

POR VIDA, INC.

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

YEARS ENDED
AUGUST 31, 2020 AND 2019

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CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

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August 31, 2020 and 2019

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POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

CERTIFICATE OF BOARD

August 31, 2020

We, the undersigned, certify that the attached annual financial and compliance report for Por Vida, Inc. (including the operations of Por Vida Academy, Cesar E. Chavez Academy and Corpus Christi College Preparatory High School) was reviewed and (check one) approved disapproved for the year ended August 31, 2020, at a meeting of the governing body of said charter school on the 19th day of January 2021.

Alfred Catala

Signature of the Board Secretary

Odilia Korenek

Signature of the Board President



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Por Vida, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Por Vida, Inc. (a nonprofit organization) (Por Vida), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Por Vida as of August 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of Por Vida'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 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 Por Vida's 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 Por Vida's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas

January 19, 2021

FINANCIAL STATEMENTS



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

STATEMENTS OF FINANCIAL POSITION

August 31,

| | <u>ASSETS</u> | |
|--|-----------------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 761,785 | \$ 245,308 |
| Receivables: | | |
| Due from governments | 47,173 | 34,625 |
| Other receivables | 200 | 9,757 |
| Prepayments and deposits | <u>9,000</u> | <u>9,000</u> |
| Total current assets | 818,158 | 298,690 |
| Capital assets (net of accumulated depreciation) | <u>910,345</u> | <u>956,123</u> |
| | | |
| Total assets | <u>\$ 1,728,503</u> | <u>\$ 1,254,813</u> |
| | | |
| | <u>LIABILITIES AND NET ASSETS</u> | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 66,688 | \$ 12,224 |
| Payroll deductions and withholdings payable | 43,794 | 31,569 |
| Deferred revenue | 7,716 | - |
| Loan payable | <u>55,942</u> | <u>16,891</u> |
| Total current liabilities | 174,140 | 60,684 |
| | | |
| NON-CURRENT LIABILITIES - loan payable | <u>174,250</u> | <u>158,341</u> |
| | | |
| Total liabilities | <u>348,390</u> | <u>219,025</u> |
| | | |
| NET ASSETS | | |
| Without donor restrictions | 17,261 | 1,058 |
| With donor restrictions | | |
| Net invested in capital assets | 752,004 | 780,891 |
| Program activities | <u>610,848</u> | <u>253,839</u> |
| Total net assets | <u>1,380,113</u> | <u>1,035,788</u> |
| | | |
| Total liabilities and net assets | <u>\$ 1,728,503</u> | <u>\$ 1,254,813</u> |

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

August 31, 2020

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|-------------------------------|----------------------------|--------------|
| REVENUE AND OTHER SUPPORT | | | |
| Local support: | | | |
| Contributions | \$ 2,244,682 | \$ - | \$ 2,244,682 |
| Food service activity | 5,876 | - | 5,876 |
| Other income | 107,106 | - | 107,106 |
| Total local support | 2,357,664 | - | 2,357,664 |
| State program revenues: | | | |
| Foundation School Program | - | 2,150,625 | 2,150,625 |
| Other state aids | - | 39,521 | 39,521 |
| Total state program revenues | - | 2,190,146 | 2,190,146 |
| Federal program revenues: | | | |
| Title I, Part A-Improving Basic Programs | - | 105,878 | 105,878 |
| Title I, Priority School Improvement Grants | - | 144,302 | 144,302 |
| Child Nutrition | - | 23,118 | 23,118 |
| Title II, Part A - TPTR | - | 8,800 | 8,800 |
| IDEA, Part B | - | 59,415 | 59,415 |
| Carl Perkins Grant | - | 3,172 | 3,172 |
| Title I, Part C-Migrant | - | 621 | 621 |
| Title III, Part A ELA | - | 258 | 258 |
| Title IV, Part A-Subpart 1 | - | 10,555 | 10,555 |
| Payroll Protection Program | - | 694,849 | 694,849 |
| ESSER Grant | - | 42,813 | 42,813 |
| Total federal program revenues | - | 1,093,781 | 1,093,781 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | |
| Restrictions satisfied by payments | 2,955,805 | (2,955,805) | - |
| Total revenues and other support | 5,313,469 | 328,122 | 5,641,591 |

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

August 31, 2020

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|-------------------------------|----------------------------|--------------|
| EXPENSES | | | |
| Program services: | | | |
| 11 Instruction | \$ 3,036,265 | \$ - | \$ 3,036,265 |
| 13 Curriculum development and instructional staff development | 3,910 | - | 3,910 |
| 21 Instructional leadership | 46,607 | - | 46,607 |
| 23 School leadership | 492,065 | - | 492,065 |
| 31 Guidance, counseling, and evaluation services | 300,570 | - | 300,570 |
| 32 Social work services | 60,583 | - | 60,583 |
| 33 Health services | 6,580 | - | 6,580 |
| 34 Student (pupil) transportation | 5,887 | - | 5,887 |
| 35 Food service | 82,783 | - | 82,783 |
| 36 Cocurricular/extracurricular activities | 2,367 | - | 2,367 |
| 41 General administration | 387,343 | - | 387,343 |
| 51 Plant maintenance and operations | 620,640 | - | 620,640 |
| 52 Security and monitoring services | 42,658 | - | 42,658 |
| 53 Data processing services | 41,615 | - | 41,615 |
| 71 Debt service | 9,241 | - | 9,241 |
| Total expenses | 5,139,114 | - | 5,139,114 |
| OTHER FINANCING SOURCES (USES) | | | |
| 8949 Payment to agency | (158,152) | - | (158,152) |
| CHANGE IN NET ASSETS | 16,203 | 328,122 | 344,325 |
| NET ASSETS - BEGINNING OF YEAR | 1,058 | 1,034,730 | 1,035,788 |
| NET ASSETS - END OF YEAR | \$ 17,261 | \$ 1,362,852 | \$ 1,380,113 |

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

August 31, 2019

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|--|-------------------------------|----------------------------|--------------|
| REVENUE AND OTHER SUPPORT | | | |
| Local support: | | | |
| Contributions | \$ 2,526,658 | \$ - | \$ 2,526,658 |
| Food service activity | 4,522 | - | 4,522 |
| Other income | 101,096 | - | 101,096 |
| Total local support | 2,632,276 | - | 2,632,276 |
| State program revenues: | | | |
| Foundation School Program | - | 2,338,648 | 2,338,648 |
| Other state aids | - | 346 | 346 |
| Total state program revenues | - | 2,338,994 | 2,338,994 |
| Federal program revenues: | | | |
| Title I, Part A-Improving Basic Programs | - | 226,558 | 226,558 |
| Title I, Priority School Improvement Grants | - | 409,191 | 409,191 |
| Child Nutrition | - | 54,048 | 54,048 |
| Title II, Part A - TPTR | - | 11,110 | 11,110 |
| IDEA, Part B | - | 67,330 | 67,330 |
| Carl Perkins Grant | - | 3,542 | 3,542 |
| LEP Summer Program | - | 9,229 | 9,229 |
| Total federal program revenues | - | 781,008 | 781,008 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | |
| Restrictions satisfied by payments | 3,005,295 | (3,005,295) | - |
| Total revenues and other support | 5,637,571 | 114,707 | 5,752,278 |

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

August 31, 2019

| | <u>WITHOUT DONOR RESTRICTIONS</u> | <u>WITH DONOR RESTRICTIONS</u> | <u>TOTAL</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| EXPENSES | | | |
| Program services: | | | |
| 11 Instruction | \$ 3,489,956 | \$ - | \$ 3,489,956 |
| 13 Curriculum development and instructional staff development | 863 | - | 863 |
| 21 Instructional leadership | 31,788 | - | 31,788 |
| 23 School leadership | 523,538 | - | 523,538 |
| 31 Guidance, counseling, and evaluation services | 242,906 | - | 242,906 |
| 32 Social work services | 49,804 | - | 49,804 |
| 33 Health services | 10,913 | - | 10,913 |
| 34 Student (pupil) transportation | 8,683 | - | 8,683 |
| 35 Food service | 122,186 | - | 122,186 |
| 36 Cocurricular/extracurricular activities | 7,986 | - | 7,986 |
| 41 General administration | 242,872 | - | 242,872 |
| 51 Plant maintenance and operations | 735,772 | - | 735,772 |
| 52 Security and monitoring services | 68,036 | - | 68,036 |
| 53 Data processing services | 32,890 | - | 32,890 |
| 61 Community services | 53,931 | - | 53,931 |
| 71 Debt service | 14,409 | - | 14,409 |
| | <u>5,636,533</u> | <u>-</u> | <u>5,636,533</u> |
| Total expenses | | | |
| CHANGE IN NET ASSETS | 1,038 | 114,707 | 115,745 |
| NET ASSETS - BEGINNING OF YEAR | <u>20</u> | <u>920,023</u> | <u>920,043</u> |
| NET ASSETS - END OF YEAR | <u>\$ 1,058</u> | <u>\$ 1,034,730</u> | <u>\$ 1,035,788</u> |

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

POR VIDA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

August 31, 2020

| EXPENSES | PROGRAM ACTIVITIES | | | SUPPORTING | TOTALS |
|-----------------------------------|-------------------------|----------------------|--------------------|-------------------------------|---------------------|
| | INSTRUCTION SERVICES | SCHOOL LEADERSHIP | STUDENT SUPPORT | GENERAL AND ADMINISTRATIVE | 2020 |
| Salaries and wages | \$ 2,625,227 | \$ 327,710 | \$ 349,275 | \$ 342,048 | \$ 3,644,260 |
| Benefits | 173,200 | 39,022 | 45,025 | 25,220 | 282,467 |
| Payroll taxes | 39,978 | 4,152 | 4,399 | 4,653 | 53,182 |
| Total payroll expenses | <u>2,838,405</u> | <u>370,884</u> | <u>398,699</u> | <u>371,921</u> | <u>3,979,909</u> |
| Professional services | 13,238 | 68 | - | 58,508 | 71,814 |
| Maintenance and repairs | - | - | 3,793 | 44,941 | 48,734 |
| Utilities | - | - | - | 108,510 | 108,510 |
| Rental expense | 165 | - | 55 | 224,527 | 224,747 |
| Consulting | 97,302 | - | - | 38,100 | 135,402 |
| Miscellaneous contracted services | 8,929 | 114,207 | 13,661 | 56,428 | 193,225 |
| Supplies | 77,876 | 1,944 | 4,534 | 33,959 | 118,313 |
| Food | - | - | 24,106 | - | 24,106 |
| Travel | 628 | 2,073 | - | 493 | 3,194 |
| Insurance and bonding costs | - | - | - | 62,182 | 62,182 |
| Depreciation | - | - | - | 81,332 | 81,332 |
| Other | 3,632 | 49,496 | 13,922 | 11,355 | 78,405 |
| Interest | - | - | - | 9,241 | 9,241 |
| Total non-payroll expenses | <u>201,770</u> | <u>167,788</u> | <u>60,071</u> | <u>729,576</u> | <u>1,159,205</u> |
| Total expenses | <u>\$ 3,040,175</u> | <u>\$ 538,672</u> | <u>\$ 458,770</u> | <u>\$ 1,101,497</u> | <u>\$ 5,139,114</u> |

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

POR VIDA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

August 31, 2019

| | PROGRAM ACTIVITIES | | | SUPPORTING ACTIVITIES | TOTALS |
|-----------------------------------|-------------------------|----------------------|--------------------|-------------------------------|---------------------|
| | INSTRUCTION SERVICES | SCHOOL LEADERSHIP | STUDENT SUPPORT | GENERAL AND ADMINISTRATIVE | 2019 |
| EXPENSES | | | | | |
| Salaries and wages | \$ 2,851,551 | \$ 325,147 | \$ 309,095 | \$ 224,893 | \$ 3,710,686 |
| Benefits | 193,069 | 27,683 | 32,174 | 14,581 | 267,507 |
| Payroll taxes | 46,066 | 4,172 | 4,410 | 2,916 | 57,564 |
| Total payroll expenses | <u>3,090,686</u> | <u>357,002</u> | <u>345,679</u> | <u>242,390</u> | <u>4,035,757</u> |
| Professional services | 16,365 | 15,090 | 1,859 | 50,988 | 84,302 |
| Maintenance and repairs | - | - | 3,965 | 50,688 | 54,653 |
| Utilities | - | - | - | 123,626 | 123,626 |
| Rental expense | 304 | - | 171 | 301,441 | 301,916 |
| Consulting | 107,581 | - | - | 30,725 | 138,306 |
| Miscellaneous contracted services | 34,987 | - | 11,685 | 62,743 | 109,415 |
| Supplies | 218,286 | 1,817 | 7,642 | 12,217 | 239,962 |
| Food | - | - | 57,542 | - | 57,542 |
| Travel | 3,785 | 3,990 | 917 | 8,416 | 17,108 |
| Insurance and bonding costs | - | - | - | 71,014 | 71,014 |
| Depreciation | - | - | - | 106,192 | 106,192 |
| Other | 18,825 | 177,427 | 13,018 | 73,061 | 282,331 |
| Interest | - | - | - | 14,409 | 14,409 |
| Total non-payroll expenses | <u>400,133</u> | <u>198,324</u> | <u>96,799</u> | <u>905,520</u> | <u>1,600,776</u> |
| Total expenses | <u>\$ 3,490,819</u> | <u>\$ 555,326</u> | <u>\$ 442,478</u> | <u>\$ 1,147,910</u> | <u>\$ 5,636,533</u> |

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

POR VIDA, INC.

STATEMENTS OF CASH FLOWS

August 31, 2020 and 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from Foundation School Program | \$ 2,150,625 | \$ 2,338,648 |
| Cash received from grantors | 1,120,754 | 753,527 |
| Cash received from contributors | 2,261,955 | 2,516,901 |
| Cash received from food service activity | 5,876 | 4,522 |
| Cash received from other sources | 107,106 | 101,096 |
| Cash paid to suppliers for goods and services | (1,172,319) | (1,557,933) |
| Cash paid to employees for services | (3,967,684) | (4,042,896) |
| Interest payments | (9,241) | (14,409) |
| Net cash provided in (used by) operating activities | 497,072 | 99,456 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of capital assets | (35,555) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from loan proceeds | 71,851 | 90,000 |
| Loan payments | (16,891) | (205,080) |
| Net cash provided in (used by) financing activities | 54,960 | (115,080) |
| Net increase (decrease) in cash and cash equivalents | 516,477 | (15,624) |
| CASH AND CASH EQUIVALENTS - BEGINNING | 245,308 | 260,932 |
| CASH AND CASH EQUIVALENTS - ENDING | \$ 761,785 | \$ 245,308 |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Change in net assets | \$ 344,325 | \$ 115,745 |
| Adjustments to reconcile change in net assets to net cash provided for operating activities | | |
| Depreciation | 81,333 | 106,192 |
| Decrease (increase) in assets | | |
| Receivables | (2,991) | (37,584) |
| Prepayments and deposits | - | 5,000 |
| Increase (decrease) in liabilities | | |
| Accounts payable | 54,464 | (82,758) |
| Deferred revenue | 7,716 | - |
| Payroll deductions and withholdings payable | 12,225 | (7,139) |
| NET CASH PROVIDED IN (USED BY) OPERATING ACTIVITIES | \$ 497,072 | \$ 99,456 |

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

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(1) Summary of significant accounting policies

Organization

Blessed Sacrament Academy Second Chance High School, Inc. was incorporated August 9, 1996. A certificate of amendment was issued February 1, 2001 to reflect the name change to Por Vida, Inc. (Por Vida).

Por Vida, Inc. operates Por Vida Academy (the High School), Corpus Christi College Preparatory High School, and Cesar E. Chavez Academy. Cesar E. Chavez Academy was closed during fiscal year 2019.

The Por Vida Academy and Cesar E. Chavez Academy provide an alternative high school diploma program to students who did not thrive in the normal high school setting or have returned for a high school diploma after entering the work force. The Corpus Christi College Preparatory High School is a college preparatory high school preparing students to enter into a university immediately following high school graduation. The Por Vida Academy, Cesar E. Chavez Academy, and the Corpus Christi College Preparatory High School operate under an open enrollment charter granted by the Texas State Board of Education. The Por Vida Academy, Cesar E. Chavez Academy, and the Corpus Christi College Preparatory High School are part of the public school system of the State of Texas and are entitled to distribution from the state's available school fund. The Por Vida Academy, Cesar E. Chavez Academy, and the Corpus Christi College Preparatory High School do not have the authority to impose taxes or charge tuition. Por Vida, Inc. does not conduct other charter or non-charter activities.

Por Vida, Inc. is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting policies

The financial statements have been prepared on the accrual basis of accounting. 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 limitation and restrictions placed on the use of resources available to Por Vida, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified for accounting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and activities focus on the Organization as a whole and report the total assets, liabilities, net assets and changes in net assets.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets with donor restrictions* – Net assets subject to 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. When a restriction expires, these resources are classified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(1) Summary of significant accounting policies (continued)

Accounting policies (continued)

- *Net assets without donor restrictions* – Net assets that are available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of Por Vida, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Change in accounting policy

During fiscal year 2020, Por Vida has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Por Vida's financial reporting.

Revenues and revenue recognition

Por Vida recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of Por Vida's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Por Vida has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Por Vida received cost-reimbursable grants of \$7,716 that have not been recognized at August 31, 2020 because qualifying expenditures have not yet been incurred, and are shown as deferred revenues on the statement of financial position.

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 with initial maturity of three months or less.

Capital assets

All assets acquired with a value of \$5,000 or greater are recorded as capital assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition.

Depreciation of building improvements, vehicles, and equipment is determined on a straight-line basis on the following useful lives:

| | |
|-----------------------|------------|
| Land improvements | 15 years |
| Building improvements | 6-40 years |
| Vehicles | 5 years |
| Equipment | 5 years |

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(1) Summary of significant accounting policies (continued)

Credit risk

Financial instruments, which potentially subject Por Vida, Inc. to concentrations of credit risk consist primarily of cash. At August 31, 2020 and 2019, Por Vida, Inc. had uninsured cash balances of \$519,162 and \$-0-, respectively.

Personal leave

All employees earn between 1 to 10 days of paid personal leave per year depending on the number of days worked. Paid leave must be used during the year or it is forfeited. There is no payment of leave after resignation or termination date; therefore a liability is not recorded at August 31, 2020 and 2019.

Estimates

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

Fair value of financial instruments

The following methods and assumptions were used by Por Vida, Inc. in estimating its fair value disclosures for financial instruments:

Cash and receivables: the carrying amounts reported in the statement of financial position approximate the fair value because of the short maturities of those instruments.

(2) Capital assets

An analysis of capital assets as of August 31, 2020, is presented as follows:

| | OBJECT CODE | COST | ACCUMULATED DEPRECIATION | NET |
|-------------------------|----------------|---------------------|-----------------------------|-------------------|
| Leasehold improvements | 1520 | \$ 2,025,634 | \$ 1,115,289 | \$ 910,345 |
| Furniture and equipment | 1540 | 177,186 | 177,186 | - |
| Vehicles | 1531 | <u>119,641</u> | <u>119,641</u> | <u>-</u> |
| Totals | | <u>\$ 2,322,461</u> | <u>\$ 1,412,116</u> | <u>\$ 910,345</u> |

Depreciation expense for the current year was \$81,332.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(2) Capital assets (continued)

An analysis of capital assets as of August 31, 2019, is presented as follows:

| | OBJECT CODE | COST | ACCUMULATED DEPRECIATION | NET |
|-------------------------|----------------|---------------------|-----------------------------|-------------------|
| Leasehold improvements | 1520 | \$ 1,990,080 | \$ 1,034,947 | \$ 955,133 |
| Furniture and equipment | 1540 | 179,786 | 178,796 | 990 |
| Vehicles | 1531 | <u>119,641</u> | <u>119,641</u> | <u>-</u> |
| Totals | | <u>\$ 2,289,507</u> | <u>\$ 1,333,384</u> | <u>\$ 956,123</u> |

Depreciation expense for 2019 was \$106,192.

(3) Ownership in property and equipment

As of August 31, 2020, the following disclosure of ownership interests in property and equipment is provided to address certain requirements discussed in House Bill 6, 77th Legislature (2001).

| | OBJECT CODE | OWNERSHIP INTEREST | | TOTAL |
|---|----------------|---------------------|-------------------|---------------------|
| | | STATE | FEDERAL | |
| Leasehold improvements | | | | |
| Classroom improvements | 1520 | \$ 16,500 | \$ - | \$ 16,500 |
| Science lab renovations | 1520 | 12,575 | - | 12,575 |
| High school renovations | 1520 | 1,071,777 | 880,663 | 1,952,440 |
| Fence improvements | 1520 | 8,567 | - | 8,567 |
| Security improvements | 1580 | 25,000 | 10,555 | 35,555 |
| Instructional/non-instructional equipment | | | | |
| Furniture and equipment | 1540 | 167,313 | 9,870 | 177,183 |
| Vehicle | 1531 | <u>119,641</u> | <u>-</u> | <u>119,641</u> |
| Total property and equipment | | <u>\$ 1,421,373</u> | <u>\$ 901,088</u> | <u>\$ 2,322,461</u> |

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(3) Ownership in property and equipment (continued)

As of August 31, 2019, the following disclosure of ownership interests in property and equipment is provided to address certain requirements discussed in House Bill 6, 77th Legislature (2001).

| | OBJECT CODE | OWNERSHIP INTEREST | | TOTAL |
|---|----------------|--------------------|------------|--------------|
| | | STATE | FEDERAL | |
| Leasehold improvements | | | | |
| Classroom improvements | 1520 | \$ 16,500 | \$ - | \$ 16,500 |
| Science lab renovations | 1520 | 12,575 | - | 12,575 |
| High school renovations | 1520 | 1,071,777 | 880,663 | 1,952,440 |
| Fence improvements | 1520 | 8,567 | - | 8,567 |
| Instructional/non-instructional equipment | | | | |
| Furniture and equipment | 1540 | 167,313 | 12,471 | 179,784 |
| Vehicle | 1531 | 119,641 | - | 119,641 |
| | | \$ 1,396,373 | \$ 893,134 | \$ 2,289,507 |

(4) Defined benefit 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, Section 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 publicity available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-877-0123, or by downloading the report from the TRS Internet website, www.trstate.tx.us, under TRS publications heading.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(4) Defined benefit pension plan (continued)

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 November 20,2020 provided the following information (ABO refers to the accumulated benefit obligation):

| <u>Pension Fund</u> | <u>Total Plan Assets 2020</u> | <u>ABO 2020</u> | <u>Percent Funded</u> |
|-------------------------|-----------------------------------|---------------------|---------------------------|
| TRS | \$ 184,361,871,000 | \$ 218,974,205,000 | 84.19% |

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% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% 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. Under provisions in Texas state law, plan members are required to contribute 7.7% of their annual covered salary for each of the years ended August 31, 2020 and 2019, respectively. The state’s contribution rate as a nonemployer contributing entity was 6.8% for the years ended August 31, 2020 and 2019. The school’s employees’ contributions to TRS for the years ended August 31, 2020 and 2019 totaled \$273,930 and \$274,430 respectively, equal to the required contributions for each year. There have been no changes that would affect the comparison from year to 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 6.8% totaling \$144,132 and \$118,048 for the years ended August 31, 2020 and 2019, respectively.

(5) Defined contribution plan

All Por Vida employees may elect to participate in the 403(b) plan. This is a qualified tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The 403(b) plan consists solely of employee contributions which are made on a “pre-tax” basis.

Employees are fully vested upon entry to the plan.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(6) Health care coverage

During the years ended August 31, 2020 and 2019, employees of Por Vida were covered by a health insurance plan (the Plan). Por Vida, Inc. contributed \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to a licensed insurer. During the years ending 2020 and 2019, Por Vida contributed \$106,192 and \$106,294, respectively, for charter employees.

(7) Due from governments

Por Vida participated in a variety of federal and state programs from which it received grants to partially or fully finance certain activities. Por Vida received entitlements from the state through the Foundation School Program. Amounts due from federal and state governments as of August 31, 2020 and 2019 are summarized below. All federal grants shown below are passed through the TEA or other agencies.

| <u>PROGRAM</u> | <u>2020 AMOUNT</u> | <u>2019 AMOUNT</u> |
|----------------------------|------------------------|------------------------|
| Federal and state programs | <u>\$ 47,173</u> | <u>\$ 34,625</u> |
| Total due from governments | <u>\$ 47,173</u> | <u>\$ 34,625</u> |

(8) Leases

Por Vida, Inc. has entered into various lease agreements for equipment and other items necessary to operate. The future minimum payments under noncancelable operating leases as of August 31, 2020 are as follows:

| <u>YEARS ENDING AUGUST 31,</u> | <u>AMOUNT</u> |
|------------------------------------|-------------------|
| 2021 | \$ 136,590 |
| 2022 | 86,736 |
| 2023 | 89,338 |
| 2024 | <u>84,140</u> |
| Total | <u>\$ 396,804</u> |

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(8) Leases (continued)

The future minimum payments under noncancelable operating leases as of August 31, 2019 are as follows:

| YEARS ENDING AUGUST 31, | AMOUNT |
|----------------------------|------------|
| 2020 | \$ 115,560 |
| 2021 | 9,630 |
| Total | \$ 125,190 |

(9) Loans

On January 29, 2018, Por Vida Inc. refinanced a note with Frost Bank that was previously held with JP Morgan Chase in the amount of \$200,000 with a maturity date of January 31, 2028. The stated interest rate is 5.490% and the note is payable in 120 payments of \$2,177.66 beginning on February 28, 2018. The note is collateralized with the property (land and improvements) owned and occupied by Blessed Sacrament Academy. Payments are paid directly to Frost Bank by Por Vida, Inc. The balance at August 31, 2020 was \$158,341. Interest expense related to this note was \$9,241 and \$10,235 for 2020 and 2019, respectively.

On April 2, 2009 Por Vida, Inc. obtained a \$75,000 revolving line-of-credit maturing on April 2, 2019. The line-of-credit is secured by furniture owned by Por Vida and carries an interest rate of 1.75% over prime. The line-of-credit carried a \$-0- and \$30,000 balance as of August 31, 2020 and 2019. Interest expense was \$-0- and \$611 for 2020 and 2019, respectively.

On April 11, 2020, Por Vida Inc. obtained a payroll protection program loan in the amount of \$766,700 with an interest rate of 1%. The terms of the note were 17 installment payments beginning November 21, 2020 to April 21, 2022 for \$42,594. Subsequent to year end, Por Vida was notified that \$694,849 of loan principal was forgiven leaving an outstanding principal balance of \$71,851. Por Vida retroactively recognized the \$694,849 as revenue in fiscal year 2020. Por Vida paid off the total principal balance plus accrued interest with a payment of \$72,375 on January 12, 2021.

Changes in long-term debt

| | ORIGINAL PROCEEDS | INTEREST RATE | BALANCE 8/31/2019 | ADDITIONS | REDUCTIONS | BALANCE 8/31/2020 | DUE WITHIN ONE YEAR |
|---------------------------------|----------------------|------------------|----------------------|------------|------------|----------------------|------------------------|
| Frost Bank | | | | | | | |
| Frost bank school building loan | \$ 200,000 | 5.549% | \$ 175,232 | \$ - | \$ 16,891 | \$ 158,341 | \$ 17,903 |
| Payroll protection program loan | 776,700 | | - | 766,700 | 694,849 | 71,851 | 38,039 |
| Total | | | \$ 175,232 | \$ 766,700 | \$ 711,740 | \$ 230,192 | \$ 55,942 |

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(9) Loans (continued)

As of August 31, 2020, summary information for future note payments through 2025 and thereafter were as follows:

| <u>YEARS ENDING</u> <u>AUGUST 31,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|--|-------------------|------------------|-------------------|
| 2021 | \$ 55,942 | \$ 8,506 | \$ 64,448 |
| 2022 | 52,723 | 7,467 | 60,190 |
| 2023 | 19,976 | 6,156 | 26,132 |
| 2024 | 21,100 | 5,032 | 26,132 |
| 2025 | 22,288 | 3,844 | 26,132 |
| Thereafter | 58,163 | 3,974 | 62,137 |
| Totals | <u>\$ 230,192</u> | <u>\$ 34,979</u> | <u>\$ 265,171</u> |

As of August 31, 2019, summary information for future note payments through 2024 and thereafter were as follows:

| <u>YEARS ENDING</u> <u>AUGUST 31,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|--|-------------------|------------------|-------------------|
| 2020 | \$ 16,891 | \$ 9,241 | \$ 26,132 |
| 2021 | 17,903 | 8,229 | 26,132 |
| 2022 | 18,911 | 7,221 | 26,132 |
| 2023 | 19,976 | 6,156 | 26,132 |
| 2024 | 21,100 | 5,032 | 26,132 |
| Thereafter | 80,451 | 7,817 | 88,268 |
| Totals | <u>\$ 175,232</u> | <u>\$ 43,696</u> | <u>\$ 218,928</u> |

(10) Related parties

During the year, Por Vida, Inc. had various transactions with Blessed Sacrament Academy, Inc., a related party, which included the lease of a building. Rent paid to Blessed Sacrament was \$56,334 and \$58,000 for 2020 and 2019, respectively. Por Vida, Inc. has adopted a conflict of interest policy regarding related party transactions. The policy was not violated during the year.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(11) Commitments and contingencies

Por Vida, Inc. received 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 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 Texas Education Agency or the grantor agency. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

(12) Concentrations

Por Vida's funding is concentrated in the foundation school program and various state and federal grants. Discontinued funding would have a severe impact on operations. Por Vida's ability to maintain continuing operations would be uncertain in such a situation. Management does not expect any material reductions in funding in the foreseeable future.

(13) Shared services arrangement

During the fiscal year 2020 and 2019, Por Vida, Inc. was a member of the San Antonio Charter Schools Special Education Co-op shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, Por Vida, Inc. received special education (IDEA B Formula) services in the amount of \$63,792 and \$67,330 in 2020 and 2019 respectively, as reported to Por Vida by the fiscal agent. Por Vida is also a member of the Education Service Center Region 20 Carl Perkins, Title I Part C-Migrant, and Title III, Part A-ELA shared services arrangements. Por Vida received \$3,172 and \$3,507 in 2020 and 2019 respectively in Carl Perkins grant; \$621 and \$-0- in 2020 and 2019 respectively in Title I Part C-Migrant; and \$258 and \$-0- in 2020 and 2019 respectively in Title III, Part A-ELA; as reported to Por Vida, by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, Por Vida has accounted for the special education expenditures within their financial statements.

(14) Net assets

Donor restricted net assets as of August 31 consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Capital assets (net) purchased with state and federal funds | \$ 752,004 | \$ 780,891 |
| Federal and state program activities | <u>610,848</u> | <u>253,839</u> |
| Total donor restricted assets | <u>\$ 1,362,852</u> | <u>\$ 1,034,730</u> |

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

(15) Liquidity and availability of financial assets

The following reflects Por Vida'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 | \$ 761,785 |
| Grants and other receivables | <u>47,373</u> |
| Total financial assets | <u>809,158</u> |
| | |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 809,158</u> |

Por Vida 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 is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months and in local government investment pools.

(16) Evaluation of subsequent events

Por Vida has evaluated subsequent events by Por Vida, Inc.'s management through January 19, 2021, the date which the financial statements were available to be issued. Subsequent to August 31, 2020, Por Vida paid off the outstanding principal and interest balance of the payroll protection program loan in the amount of \$72,375.



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

**SUPPLEMENTAL INFORMATION
FOR CHARTER SCHOOL OPERATIONS**



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

**STATEMENT OF ACTIVITIES
REVENUE AND OTHER SUPPORT BY OBJECT CODE**

Year ended August 31, 2020

| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE AND OTHER SUPPORT | | | |
| Local support: | | | |
| 5720 Local revenue from other school districts | \$ 2,204,682 | \$ - | \$ 2,204,682 |
| 5740 Other revenues from local sources | 40,681 | - | 40,681 |
| 5750 Revenues from cocurricular, enterprising services or activities | 5,876 | - | 5,876 |
| 5760 Revenue from intermediate sources | <u>106,425</u> | <u>-</u> | <u>106,425</u> |
| Total local support | <u>2,357,664</u> | <u>-</u> | <u>2,357,664</u> |
| State program revenues: | | | |
| 5810 Foundation school program act revenues | - | 2,150,625 | 2,150,625 |
| 5820 State program revenues distributed by Texas Education Agency | <u>-</u> | <u>39,521</u> | <u>39,521</u> |
| Total state program revenues | <u>-</u> | <u>2,190,146</u> | <u>2,190,146</u> |
| Federal program revenues: | | | |
| 5910 Federal revenues distributed by the Education Service Center, Region 20 | - | 4,051 | 4,051 |
| 5910 Federal revenues distributed by Southwest Preparatory Charter School | - | 59,415 | 59,415 |
| 5920 Federal revenues distributed by the Texas Education Agency | - | 335,466 | 335,466 |
| 5940 Federal revenues distributed directly from the Federal Government | <u>-</u> | <u>694,849</u> | <u>694,849</u> |
| Total federal program revenues | <u>-</u> | <u>1,093,781</u> | <u>1,093,781</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | |
| Restrictions satisfied by payments | <u>2,955,805</u> | <u>(2,955,805)</u> | <u>-</u> |
| Total revenues and other support | <u>5,313,469</u> | <u>328,122</u> | <u>5,641,591</u> |
| EXPENSES | | | |
| 11 Instruction | 3,036,265 | - | 3,036,265 |
| 13 Curriculum development and instructional staff development | 3,910 | - | 3,910 |
| 21 Instructional leadership | 46,607 | - | 46,607 |
| 23 School leadership | 492,065 | - | 492,065 |
| 31 Guidance, counseling, and evaluation services | 300,570 | - | 300,570 |
| 32 Social work services | 60,583 | - | 60,583 |
| 33 Health services | 6,580 | - | 6,580 |
| 34 Student (pupil) transportation | 5,887 | - | 5,887 |
| 35 Food services | 82,783 | - | 82,783 |
| 36 Cocurricular/extracurricular activities | 2,367 | - | 2,367 |
| 41 General administration | 387,343 | - | 387,343 |
| 51 Plant maintenance and operations | 620,640 | - | 620,640 |
| 52 Security and monitoring services | 42,658 | - | 42,658 |
| 53 Data processing services | 41,615 | - | 41,615 |
| 71 Debt service | <u>9,241</u> | <u>-</u> | <u>9,241</u> |
| Total expenses | <u>5,139,114</u> | <u>-</u> | <u>5,139,114</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| 8949 Payment to agency | <u>(158,152)</u> | <u>-</u> | <u>(158,152)</u> |
| CHANGE IN NET ASSETS | 16,203 | 328,122 | 344,325 |
| NET ASSETS - BEGINNING OF YEAR | <u>1,058</u> | <u>1,034,730</u> | <u>1,035,788</u> |
| NET ASSETS - END OF YEAR | <u>\$ 17,261</u> | <u>\$ 1,362,852</u> | <u>\$ 1,380,113</u> |

POR VIDA, INC.

SCHEDULE OF EXPENSES

Year ended August 31, 2020

| | <u>TOTAL</u> |
|---|---------------------|
| EXPENSES | |
| 6100 Payroll costs | \$ 3,979,909 |
| 6200 Professional and contracted services | 777,215 |
| 6300 Supplies and materials | 142,423 |
| 6400 Other operating costs | 230,326 |
| 6500 Debt | <u>9,241</u> |
| | <u>\$ 5,139,114</u> |

POR VIDA, INC.

**BUDGETARY COMPARISON SCHEDULE -
BUDGET VARIANCE ORIGINAL TO FINAL**

Year ended August 31, 2020

| | BUDGET | | ACTUAL | BUDGET VARIANCE ORIGINAL TO FINAL POSITIVE OR (NEGATIVE) | |
|--|---------------------|---------------------|---------------------|---|------|
| | ORIGINAL | FINAL | | | |
| REVENUE | | | | | |
| Local support: | | | | | |
| 5720 Local revenue from other school districts | \$ 2,511,305 | \$ 2,204,682 | \$ 2,204,682 | \$ (306,623) | (1) |
| 5740 Other revenues from local sources | - | 40,681 | 40,681 | 40,681 | (2) |
| 5750 Revenues from cocurricular, enterprising services or activities | 4,260 | 5,876 | 5,876 | 1,616 | (3) |
| 5760 Revenue from intermediate sources | - | 106,425 | 106,425 | 106,425 | (4) |
| State support: | | | | | |
| 5810 Foundation school program act revenues | 2,245,746 | 2,150,625 | 2,150,625 | (95,121) | |
| 5820 State program revenues distributed by Texas Education Agency | 61,455 | 39,521 | 39,521 | (21,934) | (5) |
| Federal program revenues: | | | | | |
| 5910 Federal revenues distributed by the Education Service Center, Region 20 | - | - | 4,051 | - | |
| 5910 Federal revenues distributed by Southwest Preparatory Charter School | - | 59,415 | 59,415 | 59,415 | (6) |
| 5920 Federal revenues distributed by the Texas Education Agency | 438,932 | 335,466 | 335,466 | (103,466) | (7) |
| 5940 Federal revenues distributed directly from the Federal Government | - | 694,849 | 694,849 | 694,849 | (8) |
| Total revenues | <u>5,261,698</u> | <u>5,637,540</u> | <u>5,641,591</u> | <u>375,842</u> | |
| EXPENSES | | | | | |
| 11 Instruction | 3,274,412 | 3,057,785 | 3,036,265 | (216,627) | |
| 13 Curriculum development and instructional staff development | 484 | 91 | 3,910 | (393) | (9) |
| 21 Instructional leadership | 47,329 | 46,539 | 46,607 | (790) | |
| 23 School leadership | 524,665 | 525,603 | 492,065 | 938 | |
| 31 Guidance, counseling and evaluation services | 289,163 | 300,570 | 300,570 | 11,407 | |
| 32 Social work services | 49,917 | 60,583 | 60,583 | 10,666 | (10) |
| 33 Health services | 14,050 | 6,580 | 6,580 | (7,470) | (11) |
| 34 Student (pupil) transportation | 7,532 | 6,010 | 5,887 | (1,522) | (12) |
| 35 Food services | 102,227 | 82,783 | 82,783 | (19,444) | (13) |
| 36 Cocurricular/extracurricular activities | 6,936 | 2,367 | 2,367 | (4,569) | (14) |
| 41 General administration | 312,542 | 678,017 | 387,343 | 365,475 | (15) |
| 51 Plant maintenance and operations | 505,527 | 618,625 | 620,640 | 113,098 | (16) |
| 52 Security and monitoring services | 67,157 | 42,868 | 42,658 | (24,289) | (17) |
| 53 Data processing services | 35,785 | 41,615 | 41,615 | 5,830 | (18) |
| 71 Debt | 26,632 | 9,354 | 9,241 | (17,278) | (19) |
| Total expenses | <u>5,264,358</u> | <u>5,479,390</u> | <u>5,139,114</u> | <u>215,032</u> | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| 8949 Payment to agency | - | (158,152) | (158,152) | (158,152) | (20) |
| CHANGE IN NET ASSETS | (2,660) | (2) | 344,325 | 2,658 | |
| NET ASSETS - BEGINNING OF YEAR | <u>1,035,788</u> | <u>1,035,788</u> | <u>1,035,788</u> | <u>-</u> | |
| NET ASSETS - END OF YEAR | <u>\$ 1,033,128</u> | <u>\$ 1,035,786</u> | <u>\$ 1,380,113</u> | <u>\$ 2,658</u> | |

POR VIDA, INC.

**NOTE TO BUDGETARY COMPARISON SCHEDULE –
BUDGET VARIANCE ORIGINAL TO FINAL**

Year ended August 31, 2020

Note 1: Variance between original and final budget

- (1) Object code 5729 Fund 167 was under budget by \$12,204. Object code 5729 Fund 174 was over budget by \$14,033. Object code 5729 Fund 190 payroll services was over budget \$304,793.
- (2) Object code 5742 Fund 420 bank interest \$681 was not included in original budget. Object code 5748 Fund 481 was not included in original budget \$40,000.
- (3) Object code 5751 Fund 161 staff cafeteria sales was under budgeted in the original budget by \$1,677. Object code 5755 was over budgeted by \$60.
- (4) Object code 5769 Fund 420 YES payroll services not in original budget \$106,425.
- (5) Object code 5829 Fund 410 was over budget by \$46,934. Object code 5829 Fund 429 was awarded after 9/1/19 \$25,000.
- (6) Object code 5919 from Southwest Preparatory Charter School was under budget by \$59,415. Share service arrangements were not budgeted for and recognized until after receiving the information from the fiscal agent.
- (7) Object code 5929 Fund 211 was over budget by \$46,036. Object code 5929 Fund 224 was over budget by \$10,262. Object code 5921 Fund 240 school breakfast was over budget by \$6,972. Object code 5922 Fund 240 school lunch was over budget by \$22,929. Object code 5929 Fund 255 was over budget \$447. Object code 5929 Fund 266 was not included in original budget \$42,812. Object code 5929 Fund 289 was over budget by \$216.
- (8) Object code 5929 Fund 420 was not in original budget, PPP loan forgiveness of \$694,849.
- (9) Function 13 Fund 224 was over budget by \$443. Function 13 Fund 420 was not in original budget.
- (10) Function 32 Fund 420 salaries professional was under budget by \$10,666.
- (11) Function 33 Fund 420 misc. contracted services was over budget by \$7,470.
- (12) Function 34 Fund 420 misc. transportation expenses was over budget by \$1,522.
- (13) Function 35 Fund 240 professional services was over budget by \$1,859. Function 35 Fund 240 was not in original budget \$929. Function 35 Fund 240 supplies was under budget \$119. Function 35 Fund 240 food was over budget \$28,469. Function 35 Fund 240 was under budget \$381. Function 35 Fund 240 misc. operating costs is under budget \$3. Function 35 Fund 420 professional services was over budget \$772. Function 35 Fund 420 was not in original budget \$934. Function 35 Fund 420 was not in original budget \$4,644. Function 35 Fund 420 travel was over budget. Function 35 Fund 420 was not in original budget \$184.

POR VIDA, INC.

**NOTE TO BUDGETARY COMPARISON SCHEDULE –
BUDGET VARIANCE ORIGINAL TO FINAL**

Year ended August 31, 2020

Note 1: Variance between original and final budget (continued)

- (14) Function 36 Fund 420 extracurricular activities was over budget by \$4,569.
- (15) Function 41 Fund 167 payroll was over budget \$8,603. Function 41 Fund 174 payroll was over budget \$9,271. Function 41 Fund 211 payroll was under budget \$621. Function 41 Fund 420 payroll was over budget \$16,827. Function 41 Fund 420 legal was under budget \$18,443. Function 41 Fund 420 audit was under budget \$4,275. Function 41 Fund 420 supplies was under budget \$4,520. Function 41 Fund 420 travel was under budget \$1,507. Function 41 Fund 420 operating costs was under budget \$1,207. Function 41 Fund 420 utilities \$2,651 was not in original budget. Function 41 Fund 420 ESC was not in the original budget \$25. Function 41 Fund 420 was not in the original budget \$13,520.
- (16) Function 51 Fund 224 was over budget \$2,380. Function 51 Fund 420 payroll was under budget \$12,124. Function 51 Fund 420 maintenance/repair was under budget \$27,941. Function 51 Fund 420 utilities was under budget by \$12,312. Function 51 Fund 420 operating leases was under budget \$1,569. Function 51 Fund 420 fuel was not included in original budget \$380. Function 51 Fund 420 supplies was over budget \$1,383. Function 51 Fund 420 general supplies was over budget \$17,434. Function 51 Fund 420 bonding costs was under budget \$10,102. Function 51 Fund 420 \$79,357 was not in the original budget. Function 51 Fund 420 misc. operating costs was over budget by \$841.
- (17) Function 52 Fund 420 professional services were over budgeted by \$24,289 on the original budget.
- (18) Function 53 Fund 224 was not in original budget \$127. Function 53 Fund 420 was over budget by \$5,703.
- (19) Function 71 Fund 420 debt principal was over budget by \$16,949. Function 71 Fund 420 interest on debt was under budget by \$171. Function 71 Fund 420 interest expenses was over budget by \$500.
- (20) Object 8949 TEA refund was not in original budget \$158,152.

POR VIDA, INC.

**BUDGETARY COMPARISON SCHEDULE –
VARIANCE WITH FINAL BUDGET**

Year ended August 31, 2020

| | BUDGET | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE) | |
|--|---------------------|---------------------|---------------------|---|-----|
| | ORIGINAL | FINAL | | | |
| REVENUE | | | | | |
| Local support: | | | | | |
| 5720 Local revenue from other school districts | \$ 2,511,305 | \$ 2,204,682 | \$ 2,204,682 | \$ | - |
| 5740 Other revenues from local sources | - | 40,681 | 40,681 | - | - |
| 5750 Revenues from cocurricular, enterprising services or activities | 4,260 | 5,876 | 5,876 | - | - |
| 5760 Revenue from intermediate sources | - | 106,425 | 106,425 | - | - |
| State support: | | | | | |
| 5810 Foundation school program act revenues | 2,245,746 | 2,150,625 | 2,150,625 | - | - |
| 5820 State program revenues distributed by Texas Education Agency | 61,455 | 39,521 | 39,521 | - | - |
| Federal program revenues: | | | | | |
| 5910 Federal revenues distributed by the Education Service Center, Region 20 | - | - | 4,051 | 4,051 | (1) |
| 5910 Federal revenues distributed by Southwest Preparatory Charter School | - | 59,415 | 59,415 | - | - |
| 5920 Federal revenues distributed by the Texas Education Agency | 438,932 | 335,466 | 335,466 | - | - |
| 5940 Federal revenues distributed directly from the Federal Government | - | 694,849 | 694,849 | - | - |
| Total revenues | <u>5,261,698</u> | <u>5,637,540</u> | <u>5,641,591</u> | <u>4,051</u> | |
| EXPENSES | | | | | |
| 11 Instruction | 3,274,412 | 3,057,785 | 3,036,265 | 21,520 | |
| 13 Curriculum development and instructional staff development | 484 | 91 | 3,910 | (3,819) | (2) |
| 21 Instructional leadership | 47,329 | 46,539 | 46,607 | (68) | |
| 23 School leadership | 524,665 | 525,603 | 492,065 | 33,538 | |
| 31 Guidance, counseling and evaluation services | 289,163 | 300,570 | 300,570 | - | |
| 32 Social work services | 49,917 | 60,583 | 60,583 | - | |
| 33 Health services | 14,050 | 6,580 | 6,580 | - | |
| 34 Student (pupil) transportation | 7,532 | 6,010 | 5,887 | 123 | |
| 35 Food services | 102,227 | 82,783 | 82,783 | - | |
| 36 Cocurricular/extracurricular activities | 6,936 | 2,367 | 2,367 | - | |
| 41 General administration | 312,542 | 678,017 | 387,343 | 290,674 | (3) |
| 51 Plant maintenance and operations | 505,527 | 618,625 | 620,640 | (2,015) | |
| 52 Security and monitoring services | 67,157 | 42,868 | 42,658 | 210 | |
| 53 Data processing services | 35,785 | 41,615 | 41,615 | - | |
| 71 Debt | 26,632 | 9,354 | 9,241 | 113 | |
| Total expenses | <u>5,264,358</u> | <u>5,479,390</u> | <u>5,139,114</u> | <u>340,276</u> | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| 8949 Payment to agency | - | (158,152) | (158,152) | - | |
| CHANGE IN NET ASSETS | (2,660) | (2) | 344,325 | 344,327 | |
| NET ASSETS - BEGINNING OF YEAR | <u>1,035,788</u> | <u>1,035,788</u> | <u>1,035,788</u> | - | |
| NET ASSETS - END OF YEAR | <u>\$ 1,033,128</u> | <u>\$ 1,035,786</u> | <u>\$ 1,380,113</u> | <u>\$ 344,327</u> | |

POR VIDA, INC.

**NOTE TO BUDGETARY COMPARISON SCHEDULE –
VARIANCE WITH FINAL BUDGET**

Year ended August 31, 2020

Note 1: Variance between actual and final budget

- (1) Object code 5910 Funds 212, 244, and 263 were revenues received through Education Service Center, Region 20 shared service arrangements that were not budgeted for.
- (2) Function 13 Funds 212, 224, 244, and 263 SSA services of \$3818 were not budgeted.
- (3) Function 41 Fund 167 payroll was over budget \$8,603. Function 41 Fund 174 payroll was over budget \$9,271. Function 41 Fund 211 payroll was under budget \$621. Function 41 Fund 420 payroll was over budget \$16,827. Function 41 Fund 420 legal was under budget \$18,443. Function 41 Fund 420 audit was under budget \$4,275. Function 41 Fund 420 supplies was under budget \$4,520. Function 41 Fund 420 travel was under budget \$1,507. Function 41 Fund 420 operating costs was under budget \$1,207. Function 41 Fund 420 utilities \$2,651 was not in original budget. Function 41 Fund 420 ESC was not in the original budget \$25. Function 41 Fund 420 was not in the original budget \$13,520.



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

**INDEPENDENT AUDITORS' 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 of
Por Vida, Inc.
San Antonio, 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 Por Vida, Inc. (a nonprofit organization) (Por Vida), which comprise the statement of financial position as of August 31, 2020, 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 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Por Vida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Por Vida's internal control. Accordingly, we do not express an opinion on the effectiveness of Por Vida's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Por Vida'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 determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Por Vida'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.

ABIP, PC

San Antonio, Texas
January 19, 2021

POR VIDA, INC.

SCHEDULE OF FINDINGS AND RESPONSES

Year ended August 31, 2020

Section I: Summary of Auditor's Results

1. Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies(s) identified that are not considered to be material weaknesses? _____ Yes X None

Noncompliance material to financial statements noted? _____ Yes X No

Section II: Financial Statement Findings

None

Section III: Summary of Prior Audit Findings

2019-001 Procurement
Type of Finding: Material Weakness; Material Noncompliance
CFDA No. 84.377A Title 1, School Improvement Grants
Total Questioned Costs - \$158,152

Criteria: Purchases should be properly procured in accordance with the Uniform Guidance and the State of Texas procurement laws.

Condition/Cause: Por Vida could not support that the school properly procured several vendors in accordance with the Uniform Guidance and State of Texas procurement laws.

Recommendation: We recommend that Por Vida implement procedures to predict, monitor, and track vendor expenses to determine and document that vendors are being properly procured in accordance with the Uniform Guidance and State of Texas procurement laws.

Planned Correction Action Response: Por Vida will review and update their procurement policy and designate a member of the administrative team to monitor vendor expenses and procurement documentation to ensure compliance with Uniform Guidance and the State of Texas procurement laws.

Responsible Persons: Stephanie Rodriguez, Human Resources Director; Joseph Rendon, Superintendent

Status: No similar finding was identified during the current year.