<u>-</u>
Net Assets, end of year	<u>\$ 4,987,908</u>	<u>\$ 4,657,162</u>	<u>\$ 4,046,424</u>	<u>\$ (610,738)</u>

CASA GRACIA, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2021

	Trinity Charter School	Casa Gracia NC, LLC	Eliminations	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 3,348,089	\$ 174,091	\$ -	\$ 3,522,180
Grants Receivable	788,950	-	-	788,950
Other Receivable	7,349	86,393	-	93,742
Total Current Assets	<u>4,144,388</u>	<u>260,484</u>	<u>-</u>	<u>4,404,872</u>
Property, Plant & Equipment:				
Furniture and Equipment	7,773	-	-	7,773
Vehicles	88,588	-	-	88,588
Construction in progress	21,314	-	-	21,314
Building improvements	654,014	-	-	654,014
	<u>771,689</u>	<u>-</u>	<u>-</u>	<u>771,689</u>
Accumulated depreciation	(194,567)	-	-	(194,567)
Total Property, Plant & Equipment	<u>577,122</u>	<u>-</u>	<u>-</u>	<u>577,122</u>
Other Assets:				
Prepaid assets	7,100	2,094	-	9,194
	<u>7,100</u>	<u>2,094</u>	<u>-</u>	<u>9,194</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,728,610</u>	<u>\$ 262,578</u>	<u>\$ -</u>	<u>\$ 4,991,188</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts Payable	\$ 160,894	\$ 677	\$ -	\$ 161,571
Payroll Liabilities	507,199	53,455	-	560,654
Current Portion of Capital Lease	14,093	-	-	14,093
TOTAL CURRENT LIABILITIES	<u>682,186</u>	<u>54,132</u>	<u>-</u>	<u>736,318</u>
LONG-TERM LIABILITIES				
Long-term Capital Lease, net of Current Portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>682,186</u>	<u>54,132</u>	<u>-</u>	<u>736,318</u>
NET ASSETS				
Without Donor Restrictions	676,661	208,446	-	885,107
With Donor Restrictions	3,369,763	-	-	3,369,763
TOTAL NET ASSETS	<u>4,046,424</u>	<u>208,446</u>	<u>-</u>	<u>4,254,870</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,728,610</u>	<u>\$ 262,578</u>	<u>\$ -</u>	<u>\$ 4,991,188</u>

CASA GRACIA, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021

	Trinity Charter Schools	Casa Garcia NC, LLC	Eliminations	Total
<b>Revenues</b>				
<b>Local Support:</b>				
Other revenues from Local Sources	\$ 310,522	\$ 1,030,171	\$ 65,926	\$ 1,274,767
State Program Revenues	7,057,480	-	-	7,057,480
Federal Program Revenues	1,119,089	-	-	1,119,089
Total Revenues	<u>8,487,091</u>	<u>1,030,171</u>	<u>65,926</u>	<u>9,451,336</u>
<b>Expenses</b>				
<b>Program Services</b>				
Instruction and Instructional-Related Services	4,923,931	710,033	7,537	5,626,427
Instructional and School Leadership	741,832	210,797	-	952,629
Support Services-Student (Pupil)	943,461	1,356	-	944,817
Ancillary Services	64,835	-	-	64,835
Total Program Services	<u>6,674,059</u>	<u>922,186</u>	<u>7,537</u>	<u>7,588,708</u>
<b>Support Services</b>				
Administrative Support Services	638,789	102,952	54,000	687,741
Support Services- Non-Student Based	799,502	47,693	4,389	842,806
Debt Service	2,330	-	-	2,330
Total Supporting Services	<u>1,440,621</u>	<u>150,645</u>	<u>58,389</u>	<u>1,532,877</u>
Total Expenses	<u>8,114,680</u>	<u>1,072,831</u>	<u>65,926</u>	<u>9,121,585</u>
Gain on the Sale of Assets	<u>15,144</u>	<u>-</u>	<u>-</u>	<u>15,144</u>
Change in Net Assets	<u>387,555</u>	<u>(42,660)</u>	<u>-</u>	<u>344,895</u>
Net Assets, Beginning of Year	<u>3,658,869</u>	<u>251,106</u>	<u>-</u>	<u>3,909,975</u>
Net Assets, End of Year	<u>\$ 4,046,424</u>	<u>\$ 208,446</u>	<u>\$ -</u>	<u>\$ 4,254,870</u>

CASA GRACIA, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2021

	Trinity Charter Schools	Casa Gracia NC, LLC	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in net assets	\$ 387,555	\$ (42,660)	\$ 344,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense	56,310	-	56,310
(Increase) Decrease in Grants Receivable	(625,960)	-	(625,960)
(Increase) Decrease in Other Receivable	(6,699)	(86,393)	(93,092)
(Increase) Decrease in Other assets	26,341	-	26,341
Increase (Decrease) in Accounts Payable	93,781	(1,524)	92,257
Increase (Decrease) in Payroll Liabilities	116,687	22,659	139,346
Gain on disposal of assets, net of cost of sales	(15,144)	-	(15,144)
Total Adjustments	<u>(354,684)</u>	<u>(65,258)</u>	<u>(419,942)</u>
Net Cash Provided (Used) by Operating Activities	<u>32,871</u>	<u>(107,918)</u>	<u>(75,047)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(59,194)	-	(59,194)
Net Cash Provided (Used) By Investing Activities	<u>(59,194)</u>	<u>-</u>	<u>(59,194)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Capital Lease	(54,541)	-	(54,541)
Net Cash Provided (Used) By Financing Activities	<u>(54,541)</u>	<u>-</u>	<u>(54,541)</u>
NET INCREASE (DECREASE) IN CASH	(80,864)	(107,918)	(188,782)
CASH AT BEGINNING OF YEAR	<u>3,428,953</u>	<u>282,009</u>	<u>3,710,962</u>
CASH AT END OF YEAR	<u>\$ 3,348,089</u>	<u>\$ 174,091</u>	<u>\$ 3,522,180</u>
<b><u>SUPPLEMENTAL INFORMATION DISCLOSED</u></b>			
Cash Paid During the Year for:			
INTEREST	<u>\$ 2,330</u>	<u>\$ -</u>	<u>\$ 2,330</u>

# GOMEZ & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa Gracia, dba Trinity Charter Schools (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, 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 thereon dated January 28, 2022.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Casa Gracia, dba Trinity Charter Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casa Gracia, dba Trinity Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Gracia, dba Trinity Charter Schools' internal control.

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

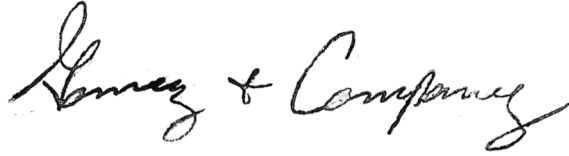
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

#### **Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Ramirez & Company". The signature is written in a cursive, flowing style.

Houston, TX  
January 28, 2022

# GOMEZ & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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HOUSTON, TX 77056

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

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

#### **Report on Compliance for Each Major Federal Program**

We have audited Casa Gracia, dba Trinity Charter Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Casa Gracia, dba Trinity Charter Schools' major federal programs for the year ended August 31, 2021. Casa Gracia, dba Trinity Charter Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Casa Gracia, dba Trinity Charter Schools' major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Casa Gracia, dba Trinity Charter Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Casa Gracia, dba Trinity Charter Schools' compliance.

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

In our opinion, Casa Gracia, dba Trinity Charter Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.



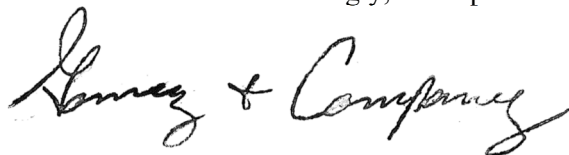
## Report on Internal Control Over Compliance

Management of Casa Gracia, dba Trinity Charter Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Casa Gracia, dba Trinity Charter Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Casa Gracia, dba Trinity Charter Schools' internal control over compliance.

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

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

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.



Houston, TX  
January 28, 2022

CASA GRACIA, dba TRINITY CHARTER SCHOOLS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2021

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses on internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. Major programs:

U.S. Department of Agriculture Passed – Through Texas Education Agency Education Stabilization Fund	CFDA Number 84.425
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8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Casa Gracia dba Trinity Charter Schools qualifies as a low-risk auditee.

<u>Current Year Findings</u>	<u>Questioned Costs</u>
No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a).	\$ -0-

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2021

Summary Schedule of Prior Year Findings

No audit findings were noted as per governmental auditing standards and 2 CFR Section 200.516(a) for the year ended August 31, 2020.

CASA GRACIA dba TRINITY CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2021

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed - Through Texas Education Agency:			
Title I, Part A, School Improvement	84.010A	21610101046802	\$ 254,948
Title I, Part D, Subpart 2	84.010A	20610103046802	71,075
Title I, Part D, Subpart 2	84.010A	21610103046802	54,116
Idea - B Formula	84.027A	216600010468026000	173,509
Title II, Part A, Teacher/Principal Training & Recruiting	84.367A	21694501046802	10,936
Title IV, Part A, Subpart 1	84.424A	21680101046802	16,313
Total U.S. Department of Education, non-COVID-19 Assistance			580,897
<u>U.S. Department of Education</u>			
Passed - Through Texas Education Agency:			
COVID-19 - CARES Act Section 18003 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	20521001046802	274,012
COVID-19 - Prior Purchase Reimbursement Program	84.425D	52102135	7,697
COVID-19 - CARES Act Section 18003 Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U	21528001046802	193,434
Total U.S. Department of Education, COVID-19 Assistance			475,143
Total U.S. Department of Education			1,056,040
<u>U.S. Department of Agriculture</u>			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
School Breakfast	10.553	71302001	1,685
School Breakfast	10.553	71302101	21,590
School Breakfast	10.553	71402001	1,060
National School Lunch	10.555	71402101	14,502
			38,837
Passed - Through Texas Department of Agriculture			
USDA Commodity Food Distribution	10.555		972
Total U.S. Department of Agriculture, non-COVID-19 Assistance			39,809
Passed - Through Texas Department of Agriculture			
COVID-19 - Emergency Operations Cost Reimbursement	10.555		1,230
Total U.S. Department of Agriculture			41,039
<u>U.S. Department of the Treasury</u>			
Passed - Through Texas Division of Emergency Management			
COVID-19 - Coronavirus Relief Fund	21.019	2020-CF-21019	22,010
Total Expenditures of Federal Awards			\$ 1,119,089

CASA GRACIA, dba TRINITY CHARTER SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2021

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of Casa Gracia dba Trinity Charter Schools under programs of the federal government for the year ended August 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Casa Gracia dba Trinity Charter Schools, it is not intended to and does not present the financial position, changes in net assets or cash flows of Casa Gracia dba Trinity Charter Schools, Inc.

***Summary of Significant Accounting Policies***

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

Pass-through entity identifying numbers are presented where available.

***Indirect Cost Rate***

Casa Gracia dba Trinity Charter Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

***Subrecipients***

The Organization did not provide federal awards to subrecipients.

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
 SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST  
 FOR THE YEAR ENDED AUGUST 31, 2021

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

See accompanying notes to financial statements.

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
 SCHEDULE OF RELATED PARTY TRANSACTIONS  
 FOR THE YEAR ENDED AUGUST 31, 2021

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

See accompanying notes to financial statements.