

BRAZOS RIVER SCHOOL

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

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FOR THE YEAR ENDED AUGUST 31, 2022

TABLE OF CONTENTS

	<u>Page</u>
Certificate of Board of Directors	1
Independent Auditor’s Report- Unmodified Opinion on Financial Statements.....	
General-Purpose Financial Statements:	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements	6-14
Specific-Purpose Financial Statements:	
Statement of Financial Position.....	15
Statement of Activities.....	16
Statement of Cash Flows.....	17
Supplementary Schedules:	
Schedule of Expenses.....	18
Schedule of Capital Assets.....	19
Budgetary Comparison Schedule.....	20
Schedule of Real Property Ownership Interests.....	21
Schedule of Related Party Transactions and Compensation.....	22
Compensatory and Bilingual Education Programs Compliance Responses...	23-24
Compliance and Other Reports:	
Independent Auditor’s Report- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
Schedule of Findings and Questioned Costs.....	25
Schedule of Prior Year Audit Findings.....	26
Corrective Action Plan.....	27

**BRAZOS RIVER SCHOOL
COUNTY-DISTRICT NO. 213801 BRAZOS RIVER CHARTER SCHOOL
COUNTY-DISTRICT NO. 184801 CROSSTIMBERS ACADEMY
FEDERAL EMPLOYER IDENTIFICATION NO. 75-2855334**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2022**

CERTIFICATE OF BOARD OF DIRECTORS

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Brazos River School was reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2022, at a meeting of the governing body of said charter holder on the _____ day of January, 2023.

Signature of Board Secretary

Signature of Board President

NOTE: If the governing body of the charter school does not approve the independent auditors' report, it must forward a written statement discussing the reason(s) for not approving the report.

GREGORY S. DELK



CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brazos River School
Nemo, Texas

Opinion

We have audited the accompanying financial statements of Brazos River School (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brazos River School 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 Brazos River School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Brazos River School'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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

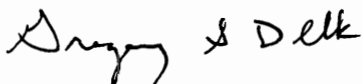
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying specific purpose financial statements and supplementary information including the Schedule of Expenses, Schedule of Capital Assets, Budgetary Comparison Schedule, Schedule of Real Property Ownership Interests, Schedule of Related Party Transactions and Compensation, and Compensatory and Bilingual Education Programs Compliance Responses are presented for purposes of additional analysis as required by the Texas Education Agency 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, on our consideration of Brazos River School's 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 to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide and opinion on 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 Brazos River School's internal control over financial reporting and compliance.



Gregory S. Delk, CPA
January 12, 2023

**GENERAL-PURPOSE
FINANCIAL STATEMENTS**

BRAZOS RIVER SCHOOL
Statement of Financial Position
August 31, 2022

Exhibit A-1

ASSETS

Current Assets

Cash in Banks and On Hand	\$ 2,497,457.16
Due From State	149,023.56
Interfund Receivables	383,889.85
Other Receivables	102,849.02
Deferred Expenses	15,184.84
Total Current Assets	<u>3,148,404.43</u>

Property and Equipment

Leasehold Improvements	348,883.24
Vehicles	41,282.64
Furniture and Equipment	546,456.10
Accumulated Depreciation	<u>(800,225.32)</u>
Total Property and Equipment	136,396.66

Other Assets

Lease Deposit	2,998.00
Retainer	<u>500.00</u>
Total Other Assets	3,498.00

TOTAL ASSETS	<u><u>\$ 3,288,299.09</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 7,630.03
Payroll Taxes and Withholdings Payable	119,947.71
Accrued Wages Payable	186,992.02
Interfund Payables	383,889.85
Accrued Expenses	4,815.45
Total Current Liabilities	<u>703,275.06</u>

Net Assets

Without Donor Restrictions	1,849.31
With Donor Restrictions	<u>2,583,174.72</u>
Total Net Assets	<u>2,585,024.03</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,288,299.09</u></u>
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The accompanying notes are an integral part of these financial statements.

BRAZOS RIVER SCHOOL
Statement of Activities
For the Year Ended August 31, 2022

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	Totals
<u>REVENUE AND OTHER SUPPORT</u>			
Local Support--			
Earnings on Temporarily Invested Cash	\$ 0.00	\$ 3,691.05	\$ 3,691.05
Gifts and Bequests	0.00	107,807.84	107,807.84
Other Revenues from Local Sources	0.00	220.00	220.00
Enterprising Revenue	0.00	1,651.00	1,651.00
Total Local Support	0.00	113,369.89	113,369.89
State Program Revenues--			
Foundation School Program-Per Capita	0.00	175,570.00	175,570.00
Foundation School Program	0.00	3,517,868.00	3,517,868.00
State Textbook Fund	0.00	20,732.25	20,732.25
School Safety and Security	0.00	5,805.12	5,805.12
Total State Program Revenues	0.00	3,719,975.37	3,719,975.37
Federal Program Revenues--			
Title I, Part A	0.00	95,030.75	95,030.75
IDEA-Part B Formula	0.00	42,233.17	42,233.17
IDEA-Part B Preschool	0.00	13.88	13.88
Title II, Part A	0.00	7,629.09	7,629.09
Small Rural School Achievement Grant	0.00	38,731.60	38,731.60
CRRSA ESSER II Grant	0.00	101,722.41	101,722.41
ARP ESSER III Grant	0.00	143,752.53	143,752.53
ESSER Supplemental Grant	0.00	5,256.63	5,256.63
Total Federal Program Revenues	0.00	434,370.06	434,370.06
Net Assets Released from Restrictions	4,126,690.16	(4,126,690.16)	0.00
Total Revenue and Other Support	4,126,690.16	141,025.16	4,267,715.32
<u>EXPENSES</u>			
Program Services:			
Instructional and Instructional Related Services	2,183,214.83	----	2,183,214.83
Instructional and School Leadership	172,592.64	----	172,592.64
Support Services:			
Administrative Support Services	411,704.88	----	411,704.88
Support Services-Non-Student Based	1,031,720.09	----	1,031,720.09
Support Services-Student (Pupil)	326,457.72	----	326,457.72
Fund Raising	1,000.00	----	1,000.00
Total Expenses	4,126,690.16	0.00	4,126,690.16
Change in Net Assets	0.00	141,025.16	141,025.16
Net Assets (Deficiency), Beginning of Year	1,849.31	2,442,149.56	2,443,998.87
Net Assets (Deficiency), End of Year	\$ 1,849.31	\$ 2,583,174.72	\$ 2,585,024.03

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

BRAZOS RIVER SCHOOL
Statement of Functional Expenses
For the Year Ended August 31, 2022

<u>EXPENSES</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Totals</u>
Payroll Expenses:			
Salaries and Wages	\$ 2,592,950.29	\$ 269,274.80	\$ 2,862,225.09
Benefits	410,550.51	19,528.45	430,078.96
Payroll Taxes	39,265.30	3,664.37	42,929.67
Total Payroll Expenses	<u>3,042,766.10</u>	<u>292,467.62</u>	<u>3,335,233.72</u>
Non Payroll Expenses before Depreciation			
Professional Services		19,020.00	19,020.00
Tuition	657.08		657.08
Contracted Services	34,177.07	92,202.93	126,380.00
Repairs and Maintenance	27,103.93	3,011.55	30,115.48
Utilities	81,748.15	9,083.13	90,831.28
Rent	277,309.25	30,812.14	308,121.39
General Supplies	63,006.44	2,323.44	65,329.88
Textbooks	53,885.00		53,885.00
Food Supplies	3,972.16		3,972.16
Travel	3,837.95		3,837.95
Insurance	731.26	12,072.14	12,803.40
Miscellaneous	7,755.54	23,357.28	31,112.82
Total Non Payroll Expenses before Depreciation	<u>554,183.83</u>	<u>191,882.61</u>	<u>746,066.44</u>
Total Expenses before Depreciation	<u>3,596,949.93</u>	<u>484,350.23</u>	<u>4,081,300.16</u>
Depreciation	40,851.00	4,539.00	45,390.00
Total Expenses	<u>3,637,800.93</u>	<u>488,889.23</u>	<u>4,126,690.16</u>

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

BRAZOS RIVER SCHOOL
Statement of Cash Flows
For the Year Ended August 31, 2022

Exhibit A-4

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Government Contracts/Grants	\$ 4,321,225.02
Cash Received from Miscellaneous Local Sources	7,562.05
Cash Paid to Suppliers for Goods and Services	(886,321.60)
Cash Paid to Employees for Services	(3,084,080.74)
Cash Paid for Income Taxes	0.00
Cash Paid for Interest Expense	0.00
Net Cash Provided By Operating Activities	358,384.73

CASH FLOWS FROM INVESTING ACTIVITIES

None	0.00
Net Cash Provided By (Used By) Investing Activities	0.00

CASH FLOWS FROM FINANCING ACTIVITIES

None	0.00
Net Cash Provided By (Used By) Financing Activities	0.00

Net Increase in Cash	358,384.73
Cash at Beginning of Year	2,139,072.43
Cash at End of Year	\$ 2,497,457.16

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ 141,025.16
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	45,390.00
Loss on Disposition of Assets	14,916.00
(Increase) Decrease in Operating Assets--	
Due from State	166,879.59
Other Receivables	213,328.00
Deferred Expenses	(10,697.51)
Increase (Decrease) in Operating Liabilities--	
Accounts Payable	7,630.03
Payroll Taxes and Withholdings Payable	4,279.40
Accrued Wages Payable	(126,440.46)
Accrued Expenses	(97,925.48)
Net Adjustments	217,359.57
Net Cash Provided By Operating Activities	\$ 358,384.73

SUPPLEMENTAL DISCLOSURES

Other Non-Cash Transactions:

Fair Rental Value of Donated Facilities Recorded as Local Gift Revenue and Rental Expense	105,807.84
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The accompanying notes are an integral part of these financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities –

Brazos River School (the Organization) provides school services for students in grades K – 12. The Organization operates schools under two open enrollment charters granted by the State of Texas Board of Education. The charters for the Brazos River Charter School (Nemo, TX) and Crosstimbers Academy (Weatherford, TX) were extended through the periods ending July 31, 2025. The charter agreements are subject to review and renewal prior to the expiration dates. The schools are part of the public-school system of the State of Texas and are therefore entitled to distribution from the State's available school fund. The schools do not have the authority to impose ad valorem taxes or to charge tuition. The organization does business as Brazos River Charter School and Crosstimbers Academy and there is not currently any additional financial activity outside of the charter schools. The Organization was incorporated in January 2000 and has been recognized as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

B. Accounting Policies –

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified into funds according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and of activities focus on the organization as a whole and reports the amounts of its total assets, liabilities, net assets and changes in net assets in accordance with Financial Accounting Standards Board Statement No. 117.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as either without donor restrictions or with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

In accordance with state law, a charter holder is entitled to receive state aid for the charter school based on student attendance; however, before the charter holder may reclassify state aid from net assets with donor restrictions to net assets without donor restrictions, it must expend state aid for the benefit of its students consistent with TEC, §45.105(c).

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents –

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks.

D. Fixed Assets and Depreciation –

All assets acquired with a value of \$500.00 or greater are recorded as fixed assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at the time of acquisition. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

E. Revenues –

Revenues from the State of Texas available school fund are earned based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as support either with or without donor-imposed restrictions, in accordance with FASB ASU 2016-14. Government grant contracts that are entered into by the Schools are recognized as revenue when services are rendered or when expenses in connection with those services are incurred in accordance with the accrual method.

F. Donated Goods and Services –

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

G. Personal Leave –

Full-time employees are allowed up to eleven days of paid personal leave per year. However, unused balances at year end are considered immaterial. Therefore, there is no liability accrued on the financial statements.

H. Estimates –

In preparation of the financial statements and in conformity with generally accepted accounting principles, management's estimated useful lives of asset classes were used in the calculation of depreciation.

I. Functional Allocation of Expenses –

The expense of the various programs and other activities has been presented on a functional basis in the statement of activities. Accordingly, certain expenses and supporting service costs have been allocated among the various programs.

J. Pension –

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Recent Accounting Pronouncements –

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* effective for fiscal years beginning after December 15, 2019 and adopted by the Organization. Under this new standard, revenue is recognized in the amount expected to be entitled to receive for the transfer of promised goods and services to customers. The Organization’s contract with the State of Texas calls for payments to the school based upon daily attendance records and the State’s available school funds with an after the year settle up payment or refund once all the factors are known. Disaggregation of revenues is not necessary since the contract is consistently adjusted by the State based upon average daily attendance and paid in accordance with that formula. There is no remaining unpaid balance on the contract that is waiting on a performance obligation to be satisfied.

The FASB has issued ASU No. 2016-02, *Leases (Topic 842)* to be effective for fiscal years beginning after December 15, 2021. Under this new standard, lessees are required to recognize on the balance sheet a lease asset and a lease liability for all leases with terms exceeding 12 months. In the case of operating leases previously only disclosed in the footnotes, this will represent a major change in presentation in the financial statements. The Organization is currently evaluating the effect this new accounting pronouncement will have on the financial statements.

2. BUILDING IMPROVEMENTS AND EQUIPMENT

An analysis of building improvements and equipment at August 31, 2022, is presented as follows:

Asset	Cost	Accumulated Depreciation	Net	Straight Line Depr. Rate
Leasehold Improvements	\$ 348,883.24	297,936.07	50,947.17	6.67%
Vehicles	41,282.64	41,282.64	0	20.00%
Furniture & Equipment	546,456.10	461,006.61	85,449.49	14.29%
Total	\$ 936,621.98	800,225.32	136,396.66	

Depreciation expense for the year ended August 31, 2022 was \$45,390.00. Capital assets acquired with public funds received by the Organization constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets.

3. PENSION PLAN

Plan Description

The Organization participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS’s defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension’s Board of Trustees does not have the authority to establish or amend benefit terms. No part of the plan is subject to a collective bargaining agreement.

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

3. PENSION PLAN (continued)

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Charter Schools are legally separate entities from the State and each other. Funds contributed by any one Charter School or ISD may be used to satisfy the obligations of all the Charter Schools and ISDs in the System. The unfunded obligations are shared by the other Charter Schools and ISDs. There are no withdrawal penalties for leaving the TRS System.

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

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 thru 2025. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2014 CAFR. The 86th Texas Legislature, TRS Pension Reform Bill increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

3. PENSION PLAN (continued)

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

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the applicable salary.

Statutorily Determined Contribution Rates

	FYE 8/31	
	<u>2022</u>	<u>2021</u>
Member	8.0%	7.7%
Non-Employer Contributing Entity (State)	7.75%	7.5%
Employers	7.75%	7.5%

The Organization's FYE 8/31/2022 Contributions to the Plan were \$215,426.71 and did not represent more than 5% of the total contributions to the plan. There have been no changes which would affect the comparison of employer contributions from year to year.

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

3. PENSION PLAN (continued)

Plan Assets and Obligations

Total Plan assets and obligations for the year 8/31/2022 are as follows:

Total Plan Assets	\$ 207,621,897,538
Total Pension Liability	\$ 243,553,045,455
Total Plan Fiduciary Net Position	\$ 184,185,617,196

Net Position as a percentage of Total Pension Liability is 75.62%.

Additional Plans

Certain employees of the organization are covered under Federal Social Security and Medicare. Under the provisions of that law, covered employees contribute 6.2% for Social Security and 1.45% for Medicare of their covered annual earnings and the Organization pays the matching Social Security and Medicare amounts.

4. OTHER POST EMPLOYMENT BENEFIT PLAN

Plan Description

The Organization participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). TRS-Care is a cost-sharing multiple-employer defined Other Post Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. TRS-Care is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

Benefits Provided

TRS-Care provides a basic health insurance coverage at low cost to all retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional premium.

Plan Assets and Obligations

Total Plan assets and obligations for the year 8/31/2022 are as follows:

Total Plan Assets	\$ 3,308,391,215
Total Accumulated Benefit Obligations	\$ 27,061,942,520
Total Plan Fiduciary Net Position	\$ 3,117,937,218

Net Position as a percentage of Total OPEB Liability is 11.52%.

5. HEALTH CARE COVERAGE

Full time employees of the Organization are offered health insurance coverage through a group insurance plan with Teacher Retirement System of Texas (TRS ActiveCare managed by Aetna). The Organization pays the employee's premium (up to \$529.00 and the employee pays the premiums for dependent coverage through payroll deductions. All premiums were paid to licensed insurers.

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

6. SECTION 125 CAFETERIA PLAN

The organization has adopted a “cafeteria plan” within the meaning of Section 125(a) of the Internal Revenue Code which allows employees to choose among certain “tax free” benefits in lieu of taxable compensation. The choices include medical expense reimbursement, dependent care expense reimbursement, cancer insurance premium reimbursement, disability insurance reimbursement and voluntary term life insurance reimbursement. The costs to provide any of these benefits are paid by the employees from payroll deductions.

7. DUE FROM STATE

At August 31, 2022, the following revenues were due the Schools:

	<u>Brazos River Charter School</u>	<u>Crosstimbers Academy</u>
State Foundation Program	\$ 12.00	\$ 19,579.00
Federal Title I Grant	6,337.36	1,221.32
Federal IDEA-B Grant	3,561.84	3,164.31
Federal ESSER II Grant	97,888.41	477.34
Federal ESSER II Grant	9,806.86	1,718.49
Federal ESSER Supplemental Grant	<u>0.00</u>	<u>5,256.63</u>
	<u>\$117,606.47</u>	<u>\$ 31,417.09</u>

8. OPERATING LEASES

Brazos River Charter School

The Organization has entered into an agreement to lease office and classroom space from New Prospect Church in Nemo, Texas for \$1,450.00 per month through July 2024. The Organization also has a lease for modular classrooms totaling \$685.80 per month through August 2025 and another one for \$3,561.84 per month through August 2025. The Organization has several copiers leased from Konica Business Technology totaling \$492.00 per month through June 2023.

Crosstimbers Academy

The Organization has entered into an agreement to lease office and classroom space from Harmony Baptist Church in Weatherford, Texas for \$1,600.00 per month through July 2024. The Organization also leases modular classroom space there for \$9,057.00 per month continuing through November 2024. The Organization has several copiers leased from Konica Business Technology totaling \$492.00 per month through June 2023.

Future minimum lease payments are as follows:

8/31/2023	\$ 206,095.68
8/31/2024	193,205.68
8/31/2025	78,142.68
8/31/2026	-0-
8/31/2027	-0-
Thereafter	-0-
Total	<u>\$ 477,444.04</u>

9. ECONOMIC DEPENDENCY

During the year the Organization received the majority of its revenues from the Texas Education Agency through a Charter Agreement and through federal grants available to charter schools. The loss of this Charter Agreement would have a material effect on the ability of the Organization to continue to provide the current level of services to its students.

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

10. COMMITMENTS AND CONTINGENCIES

The Organization receives funds through state and federal programs which are governed by various rules and regulations of the grantor. Expenses charged to the grant program are subject to audit and adjustment by the grantor agency. In the opinion of management, aside from the temporary restrictions on net assets as explained below, there are no contingent liabilities relating to compliance with rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for such contingencies.

11. CASH DEPOSIT RISK

At August 31, 2022 and throughout the school year, the Organization's cash in bank accounts was entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance in addition to partial coverage all year by pledged collateral held by the Organization's agent bank. Therefore, there was no cash deposit risk.

12. NET ASSETS WITH DONOR RESTRICTIONS

At August 31, 2022 the Organization had donor restricted net assets of \$2,583,174.72 that consisted of the following:

Local Revenues	\$ 415,619.77
State Foundation Program	2,114,883.43
State Bilingual Allotment	1,348.02
State Dyslexia Allotment	28,171.07
Federal IDEA-B Program	995.96
Federal Title I, Part A Program	<u>22,156.47</u>
	<u>\$ 2,583,174.72</u>

13. SUBSEQUENT EVENTS

Management has reviewed subsequent events through January 12, 2023 for the purpose of evaluating the need for their inclusion in these notes. There have been no material subsequent events to note herein.

14. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 1,849.31
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Except for the financial assets listed above, the State and Federal Program assets and revenues are classified as with donor restrictions and must be used for education purposes in accordance with State law and Grant restrictions. As such, there are cash and receivables that are due from the State and Federal Agencies and are available for use for educational purposes and are released from restrictions at the time they are spent for those purposes.

15. FEDERAL INCOME TAXES

The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except to the extent it has business income unrelated to its tax exempt purpose. The Organization has no unrelated business income and is not expecting to have any in the future, accordingly, there is no provision for federal income taxes in the financial statements. Generally Accepted Accounting Principles requires the evaluation of tax positions taken in the preparation of the tax returns and the recording of a tax liability if an uncertain tax position has been taken that is more likely

BRAZOS RIVER SCHOOL
Notes To Financial Statements
For the Year Ended August 31, 2022

15. FEDERAL INCOME TAXES (continued)

than not sustainable upon audit by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and there have been no uncertain tax positions taken that would require the recognition or disclosure in the financial statements. The tax returns for the years ended 8/31/2019, 8/31/2020 and 8/31/2021 are still subject to possible IRS audit but management has not been notified of any pending examinations.

**SPECIFIC-PURPOSE
FINANCIAL STATEMENTS**

**BRAZOS RIVER CHARTER SCHOOL
AND CROSSTIMBERS ACADEMY**

**Statements of Financial Position
August 31, 2022**

	Exhibit B-1.1	Exhibit B-1.2	
ASSETS			
	BRAZOS RIVER CHARTER SCHOOL	CROSSTIMBERS ACADEMY	TOTALS
<u>Current Assets</u>			
Cash in Banks and On Hand	\$ 1,359,810.98	\$ 1,137,646.18	\$ 2,497,457.16
Due From State	117,606.47	31,417.09	149,023.56
Interfund Receivables	110,674.97	273,214.88	383,889.85
Other Receivables	95,984.02	6,865.00	102,849.02
Deferred Expenses	4,401.10	10,783.74	15,184.84
Total Current Assets	1,688,477.54	1,459,926.89	3,148,404.43
<u>Property and Equipment</u>			
Building and Improvements	264,470.52	84,412.72	348,883.24
Vehicles	41,282.64		41,282.64
Furniture and Equipment	291,330.41	255,125.69	546,456.10
Accumulated Depreciation	(510,119.36)	(290,105.96)	(800,225.32)
Total Property and Equipment	86,964.21	49,432.45	136,396.66
<u>Other Assets</u>			
Lease Deposit	2,998.00		2,998.00
Retainer	500.00		500.00
Total Other Assets	3,498.00	0.00	3,498.00
TOTAL ASSETS	\$ 1,778,939.75	\$ 1,509,359.34	\$ 3,288,299.09
LIABILITIES AND NET ASSETS			
<u>Current Liabilities</u>			
Accounts Payable	\$ 4,258.44	\$ 3,371.59	\$ 7,630.03
Payroll Taxes and Withholdings Payable	104,779.84	15,167.87	119,947.71
Accrued Wages Payable	92,100.75	94,891.27	186,992.02
Interfund Payables	110,674.97	273,214.88	383,889.85
Accrued Expenses	2,200.26	2,615.19	4,815.45
Total Current Liabilities	314,014.26	389,260.80	703,275.06
<u>Net Assets</u>			
Without Donor Restrictions	0.00	1,849.31	1,849.31
With Donor Restrictions	1,464,925.49	1,118,249.23	2,583,174.72
Total Net Assets	1,464,925.49	1,120,098.54	2,585,024.03
TOTAL LIABILITIES AND NET ASSETS	\$ 1,778,939.75	\$ 1,509,359.34	\$ 3,288,299.09

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

BRAZOS RIVER CHARTER SCHOOL AND CROSSTIMBERS ACADEMY

Statements of Activities For the Year Ended August 31, 2022

	Exhibit B-2.1			Exhibit B-2.2			TOTALS		
	BRAZOS RIVER CHARTER SCHOOL			CROSSTIMBERS ACADEMY					
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND OTHER SUPPORT									
Local Support--									
5742 Earnings on Temporarily Invested Cash	\$	\$ 2,171.39	\$ 2,171.39	\$	\$ 1,519.66	\$ 1,519.66	\$ 0.00	\$ 3,691.05	\$ 3,691.05
5744 Gifts and Bequests		107,807.84	107,807.84			0.00	0.00	107,807.84	107,807.84
5749 Other Revenues from Local Sources			0.00		220.00	220.00	0.00	20,732.25	20,732.25
5755 Enterprising Revenue			0.00		1,651.00	1,651.00	0.00	1,651.00	1,651.00
Total Local Support		109,979.23	109,979.23		3,390.66	3,390.66	0.00	113,369.89	113,369.89
State Program Revenues--									
5811 Foundation School Program-Per Capita		104,569.00	104,569.00		71,001.00	71,001.00	0.00	175,570.00	175,570.00
5812 Foundation School Program		2,079,204.00	2,079,204.00		1,438,664.00	1,438,664.00	0.00	3,517,868.00	3,517,868.00
5829 State Textbook Fund		13,124.00	13,124.00		7,608.25	7,608.25	0.00	20,732.25	20,732.25
5829 School Safety and Security			0.00		5,805.12	5,805.12	0.00	5,805.12	5,805.12
Total State Program Revenues		2,196,897.00	2,196,897.00		1,523,078.37	1,523,078.37	0.00	3,719,975.37	3,719,975.37
Federal Program Revenues--									
5929 Title I, Part A		69,767.17	69,767.17		25,263.58	25,263.58	0.00	95,030.75	95,030.75
5929 IDEA-Part B Formula		24,939.14	24,939.14		17,294.03	17,294.03	0.00	42,233.17	42,233.17
5929 IDEA-Part B Preschool		13.88	13.88			0.00	0.00	13.88	13.88
5929 Title II, Part A		4,686.99	4,686.99		2,942.10	2,942.10	0.00	7,629.09	7,629.09
5929 Small Rural School Achievement Grant		17,309.75	17,309.75		21,421.85	21,421.85	0.00	38,731.60	38,731.60
5929 CRRSA ESSER II Grant		99,406.93	99,406.93		2,315.48	2,315.48		101,722.41	101,722.41
5929 ARP ESSER III Grant		100,131.25	100,131.25		43,621.28	43,621.28	0.00	143,752.53	143,752.53
5929 ESSER Supplemental Grant			0.00		5,256.63	5,256.63	0.00	5,256.63	5,256.63
Total Federal Program Revenues		316,255.11	316,255.11		118,114.95	118,114.95	0.00	434,370.06	434,370.06
Net Assets Released from Restrictions	2,696,260.17	(2,696,260.17)	0.00	1,430,429.99	(1,430,429.99)	0.00	4,126,690.16	(4,126,690.16)	0.00
Total Revenue and Other Support	2,696,260.17	(73,128.83)	2,623,131.34	1,430,429.99	214,153.99	1,644,583.98	4,126,690.16	141,025.16	4,267,715.32
EXPENSES									
11 Instruction & Instruction Related	1,503,451.57	----	1,503,451.57	669,493.46	----	669,493.46	2,172,945.03	----	2,172,945.03
13 Curriculum Dev. & Instructional Staff Dev.	8,493.80	----	8,493.80	1,776.00	----	1,776.00	10,269.80	----	10,269.80
23 School Leadership	100,795.93	----	100,795.93	71,796.71	----	71,796.71	172,592.64	----	172,592.64
31 Guidance, Counseling and Evaluation Svcs.	204,171.84	----	204,171.84	113,091.67	----	113,091.67	317,263.51	----	317,263.51
33 Health Services	161.04	----	161.04	285.00	----	285.00	446.04	----	446.04
35 Food Services	3,858.71	----	3,858.71	113.45	----	113.45	3,972.16	----	3,972.16
36 Cocurricular/Extracurricular Activities	1,395.71	----	1,395.71	3,380.30	----	3,380.30	4,776.01	----	4,776.01
41 General Administration	235,299.05	----	235,299.05	176,405.83	----	176,405.83	411,704.88	----	411,704.88
51 Facilities Maintenance and Operations	227,231.49	----	227,231.49	198,976.37	----	198,976.37	426,207.86	----	426,207.86
52 Security and Monitoring Services	1,793.02	----	1,793.02	7,370.61	----	7,370.61	9,163.63	----	9,163.63
53 Data Processing Services	408,608.01	----	408,608.01	187,740.59	----	187,740.59	596,348.60	----	596,348.60
81 Fund Raising	1,000.00	----	1,000.00		----	0.00	1,000.00	----	1,000.00
Total Expenses	2,696,260.17	0.00	2,696,260.17	1,430,429.99	0.00	1,430,429.99	4,126,690.16	0.00	4,126,690.16
Change in Net Assets	0.00	(73,128.83)	(73,128.83)	0.00	214,153.99	214,153.99	0.00	141,025.16	141,025.16
Net Assets (Deficiency), Beginning of Year	0.00	1,538,054.32	1,538,054.32	1,849.31	904,095.24	905,944.55	1,849.31	2,442,149.56	2,443,998.87
Net Assets (Deficiency), End of Year	\$ 0.00	\$ 1,464,925.49	\$ 1,464,925.49	\$ 1,849.31	\$ 1,118,249.23	\$ 1,120,098.54	\$ 1,849.31	\$ 2,583,174.72	\$ 2,585,024.03

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

**BRAZOS RIVER CHARTER SCHOOL
AND CROSSTIMBERS ACADEMY**

**Statements of Cash Flows
For the Year Ended August 31, 2022**

	Exhibit B-3.1	Exhibit B-3.2	
	BRAZOS RIVER CHARTER SCHOOL	CROSSTIMBERS ACADEMY	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Government Contracts/Grants	\$ 2,484,157.19	\$ 1,837,067.83	\$ 4,321,225.02
Cash Received from Miscellaneous Local Sources	4,171.39	3,390.66	7,562.05
Cash Paid to Suppliers for Goods and Services	(399,706.80)	(486,614.80)	(886,321.60)
Cash Paid to Employees for Services	(2,085,709.99)	(998,370.75)	(3,084,080.74)
Cash Paid for Income Taxes	0.00	0.00	0.00
Cash Paid for Interest Expense	0.00	0.00	0.00
Net Cash Provided By (Used By) Operating Activities	2,911.79	355,472.94	358,384.73
CASH FLOWS FROM INVESTING ACTIVITIES			
None			0.00
Net Cash Provided By (Used By) Investing Activities	0.00	0.00	0.00
CASH FLOWS FROM FINANCING ACTIVITIES			
None			0.00
Net Cash Provided By (Used By) Financing Activities	0.00	0.00	0.00
Net Increase (Decrease) in Cash	2,911.79	355,472.94	358,384.73
Cash at Beginning of Year	1,356,899.19	782,173.24	2,139,072.43
Cash at End of Year	\$ 1,359,810.98	\$ 1,137,646.18	\$ 2,497,457.16
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Change in Net Assets	\$ (73,128.83)	\$ 214,153.99	\$ 141,025.16
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used By) Operating Activities:			
Depreciation	29,454.00	15,936.00	45,390.00
Loss on Disposition of Assets	14,916.00		14,916.00
(Increase) Decrease in Operating Assets--			
Due from State	(28,994.92)	195,874.51	166,879.59
Other Receivables	213,328.00		213,328.00
Deferred Expenses	(2,080.77)	(8,616.74)	(10,697.51)
Increase (Decrease) in Operating Liabilities--			
Accounts Payable	4,258.44	3,371.59	7,630.03
Payroll Taxes and Withholdings Payable	2,801.57	1,477.83	4,279.40
Accrued Wages Payable	(156,548.35)	30,107.89	(126,440.46)
Accrued Expenses	(1,093.35)	(96,832.13)	(97,925.48)
Net Adjustments	76,040.62	141,318.95	217,359.57
Net Cash Provided By (Used By) Operating Activities	\$ 2,911.79	\$ 355,472.94	\$ 358,384.73
SUPPLEMENTAL DISCLOSURES			
Other Non-Cash Transactions:			
Fair Rental Value of Donated Facilities Recorded as Local Gift Revenue and Rental Expense	105,807.84	0.00	105,807.84

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

**SUPPLEMENTARY
SCHEDULES**

**BRAZOS RIVER CHARTER SCHOOL
AND CROSSTIMBERS ACADEMY
Schedule of Expenses
For the Year Ended August 31, 2022**

	<u>Exhibit C-1.1</u>	<u>Exhibit C-1.2</u>
<u>EXPENSES</u>	<u>BRAZOS RIVER CHARTER SCHOOL</u>	<u>CROSSTIMBERS ACADEMY</u>
6100 Payroll Costs	\$ 2,248,969.74	\$ 1,086,263.98
6200 Professional and Contracted Services	311,653.74	263,471.49
6300 Supplies and Materials	75,554.39	47,632.65
6400 Other Operating Costs	60,082.30	33,061.87
Total Expenses and Other Losses	<u>\$ 2,696,260.17</u>	<u>\$ 1,430,429.99</u>

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

**BRAZOS RIVER CHARTER SCHOOL
AND CROSSTIMBERS ACADEMY
Schedule of Capital Assets
August 31, 2022**

	Exhibit D-1.1				Exhibit D-1.2			
	BRAZOS RIVER CHARTER SCHOOL				CROSSTIMBERS ACADEMY			
	Ownership Interest				Ownership Interest			
CAPITAL ASSETS	Local	State	Federal	Totals	Local	State	Federal	Totals
1110 Cash	\$ 154,805.46	\$ 1,189,139.67	\$ 15,865.85	\$ 1,359,810.98	\$ 260,814.31	\$ 869,545.29	\$ 7,286.58	\$ 1,137,646.18
1520 Buildings and Improvements	8,625.00	108,536.05	147,309.47	264,470.52		84,412.72		84,412.72
1531 Vehicles		41,282.64		41,282.64				0.00
1539 Furniture and Equipment	34,714.88	98,629.02	157,986.51	291,330.41		48,651.29	206,474.40	255,125.69
Total Capital Assets	\$ 198,145.34	\$ 1,437,587.38	\$ 321,161.83	\$ 1,956,894.55	\$ 260,814.31	\$ 1,002,609.30	\$ 213,760.98	\$ 1,477,184.59

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

**BRAZOS RIVER CHARTER SCHOOL
AND CROSSTIMBERS ACADEMY
Budgetary Comparison Schedule
For the Year Ended August 31, 2022**

	Exhibit E-1.1				Exhibit E-1.2			
	BRAZOS RIVER CHARTER SCHOOL				CROSSTIMBERS ACADEMY			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget	Budgeted Amounts		Actual Amounts	Variance from Final Budget
Original	Final	Original			Final			
REVENUE AND OTHER SUPPORT								
Local Support--								
5742 Earnings from Investments	\$	\$ 2,171.39	\$ 2,171.39	\$ 0.00	\$	\$ 1,519.66	\$ 1,519.66	\$ 0.00
5744 Gifts & Bequests		494,391.61	107,807.84	(386,583.77)			0.00	0.00
5749 Other Revenues from Local Sources			0.00	0.00		220.00	220.00	0.00
5755 Enterprising Revenue			0.00	0.00		1,407.34	1,651.00	243.66
5759 Other Revenues Locally Defined			0.00	0.00			0.00	0.00
Total Local Support		89,127.00	496,563.00	109,979.23 (386,583.77)		1,850.00	3,147.00	3,390.66 243.66
State Program Revenues--								
5811 Foundation School Program-Per Capita			104,569.00	104,569.00		71,001.00	71,001.00	0.00
5812 Foundation School Program			2,004,282.67	2,079,204.00		1,400,718.73	1,438,664.00	37,945.27
5819 MFS SPED Offset				0.00			0.00	0.00
5829 State Textbook Fund			13,124.33	13,124.00		7,608.15	7,608.25	0.10
5829 School Safety and Security				0.00		5,805.12	5,805.12	0.00
Total State Program Revenues		2,527,612.00	2,121,976.00	2,196,897.00 74,921.00		1,455,533.00	1,485,133.00	1,523,078.37 37,945.37
Federal Program Revenues--								
5929 Title I, Part A			69,767.17	69,767.17		25,263.58	25,263.58	0.00
5929 IDEA-Part B Formula			24,939.14	24,939.14		17,294.03	17,294.03	0.00
5929 IDEA-Part B Preschool			13.88	13.88			0.00	0.00
5929 Title II, Part A			4,686.99	4,686.99		2,942.10	2,942.10	0.00
5929 ESSER Grant				0.00			0.00	0.00
5929 Small Rural School Achievement Grant			17,309.75	17,309.75		21,421.85	21,421.85	0.00
5929 CRRSA ESSER II Grant			94,809.82	99,406.93		2,315.48	2,315.48	0.00
5929 ARP ESSER III Grant			100,131.25	100,131.25		32,092.96	43,621.28	11,528.32
5929 ESSER Supplemental Grant				0.00			5,256.63	5,256.63
Total Federal Program Revenues		511,691.07	311,658.00	316,255.11 4,597.11		203,562.00	101,330.00	118,114.95 16,784.95
Total Revenue and Other Support		3,128,430.07	2,930,197.00	2,623,131.34 (307,065.66)		1,660,945.00	1,589,610.00	1,644,583.98 54,973.98
EXPENSES								
11 Instruction		2,131,649.07	1,498,883.00	1,503,451.57 (4,568.57)		810,000.00	667,854.00	669,493.46 (1,639.46)
12 Instructional Resources and Media Services		10.00		0.00		10.00		0.00
13 Curriculum Dev. & Instructional Staff Dev.		2,010.00	8,494.00	8,493.80		17,868.00	1,776.00	1,776.00
23 School Leadership		83,331.00	100,400.00	100,795.93 (395.93)		100,330.00	71,885.00	71,796.71 88.29
31 Guidance, Counseling and Evaluation Svcs.		175,995.00	204,065.00	204,171.84 (106.84)		130,000.00	112,899.00	113,091.67 (192.67)
33 Health Services		50.00	162.00	161.04		150.00	335.00	285.00
35 Food Services		3,000.00	3,859.00	3,858.71		50.00	129.00	113.45
36 Cocurricular/Extracurricular Activities		385.00	1,396.00	1,395.71		1,600.00	3,381.00	3,380.30 0.70
41 General Administration		177,000.00	217,957.00	235,299.05 (17,342.05)		150,000.00	171,534.00	176,405.83 (4,871.83)
51 Plant Maintenance and Operations		192,000.00	202,208.00	227,231.49 (25,023.49)		218,000.00	195,627.00	198,976.37 (3,349.37)
52 Security and Monitoring Services		1,700.00	1,794.00	1,793.02		9,686.00	7,296.00	7,370.61 (74.61)
53 Data Processing Services		360,300.00	408,178.00	408,608.01 (430.01)		181,000.00	187,518.00	187,740.59 (222.59)
61 Community Service				0.00				0.00
81 Fund Raising		1,000.00	1,000.00	1,000.00		50.00		0.00
Total Expenses		3,128,430.07	2,648,396.00	2,696,260.17 (47,864.17)		1,618,744.00	1,420,234.00	1,430,429.99 (10,195.99)
Change in Net Assets		0.00	281,801.00	(73,128.83) (354,929.83)		42,201.00	169,376.00	214,153.99 44,777.99
Net Assets (Deficiency), Beginning of Year		1,538,054.32	1,538,054.32	1,538,054.32 ----		905,944.55	905,944.55	905,944.55 ----
Net Assets (Deficiency), End of Year	\$	<u>1,538,054.32</u>	<u>1,819,855.32</u>	<u>1,464,925.49</u> <u>(354,929.83)</u>	\$	<u>948,145.55</u>	<u>1,075,320.55</u>	<u>1,120,098.54</u> <u>44,777.99</u>

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

**BRAZOS RIVER CHARTER SCHOOL
AND CROSSTIMBERS ACADEMY**
Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2022

Brazos River Charter School

Description	Property Address	Assessed Value	Ownership Interest		
			Local	State	Federal
Land Improvements, Modular Classrooms, Greenhouse Building, Parking Lot, Classroom Bldg, Science Building, Leasehold Improvements Held on Leased Premises	1964 FM 199 Nemo, TX 76070	\$ 605,387.00 \$	8,625.00 \$	108,536.05 \$	147,309.47

Crosstimbers Adademy

Description	Property Address	Assessed Value	Ownership Interest		
			Local	State	Federal
Land Improvements, Parking Lot, Leasehold Improvements Held on Leased Premises	242 Harmony Rd, Weatherford, TX 76087	\$ 21,440.68 \$	0.00 \$	84,412.72 \$	0.00

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

**BRAZOS RIVER CHARTER SCHOOL
AND CROSSTIMBERS ACADEMY
Schedule of Related Party Transactions and Compensation
For the Year Ended August 31, 2022**

Brazos River Charter School

Related Party Transactions:

Related Party Name	Relationship	Type of Transaction	Terms and Conditions	Source of Funds	Total Paid For Year	Principal Balance Due
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None

Related Party Compensation and Benefits:

Related Party Name	Name of Relation to the Related Party	Relationship	Compensatio or Benefit	Payment Frequency	Description	Source of Funds	Total Paid For Year
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None

Crosstimbers Adademy

Related Party Transactions:

Related Party Name	Relationship	Type of Transaction	Terms and Conditions	Source of Funds	Total Paid For Year	Principal Balance Due
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None

Related Party Compensation and Benefits:

Related Party Name	Name of Relation to the Related Party	Relationship	Compensatio or Benefit	Payment Frequency	Description	Source of Funds	Total Paid For Year
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None

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

BRAZOS RIVER CHARTER SCHOOL
Compensatory and Bilingual Education Programs Compliance Responses
For the Year Ended August 31, 2022

Data Codes	Section A: Compensatory Education Programs	Responses
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.	\$167,936.00
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)	\$147,209.95
Section B: Bilingual Education Programs		
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.	\$3,198.00
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$1,147.31

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

CROSSTIMBERS ACADEMY
Compensatory Education and Bilingual Education Programs Compliance Responses
For the Year Ended August 31, 2022

Data Codes	Section A: Compensatory Education Programs	Responses
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.	\$112,390.00
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)	\$92,513.68
Section B: Bilingual Education Programs		
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.	\$0.00
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$5,990.89

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

COMPLIANCE AND INTERNAL CONTROL

GREGORY S. DELK



CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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 Directors
Brazos River School
Nemo, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brazos River School (a non-profit 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 12, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

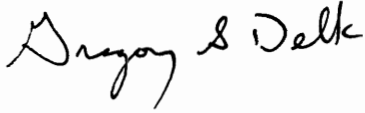
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Brazos River School's 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Gregory S. Delk". The signature is written in a cursive style with a large initial 'G'.

Gregory S. Delk, CPA
January 12, 2023

BRAZOS RIVER SCHOOL

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2022**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Exhibit F-1

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs: None

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

None Identified

SECTION III – STATE AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Identified

BRAZOS RIVER SCHOOL

**STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2022**

No prior year findings

BRAZOS RIVER SCHOOL
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022

Exhibit G-1

No Corrective Action Plan Necessary