

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED AUGUST 31, 2022

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

CERTIFICATE OF BOARD
August 31, 2022

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, 2022, at a meeting of the governing body of said charter school on the 18th day of January , 20 23 .

DocuSigned by:

Richard Fritsche

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Signature of Board Secretary

DocuSigned by:

Andrew Goerdel

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Signature of Board President

GOMEZ & COMPANY

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Casa Gracia dba Trinity Charter Schools (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Gracia dba Trinity Charter Schools as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Casa Gracia dba Trinity Charter Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

Other Matters

Report on Summarized Comparative Information

We have previously audited Casa Gracia dba Trinity Charter Schools' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2023, 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.

A handwritten signature in cursive script that reads "Ramsey & Company". The signature is written in dark ink and is positioned above the typed text.

Houston, TX
January 16, 2023

CASA GRACIA, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022
(With Comparative Totals for August 31, 2021)

	2022	2021
ASSETS		
Current Assets		
Cash	\$ 2,701,109	\$ 3,522,180
Grants Receivable	1,162,541	788,950
Other Receivables	120,551	93,742
Total Current Assets	3,984,201	4,404,872
Property and Equipment		
Furniture and Equipment	7,773	7,773
Vehicles	88,588	88,588
Construction in Progress	-	21,314
Buildings and Improvements	894,461	654,014
	990,822	771,689
Less: Accumulated Depreciation	(257,429)	(194,567)
	733,393	577,122
Other Assets		
Prepaid Assets	14,290	9,194
TOTAL ASSETS	\$ 4,731,884	\$ 4,991,188
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 52,774	\$ 161,571
Payroll Liabilities	493,771	560,654
Current Portion of Capital Leases Payable	-	14,093
TOTAL CURRENT LIABILITIES	546,545	736,318
Net Assets		
Without Donor Restrictions	864,482	885,107
With Donor Restrictions	3,320,857	3,369,763
TOTAL NET ASSETS	4,185,339	4,254,870
TOTAL LIABILITIES AND NET ASSETS	\$ 4,731,884	\$ 4,991,188

CASA GRACIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues				
Other revenues from Local Sources	\$ 1,263,846	\$ 86,631	\$ 1,350,477	\$ 1,274,767
State Program Revenues	-	5,828,183	5,828,183	7,057,480
Federal Program Revenues	-	2,092,665	2,092,665	1,119,089
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	8,056,385	(8,056,385)	-	-
Total Revenues	<u>9,320,231</u>	<u>(48,906)</u>	<u>9,271,325</u>	<u>9,451,336</u>
Expenses				
Program Services				
Instruction and Instructional-Related Services	5,532,462	-	5,532,462	5,626,427
Instructional and School Leadership	1,106,653	-	1,106,653	952,629
Support Services- Student (Pupil)	1,097,758	-	1,097,758	944,817
Ancillary Services	56,367	-	56,367	64,835
Total Program Services	<u>7,793,240</u>	<u>-</u>	<u>7,793,240</u>	<u>7,588,708</u>
Support Services				
Administrative Support Services	845,982	-	845,982	687,741
Support Services- Non-Student Based	701,474	-	701,474	842,806
Debt Service	160	-	160	2,330
Total Support Services	<u>1,547,616</u>	<u>-</u>	<u>1,547,616</u>	<u>1,532,877</u>
Total Expenses	<u>9,340,856</u>	<u>-</u>	<u>9,340,856</u>	<u>9,121,585</u>
Gain on Sale of Assets	-	-	-	15,144
Change in Net Assets	<u>(20,625)</u>	<u>(48,906)</u>	<u>(69,531)</u>	<u>344,895</u>
Net Assets, Beginning of Year	<u>885,107</u>	<u>3,369,763</u>	<u>4,254,870</u>	<u>3,909,975</u>
Net Assets, End of Year	<u>\$ 864,482</u>	<u>\$ 3,320,857</u>	<u>\$ 4,185,339</u>	<u>\$ 4,254,870</u>

CASA GRACIA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	Program Expense	General and Administrative	2022 Total	2021 Total
Expenses				
Salaries	\$ 5,785,101	\$ 485,023	\$ 6,270,124	\$ 6,120,895
Payroll Taxes	181,787	10,367	192,154	162,331
Employee Benefits	689,510	52,409	741,919	719,826
Rental Expense	2,672	282,373	285,045	308,996
Maintenance and Repairs	-	8,500	8,500	20,600
Utilities	-	67,062	67,062	69,975
Depreciation	-	62,861	62,861	56,310
Supplies	508,514	120,598	629,112	553,605
Travel	55,465	13,176	68,641	34,819
Equipment Lease	61,434	-	61,434	77,393
Insurance	34,972	6,064	41,036	41,003
Professional Fees	461,051	416,563	877,614	879,816
Interest	-	160	160	2,330
Other	12,734	22,460	35,194	73,686
Total Expenses	<u>\$ 7,793,240</u>	<u>\$ 1,547,616</u>	<u>\$ 9,340,856</u>	<u>\$ 9,121,585</u>

CASA GRACIA, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (69,531)	\$ 344,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	62,861	56,310
(Increase) Decrease in Grants Receivable	(373,591)	(625,960)
(Increase) Decrease in Other Receivable	(26,809)	(93,092)
(Increase) Decrease in Other assets	(5,096)	26,341
Increase (Decrease) in Accounts Payable	(108,796)	92,257
Increase (Decrease) in Payroll Liabilities	(66,883)	139,346
Gain on disposal of assets, net of costs of sale	-	(15,144)
Total Adjustments	(518,314)	(419,942)
Net Cash Provided (Used) by Operating Activities	(587,845)	(75,047)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(219,133)	(59,194)
Net Cash Provided (Used) By Investing Activities	(219,133)	(59,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Capital Lease	(14,093)	(54,541)
Net Cash Provided (Used) By Financing Activities	(14,093)	(54,541)
NET INCREASE (DECREASE) IN CASH	(821,071)	(188,782)
CASH AT BEGINNING OF YEAR	3,522,180	3,710,962
CASH AT END OF YEAR	\$ 2,701,109	\$ 3,522,180
 <u>SUPPLEMENTAL INFORMATION DISCLOSED</u>		
Cash Paid During the Year for:		
INTEREST	\$ 160	\$ 2,330

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

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, 2022

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, 2022

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, 2022

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, 2022, 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, 2022, 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, 2022

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, 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, 2022, provided the following information:

<u>Pension</u>	<u>Total Plan Assets</u>	<u>Total Pension Liability</u>	<u>Percent</u>
<u>Fund</u>	<u>2022</u>	<u>2022</u>	<u>Funded</u>
TRS	\$ 207,621,898,000	\$ 243,553,045,455	75.62%

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, 2022

C. Pension Plan: (Continued)

State law provides for a member contribution rate of 8.0% for the 2022 fiscal year. The state's contribution rate as a non-employer contributing entity was 7.75% in fiscal year 2022. The charter school's employee contributions to the system for the year ended August 31, 2022, were \$395,161, 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 \$56,573 for the year ended August 31, 2022. 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 \$24,770.

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, 2022, 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, 2022

G. 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	\$	2,701,109
Grant and other receivables		1,283,092
Total financial assets		<u>3,984,201</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>3,984,201</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.

H. Net Assets with Donor Restrictions:

Net assets with donor restrictions at August 31, 2022 are restricted as follows:

Subject to expenditure for specified purposes:

State-financed general charter school activities	\$	3,320,857
Total restricted funds	\$	<u>3,320,857</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	\$	5,877,089
Federal Funds		2,092,665
Local Funds		86,631
Total Restrictions Released	\$	<u>8,056,385</u>

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

I. 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 \$1,312,463 for education services provided by CGNC over the course of the standard school year.

At August 31, 2022, the charter school operations also recognized \$54,000 in interagency revenue for the year ended August 31, 2022. These amounts have been eliminated from the consolidated financial statements.

J. Evaluation of Subsequent Events:

The Organization has evaluated subsequent events through January 16, 2023, the date which the financial statements were available to be issued.

GOMEZ & COMPANY

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, 2022, and our report thereon dated January 16, 2023, 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, 2022 and appearing on pages 17 to 25 and 35 to 37 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 16, 2023

CASA GRACIA dba TRINITY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2022

(With Comparative Totals for August 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,562,412	\$ 3,348,089
Grants Receivable	1,162,541	788,950
Other Receivables	1,939	7,349
Total Current Assets	<u>3,726,892</u>	<u>4,144,388</u>
Property and Equipment		
Furniture and Equipment	7,773	7,773
Vehicles	88,588	88,588
Construction in Progress	-	21,314
Buildings and Improvements	894,461	654,014
	<u>990,822</u>	<u>771,689</u>
Less: Accumulated Depreciation	(257,429)	(194,567)
Total Property and Equipment	<u>733,393</u>	<u>577,122</u>
Other Assets		
Prepaid Assets	12,194	7,100
TOTAL ASSETS	<u>\$ 4,472,479</u>	<u>\$ 4,728,610</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 53,600	\$ 160,894
Payroll Liabilities	421,361	507,199
Current Portion of Capital Leases Payable	-	14,093
TOTAL LIABILITIES	<u>474,961</u>	<u>682,186</u>
Net Assets		
Without Donor Restrictions	676,661	676,661
With Donor Restrictions	3,320,857	3,369,763
TOTAL NET ASSETS	<u>3,997,518</u>	<u>4,046,424</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,472,479</u>	<u>\$ 4,728,610</u>

CASA GRACIA dba TRINITY CHARTER SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ 4,640	\$ 79,122	\$ 83,762	\$ 307,004
5750 Revenue from Cocurricular Activities	-	7,508	7,508	3,518
Total Local Support	<u>4,640</u>	<u>86,630</u>	<u>91,270</u>	<u>310,522</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	5,813,852	5,813,852	7,045,875
5820 State Program Revenues Distributed by				
Texas Education Agency	-	14,331	14,331	11,605
Total State Program Revenues	<u>-</u>	<u>5,828,183</u>	<u>5,828,183</u>	<u>7,057,480</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by				
Texas Education Agency	-	2,092,665	2,092,665	1,097,079
5930 Federal Revenues Distributed by				
Other State Agencies	-	-	-	22,010
Total Federal Program Revenues	<u>-</u>	<u>2,092,665</u>	<u>2,092,665</u>	<u>1,119,089</u>
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	8,056,384	(8,056,384)	-	-
Total Revenues	<u>8,061,024</u>	<u>(48,906)</u>	<u>8,012,118</u>	<u>8,487,091</u>
Expenses				
11 Instruction	4,404,346	-	4,404,346	4,786,182
13 Curriculum Development and Instructional				
Staff Development	173,483	-	173,483	137,749
21 Instructional Leadership	170,007	-	170,007	69,080
23 School Leadership	707,972	-	707,972	672,751
31 Guidance, Counseling and Evaluating Services	731,539	-	731,539	695,932
32 Social Work Services	203,819	-	203,819	165,898
33 Health Services	8,831	-	8,831	71
35 Food Services	151,580	-	151,580	81,561
41 General Administration	799,883	-	799,883	638,789
51 Plant Maintenance and Operations	532,402	-	532,402	597,074
52 Security and Monitoring Services	2,219	-	2,219	13,390
53 Data Processing Services	118,416	-	118,416	189,038
61 Community Services	56,367	-	56,367	64,835
71 Debt Service	160	-	160	2,330
Total Expenses	<u>8,061,024</u>	<u>-</u>	<u>8,061,024</u>	<u>8,114,680</u>
Gain on Sale of assets	-	-	-	15,144
Change in Net Assets	<u>-</u>	<u>(48,906)</u>	<u>(48,906)</u>	<u>387,555</u>
Net Assets, beginning of year	<u>676,661</u>	<u>3,369,763</u>	<u>4,046,424</u>	<u>3,658,869</u>
Net Assets, end of year	<u>\$ 676,661</u>	<u>\$ 3,320,857</u>	<u>\$ 3,997,518</u>	<u>\$ 4,046,424</u>

CASA GRACIA dba TRINITY CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (48,906)	\$ 387,555
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	62,861	56,310
(Increase) Decrease in Grants Receivable	(373,591)	(625,960)
(Increase) Decrease in Other Receivable	5,410	(7,349)
(Increase) Decrease in Intercompany Receivable	-	650
(Increase) Decrease in Other Assets	(5,094)	26,341
Increase (Decrease) in Accounts Payable	(107,293)	93,781
Increase (Decrease) in Payroll Liabilities	(85,838)	116,687
Gain on disposal of assets, net of cost of sales	-	(15,144)
Total Adjustments	(503,545)	(354,684)
Net Cash Provided (Used) by Operating Activities	(552,451)	32,871
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(219,133)	(59,194)
Net Cash Provided (Used) By Investing Activities	(219,133)	(59,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Capital Lease	(14,093)	(54,541)
Net Cash Provided (Used) By Financing Activities	(14,093)	(54,541)
NET INCREASE (DECREASE) IN CASH	(785,677)	(80,864)
CASH AT BEGINNING OF YEAR	3,348,089	3,428,953
CASH AT END OF YEAR	\$ 2,562,412	\$ 3,348,089
 <u>SUPPLEMENTAL INFORMATION DISCLOSED</u>		
Cash Paid During the Year for:		
INTEREST	\$ 160	\$ 2,330

CASA GRACIA dba TRINITY CHARTER SCHOOLS
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

EXPENSES	2022	2021
6100 Payroll Costs	\$ 6,106,102	\$ 6,171,742
6200 Professional and Contracted Services	1,207,918	1,255,221
6300 Supplies and Materials	577,998	489,930
6400 Other Operating Costs	168,846	195,457
6500 Debt	160	2,330
Total Expenses	\$ 8,061,024	\$ 8,114,680

CASA GRACIA dba TRINITY CHARTER SCHOOLS

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2022

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 362,536	\$ 2,199,876	\$ -
1520 Building and Improvements	-	275,923	-
1531 Vehicles	-	88,588	-
1539 Furniture and Equipment	-	7,773	-
1551 Buildings Under Capital Leases	-	618,538	-
Total Capital Assets	<u>\$ 362,536</u>	<u>\$ 3,190,698</u>	<u>\$ -</u>

CASA GRACIA dba TRINITY CHARTER SCHOOLS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

	<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	\$ 221,187	\$ 92,492	\$ 83,762	\$ (8,730)
5750 Revenue from Cocurricular Activities	<u>7,500</u>	<u>7,508</u>	<u>7,508</u>	<u>-</u>
Total Local Support	228,687	100,000	91,270	(8,730)
State Program Revenues:				
5810 Foundation School Program Act Revenues	5,809,759	5,744,831	5,813,852	69,021
5820 State Program Revenues Distributed by Texas Education Agency	<u>14,000</u>	<u>14,330</u>	<u>14,331</u>	<u>1</u>
Total State Program Revenues	5,823,759	5,759,161	5,828,183	69,022
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	<u>2,824,803</u>	<u>1,745,950</u>	<u>2,092,665</u>	<u>346,715</u>
Total Federal Program Revenues	2,824,803	1,745,950	2,092,665	346,715
 Total Revenues	 <u>8,877,249</u>	 <u>7,605,111</u>	 <u>8,012,118</u>	 <u>407,007</u>
EXPENSES				
11 Instruction	4,701,398	4,244,561	4,404,346	(159,785)
13 Curriculum Development and Instructional Staff Development	233,109	91,574	173,483	(81,909)
21 Instructional Leadership	256,918	167,315	170,007	(2,692)
23 School Leadership	792,789	803,723	707,972	95,751
31 Guidance, Counseling and Evaluating Services	667,574	607,797	731,539	(123,742)
32 Social Work Services	312,780	185,465	203,819	(18,354)
33 Health Services	2,100	9,291	8,831	460
35 Food Services	35,889	146,553	151,580	(5,027)
36 Cocurricular/Extracurricular Activities	40,687	-	-	-
41 General Administration	1,031,062	666,641	799,883	(133,242)
51 Plant Maintenance and Operations	529,480	453,678	532,402	(78,724)
52 Security and Monitoring Services	31,292	42,691	2,219	40,472
53 Data Processing Services	139,023	134,792	118,416	16,376
61 Community Services	100,648	50,891	56,367	(5,476)
71 Debt Service	<u>2,500</u>	<u>139</u>	<u>160</u>	<u>(21)</u>
Total Expenses	8,877,249	7,605,111	8,061,024	(455,913)
Gain Sale of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>(48,906)</u>	<u>(48,906)</u>
Net Assets, beginning of year	<u>4,046,424</u>	<u>4,046,424</u>	<u>4,046,424</u>	<u>-</u>
Net Assets, end of year	<u>\$ 4,046,424</u>	<u>\$ 4,046,424</u>	<u>\$ 3,997,518</u>	<u>\$ (48,906)</u>

CASA GRACIA, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022

	Trinity Charter School	Casa Gracia NC, LLC	Eliminations	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,562,412	\$ 138,697	\$ -	\$ 2,701,109
Grants Receivable	1,162,541	-	-	1,162,541
Other Receivable	1,939	118,612	-	120,551
Total Current Assets	<u>3,726,892</u>	<u>257,309</u>	<u>-</u>	<u>3,984,201</u>
Property, Plant & Equipment:				
Furniture and Equipment	7,773	-	-	7,773
Vehicles	88,588	-	-	88,588
Construction in progress	-	-	-	-
Building improvements	894,461	-	-	894,461
	990,822	-	-	990,822
Accumulated depreciation	(257,429)	-	-	(257,429)
Total Property, Plant & Equipment	<u>733,393</u>	<u>-</u>	<u>-</u>	<u>733,393</u>
Other Assets:				
Prepaid assets	12,194	2,096	-	14,290
TOTAL ASSETS	<u>\$ 4,472,479</u>	<u>\$ 259,405</u>	<u>\$ -</u>	<u>\$ 4,731,884</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 53,600	\$ (826)	\$ -	\$ 52,774
Payroll Liabilities	421,361	72,410	-	493,771
Current Portion of Capital Lease	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>474,961</u>	<u>71,584</u>	<u>-</u>	<u>546,545</u>
LONG-TERM LIABILITIES				
Long-term Capital Lease, net of Current Portion	-	-	-	-
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>474,961</u>	<u>71,584</u>	<u>-</u>	<u>546,545</u>
NET ASSETS				
Without Donor Restrictions	676,661	187,821	-	864,482
With Donor Restrictions	3,320,857	-	-	3,320,857
TOTAL NET ASSETS	<u>3,997,518</u>	<u>187,821</u>	<u>-</u>	<u>4,185,339</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,472,479</u>	<u>\$ 259,405</u>	<u>\$ -</u>	<u>\$ 4,731,884</u>

CASA GRACIA, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

	Trinity Charter Schools	Casa Garcia NC, LLC	Eliminations	Total
Revenues				
Local Support:				
Other revenues from Local Sources	\$ 91,270	\$ 1,313,207	\$ 54,000	\$ 1,350,477
State Program Revenues	5,828,183	-	-	5,828,183
Federal Program Revenues	2,092,665	-	-	2,092,665
Total Revenues	<u>8,012,118</u>	<u>1,313,207</u>	<u>54,000</u>	<u>9,271,325</u>
Expenses				
Program Services				
Instruction and Instructional-Related Services	4,577,829	954,633	-	5,532,462
Instructional and School Leadership	877,979	228,674	-	1,106,653
Support Services-Student (Pupil)	1,095,769	1,989	-	1,097,758
Ancillary Services	56,367	-	-	56,367
Total Program Services	<u>6,607,944</u>	<u>1,185,296</u>	<u>-</u>	<u>7,793,240</u>
Support Services				
Administrative Support Services	799,883	100,098	54,000	845,981
Support Services- Non-Student Based	653,037	48,438	-	701,475
Debt Service	160	-	-	160
Total Supporting Services	<u>1,453,080</u>	<u>148,536</u>	<u>54,000</u>	<u>1,547,616</u>
Total Expenses	<u>8,061,024</u>	<u>1,333,832</u>	<u>54,000</u>	<u>9,340,856</u>
Change in Net Assets	<u>(48,906)</u>	<u>(20,625)</u>	<u>-</u>	<u>(69,531)</u>
Net Assets, Beginning of Year	<u>4,046,424</u>	<u>208,446</u>	<u>-</u>	<u>4,254,870</u>
Net Assets, End of Year	<u>\$ 3,997,518</u>	<u>\$ 187,821</u>	<u>\$ -</u>	<u>\$ 4,185,339</u>

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

	<u>Trinity</u> <u>Charter Schools</u>	<u>Casa</u> <u>Gracia NC, LLC</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ (48,906)	\$ (20,625)	\$ (69,531)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense	62,861	-	62,861
(Increase) Decrease in Grants Receivable	(373,591)	-	(373,591)
(Increase) Decrease in Other Receivable	5,410	(32,219)	(26,809)
(Increase) Decrease in Other assets	(5,094)	(2)	(5,096)
Increase (Decrease) in Accounts Payable	(107,293)	(1,503)	(108,796)
Increase (Decrease) in Payroll Liabilities	(85,838)	18,955	(66,883)
Total Adjustments	<u>(503,545)</u>	<u>(14,769)</u>	<u>(518,314)</u>
Net Cash Provided (Used) by Operating Activities	<u>(552,451)</u>	<u>(35,394)</u>	<u>(587,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(219,133)	-	(219,133)
Net Cash Provided (Used) By Investing Activities	<u>(219,133)</u>	<u>-</u>	<u>(219,133)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Capital Lease	(14,093)	-	(14,093)
Net Cash Provided (Used) By Financing Activities	<u>(14,093)</u>	<u>-</u>	<u>(14,093)</u>
NET INCREASE (DECREASE) IN CASH	(785,677)	(35,394)	(821,071)
CASH AT BEGINNING OF YEAR	<u>3,348,089</u>	<u>174,091</u>	<u>3,522,180</u>
CASH AT END OF YEAR	<u>\$ 2,562,412</u>	<u>\$ 138,697</u>	<u>\$ 2,701,109</u>
 <u>SUPPLEMENTAL INFORMATION DISCLOSED</u>			
Cash Paid During the Year for:			
INTEREST	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 160</u>

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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, 2022, 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 16, 2023.

Report on 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

Report on 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 "Honey & Company". The signature is written in a cursive, flowing style.

Houston, TX
January 16, 2023

GOMEZ & COMPANY

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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

Opinion on Each Major Federal Program

We have audited Casa Gracia, dba Trinity Charter Schools' (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Casa Gracia, dba Trinity Charter Schools' major federal programs for the year ended August 31, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibility for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding Casa Gracia, dba Trinity Charter Schools' compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Casa Gracia, dba Trinity Charter Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Casa Gracia, dba Trinity Charter Schools' 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.

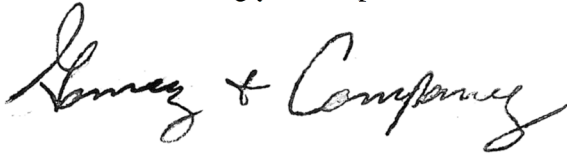
Report on Internal Control Over Compliance

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.

A handwritten signature in cursive script that reads "Ramsey & Company". The signature is written in black ink and is positioned above the typed text.

Houston, TX
January 16, 2023

CASA GRACIA, dba TRINITY CHARTER SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2022

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 Education	
Passed – Through Texas Education Agency	
Elementary and Secondary School	CFDA 84.425D
Emergency Relief Fund*	CFDA 84.425U

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

*Denotes cluster

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2022

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, 2021.

CASA GRACIA dba TRINITY CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

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	\$ 2,289
Title I, Part A, School Improvement	84.010A	22610101046802	21,677
Title I, Part D, Subpart 2	84.010A	21610103046802	171,418
Title I, Part D, Subpart 2	84.010A	22610103046802	272,912
Idea - B Formula	84.027A	216600010468026600	2,003
Idea - B Formula	84.027A	226600010468026600	145,092
Title II, Part A, Teacher/Principal Training & Recruiting	84.367A	21694501046802	3
Title II, Part A, Teacher/Principal Training & Recruiting	84.367A	22694501046802	2,580
Total U.S. Department of Education, non-COVID-19 Assistance			<u>617,974</u>
<u>U.S. Department of Education</u>			
Passed - Through Texas Education Agency:			
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) - Elementary and Secondary School Emergency Relief (ESSER) Fu	84.425D	21521001046802	1,128,067
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	21528001046802	290,452
Total U.S. Department of Education, COVID-19 Assistance			<u>1,418,519</u>
Total U.S. Department of Education			<u>2,036,493</u>
<u>U.S. Department of Agriculture</u>			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
School Breakfast	10.553	71402101	2,167
School Breakfast	10.553	71402201	7,130
National School Lunch	10.555	71302101	3,038
National School Lunch	10.555	71302201	9,548
			<u>21,883</u>
Passed - Through Texas Department of Agriculture			
School Breakfast	10.555	05288	14,098
National School Lunch	10.555	05288	19,577
Total U.S. Department of Agriculture, non-COVID-19 Assistance			<u>55,558</u>
Passed - Through Texas Department of Agriculture			
COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT)	10.649		614
Total U.S. Department of Agriculture			<u>614</u>
Total Expenditures of Federal Awards			<u>\$ 2,092,665</u>

CASA GRACIA, dba TRINITY CHARTER SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

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, 2022. 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, 2022

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, 2022

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.

CASA GRACIA, dba TRINITY CHARTER SCHOOLS
SPECIAL PROGRAM COMPLIANCE SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Program</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 587,815
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 212,880
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 11,183
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 29,530