

**CASA GRACIA, dba TRINITY CHARTER SCHOOLS**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED AUGUST 31, 2023**



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

**CERTIFICATE OF BOARD**  
August 31, 2023

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Casa Gracia, dba Trinity Charter Schools was reviewed and \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2023, at a meeting of the governing body of said charter school on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

## 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, 2023, 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, 2023, 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 And *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

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

We have previously audited Casa Gracia dba Trinity Charter Schools' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, 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, 2024, 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 Professional Accounting Corporation

Houston, TX  
January 16, 2024

CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2023  
(With Comparative Totals for August 31, 2022)

	2023	2022
<b>ASSETS</b>		
Current Assets		
Cash	\$ 2,318,738	\$ 2,701,109
Grants Receivable	1,135,107	1,162,541
Other Receivables	19,262	120,497
Total Current Assets	3,473,107	3,984,147
Property and Equipment		
Furniture and Equipment	7,773	7,773
Vehicles	118,588	88,588
Buildings and Improvements	912,296	894,461
	1,038,657	990,822
Less: Accumulated Depreciation	(339,388)	(257,429)
	699,269	733,393
Other Assets		
Operating Lease Right-of-Use Asset	633,779	-
Prepaid Assets	229,088	14,290
	862,867	14,290
<b>TOTAL ASSETS</b>	<b>\$ 5,035,243</b>	<b>\$ 4,731,830</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 87,420	\$ 52,774
Payroll Liabilities	399,799	493,717
Current Portion of Capital Leases Payable	289,269	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>776,488</b>	<b>546,491</b>
Long-Term Liabilities		
Capital Leases, Net of Current Portion	344,510	-
<b>Total Long-Term Liabilities</b>	<b>344,510</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>1,120,998</b>	<b>546,491</b>
Net Assets		
Without Donor Restrictions	968,542	864,482
With Donor Restrictions	2,945,703	3,320,857
<b>TOTAL NET ASSETS</b>	<b>3,914,245</b>	<b>4,185,339</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,035,243</b>	<b>\$ 4,731,830</b>



CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023  
(With Comparative Totals for the Year Ended August 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>Revenues</b>				
Other Revenues from Local Sources	\$ 1,844,807	\$ 115,100	\$ 1,959,907	\$ 1,350,477
State Program Revenues	-	5,785,115	5,785,116	5,828,183
Federal Program Revenues	-	2,116,266	2,116,266	2,092,665
Net Assets Released from Restrictions:	-	-	-	-
Restrictions Satisfied by Payments	8,391,635	(8,391,635)	-	-
Total Revenues	<u>10,236,442</u>	<u>(375,154)</u>	<u>9,861,288</u>	<u>9,271,325</u>
<b>Expenses</b>				
<b>Program Services</b>				
Instruction and Instructional-Related Services	6,056,070	-	6,056,070	5,532,462
Instructional and School Leadership	1,133,619	-	1,133,619	1,106,653
Support Services- Student (Pupil)	1,076,814	-	1,076,814	1,097,758
Ancillary Services	66,114	-	66,114	56,367
Total Program Services	<u>8,332,617</u>	<u>-</u>	<u>8,332,617</u>	<u>7,793,240</u>
<b>Support Services</b>				
Administrative Support Services	1,008,892	-	1,008,892	845,982
Support Services- Non-Student Based	790,873	-	790,873	701,474
Debt Service	-	-	-	160
Total Support Services	<u>1,799,765</u>	<u>-</u>	<u>1,799,765</u>	<u>1,547,616</u>
Total Expenses	<u>10,132,382</u>	<u>-</u>	<u>10,132,382</u>	<u>9,340,856</u>
Gain on Sale of Assets	-	-	-	-
Change in Net Assets	<u>104,063</u>	<u>(375,154)</u>	<u>(271,094)</u>	<u>(69,531)</u>
Net Assets, Beginning of Year	<u>864,482</u>	<u>3,320,857</u>	<u>4,185,339</u>	<u>4,254,870</u>
Net Assets, End of Year	<u>\$ 968,542</u>	<u>\$ 2,945,703</u>	<u>\$ 3,914,245</u>	<u>\$ 4,185,339</u>

CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2023  
(With Comparative Totals for the Year Ended August 31, 2022)

	Program Expense	General and Administrative	Fundraising	Total Supporting Services	2023 Total	2022 Total
Expenses						
Salaries	\$ 6,134,412	\$ 588,538	\$ -	\$ 588,538	\$ 6,722,950	\$ 6,269,479
Payroll Taxes	183,556	7,330	-	7,330	190,886	192,154
Employee Benefits	817,592	72,805	-	72,805	890,397	741,919
Rental Expense	4,300	311,541	-	311,541	315,841	285,045
Maintenance and Repairs	-	15,607	-	15,607	15,607	8,500
Utilities	-	84,504	-	84,504	84,504	67,062
Depreciation	-	81,960	-	81,960	81,960	62,861
Supplies	560,251	72,468	-	72,468	632,719	629,757
Travel	75,739	16,288	-	16,288	92,027	68,641
Equipment Lease	53,512	-	-	-	53,512	61,434
Insurance	31,393	143	-	143	31,536	41,036
Professional Fees	396,528	524,728	-	524,728	921,256	877,614
Interest	-	-	-	-	-	160
Other	75,334	23,853	-	23,853	99,187	35,194
Total Expenses	<u>\$ 8,332,617</u>	<u>\$ 1,799,765</u>	<u>\$ -</u>	<u>\$ 1,799,765</u>	<u>\$ 10,132,382</u>	<u>\$ 9,340,856</u>

CASA GRACIA, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2023  
(With Comparative Totals for the Year Ended August 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (271,094)	\$ (69,531)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	81,960	62,861
(Increase) Decrease in Grants Receivable	27,434	(373,591)
(Increase) Decrease in Other Receivable	101,235	(26,809)
(Increase) Decrease in Other assets	(214,798)	(5,096)
(Increase) Decrease in Right-of-Use Assets for Operating Leases	209,959	
Increase (Decrease) in Accounts Payable	34,647	(108,796)
Increase (Decrease) in Payroll Liabilities	(93,918)	(66,883)
Increase (Decrease) Operating Lease Liabilities	(209,959)	
Total Adjustments	(63,440)	(518,314)
Net Cash Provided (Used) by Operating Activities	(334,534)	(587,845)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(47,837)	(219,133)
Net Cash Provided (Used) By Investing Activities	(47,837)	(219,133)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Capital Lease	-	(14,093)
Net Cash Provided (Used) By Financing Activities	-	(14,093)
 NET INCREASE (DECREASE) IN CASH	(382,371)	(821,071)
 CASH AT BEGINNING OF YEAR	2,701,109	3,522,180
 CASH AT END OF YEAR	\$ 2,318,738	\$ 2,701,109
 <u>SUPPLEMENTAL INFORMATION DISCLOSED</u>		
RIGHT OF USE ASSETS OBTAINED IN EXCHANGE FOR NEW OPERATING LEASE LIABILITIES	843,738	-
 INTEREST	\$ -	\$ 160

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

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, 2023

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.

LEASES

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow- scope Improvements for Lessors; ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (topic 815), and Leases (topic 842): Effective Dates; ASU 2020-02, Financial Instruments - Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842); and ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

B. Summary of Significant Accounting Policies: (Continued)

Trinity, Inc. elected to adopt these ASUs using the modified retrospective approach required by the standards and implementing the standards using the effective date method, which established September 1, 2022 as both the effective date and date of initial application. Trinity, Inc. elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed Trinity, Inc. to carry forward the historical lease classification.

In addition, Trinity, Inc. made the following elections: to use hindsight in determining the lease term for existing leases; to apply the short-term lease exception to all leases with a term of one year or less; and to use a risk-free discount rate for all operating leases, determined using a period comparable with that of the lease term.

The adoption of the ASUs had a material impact on Trinity, Inc.'s statement of financial position and on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. ROU assets represent Trinity, Inc.'s right to use an underlying asset for the lease term, and lease liabilities represent Trinity, Inc.'s obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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, 2023

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, 2023

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, 2023, 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, 2023, 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, 2023

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, 2023, provided the following information:

Pension Fund	Total Plan Assets 2023	Total Pension Liability 2023	Percent Funded
TRS	\$ 213,472,526,000	\$ 255,860,886,500	73.15%

*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, 2023

C. Pension Plan: (Continued)

State law provides for a member contribution rate of 8.0% for the 2023 fiscal year. The state's contribution rate as a non-employer contributing entity was 7.75% in fiscal year 2023. The charter school's employee contributions to the system for the year ended August 31, 2023, were \$444,134 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 \$65,972 for the year ended August 31, 2023. 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 \$31,204.

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, 2023, 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, 2023

G. Operating Lease Commitment:

The organization is currently leasing its equipment and office space on a noncancellable operating lease. All leases expire by August 2026.

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

<u>Twelve months ending August 31,</u>	<u>Amount</u>
2024	\$ 291,144
2025	316,200
2026	<u>91,764</u>
Total operating lease payments	\$ 699,108
Less: present value discount	(65,329)
Total operating lease liabilities	<u>\$ 633,779</u>

Operating lease expense amounted to \$369,229 for the twelve months ended August 31, 2023.

Right-of-use assets under operating leases were as follows:

Operating Lease Right-of Use Assets- Beginning Balance	\$ 254,886
New Operating Lease Right-of-Use Assets	<u>588,852</u>
Less Current year amortization	<u>(209,959)</u>
Operating Lease Right-of-Use Assets - Ending Balance	<u>\$ 633,779</u>

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

H. 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	\$	2,318,738
Grant and other receivables		1,154,369
Total financial assets		<u>3,473,107</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>3,473,107</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.

I. Net Assets with Donor Restrictions:

Net assets with donor restrictions at August 31, 2023 are restricted as follows:

Subject to expenditure for specified purposes:

State-financed general charter school activities	\$	<u>2,945,703</u>
Total restricted funds	\$	<u>2,945,703</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	\$	6,160,269
Federal Funds		2,116,266
Local Funds		115,100
Total Restrictions Released	\$	<u>8,391,635</u>

CASA GRACIA, dba TRINITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

J. 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 \$1,653,586 for education services provided by CGNC over the course of the standard school year.

K. Evaluation of Subsequent Events:

The Organization has evaluated subsequent events through January 16, 2024, the date which the financial statements were available to be issued.

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, 2023, and our report thereon dated January 16, 2024, 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, 2023 and appearing on pages 19 to 27 and 37 to 39 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.



A Professional Accounting Corporation

Houston, TX  
January 16, 2024

## CASA GRACIA dba TRINITY CHARTER SCHOOLS

## STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2023

(With Comparative Totals for August 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,153,621	\$ 2,562,412
Grants Receivable	992,460	1,162,541
Other Receivables	19,262	1,939
Intercompany Receivable	-	-
Total Current Assets	<u>3,165,343</u>	<u>3,726,892</u>
Property and Equipment		
Furniture and Equipment	7,773	7,773
Vehicles	118,588	88,588
Construction in Progress	-	-
Buildings and Improvements	912,296	894,461
	<u>1,038,657</u>	<u>990,822</u>
Less: Accumulated Depreciation	<u>(339,388)</u>	<u>(257,429)</u>
Total Property and Equipment	<u>699,269</u>	<u>733,393</u>
Other Assets		
Operating Lease Right-of-Use Asset	633,779	
Prepaid Assets	181,457	12,194
	<u>815,236</u>	<u>12,194</u>
TOTAL ASSETS	<u>\$ 4,679,848</u>	<u>\$ 4,472,479</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 85,898	\$ 53,600
Payroll Liabilities	337,807	421,361
Current Portion of Capital Leases Payable	289,269	-
TOTAL CURRENT LIABILITIES	<u>712,974</u>	<u>474,961</u>
Long-term Liabilities		
Capital Leases, Net of Current Portion	344,510	-
Total Long-Term Liabilities	<u>344,510</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,057,484</u>	<u>474,961</u>
Net Assets		
Without Donor Restrictions	676,661	676,661
With Donor Restrictions	2,945,703	3,320,857
TOTAL NET ASSETS	<u>3,622,364</u>	<u>3,997,518</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,679,848</u>	<u>\$ 4,472,479</u>

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023  
(With Comparative Totals for the Year Ended August 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ -	\$ 160,894	\$ 160,894	\$ 83,762
5750 Revenue from Cocurricular Activities	-	-	-	7,508
Total Local Support	<u>-</u>	<u>160,894</u>	<u>160,894</u>	<u>91,270</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	5,776,864	5,776,864	5,813,852
5820 State Program Revenues Distributed by				
Texas Education Agency	-	13,538	13,538	14,331
Total State Program Revenues	<u>-</u>	<u>5,790,402</u>	<u>5,790,402</u>	<u>5,828,183</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by				
Texas Education Agency	-	2,095,668	2,095,668	2,092,665
5930 Federal Revenues Distributed by				
Other State Agencies	-	15,311	15,311	-
Total Federal Program Revenues	<u>-</u>	<u>2,110,979</u>	<u>2,110,979</u>	<u>2,092,665</u>
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	8,437,427	(8,437,427)	-	-
Total Revenues	<u>8,437,427</u>	<u>(375,152)</u>	<u>8,062,273</u>	<u>8,012,118</u>
Expenses				
11 Instruction	4,564,181	-	4,564,181	4,404,346
13 Curriculum Development and Instructional				
Staff Development	299,686	-	299,686	173,483
21 Instructional Leadership	94,488	-	94,488	170,007
23 School Leadership	695,700	-	695,700	707,972
31 Guidance, Counseling and Evaluating Services	670,572	-	670,572	731,539
32 Social Work Services	279,777	-	279,777	203,819
33 Health Services	39	-	39	8,831
35 Food Services	126,050	-	126,050	151,580
41 General Administration	906,428	-	906,428	799,883
51 Plant Maintenance and Operations	627,437	-	627,437	532,402
52 Security and Monitoring Services	23,920	-	23,920	2,219
53 Data Processing Services	83,037	-	83,037	118,416
61 Community Services	66,114	-	66,114	56,367
71 Debt Service	-	-	-	160
Total Expenses	<u>8,437,427</u>	<u>-</u>	<u>8,437,427</u>	<u>8,061,024</u>
Gain on Sale of assets	-	-	-	-
Change in Net Assets	<u>-</u>	<u>(375,152)</u>	<u>(375,154)</u>	<u>(48,906)</u>
Net Assets, beginning of year	<u>676,661</u>	<u>3,320,857</u>	<u>3,997,518</u>	<u>4,046,424</u>
Net Assets, end of year	<u>\$ 676,661</u>	<u>\$ 2,945,703</u>	<u>\$ 3,622,364</u>	<u>\$ 3,997,518</u>



CASA GRACIA dba TRINITY CHARTER SCHOOLS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2023  
(With Comparative Totals for the Year Ended August 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (375,154)	\$ (48,906)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	81,960	62,861
(Increase) Decrease in Grants Receivable	170,081	(373,591)
(Increase) Decrease in Other Receivable	(17,323)	5,410
(Increase) Decrease in Other Assets	(169,263)	(5,094)
(Increase) decrease in Right-of-Use Assets for Operating Leases	291,806	
Increase (Decrease) in Accounts Payable	32,299	(107,293)
Increase (Decrease) in Payroll Liabilities	(83,554)	(85,838)
Increase (decrease) Operating Lease Liabilities	(291,806)	-
Total Adjustments	14,200	(503,545)
Net Cash Provided (Used) by Operating Activities	(360,954)	(552,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(47,837)	(219,133)
Net Cash Provided (Used) By Investing Activities	(47,837)	(219,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Capital Lease	-	(14,093)
Net Cash Provided (Used) By Financing Activities	(408,791)	(785,677)
NET INCREASE (DECREASE) IN CASH	2,562,412	3,348,089
CASH AT BEGINNING OF YEAR	\$ 2,153,621	\$ 2,562,412
CASH AT END OF YEAR	\$ 2,153,621	\$ 2,562,412
<u>SUPPLEMENTAL INFORMATION DISCLOSED</u>		
RIGHT OF USE ASSETS OBTAINED IN EXCHANGE FOR NEW OPERATING LEASE LIABILITIES	843,738	-
INTEREST	\$ -	\$ 160

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
SCHEDULE OF EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2023  
(With Comparative Totals for the Year Ended August 31, 2022)

<b>EXPENSES</b>	2023	2022
6100 Payroll Costs	\$ 6,427,279	\$ 6,106,102
6200 Professional and Contracted Services	1,227,268	1,207,918
6300 Supplies and Materials	530,137	577,998
6400 Other Operating Costs	252,745	168,846
6500 Debt	-	160
Total Expenses	\$ 8,437,427	\$ 8,061,024

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2023

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 304,577	\$ 1,849,044	\$ -
1520 Building and Improvements	-	50,561	-
1531 Vehicles	-	118,588	-
1539 Furniture and Equipment	-	7,773	-
1553 Right-of-Use Assets: Financing Lease for Equipment	-	81,847	-
1554 Right-of-Use Assets: Financing Lease for Building	-	551,932	-
1551 Buildings Under Capital Leases	-	861,735	-
<b>Total Capital Assets</b>	<b>\$ 304,577</b>	<b>\$ 3,521,480</b>	<b>\$ -</b>

CASA GRACIA dba TRINITY CHARTER SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2023

	<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	\$ 15,000	\$ 200,900	\$ 160,891	\$ (40,009)
Total Local Support	15,000	200,900	160,891	(40,009)
State Program Revenues:				
5810 Foundation School Program Act Revenues	5,574,087	5,657,000	5,790,402	133,402
Total State Program Revenues	5,574,087	5,657,000	5,790,402	133,402
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	3,939,157	2,570,387	2,110,980	(459,407)
Total Federal Program Revenues	3,939,157	2,570,387	2,110,980	(459,407)
 Total Revenues	 9,528,244	 8,428,287	 8,062,273	 (366,014)
 EXPENSES				
11 Instruction	6,473,030	4,905,904	4,564,181	341,723
13 Curriculum Development and Instructional				
Staff Development	84,621	347,341	299,686	47,655
21 Instructional Leadership	205,540	95,678	94,488	1,190
23 School Leadership	589,771	699,720	695,700	4,020
31 Guidance, Counseling and Evaluating Services	677,684	738,722	670,572	68,150
32 Social Work Services	344,955	285,145	279,777	5,368
33 Health Services	11,473	100	39	61
35 Food Services	91,414	126,586	126,050	536
41 General Administration	480,966	890,420	906,428	(16,008)
51 Plant Maintenance and Operations	423,967	608,109	627,437	(19,328)
52 Security and Monitoring Services	13,584	28,666	23,920	4,746
53 Data Processing Services	129,560	89,401	83,037	6,364
61 Community Services	1,679	42,795	66,114	(23,319)
Total Expenses	9,528,244	8,858,587	8,437,427	421,158
Gain Sale of Assets	-	-	-	-
Change in Net Assets	-	(430,300)	(375,154)	55,144
Net Assets, beginning of year	3,997,518	3,997,518	3,997,518	-
Net Assets, end of year	\$ 3,997,518	\$ 3,567,218	\$ 3,622,364	\$ 55,144

CASA GRACIA, INC.  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2023

	Trinity Charter School	Casa Gracia NC, LLC	Eliminations	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,153,621	\$ 165,117	\$ -	\$ 2,318,738
Grants Receivable	992,460	142,647	-	1,135,107
Other Receivable	19,262	-	-	19,262
Total Current Assets	<u>3,165,343</u>	<u>307,764</u>	<u>-</u>	<u>3,473,107</u>
Property, Plant & Equipment:				
Furniture and Equipment	7,773	-	-	7,773
Vehicles	118,588	-	-	118,588
Building improvements	912,296	-	-	912,296
	<u>1,038,657</u>	<u>-</u>	<u>-</u>	<u>1,038,657</u>
Accumulated depreciation	(339,388)	-	-	(339,388)
Total Property, Plant & Equipment	<u>699,269</u>	<u>-</u>	<u>-</u>	<u>699,269</u>
Other Assets:				
Operating Lease Right-of-Use Asset	633,779	-	-	633,779
Prepaid assets	181,457	47,631	-	229,088
	<u>181,457</u>	<u>47,631</u>	<u>-</u>	<u>229,088</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,679,848</u>	<u>\$ 355,395</u>	<u>\$ -</u>	<u>\$ 5,035,243</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts Payable	\$ 85,898	\$ 1,520	\$ -	\$ 87,420
Payroll Liabilities	337,807	61,992	-	399,799
Current Portion of Capital Lease	289,269	-	-	289,269
<b>TOTAL CURRENT LIABILITIES</b>	<u>712,974</u>	<u>63,512</u>	<u>-</u>	<u>776,488</u>
<b>LONG-TERM LIABILITIES</b>				
Long-term Capital Lease, Net of Current Portion	344,510	-	-	344,510
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>344,510</u>	<u>-</u>	<u>-</u>	<u>344,510</u>
<b>TOTAL LIABILITIES</b>	<u>1,057,484</u>	<u>63,512</u>	<u>-</u>	<u>1,120,998</u>
<b>NET ASSETS</b>				
Without Donor Restrictions	676,661	291,881	-	968,542
With Donor Restrictions	2,945,703	-	-	2,945,703
<b>TOTAL NET ASSETS</b>	<u>3,622,364</u>	<u>291,881</u>	<u>-</u>	<u>3,914,245</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,679,848</u>	<u>\$ 355,393</u>	<u>\$ -</u>	<u>\$ 5,035,243</u>

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CASA GRACIA, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023

	Trinity Charter Schools	Casa Gracia NC, LLC	Eliminations	Total
<b>Revenues</b>				
<b>Local Support:</b>				
Other revenues from Local Sources	\$ 160,891	\$ 1,799,018	\$ -	\$ 1,959,907
State Program Revenues	5,790,402	-	-	5,790,402
Federal Program Revenues	2,110,980	-	-	2,110,980
<b>Total Revenues</b>	<b>8,062,273</b>	<b>1,799,018</b>	<b>-</b>	<b>9,861,288</b>
<b>Expenses</b>				
<b>Program Services</b>				
Instruction and Instructional-Related Services	4,863,867	1,192,204	-	6,056,070
Instructional and School Leadership	790,188	343,430	-	1,133,619
Support Services-Student (Pupil)	1,076,437	377	-	1,076,814
Ancillary Services	66,114	-	-	66,114
<b>Total Program Services</b>	<b>6,796,606</b>	<b>1,536,011</b>	<b>-</b>	<b>8,332,617</b>
<b>Support Services</b>				
Administrative Support Services	906,428	102,464	-	1,008,892
Support Services- Non-Student Based	734,393	56,480	-	790,873
	-	-	-	-
<b>Total Supporting Services</b>	<b>1,640,821</b>	<b>158,944</b>	<b>-</b>	<b>1,799,765</b>
<b>Total Expenses</b>	<b>8,437,427</b>	<b>1,694,955</b>	<b>-</b>	<b>10,132,382</b>
<b>Change in Net Assets</b>	<b>(375,154)</b>	<b>104,063</b>	<b>-</b>	<b>(271,094)</b>
<b>Net Assets, Beginning of Year</b>	<b>3,997,518</b>	<b>187,818</b>	<b>-</b>	<b>4,185,339</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,622,364</b>	<b>\$ 291,881</b>	<b>\$ -</b>	<b>\$ 3,914,245</b>

CASA GRACIA, INC.  
CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2023

	Trinity Charter Schools	Casa Gracia NC, LLC	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in net assets	\$ (375,154)	\$ 104,060	\$ (271,094)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation expense	81,960	-	81,960
(Increase) Decrease in Grants Receivable	170,081	(142,646)	27,435
(Increase) Decrease in Other Receivable	(17,323)	118,558	101,235
(Increase) Decrease in Other assets	(169,263)	(45,535)	(214,798)
Increase (Decrease) in Accounts Payable	32,301	2,345	34,646
Increase (Decrease) in Payroll Liabilities	(83,554)	(10,364)	(93,918)
Total Adjustments	<u>14,202</u>	<u>(77,642)</u>	<u>(63,440)</u>
Net Cash Provided (Used) by Operating Activities	<u>(360,952)</u>	<u>26,418</u>	<u>(334,534)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	<u>(47,837)</u>	<u>-</u>	<u>(47,837)</u>
Net Cash Provided (Used) By Investing Activities	<u>(47,837)</u>	<u>-</u>	<u>(47,837)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Capital Lease	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) By Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(408,789)	26,418	(382,371)
CASH AT BEGINNING OF YEAR	<u>2,562,412</u>	<u>138,697</u>	<u>2,701,109</u>
CASH AT END OF YEAR	<u>\$ 2,153,621</u>	<u>\$ 165,117</u>	<u>\$ 2,318,738</u>
<b><u>SUPPLEMENTAL INFORMATION DISCLOSED</u></b>			
RIGHT OF USE ASSETS OBTAINED IN EXCHANGE FOR NEW OPERATING LEASE LIABILITIES	<u>843,738</u>	<u>-</u>	<u>-</u>
Cash Paid During the Year for:			
INTEREST	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023, 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, 2024.

**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 cursive script that reads "LaForte".

A Professional Accounting Corporation

Houston, TX  
January 16, 2024

**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, 2023. 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, 2023.

***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***

*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.

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

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Houston, TX  
January 16, 2024

CASA GRACIA, dba TRINITY CHARTER SCHOOLS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2023

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>Assistance Listing Number</u>
U.S. Department of Education	
Passed – Through Texas Education Agency	
Education Stabilization Fund	ALN 84.425
Title I Part A	ALN 84.010

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 <i>Governmental Auditing Standards</i> 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, 2023

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, 2022.

CASA GRACIA dba TRINITY CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Assistance Listing 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	23610101046802	\$ 193,398
Title I, Part A, School Improvement	84.010A	23610103046802	692,186
Title IV, Part A Subpart 1	84.010A		35,048
Special Education Cluster			
Idea - B Formula	84.027A	236600010468026000	104,892
Idea - B Formula	84.027A	225350020468025000	7,061
Total Special Education Cluster			<u>111,953</u>
Title II, Part A, Teacher/Principal Training & Recruiting	84.367A	23694501046802	2,143
Total U.S. Department of Education, non-COVID-19 Assistance			<u>1,034,728</u>
<u>U.S. Department of Education</u>			
Passed - Through Texas Education Agency:			
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations (CRRSA) - Education Stabilization (ESSER II) Fund	84.425D	21521001046802	142,861
COVID-19 - American Rescue Plan Elementary and Secondary School Education Stabilization (ESSER III) Fund	84.425U	21528001046802	873,239
Total U.S. Department of Education, COVID-19 Assistance			<u>1,016,100</u>
Total U.S. Department of Education			<u>2,050,828</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
School Breakfast Program	10.553		21,431
National School Lunch Program	10.555		28,695
			<u>50,126</u>
Passed - Through Texas Department of Agriculture			
Total Child Nutrition Cluster			<u>50,126</u>
Total U.S. Department of Agriculture, non-COVID-19 Assistance			<u>50,126</u>
Passed - Through Texas Department of Agriculture			
ELC -COVID-19 School Health Support	93.323		15,312
Total U.S. Department of Agriculture			<u>65,438</u>
Total Expenditures of Federal Awards			<u>\$ 2,116,266</u>

CASA GRACIA, dba TRINITY CHARTER SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023

**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, 2023. 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, 2023

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, 2023

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, 2023

<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.	\$ 520,817
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)	\$ 327,813
<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.	\$ 11,562
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 24,425