



El Paso Leadership Academy

**Financial Statements with Supplemental Information
and Compliance Report
August 31, 2021 and 2020**

El Paso Leadership Academy
Certificate of Board

El Paso Leadership Academy

Name of Charter Holder

45-5571815

Federal Employer ID Number

El Paso Leadership Academy

Name of Charter School

El Paso

County

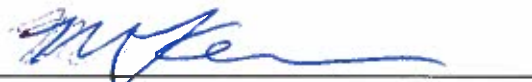
071-810

Co. Dist. Number

We, the undersigned, certify that the attached Annual Financial and Compliance Report of El Paso Leadership Academy was reviewed and (check one) approved ___ disapproved for the year ended August 31, 2021, at a meeting of the governing body of said charter school on the 25th day of January, 2022.



Signature of Board Secretary



Signature of Board President

El Paso Leadership Academy

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Independent Auditors' Report

To the Board of Directors of
El Paso Leadership Academy

Report on the Financial Statements

We have audited the accompanying financial statements of El Paso Leadership Academy (a nonprofit organization), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities 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 U.S. generally accepted accounting principles; 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 audits. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 of 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 risk 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 El Paso Leadership Academy as of August 31, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. The supplemental 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. 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 25, 2022 on our consideration of El Paso Leadership Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 El Paso Leadership Academy's internal control over financial reporting and compliance.

A Limited Liability Partnership

Arlington, Texas
January 25, 2022

El Paso Leadership Academy
Statements of Financial Position
August 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 968,736	\$ 995,102
Due from government agencies	454,208	217,960
Prepaid expense	10,233	8,065
Total current assets	1,433,177	1,221,127
Cash restricted for debt service	733,752	-
Property and equipment, net	13,911,849	1,927,238
Total noncurrent assets	14,645,601	1,927,238
Total assets	\$ 16,078,778	\$ 3,148,365
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,058,059	\$ 68,841
Accrued payroll liabilities	168,493	87,988
Deferred revenue	168	168
Current maturities of long-term debt	103,439	48,514
Paycheck Protection Program loan	-	300,570
Total current liabilities	2,330,159	506,081
Long-term debt, net	11,294,603	1,180,004
Total liabilities	13,624,762	1,686,085
Net assets:		
Without donor restrictions	434,081	394,951
With donor restrictions	2,019,935	1,067,329
Total net assets	2,454,016	1,462,280
Total liabilities and net assets	\$ 16,078,778	\$ 3,148,365

See notes to financial statements.

El Paso Leadership Academy
Statement of Activities
Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Local support:			
5740 Other revenues from local sources	\$ 39,130	\$ -	\$ 39,130
Total local support	<u>39,130</u>	<u>-</u>	<u>39,130</u>
State program revenues:			
5810 Foundation school program act revenues	-	2,172,796	2,172,796
5820 State program revenues distributed by TEA	-	784	784
Total state program revenue	<u>-</u>	<u>2,173,580</u>	<u>2,173,580</u>
Federal program revenues:			
5920 Federal revenues distributed by TEA	-	1,691,259	1,691,259
5940 Federal revenues distributed directly from the federal government	-	303,033	303,033
Total federal program revenue	<u>-</u>	<u>1,994,292</u>	<u>1,994,292</u>
Net assets released from restrictions- satisfaction of program restrictions	<u>3,215,266</u>	<u>(3,215,266)</u>	<u>-</u>
Total revenue and other support	<u>3,254,396</u>	<u>952,606</u>	<u>4,207,002</u>
Expenses:			
11 Instruction	1,355,019	-	1,355,019
12 Instructional resources and media services	7,536	-	7,536
13 Curriculum development and instructional staff development	35,450	-	35,450
21 Instructional leadership	11,442	-	11,442
23 School leadership	560,179	-	560,179
31 Guidance, counseling and evaluation services	54,952	-	54,952
33 Health services	4,055	-	4,055
34 Student (pupil) transportation	6,779	-	6,779
35 Food services	67,877	-	67,877
41 General administration	384,583	-	384,583
51 Facilities maintenance and operations	250,750	-	250,750
52 Security and monitoring services	1,173	-	1,173
53 Data processing services	37,939	-	37,939
61 Community services	267,358	-	267,358
71 Debt service	170,174	-	170,174
Total expenses	<u>3,215,266</u>	<u>-</u>	<u>3,215,266</u>
Change in net assets	39,130	952,606	991,736
Net assets at beginning of year	<u>394,951</u>	<u>1,067,329</u>	<u>1,462,280</u>
Net assets at end of year	<u>\$ 434,081</u>	<u>\$ 2,019,935</u>	<u>\$ 2,454,016</u>

See notes to financial statements.

El Paso Leadership Academy
Statement of Activities
Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Local support:			
5740 Other revenues from local sources	\$ 17,712	\$ -	\$ 17,712
5750 Revenues from cocurricular, enterprising services or activities	444	-	444
Total local support	18,156	-	18,156
State program revenues:			
5810 Foundation school program act revenues	-	2,272,802	2,272,802
5820 State program revenues distributed by TEA	-	46,261	46,261
Total state program revenue	-	2,319,063	2,319,063
Federal program revenues:			
5920 Federal revenues distributed by TEA	-	282,729	282,729
Total federal program revenue	-	282,729	282,729
Net assets released from restrictions-satisfaction of program restrictions	2,344,656	(2,344,656)	-
Total revenue and other support	2,362,812	257,136	2,619,948
Expenses:			
11 Instruction	1,023,020	-	1,023,020
13 Curriculum development and instructional staff development	8,653	-	8,653
21 Instructional leadership	14,125	-	14,125
23 School leadership	361,923	-	361,923
31 Guidance, counseling and evaluation services	32,713	-	32,713
33 Health services	506	-	506
34 Student (pupil) transportation	24,000	-	24,000
35 Food services	117,957	-	117,957
36 Extracurricular activities	9,594	-	9,594
41 General administration	399,763	-	399,763
51 Facilities maintenance and operations	213,627	-	213,627
52 Security and monitoring services	1,780	-	1,780
53 Data processing services	46,692	-	46,692
61 Community services	4,485	-	4,485
71 Debt service	85,818	-	85,818
Total expenses	2,344,656	-	2,344,656
Change in net assets	18,156	257,136	275,292
Net assets at beginning of year	376,795	810,193	1,186,988
Net assets at end of year	\$ 394,951	\$ 1,067,329	\$ 1,462,280

See notes to financial statements.

El Paso Leadership Academy
Statements of Cash Flows
Years ended August 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 991,736	\$ 275,292
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	99,871	110,754
Amortization of debt issuance costs	73,171	4,063
Gain on forgiveness of Paycheck Protection Program loan	(300,570)	-
Changes in assets and liabilities:		
Due from government agencies	(236,248)	42,909
Other assets	-	10,809
Prepaid expense	(2,168)	11,163
Accounts payable and accrued expenses	472,068	33,098
Accrued payroll liabilities	80,505	(34,246)
Net cash provided by operating activities	1,178,365	453,842
Cash flows from investing activities:		
Purchases of property and equipment	(10,461,232)	(114,171)
Net cash used by investing activities	(10,461,232)	(114,171)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	300,570
Payments of debt issuance costs	(614,486)	-
Net proceeds from issuance of long-term debt	10,656,443	-
Principal payments of long-term debt	(51,704)	(45,470)
Net cash provided by financing activities	9,990,253	255,100
Change in cash and restricted cash	707,386	594,771
Cash and restricted cash at beginning of year	995,102	400,331
Cash and restricted cash at end of year	\$ 1,702,488	\$ 995,102
Reconciliation of cash reported within the statement of financial position to the statement of cash flows:		
Cash and cash equivalents	\$ 968,736	\$ 995,102
Restricted cash	733,752	-
Total cash shown in the statement of cash flows	\$ 1,702,488	\$ 995,102
Supplemental disclosure of cash flow information		
Cash paid during the year for interest, less amount capitalized of \$99,290	\$ 82,003	\$ 81,755
Non-cash financing activities:		
Property and equipment financed through long term debt	\$ 106,100	\$ -
Forgiveness of Paycheck Protection Program loan	\$ 300,570	\$ -
Construction in progress accrued in accounts payable at year end	\$ 1,517,150	\$ -

See notes to financial statements.

El Paso Leadership Academy

Notes to Financial Statements

1. Organization and Nature of Activities

El Paso Leadership Academy (Academy) is a nonprofit organization incorporated in the State of Texas in September 2011 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. A board of directors of seven members governs the Academy. The board of directors is selected pursuant to the bylaws of the Academy and significantly influences operations. The board of directors has the primary accountability for the fiscal affairs of the Academy.

The Academy operates under an open enrollment charter granted by the State of Texas Board of Education. The original charter was issued for the period July 31, 2014 through July 31, 2019. The charter was last renewed June 2019 and expires June 2029. The charter is subject to review and renewal prior to expiration.

The Academy is part of the public school system of the State of Texas (State) and is therefore entitled to distribution from the State's Foundation School Program (FSP) and Available School Fund (ASF). The Academy does not have the authority to impose ad valorem taxes or to charge tuition. The Academy operates a single charter school and does not conduct any non-charter activities.

The Academy's mission is to prepare students to obtain a four-year college degree and become engaged leaders in their community. The Academy currently serves students in grades 6th through 8th at one location in El Paso, TX.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Academy prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). 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.

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

Net assets without donor restrictions - Net assets not subject to donor or grantor-imposed restrictions even though their use may be limited in other respects, such as by contract or board designation.

El Paso Leadership Academy

Notes to Financial Statements

Net assets with donor restrictions - Net assets subject to donor or grantor stipulations that will be met by actions of the Academy and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Academy to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of August 31, 2021 and 2020, no such net asset restrictions existed.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist of cash and accounts receivable. Cash is placed with a high credit quality financial institution to minimize risk. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2021, the Academy's uninsured bank balances totaled \$747,926. The uninsured balance was fully collateralized by securities held by the bank in the Academy's name. The Academy has not experienced any losses on such accounts. Accounts receivable are unsecured and are due from the Texas Education Agency (TEA). The Academy continually evaluates the collectability of accounts receivable and maintains allowances as necessary. No provision has been made for uncollectible accounts receivable as of the statement of financial position date, given that none have been identified.

For the years ended August 31, 2021 and 2020, the Academy received 99% of its total revenue and support from governmental agencies.

Property and Equipment

Property and equipment purchased by the Academy are recorded at cost. Donated assets are reported at the fair market value. Capital assets are defined by the Academy as assets with an individual cost of more than \$5,000 and a useful life longer than one year. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets of 3 to 40. Expenditures for maintenance and repairs are expensed when incurred; significant renewals and betterments are capitalized. Property and equipment acquired with public funds received for the operation of the Academy constitute public property pursuant to Chapter 12 of the Texas Education Code.

For depreciable property and equipment, or resources to be used to acquire depreciable property and equipment, the donor or grantor restriction expires over the assets' useful life, as required by the TEA.

Interest expense on debt issued for construction projects is capitalized until the projects are placed in service.

El Paso Leadership Academy

Notes to Financial Statements

Impairment of Long Lived Assets

The Academy reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment included current operating results, trends and prospects and the effects of obsolescence, demand completion and other economic factors. There were no indications of asset impairment during the years ended August 31, 2021 and 2020.

Debt Issuance Costs

Costs of obtaining debt financing are recorded as debt issuance costs and are reported as a direct deduction from the carrying amount of that debt liability and amortized using the straight-line method over the related debt period. Amortization expense is included in debt service in the accompanying statements of activities.

Deferred Revenue

Revenues received for future years are deferred to the appropriate period. All deferred revenue is recognizable within one year.

Revenues and Support

Revenues from the State's available school fund are earned based on reported attendance.

A portion of the Academy's revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Academy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Academy was awarded cost-reimbursable grants of \$704,535 that have not been received or recognized at August 31, 2021 because qualifying expenditures have not been incurred.

Government grant contracts that are entered into by the Academy are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.

All contributions are considered to be available for purposes without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

El Paso Leadership Academy

Notes to Financial Statements

Contributed Goods and Services

Contributed services are recognized in the accompanying financial statements at fair value if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the Academy. No donated services were utilized that met the criteria to be recorded as revenue in the Academy's financial statements. Contributions of donated noncash assets are recorded at the estimated fair value in the period the unconditional commitment is received. The related expense is recognized as the item is used. During the year ended August 31, 2021, the Academy did not receive any contributed noncash assets.

Federal Income Taxes

The Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and has not been classified as a private foundation as defined in the Code. Income generated from activities unrelated to the Academy's exempt purposes is subject to tax under Code Section 511. The Academy had no unrelated business income for the years ended August 31, 2021 and 2020. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Academy's tax returns and recognition of a tax liability (or asset) if the Academy has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Academy, and has concluded that as of August 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the Academy's financial statements are related to the Academy's estimate of revenue and receivable for the FSP, depreciation expense and the functional allocation of expenses.

Recent Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

El Paso Leadership Academy Notes to Financial Statements

The Academy considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Academy's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases*, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. The new standard is effective for the Academy for the fiscal year beginning September 1, 2022.

In 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in an effort to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The ASU requires NFPs to present contributed nonfinancial assets (gifts in kind) as a separate line item in the statement of activities. The new standard is effective for the Academy for the fiscal year beginning September 1, 2021.

The Academy is currently assessing the impact that adopting this new guidance will have on the financial statements.

3. Restricted Cash Held by Bond Trustee

As a result of its debt issuances, the Academy is required to maintain separate bank accounts that are restricted for construction and debt service which totaled \$733,752 at August 31, 2021.

4. Property and Equipment

Property and equipment consist of the following as of August 31:

	2021	2020
Buildings and improvements	\$ 1,854,593	\$ 1,836,693
Land	1,766,702	191,702
Vehicles and equipment	1,212,014	428,073
Construction in progress	9,806,753	99,112
Library books and media	43,980	43,980
Total property and equipment	14,684,042	2,599,560
Less accumulated depreciation	<u>(772,193)</u>	<u>(672,322)</u>
Property and equipment, net	<u>\$ 13,911,849</u>	<u>\$ 1,927,238</u>

El Paso Leadership Academy
Notes to Financial Statements

Property and equipment acquired with public funds received for the operation of the Academy constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets. Depreciation expense for the years ended August 31, 2021 and 2020 totaled \$99,871 and \$110,754, respectively.

5. Long-Term Debt

On October 6, 2014, the Academy entered into a note payable collateralized by a deed of trust on real property. The note bears interest at 6.5% with monthly principal and interest payments totaling \$127,225 through October 2022, when all principal and interest is due. The balance outstanding on the loan at August 31, 2021 and 2020 totaled \$1,184,340 and \$1,232,919, respectively.

On February 1, 2021, the Academy entered into a note payable with an interest rate of 5%. Principal and interest payments totaling \$15,816 are payable monthly starting in March 2023 through 2038. The loan is collateralized by a deed of trust on real property. The balance on the note payable totaled \$2,000,000 at August 31, 2021.

On February 1, 2021, the Academy entered into a construction loan with an interest rate of 4.69%. Interest only payments are payable through July 1, 2022. Principal and interest payments are payable monthly thereafter through 2026. The loan is collateralized by real property. The Academy can borrow up to a total of \$13,750,000 from the lender, the balance on the note payable totaled \$8,656,443 at August 31, 2021. During the year ended August 31, 2021 the Academy was in compliance with the financial covenants and all other applicable covenants contained in the loan agreement.

On July 1, 2021, the Academy entered into a note payable with an interest rate of 5.1%. Principal and interest payments totaling \$2,010 are payable monthly through 2026. The loan is collateralized by a vehicle and real property. The balance on the note payable totaled \$102,975 at August 31, 2021.

The following is a summary of changes in the Academy's long-term debt as of August 31, 2021:

	Beginning Balance	Additions	Reductions	Amortization expense	Ending Balance
Notes payable:					
Raza Loan	\$ 1,232,919	\$ -	\$ (48,579)	\$ -	\$ 1,184,340
Heritage Loan	-	2,000,000	-	-	2,000,000
Unitranche Loan	-	8,656,443	-	-	8,656,443
Santander Loan	-	106,100	(3,125)	-	102,975
Debt issuance cost	(4,401)	(614,486)	-	73,171	(545,716)
Total	<u>\$ 1,228,518</u>	<u>\$ 10,148,057</u>	<u>\$ (51,704)</u>	<u>\$ 73,171</u>	<u>\$ 11,398,042</u>

El Paso Leadership Academy
Notes to Financial Statements

The following is a summary of changes in the Academy's long-term debt as of August 31, 2020:

	Beginning Balance	Additions	Reductions	Amortization expense	Ending Balance
Note payable:					
Raza Loan	\$ 1,278,389	\$ -	\$ (45,470)	\$ -	\$ 1,232,919
Debt issuance cost	(8,464)	-	-	4,063	(4,401)
Total	<u>\$ 1,269,925</u>	<u>\$ -</u>	<u>\$ (45,470)</u>	<u>\$ 4,063</u>	<u>\$ 1,228,518</u>

The required debt service payments of the notes payable are as follows for the years ending August 31:

	Principal	Interest	Total
2022	\$ 103,439	\$ 610,990	\$ 714,429
2023	1,593,258	593,341	2,186,599
2024	503,473	645,446	1,148,919
2025	501,610	647,309	1,148,919
2026	7,584,641	321,296	7,905,937
Thereafter	1,657,337	525,255	2,182,592
Total	<u>\$ 11,943,758</u>	<u>\$ 3,343,637</u>	<u>\$ 15,287,395</u>

Loan closing costs of \$642,926 are capitalized and expensed over the term of the related debt agreement. Accumulated amortization at August 31, 2021 and 2020 related to the loan closing costs was \$97,210 and \$24,039, respectively.

6. Paycheck Protection Program Loan

On June 10, 2020, the Academy entered into an unsecured loan (PPP Loan) in the aggregate amount of \$300,570 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration (SBA), and is part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), as amended by the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act). The PPP provides loans to qualifying businesses, the proceeds of which may only be used for payroll costs, rent, utilities, mortgage interest, and interest on other pre-existing indebtedness (Permissible Expenses). The PPP Loan matures on June 10, 2025, bears interest at a fixed rate of 1% per annum and is payable in monthly installments commencing on the earlier of the date on which the amount of loan forgiveness is determined or May 10, 2021.

The Academy had met all requirements for forgiveness during the year ended August 31, 2021 and has elected to account for the PPP loan as a conditional grant in accordance with FASB ASC Topic 958. Accordingly, forgiveness of the PPP loan is reported as federal program revenue in the accompanying statement of activities for the year ended August 31, 2021. The Academy received formal forgiveness on April 6, 2021.

El Paso Leadership Academy
Notes to Financial Statements

7. Net Assets with Donor Restrictions

Net assets with donor restrictions totaling \$2,019,935 are available to pay expenditures as allowed by Section 45.105(c) of the Texas Education Code.

8. Multi-employer Defined Benefit Pension Plan

Plan Description

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

Funding Policy

Plan members contributed 7.7% of their annual covered salary in 2021. The Academy contributes 7.5% for new members of the first 90 days of employment, and the State contributes 7.5%. Additionally, the Academy makes a 1.6% non-OASDI payment for all TRS eligible employees. The Academy contributions do not represent more than 5% of the TRS' total contributions. For the years ended August 31, 2021 and 2020, the Academy contributed \$95,348 and \$100,839 respectively, to the TRS.

The risks of participating in a multi-employer, defined benefit plan are different from single-employer plans because (a) amounts contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

Total TRS plan assets as of the most recent fiscal years ended for TRS of August 31, 2020 and 2019 were \$184 billion and \$181 billion, respectively. Accumulated benefit obligation as of August 31, 2020 and 2019 was \$219 billion and \$210 billion, respectively. The plan was 75.54% and 75.42% funded as of August 31, 2020 and 2019, respectively.

El Paso Leadership Academy
Notes to Financial Statements

9. Liquidity and Availability of Resources

Financial assets available within one year of the financial position date for general expenditures are as follows:

	2021	2020
Cash	\$ 1,702,488	\$ 995,102
Due from government agencies	454,208	217,960
Total financial assets	2,156,696	1,213,062
Less financial assets not available for general expenditure:		
Cash restricted for debt service	(733,752)	-
Total financial assets available for general expenditure	\$ 1,422,944	\$ 1,213,062

The Academy relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Academy considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of the Academy’s liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

10. Health Care Coverage

During the years ended August 31, 2021 and 2020, employees of the Academy were covered by the Blue Cross Blue Shield of Texas Insurance Plan. The Academy contributed \$300 per month for employee only and \$400 per month for family plans for the year ending August 31, 2021. The Academy contributed \$275 per month for employee only and \$375 per month for family plans for the year ending August 31, 2020. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

11. Commitments and Contingencies

Leases

The Academy has a non-cancelable operating lease for office equipment expiring June 2023.

The following is a schedule of future minimum lease payments under this operating lease agreement for the years ending August 31:

2022	\$ 7,632
2023	6,360
Total	\$ 13,992

El Paso Leadership Academy Notes to Financial Statements

Lease expense related to the lease totaled approximately \$8,775 and \$8,455 for the years ended August 31, 2021 and 2020, respectively.

Contingencies

As a result of the spread of the SARS-CoC-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Academy. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Academy receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency 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 Academy 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.

Commitments

The Academy entered into a construction contract on December 17, 2020 totaling \$10,491,809. The remaining balance of the construction contract as of August 31, 2021 totaled \$1,667,478, which includes a retainage payable of \$464,438.

12. Functional Expenses

Expenses are reported by their functional classification as program services or support services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the Academy exists. Support services are not directly identifiable with a specific program.

Expenses that are attributable to one or more programs or supporting activities are allocated among the activities benefited. Salaries and related costs are charged directly either to program services or support services based on actual time worked in each area. Information technology costs, depreciation, interest expense, and occupancy costs are allocated based on square footage used for instructional (program services) or administrative (support services) purposes.

El Paso Leadership Academy Notes to Financial Statements

The following is a schedule of functional expenses for the year ended August 31, 2021:

	Payroll Costs	Professional and Contracted Services	Supplies and Materials	Other Operating Costs	Debt	Total
Program Services:						
Instructional and instructional related services	\$ 952,452	\$ 30,403	\$ 391,763	\$ 23,387	\$ 78,127	\$ 1,476,132
Instructional and School leadership	11,442	-	-	-	640	12,082
Support services - student	-	43,293	80,980	8,527	7,421	140,221
Support services - nonstudent based	78,239	81,783	38,148	62,545	14,570	275,285
Ancillary services	78,950	123,348	41,720	24,203	14,989	283,210
Total program services	1,121,083	278,827	552,611	118,662	115,747	2,186,930
Support Services:						
Instructional and School leadership	514,057	12,677	30,458	2,987	31,305	591,484
Administrative support services	314,339	40,591	5,389	24,264	21,492	406,075
Support services - nonstudent based	190	20,863	623	7,471	1,630	30,777
Total support services	828,586	74,131	36,470	34,722	54,427	1,028,336
Total expenses	\$ 1,949,669	\$ 352,958	\$ 589,081	\$ 153,384	\$ 170,174	\$ 3,215,266

The following is a schedule of functional expenses for the year ended August 31, 2020:

	Payroll Costs	Professional and Contracted Services	Supplies and Materials	Other Operating Costs	Debt	Total
Program Services:						
Instructional and instructional related services	\$ 850,741	\$ 16,085	\$ 113,457	\$ 51,390	\$ 39,106	\$ 1,070,779
Instructional and School leadership	-	-	-	14,125	535	\$ 14,660
Support services - student	28,206	22,387	123,263	10,914	7,004	191,774
Support services - nonstudent based	45,993	88,728	5,917	74,769	8,407	223,814
Ancillary services	-	1,000	3,390	95	170	4,655
Total program services	924,940	128,200	246,027	151,293	55,222	1,505,682
Support Services:						
Instructional and School leadership	342,987	6,794	4,480	7,662	13,719	375,642
Administrative support services	308,987	21,950	14,068	54,712	15,153	414,870
Support services - nonstudent based	23,091	20,169	1,051	2,381	1,770	48,462
Total support services	675,065	48,913	19,599	64,755	30,642	838,974
Total expenses	\$ 1,600,005	\$ 177,113	\$ 265,626	\$ 216,048	\$ 85,864	\$ 2,344,656

13. Subsequent Events

The Academy has evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.

**Supplemental Information Required by
Texas Education Agency**

El Paso Leadership Academy
Schedule of Capital Assets
August 31, 2021

Description	Ownership Interest		
	Local	State	Federal
1510 Land	\$ -	\$ 1,766,702	\$ -
1520 Building and improvements	368,236	1,448,835	37,521
1521 Construction in progress	-	9,806,753	-
1539 Furniture and equipment	-	154,807	951,108
1541 Vehicles	-	106,100	-
1569 Library books and media	-	-	43,980
	<u>\$ 368,236</u>	<u>\$ 13,283,197</u>	<u>\$ 1,032,609</u>

El Paso Leadership Academy
Schedule of Expenses
Year Ended August 31, 2021

<u>Object Code</u>	<u>Description</u>	<u>Amount</u>
6100	Payroll costs	\$ 1,949,669
6200	Professional and contracted services	352,958
6300	Supplies and materials	589,081
6400	Other operating costs	153,384
6500	Debt service	170,174
		<u>\$ 3,215,266</u>

**El Paso Leadership Academy
Budgetary Comparison Schedule
Year Ended August 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenue and other support:				
Local support:				
5740 Other revenues from local sources	\$ 400	\$ 11,970	\$ 39,130	\$ (27,160)
Total local support	400	11,970	39,130	(27,160)
State program revenues:				
5810 Foundation school program act revenues	2,239,685	2,248,065	2,172,796	75,269
5820 State program revenues distributed by TEA	-	-	784	(784)
Total state program revenue	2,239,685	2,248,065	2,173,580	74,485
Federal program revenues:				
5920 Federal revenues distributed by TEA	249,806	1,943,718	1,691,259	252,459
5940 Federal revenues distributed directly from the federal government	-	-	303,033	(303,033)
Total federal program revenue	249,806	1,943,718	1,994,292	(50,574)
Total revenue and other support	2,489,891	4,203,753	4,207,002	(3,249)
Expenses:				
Program services:				
11 Instruction	1,141,025	1,738,985	1,355,019	383,966
12 Instructional Resources & Media Services	-	59,660	7,536	52,124
13 Curriculum development and instructional staff development	15,874	44,512	35,450	9,062
21 Instructional leadership	1,200	12,200	11,442	758
23 School leadership	433,033	612,376	560,179	52,197
31 Guidance, counseling and evaluation services	56,348	62,851	54,952	7,899
33 Health services	550	7,359	4,055	3,304
34 Student (pupil) transportation	15,000	5,100	6,779	(1,679)
35 Food services	1,000	149,921	67,877	82,044
36 Extracurricular activities	2,051	7,600	-	7,600
41 General administration	427,624	632,799	384,583	248,216
51 Facilities maintenance and operations	223,548	312,865	250,750	62,115
52 Security and monitoring services	2,200	1,371	1,173	198
53 Data processing services	26,512	38,263	37,939	324
61 Community services	2,938	79,288	267,358	(188,070)
71 Debt service	78,711	69,500	170,174	(100,674)
Total expenses	2,427,614	3,834,650	3,215,266	619,384
Change in net assets	62,277	369,103	991,736	622,633
Net assets at beginning of year	1,462,280	1,462,280	1,462,280	-
Net assets at end of year	\$ 1,524,557	\$ 1,831,383	\$ 2,454,016	\$ 622,633

**El Paso Leadership Academy
Education Programs Schedule
Year Ended August 31, 2021**

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.	\$326,047
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PIC's 24, 26, 28, 29, 30, 34)	\$303,517
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	\$70,961
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC's 25, 35)	\$33,327

El Paso Leadership Academy
Schedule of Real Property Ownership Interest
Year Ended August 31, 2021

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal
58 Cotton 17 to 32 Exc Triangle	1918 Texas Avenue, El Paso, TX 79901	\$2,552,282	-	\$2,552,282	-
109-A Vista Hills #46 Lot 6 (111,200.26 SQ FT)	2101 Joe Battle Blvd, El Paso, TX 79938	90,072	-	90,072	-
109-A Vista Hills #46 Lot 7 (231,277.45 SQ FT)	2101 Joe Battle Blvd, El Paso, TX 79938	-	-	-	-

**El Paso Leadership Academy
Schedule of Related Party Transactions
Year Ended August 31, 2021**

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During Fiscal Year</u>	<u>Principal Balance Due</u>
Comco	Scott Adkins	Former Board Member	Financial	Low Voltage Systems on East Campus	State	One Time	\$ 41,818	\$ -
Currey Adkins	Scott Adkins	Former Board Member	Financial	Hourly IT Services	State	One Time	158	-
Pyrocom	Scott Adkins	Former Board Member	Financial	Surveillance System	State	One Time	24,169	-
Pyrocom	Scott Adkins	Former Board Member	Financial	Surveillance System	Federal	One Time	37,521	-

El Paso Leadership Academy
Schedule of Related Party Compensation and Benefits
Year Ended August 31, 2021

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During Fiscal Year</u>
None							

Compliance Reports

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
El Paso Leadership Academy

We have audited, in accordance with U.S. generally accepted auditing standards 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 El Paso Leadership Academy (Academy) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas
January 25, 2022

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
El Paso Leadership Academy

Report on Compliance for Each Major Federal Program

We have audited El Paso Leadership Academy's (Academy) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended August 31, 2021. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Sutton Frost Lang". The signature is written in a cursive, flowing style.

A Limited Liability Partnership

Arlington, Texas
January 25, 2022

El Paso Leadership Academy
Schedule of Findings and Questioned Costs
Year Ended August 31, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal program or cluster:

<u>Program Title:</u> Public Charter School Grant	<u>Assistance Listing Number:</u> 84.282
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Summary of Prior Year Audit Findings

Audit findings: None

El Paso Leadership Academy

Schedule of Expenditures of Federal Awards

Federal Grantor/ Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through entity identifying number	Federal Expenditures
U.S. Department of Education:			
Passed through TEA:			
Special Education Grants to States (IDEA, Part B)	84.027A	216600010718106000	31,340
Total Special Education Cluster			<u>31,340</u>
Passed through TEA:			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	21610101071810	84,246
Total ALN 84.010			<u>84,246</u>
Public Charter School Program Start-Up (Sub D)	84.282	195901057110012	649,167
Charter School Program High-Quality Replication	84.282	205900137110003	794,608
Total ALN 84.282A			<u>1,443,775</u>
English Language Acquisition State Grants (Title III, Part A-ELA)	84.365	21671001071810	1,927
Total ALN 84.365A			<u>1,927</u>
Supporting Effective Instruction State Grants (Title II, Part A)	84.367A	21694501071810	11,371
Total ALN 84.367A			<u>11,371</u>
Student Support and Academic Enrichment Program (Title IV, Part A, Subpart I)	84.424A	21680101071810	5,783
Total ALN 84.367A			<u>5,783</u>
COVID - Elementary and Secondary School Emergency Relief	84.425D	20521001071810	68,256
COVID - American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	21528001071810	9,889
Total ALN 84.425			<u>78,145</u>
Total U.S. Department of Education			<u>1,656,587</u>
U.S. Department of Agriculture:			
Passed through TEA:			
National School Breakfast Program	10.553	-	1,756
National School Lunch Program	10.555	-	12,215
Total U.S. Department of Agriculture			<u>13,971</u>
U.S. Department of Treasury:			
Passed through TEA:			
COVID - Coronavirus Aid, Relief, and Economic Security (CARES) Act, Section 5001, Coronavirus Relief Fund (CFR)	21.019	52202003	20,701
Total U.S. Department of Treasury			<u>20,701</u>
Total Expenditures of Federal Awards			<u>\$ 1,691,259</u>

El Paso Leadership Academy

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of El Paso Leadership Academy (Academy). The information in this Schedule is presented in accordance with the requirements of Title U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Academy.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Academy has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.