

**HARMONY PUBLIC SCHOOLS**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2023**





# HARMONY PUBLIC SCHOOLS

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## HARMONY PUBLIC SCHOOLS

071-806  
101-858  
015-828  
101-846  
227-816  
161-807  
101-862

(Federal Employer Identification Number: 76-0615245)

### CERTIFICATE OF BOARD

June 30, 2023

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Harmony Public Schools was review and ✓approved \_\_\_\_disapproved for the year ended June 30, 2023, at a meeting of the governing body of said charter school on the 11th day of November, 2023



Signature of Board Treasurer



Signature of Board President

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Harmony Public Schools

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying the consolidated financial statements of Harmony Public Schools (a nonprofit organization) ("HPS"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of HPS as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the HPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

***Supplementary Information***

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

***Report on Summarized Comparative Information***

We have previously audited Harmony Public Schools' June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.



To the Board of Directors of  
Harmony Public Schools

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2023, on our consideration of the HPS'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 the HPS'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 the HPS's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
November 11, 2023



## **FINANCIAL STATEMENTS**



**HARMONY PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 59,626,565	\$ 43,354,024
Restricted cash	59,586,753	79,036,905
Investments	100,711,879	94,199,284
Receivables	90,779,176	94,513,380
Other receivables	3,900,536	2,638,462
Prepays	2,169,338	1,980,191
<b>Total Current Assets</b>	<b>316,774,247</b>	<b>315,722,246</b>
<b>Property and Equipment:</b>		
Land	127,031,724	96,410,321
Buildings and improvements	544,805,590	407,056,275
Furniture and equipment	61,698,574	47,072,680
Construction in progress	48,278,072	111,836,433
Right-of-use asset under lease	128,651,099	126,884,513
	910,465,059	789,260,222
Less: Accumulated depreciation and amortization	(212,685,012)	(182,622,578)
	697,780,047	606,637,644
<b>Other Assets:</b>		
Deposits	274,709	274,709
<b>Total Assets</b>	<b>\$ 1,014,829,003</b>	<b>\$ 922,634,599</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 24,470,578	\$ 25,912,828
Accrued liabilities	361,844	2,535,681
Wages payable	46,543,536	41,670,981
Payroll taxes payable	15,928,238	14,942,285
Interest payable	11,124,539	8,761,689
Deferred revenue	243,649	907,988
Current portion of lease liability	6,250,932	5,543,271
Current portion of bonds payable	10,475,000	6,870,000
<b>Total Current Liabilities</b>	<b>115,398,316</b>	<b>107,144,723</b>
<b>Long-Term Liabilities:</b>		
Lease liability net of current portion	103,565,397	108,575,604
Notes payable	107,719,040	33,865,977
Bonds payable net of premium, discount, issuance costs and current portion	517,835,587	529,910,799
<b>Total Liabilities</b>	<b>844,518,340</b>	<b>779,497,103</b>
<b>Net Assets:</b>		
Without donor restrictions	63,760,283	42,837,950
With donor restrictions	106,550,380	100,299,546
<b>Total Net Assets</b>	<b>170,310,663</b>	<b>143,137,496</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,014,829,003</b>	<b>\$ 922,634,599</b>

# HARMONY PUBLIC SCHOOLS

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	2022
<b>Support and Revenue</b>				
Federal grants	\$ -	\$ 104,214,415	\$ 104,214,415	\$ 97,056,703
State aid, state grants and local grants	-	419,779,298	419,779,298	385,646,588
Donations	11,175,731	-	11,175,731	8,941,677
Interest Income	3,250,863	-	3,250,863	1,261,320
Other income	8,882,809	1,650,505	10,533,314	9,188,170
Net assets released from restrictions	519,685,533	(519,685,533)	-	-
<b>Total Revenues</b>	<b>542,994,936</b>	<b>5,958,685</b>	<b>548,953,621</b>	<b>502,094,458</b>
<b>Expenses</b>				
Salaries	312,360,146	-	312,360,146	295,053,800
Employee benefits	37,511,235	-	37,511,235	32,274,590
Payroll tax expense	5,301,943	-	5,301,943	5,355,299
Professional fees	42,684,322	-	42,684,322	41,415,652
Occupancy	2,546,464	-	2,546,464	3,817,218
Equipment costs	2,869,620	-	2,869,620	3,136,934
Supplies	19,256,224	-	19,256,224	23,217,387
Interest	29,950,174	-	29,950,174	22,962,486
Repairs & maintenance	15,502,015	-	15,502,015	14,474,714
Utilities	7,752,910	-	7,752,910	6,581,176
Travel	2,746,365	-	2,746,365	1,584,042
Insurance	2,886,063	-	2,886,063	2,256,855
Other expense	10,894,479	-	10,894,479	8,626,148
Depreciation and amortization	29,810,643	-	29,810,643	22,958,387
Amortization of bond issuance costs	-	-	-	531,083
<b>Total Expenses</b>	<b>522,072,603</b>	<b>-</b>	<b>522,072,603</b>	<b>484,245,771</b>
 Change in net assets from operations	 20,922,333	 5,958,685	 26,881,018	 17,848,687
<b>Non-Operating Revenues (Expenses)</b>				
Extraordinary items	-	85,989	85,989	-
Gain (Loss) on sale of investments	-	206,160	206,160	(4,064,171)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>292,149</b>	<b>292,149</b>	<b>(4,064,171)</b>
 Total change in net assets	 20,922,333	 6,250,834	 27,173,167	 13,784,516
<b>Net Assets, Beginning of Year</b>	<b>42,837,950</b>	<b>100,299,546</b>	<b>143,137,496</b>	<b>129,352,980</b>
<b>Net Assets, End of Year</b>	<b>\$ 63,760,283</b>	<b>\$ 106,550,380</b>	<b>\$ 170,310,663</b>	<b>\$ 143,137,496</b>

# HARMONY PUBLIC SCHOOLS

## STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

(With Comparative Totals for 2022)

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 27,173,167	\$ 13,784,516
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of capital assets and right-to-use assets	29,810,643	23,499,297
Amortization - premium on bonds	(2,100,936)	(2,112,258)
Amortization - bond issuance costs	500,727	531,083
(Increase) Decrease in receivables	3,734,204	(22,199,239)
(Increase) Decrease in other receivables	(1,262,074)	2,519,434
(Increase) Decrease in prepaids	(189,147)	1,980,191
Increase (Decrease) in accounts payable	(1,442,250)	12,697,003
Increase (Decrease) in wages payable	4,872,555	6,851,306
Increase (Decrease) in payroll taxes payable	985,953	932,160
Increase (Decrease) in accrued liabilities	(2,173,837)	(2,458,415)
Increase (Decrease) in deferred revenue	(664,339)	(3,771,056)
Increase (Decrease) in interest payable	2,362,850	1,826,122
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>61,607,516</b>	<b>34,080,144</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(120,953,049)	(131,858,240)
Purchase of investments	(6,512,595)	(1,947,644)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(127,465,644)</b>	<b>(133,805,884)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from bonds, net of premium and bond issuance costs	-	193,756,382
Proceeds from loans	73,853,063	-
Repayment of loans	-	(30,334,180)
Repayment of bonds	(6,870,000)	(33,169,996)
Payments on lease liability	(4,302,546)	(2,677,425)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>62,680,517</b>	<b>127,574,781</b>
Net increase (decrease) in cash	(3,177,611)	27,849,041
<b>Cash at Beginning of Year</b>	<b>122,390,929</b>	<b>94,541,888</b>
<b>Cash at End of Year</b>	<b>\$ 119,213,318</b>	<b>\$ 122,390,929</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 59,626,565	\$ 43,354,024
Restricted Cash	59,586,753	79,036,905
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 119,213,318</b>	<b>\$ 122,390,929</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 28,734,723	\$ 22,951,088





## **HARMONY PUBLIC SCHOOLS**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Note 1 - Organization**

Harmony Public Schools ("HPS"), a nonprofit organization, provides curricula for students in grades kindergarten through 12. The school was incorporated in the State of Texas in September 1999, under the Texas Non-Profit Corporation Act. The Internal Revenue Service determined that HPS was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501 (c)(3).

Pursuant to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, HPS operates as part of the state public school system subject to all federal and state laws and rules governing public schools. HPS is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

#### **Note 2 - Summary of Significant Accounting Policies**

##### **A. Principles of Consolidation**

The consolidated financial statements include all of HPS's accounts. All significant intercompany balances and transactions have been eliminated.

##### **B. Support and Revenue**

Per the Texas Education Agency, revenues, generally, that are reported on the statement of activities may be presented in three broad categories.

- Local and intermediate sources such as contributions received from charter holder constituents, funds received pursuant to grants from local governmental and nongovernmental entities, and other sources, such as income from investments.
- State sources such as Foundation School Program funding and other formula or state grants.
- Federal sources such as funding through formula or discretionary grants awarded to the charter holder by the federal or state government

Support and revenue are recorded based on the accrual method.

##### **C. Cash Donations and Donated Services**

Cash donations are considered to be available for use without donor restrictions unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the organization.

##### **D. Comparative Totals and Reclassifications**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived. In addition, Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. These changes were between the ROU asset, net of amortization and the related liability. The reclassifications had no impact on previously reported net assets.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**E. Contributions**

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-For-Profit Entities-605 Revenue Recognition*, contributions received are recorded as support with or without donor restrictions depending on the existence or nature of any donor restrictions.

**F. Property and Equipment**

Property and equipment purchased by HPS is recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of five to thirty-nine years for depreciable assets. Gains and losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to unrestricted net assets.

**G. Pledges and Accounts Receivable**

Contributions are recognized when the donor makes a promise to give to HPS which is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor- restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

**H. Functional Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the notes to the financial statements. The Texas Education Agency mandates a specific account coding that requires open enrollment charter schools to record expenses to a unique combination of function and object. Generally, HPS records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage. See Note 19. for more information.

**I. Income Taxes**

HPS qualifies as a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

**J. 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. The cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. HPS has secured pledged collateral at 100% of its bank balances. HPS has not experienced any losses on such accounts.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**K. Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Academy classifies its marketable debt securities as "held to maturity" if it has the positive intent and ability to hold the securities to maturity. All other marketable securities are classified as "available for sale." Realized gains and losses and unrealized gains and losses, determined using the specific identification method, are included in the change in net assets.

**L. Fair Value Measurements**

FASB ASC 820 *Fair Value Measurements and Disclosures* establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2: Significant direct or indirect, observable inputs other than quoted prices;
- Level 3: Unobservable inputs based on assumptions of the reporting entity.

The fair value measurement of assets and liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**M. Estimates**

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

**N. Compensated Absences**

Permanent employees of HPS accumulate and vest paid-time-off at varying rates depending on exempt status and hourly rate. It is HPS' policy to accrue accumulated paid-time-off at year-end.

**O. Net Assets**

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**O. Net Assets (continued)**

In accordance with state law, a charter holder is entitled to receive state aid for the charter school based on student attendance; however, before the charter holder may reclassify state aid from net assets with donor restrictions to net assets without donor restrictions, it must meet a two part test.

1. First, the charter school must demonstrate that it expended state aid for the benefit of its students.
2. Second, the charter school must expend state aid consistent with TEC, §45.105(c).

As described in Note 13., the majority of HPS' revenue is comprised of state aid from the Texas Education Agency.

**P. New Accounting Pronouncements**

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2020-07, Presentation Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Organization early adopted the standard on October 1, 2020. The standard did not have a material impact on the financial statements.

**Note 3 - Defined 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. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 3 - Defined Pension Plan (continued)**

**Plan Description (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 TRS Annual Comprehensive Financial Report available dated August 31, 2022 and August 31, 2021 indicated the following:

TRS Pension Fund	Total Plan Assets	TRS Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Percent Funded
2022	\$ 207,621,897,538	\$ 184,185,617,196	\$ 243,553,045,455	\$ 59,367,428,259	75.62%
2021	223,172,755,137	201,807,002,496	227,273,463,630	25,466,461,134	88.79%
2020	184,361,870,581	165,416,245,243	218,974,205,084	53,557,959,841	75.54%
2019	181,800,159,205	157,978,199,075	209,961,325,288	51,983,126,213	75.24%
2018	176,942,453,923	154,568,902,000	209,611,329,000	55,042,427,000	73.74%

**Funding Policy**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Measurement years for TRS begin on September 1st and end on August 31st

	Contribution Rates	
	2023	2022
Member	8.00%	8.00%
Non-employer contributing agency	8.00%	7.75%
Employers	8.00%	7.75%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 3 - Defined Pension Plan (continued)**

**Funding Policy (continued)**

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

HPS employee contributions to the system for the year ended June 30, 2023 and June 30, 2022 were \$23,432,519 and \$20,955,522, respectively and were equal to the required contributions for the year. Total covered payroll was \$292,926,715 and 265,878,298. Amounts paid as pension surcharges and Non-OASDI for 2023 were \$74,400 and \$5,219,005, respectively. Amounts paid as pension surcharges and Non-OASDI required amounts in 2022 were \$93,669 and \$4,438,722, respectively.

Other contributions made from federal and private grants contributed at a rate of 8.0% and 7.75% for 2023 and 2022. Contributions totaled \$4,956,669 and \$3,292,221 for the years ended June 30, 2023 and 2022. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan and the charter school was not assessed a surcharge. During fiscal years 2023 and 2022, the School also paid contributions related to amount above the statutory minimum totaling \$6,732,129 and \$5,786,290, respectively.

**Note 4 - Defined Other Post-Employment Benefit Plan**

**Plan Description**

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

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Other Post-Employment Benefit Plan (continued)**

**Plan Description (continued)**

Similar to the TRS Pension Plan discussed in Note C, 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 OPEB plans is different from single-employer OPEB plans. Assets contributed to a multi-employer OPEB 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 TRS Annual Comprehensive Financial Report available dated August 31, 2022

TRS Care Other Post-Employment Benefits (OPEB)	Total Plan Assets	TRS-Care Plan Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2022	\$ 3,308,391,215	\$ 3,117,937,218	\$ 27,061,942,520	\$ 23,944,005,302	11.52%
2021	2,733,911,371	2,539,242,470	41,113,711,083	38,574,468,613	6.18%
2020	2,146,681,144	1,996,317,932	40,010,833,815	38,014,515,883	4.99%
2019	1,475,508,564	1,292,022,349	48,583,247,239	47,291,224,890	2.66%
2018	1,001,649,953	798,574,633	50,729,490,103	49,930,915,470	1.57%

**OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Other Post-Employment Benefit Plan (continued)**

**Benefits Provided**

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

<b>TRS-Care Plan Premium Rates</b>		
	<b>Medicare</b>	<b>Non-Medicare</b>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

**Contributions**

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<b>Contribution Rates</b>	
	<b>2023</b>	<b>2022</b>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

In fiscal year 2023, HPS contributed a total of \$2,196,404 of which, \$1,978,188 was for federally funded employees. Employees contributed a total of \$1,903,886 and \$1,712,337 in fiscal years 2023 and 2022, respectively. Covered payroll for TRS-Care for fiscal years 2023 and 2022 was \$292,926,715 and \$265,878,298, respectively. In fiscal year 2022, HPS contributed a total of \$1,978,188 of which, \$561,752 was for federally funded employees. Employees contributed a total \$1,712,337.

**Note 5 - Budget**

The official school budget is prepared for adoption for required for all funds in the aggregate. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.



**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 6 - Investments**

Investments presented below have been measured using Level 1 and Level 2 inputs as described in Note 2 L. above, Fair Value Measurements.

Fair Value Measurements as of June 30, 2023:

Type of Investment	Level 1	Level 2	Level 3	Totals
Money Market/Commercial Paper	\$ 9,809,655	\$ -	\$ -	\$ 9,809,655
Certificates of Deposit	37,806,865	-	-	37,806,865
US Government Agencies	53,095,359	-	-	53,095,359
<b>Total Investments at Fair Value:</b>	<b>\$ 100,711,879</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,711,879</b>

Fair Value Measurements as of June 30, 2022 were as follows:

Type of Investment	Level 1	Level 2	Level 3	Totals
Money Market/Commercial Paper	\$ 1,135,681	\$ -	\$ -	\$ 1,135,681
Certificates of Deposit	30,428,154	-	-	30,428,154
US Government Agencies	62,635,449	-	-	62,635,449
<b>Total Investments at Fair Value:</b>	<b>\$ 94,199,284</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,199,284</b>

Unrealized gains totaled \$296,479 in 2023. In fiscal year 2022, HPS unrealized losses of \$1,112,033.

*Certificate of Deposits*

West Texas, North Texas, and Houston North hold several certificates of deposits with six-month maturities that totaled \$38.8 million and \$28.3 million as of June 30, 2023 and June 30, 2022, respectively. The interest rates range from 0.03% to 3.18%. The certificates of deposit mature between May 2023 and November 2040.

**Note 7 - Notes Payable**

HPS's obligations under notes payable consist of the following:

On December 18, 2020, HPS entered into a loan under the Supplemental Master Trust Indenture No. 29. HPS can draw up to \$100,000,000 on the loan. On February 25, 2023, HPS amended the loan agreement maximum loan amount to \$150,000,000 and no case shall it exceed \$200,000,000. Interest is due and payable semi-annually on June and December of each year. The maturity date is December 18, 2023. As of June 30, 2023 and 2022, the balance as of the loan was \$107,719,040 and \$33,865,977, respectively. The interest rate is 1.45% spread plus London Interbank Offered Rate (LIBOR) for one month. The line of credit matures in April 2026.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Operating and Finance Leases**

HPS accounts for leases in accordance with FASB ASC 842. HPS is the lessee for all of its leases.

At the inception of a contract, we assess whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, HPS assess whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- HPS has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- HPS has the right to direct the use of the asset. HPS has the right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, HPS has the right to direct the use of the asset if either HPS has the right to operate the assets or HPS designed the asset in a way that predetermined how and for what purpose it will be used.

A contract may contain multiple lease components; if so, HPS allocates the consideration in a contract to each lease component based on each component's relative stand-alone price. HPS is required to account for the right-to-use land and other assets separately unless the effect of doing so would be insignificant to the overall accounting for the transaction.

After separate lease components are identified, HPS applies the following steps to each separate lease component:

- Determine the lease term, generally calculated beginning at the lease commencement date
- Determine the lease payments, which may include fixed payments, variable lease payments, amount HPS will probably owe under residual value guarantees and payments related to renewal or termination options that HPS are reasonably certain to exercise.
- Determine the discount rate for the lease based on information available at lease commencement. For HPS, the discount rate implicit in the lease unless that rate cannot be readily determined, in which case we are required to use the incremental borrowing rate which ranges from 3% to 5%.

**Finance Leases**

HPS classifies leases as finance leases if they are not short-term leases (see below) and they meet any of the following criteria:

- The lease transfers ownership of the underlying asset to HPS by the end of the lease term.
- The lease grants HPS an option to purchase the underlying asset that HPS is reasonably certain to exercise.
- The lease term is for a major part of the remaining economic life of the underlying asset. If the commencement date is at or near the end of the underlying asset's economic life, this test does not apply.
- The present value of the sum of (1) the lease payments and (2) any lessee residual value guarantee not reflected in the lease payments equal or exceed substantially all of the underlying asset's fair value.
- The underlying asset is of such specialized nature that is expected to have no alternative use to the lessor at the end of the lease term.

For finance leases, HPS recognizes a right-of-use (ROU) asset and a lease liability at lease commencement.

The finance lease ROU asset is initially measured at cost, which comprises the sum of (1) the initial amount of the finance lease liability, (2) initial direct costs incurred (incremental costs that would not have been incurred if the lease had not been obtained) and (3) any lease payments made before or at lease commencement, (4) reduced for any lease incentives received.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Operating and Finance Leases (continued)**

**Finance Leases (continued)**

Subsequent to commencement, HPS measures the ROU asset at cost, less accumulated amortization and any accumulated impairment losses.

HPS amortizes the finance ROU asset on a straight-line basis over the period from the commencement date to the earlier (2) the end of the useful life of the ROU asset or (2) the end of the lease term. However, if the lease transfers ownership of the underlying asset to us, or if we are reasonably certain to exercise a purchase option to acquire the underlying, HPS amortizes the ROU asset to the end of the underlying asset's useful life. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The finance lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the discount rate determined at commencement. Subsequent to commencement, we measure the finance lease liability on an amortized cost basis using the effective interest method. The lease liability is remeasured when (1) there is a change in future lease payment arising from a change in a rate or index, (2) there is a change in the estimate of the amount HPS expects to pay under a residual value guarantee or (3) if we change our assessment of whether we will exercise a purchase, extension or termination option.

Finance lease ROU assets are included in property and equipment, net in the consolidated financial statement of HPS and in each District in the Statement of Financial Position. Finance lease liabilities are included in the current portion of long-term debt and long-term debt, net. Amortization on the ROU assets is included in the properly functional expense based on the use of the buildings.

HPS leases several buildings under twelve finance lease agreements. The leases expire in 2046 and 2048. The following is a schedule of future minimum payment required under HPS's finance lease liabilities together with their present value as of June 30, 2023.

<u>Year Ending June 30</u>	
2024	\$ 6,643,597
2025	6,650,018
2026	6,589,016
2027	6,466,175
2028	6,312,994
Thereafter	<u>142,134,550</u>
<b>Total Payments Due Under Finance</b>	
<b>lease liabilities</b>	174,796,350
Less interest paid	<u>(79,407,516)</u>
<b>Total Finance Lease Liabilities</b>	<u><u>\$ 95,388,834</u></u>

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Operating and Finance Leases (continued)**

**Finance Leases (continued)**

ROU assets under finance lease for fiscal years 2023 and 2022, net are as follows:

	<b>FY 2023</b>
Buildings	\$ 102,124,280
Accumulated amortization	(16,671,229)
	<u>\$ 85,453,051</u>
	<b>FY 2022</b>
Buildings	\$ 102,124,280
Accumulated amortization	(13,458,798)
	<u>\$ 88,665,482</u>

Finance lease costs and cash paid for fiscal year 2023 is disclosed below:

<b>Finance Lease Costs</b>	
Amortization of right-of-use assets	\$ 3,212,430
Interest on lease liabilities	4,799,626
<b>Total Financing Lease Costs</b>	<u>\$ 8,012,056</u>

<b>Cash Paid for Finance Leases</b>	
Operating cash flows from finance leases (interest paid)	\$ 4,799,626
Financing cash flows from finance leases	1,834,045
<b>Total Cash Paid for Finance Leases</b>	<u>\$ 6,633,671</u>

Finance lease costs and cash paid for fiscal year 2022 is disclosed below:

<b>Finance Lease Costs</b>	
Amortization of right-of-use assets	\$ 2,805,696
Interest on lease liabilities	4,853,259
<b>Total Financing Lease Costs</b>	<u>\$ 7,658,955</u>

<b>Cash Paid for Finance Leases</b>	
Operating cash flows from finance leases (interest paid)	4,858,104
Financing cash flows from finance leases	1,162,728
<b>Total Cash Paid For Finance Leases</b>	<u>\$ 6,020,832</u>

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Operating and Finance Leases (continued)**

**Operating Leases**

HPS classifies leases as operating leases if they are not short-term leases (see below) or finance lease (see above).

For operating leases, HPS recognizes the ROU asset and a lease liability at lease commencement; the initial liability and ROU asset are calculated the same for operating leases as described above for finance leases. Subsequent to commencement, HPS measures operating ROU assets at (1) the carrying amount of the operating lease liability, (2) plus unamortized initial direct costs and any prepaid lease payments, (3) less any accrued lease payments and the unamortized balance of any lease incentives received. However, if an operating lease ROU asset is impaired, HPS measures the ROU asset on a straight-line basis from the date of the impairment to the earlier of the end of the ROU asset's useful life or the end of the lease term. Operating lease ROU assets are included in property equipment since the operating leases pertain to buildings.

HPS has 11 buildings under 11 separate operating leases. The following is a schedule of future minimum payments required under HPS' operating lease liabilities together with their present value as of June 30, 2023.

<b>Year Ending June 30,</b>	<b>Amount</b>
2024	\$ 4,900,339
2025	4,854,490
2026	3,496,868
2027	970,984
2028	477,083
Thereafter	1,105,350
<b>Total Payments Due Under Operating Lease Liabilities</b>	<b>\$ 15,805,114</b>
Less discount to present value	(1,377,620)
	<b><u>\$ 14,427,494</u></b>

**Operating Lease Costs for FY 2023**

Periodic lease cost	\$ 4,963,214
Change to lease liability	7,281,308
Adjustment to the right-of-use asset	<u>\$ (2,318,094)</u>
 Rental Payments during fiscal year 2023	 \$ 5,120,936
Accretion of lease liability	(2,645,129)
Decrease in operating lease liability	<u>\$ 2,475,807</u>
 Beginning of operating lease liability	 \$ 16,903,301
Decrease in operating lease liability	(2,475,807)
Ending operating lease liability as of June 30, 2023	<u>\$ 14,427,494</u>

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Operating and Finance Leases (continued)**

**Operating Leases**

In 2022, HPS had lease modifications which increased the lease liability.

<b>Operating Lease Costs for FY 2022</b>	
Periodic lease cost	\$ 4,288,514
Accretion of lease liability	<u>7,656,371</u>
Adjustment to the right-of-use asset	<u>\$ (3,367,857)</u>
Rental Payments during fiscal year 2022	\$ 3,445,536
Accretion of lease liability	<u>(75,886)</u>
Decrease in operating lease liability	<u>\$ 3,369,650</u>
Beginning operating lease liability	\$ 20,272,951
Decrease in operating lease liability	<u>(3,369,650)</u>
Ending operating lease liability as of June 30, 2022	<u>\$ 16,903,301</u>

<b>Fiscal Year 2023</b>	
Buildings	\$ 26,526,821
Accumulated Amortization	<u>(13,354,064)</u>
	<u>\$ 13,172,757</u>

<b>Fiscal Year 2022</b>	
Buildings	\$ 24,760,233
Accumulated Amortization	<u>(9,269,382)</u>
Right-to-Use Asset, net	<u>\$ 15,490,851</u>

HPS cash paid for operating leases \$5,120,936 in FY 2023 and \$3,445,536 in fiscal year 2022.

**Note 9 - Restricted Cash**

Restricted cash at June 30, 2023 and June 30, 2022, consisted of project fund, debt service fund, debt service reserve fund, and sinking fund bond cash accounts. These funds are to be solely used in the construction and acquisition of new facilities and repayment of bond liabilities and cannot be used for normal operating expenditures.

**Note 10 - Bonds Payable**

HPS has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Series Bonds, 2012A, 2014A, 2015, 2016A and 2017A in the amounts of: \$31,350,000; \$101,555,000; \$106,745,000; \$55,405,000; and \$40,540,000, respectively. HPS has also received proceeds from Taxable Educational Revenue Bonds, Q Series (Qualified School Construction Bonds) 2010Q, 2011Q, and 2014Q in the amounts of \$39,910,000; \$5,085,000; and \$8,880,000, respectively.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 10 - Bonds Payable (continued)**

The bonds are limited obligations of the issuer, payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. HPS also issued three new bonds during fiscal year 2022. The bonds of \$173,545,001 were issued at a premium of \$25,314,989 and bond issuance costs of \$7,301,803 and the bonds issued in the current year mature between fiscal year 2026 and 2051. There were no new bonds in fiscal year 2023. The Bonds payable at June 30, 2023, consist of the following:

2010 Q Bonds, 8.13% interest; Principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing February 15, 2011; bond matures in 2027.	\$ 39,910,000
2011Q Bonds, 8.75% interest; principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing November 15, 2011; maturity dates range from 2014 to 2026.	5,085,000
2014A Bonds, 1.5% - 5% interest; principal due annually commencing February 15, 2015; interest due semi-annually commencing February 15, 2015; maturity dates range from 2015 to 2044.	80,055,000
2014Q Bonds, 4.733% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing February 15, 2015; maturity dates range from 2017 to 2036.	8,880,000
2015 Bonds, 2% - 5% interest; principal due annually commencing February 15, 2016; interest due semi-annually commencing February 15, 2016; maturity dates range from 2016 to 2041.	101,866,975
2016A Bonds, 2% - 5% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing August 15, 2016; maturity dates range from 2017 to 2046.	47,950,000
2017A Bonds, 3.0% - 5.0% interest; principal due annually commencing February 15, 2020; interest due in semi-annual installments, commencing February 15, 2018; maturity dates range from 2020 to 2047.	34,985,000
2021A Education Revenue Bonds (Tax Exempt), 3.0%-4.0%; principal due annually commencing February 15, 2024; interest due in semi-annual installments, commencing February 15, 2024.	147,025,000
2021B Ed Rev Bonds (Taxable) 3.0%-4.0%; principal due annually commencing February 15, 2024; interest due in semi-annual installments, commencing February 15, 2024.	4,350,000
2021C Ed Rev Refunding Bonds, 3.0%-4.0%; principal due annually commencing February 15, 2022; interest due in semi-annual installments, commencing February 15, 2022.	<u>20,615,000</u>
<b>Total</b>	490,721,975
Plus original issue premium (unamortized)	48,902,552
Less issuance costs on debt (unamortized)	(11,313,940)
Less current portion of debt	<u>(10,475,000)</u>
	<u><b>\$ 517,835,587</b></u>

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 10 - Bonds Payable (continued)**

Future maturities of bonds payable over the next five years are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,475,000	\$ 22,767,362	\$ 33,242,362
2025	10,875,000	22,356,292	33,231,292
2026	16,385,000	21,918,842	38,303,842
2027	51,850,000	20,950,854	72,800,854
2028	16,095,000	17,154,766	33,249,766
Thereafter	385,041,975	159,675,989	544,717,964
<b>Total</b>	<u>490,721,975</u>	<u>\$ 264,824,105</u>	<u>\$ 755,546,080</u>
Plus original issue premium	48,902,552		
Less issuance cost on debt	<u>(11,313,940)</u>		
<b>Amount of Bonds Net of Discount and Premium</b>	<u>\$ 528,310,587</u>		

HPS refunded bonds 2012A with the 2021C Refunding bonds. The 2021C Bond proceeds of \$25,034,270 plus the remaining cash held for debt service from the 2012A bonds of \$2,848,602 were placed in escrow. The refunding resulted in a net present value savings of \$6.8 million.

**Note 11 - Bond Sinking Fund Obligations**

HPS is required to deposit amounts restricted to the repayment of principal into three sinking funds on an annual basis. The sinking funds are restricted to the retirement of debt issued with respect to the 2010Q series, 2011Q series, and 2014Q series of bonds. Future sinking fund obligations of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Deposits</u>
2024	\$ 3,061,130
2025	3,059,565
2026	3,261,754
2027	2,998,958
2028	455,312
Thereafter	4,031,330
<b>Total</b>	<u>\$ 16,868,049</u>

**Note 12 - Bond Debt Covenants**

The bond agreements contain certain restrictions and covenants. HPS is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must be equal to 1.10 times the annual debt service requirements. HPS's minimum available excess revenue requirements totaled \$30,885,898 and \$27,556,614 for fiscal years 2023 and 2022. For fiscal years 2023 and 2022, HPS met the covenant requirements holding available revenue of \$56.1 million and \$59.0 million, respectively. Additionally, HPS needs to maintain an operating reserve that covers 45 days of budgeted expenses at the end of each fiscal year. For the fiscal years 2023 and 2022, HPS was required to have \$64.5 million and \$57.2 million, respectively, in operating accounts. For 2023 and 2022, HPS met the covenant with an available cash balance of \$160.3 million and \$137.6 million.



**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 13 - State Aid Revenue and State and Federal Receivables**

During fiscal year 2023 and 2022, HPS earned approximately \$417.8 million and \$383.5 million in State Aid (Per Capita and Foundation School Program), which made up 76.0 percent and 76.3 percent of total revenue in 2023 and 2022, respectively. As of June 30, 2023 and 2022, HPS had outstanding receivables and the various are shown below.

	<b>2023</b>	<b>2022</b>
Due from TEA - Federal Grants	\$ 6,985,864	\$ 6,473,283
Due from TEA - State Aid	69,791,632	69,036,453
Due from TEA - State Grants	338,440	75,790
Due from Federal Government	9,078,552	15,268,687
Due from Other	4,584,688	3,659,167
	<u>\$ 90,779,176</u>	<u>\$ 94,513,380</u>

**Note 14 - Commitments and Contingencies**

HPS 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 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.

**Note 15 - Health Care Coverage**

During the years ended June 30, 2022 and 2023, employees of HPS were covered by a group insurance plan. The money will make health benefits contributions towards the employee's selected plan monthly as shown in the table below:

Role/Salary Band	HPS Contribution
0.5 and 1	\$825
2 and 3	\$625
4	\$425
5 and 6	\$325
Teacher	\$325
Non-exempt	\$325

Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

**Note 16 - Net Assets with Donor Restrictions**

Net assets with donor restrictions as of June 30, 2023 and 2022 are as follows:

	<b>As of June 30, 2023</b>	<b>As of June 30, 2022</b>
Federal funds	\$ 10,650,950	\$ 6,947,398
State funds	91,722,136	89,336,029
Local funds	4,177,294	4,016,119
<b>Total with Donor Restrictions</b>	<u>\$ 106,550,380</u>	<u>\$ 100,299,546</u>

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 16 - Net Assets with Donor Restrictions (continued)**

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<b>For the Year Ended June 30, 2023</b>	<b>For the Year Ended June 30, 2022</b>
State funds	\$ 415,471,118	\$ 378,298,392
Federal funds	104,214,415	97,056,703
<b>Total Restrictions Released</b>	<b>\$ 519,685,533</b>	<b>\$ 475,355,095</b>

**Note 17 - Lawsuits and Contingencies**

HPS is subject to claims and lawsuits that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the company.

**Note 18 - Elimination Entries**

<b>Description</b>	<b>Balance Before Eliminations</b>	<b>Eliminations</b>	<b>Consolidated Balance</b>
Revenue	\$ 581,689,007	\$ (32,735,386)	\$ 548,953,621
Expenses	554,807,989	(32,735,386)	522,072,603
Change in Operating Net Assets	<b>\$ 26,881,018</b>	<b>\$ -</b>	<b>\$ 26,881,018</b>

Eliminations consist of the following:

Central office allocation	31,767,894
Harmony Education Solutions	57,492
Rental income	910,000
<b>Total</b>	<b>\$ 32,735,386</b>

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 19 - Functional Expenses**

The District's expenses are coded directly to the functional category as established by the Texas Education Agency. Below expenses are reflected by functional category and natural classification or object class.

Expense by Functional Category	Expenses by Object Class					Total	FY 2022
	Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)		
11 Instruction	\$ 242,920,907	\$ 11,132,984	\$ 13,814,896	\$ 2,060,296	\$ -	\$ 269,929,083	\$ 257,977,766
12 Instructional resources and media services	-	-	9,699	1,244	-	10,943	19,393
13 Curriculum development and instructional staff development	26,798,971	1,685,704	380,480	981,083	-	29,846,238	29,897,426
21 Instructional leadership	2,192,726	3,206,698	94,175	73,186	-	5,566,785	5,541,215
23 School leadership	41,623,305	22,109	433,094	1,214,591	-	43,293,099	39,945,162
31 Guidance, counseling and evaluation services	11,835,479	2,173,916	97	-	-	14,009,492	13,745,198
33 Health services	115,514	12,164	216,811	15,718	-	360,207	612,617
34 Student Transportation	-	1,326,797	-	-	-	1,326,797	1,171,309
35 Food service	2,349,795	13,259,952	171,923	61,078	-	15,842,748	13,313,064
36 Cocurricular/Extracurricular activities	-	431,285	1,366,917	3,405,930	-	5,204,132	3,759,860
41 General administration	20,382,040	6,469,454	419,932	3,980,755	-	31,252,181	28,589,566
51 Plant maintenance and operations	1,788,321	25,130,338	2,184,876	33,866,258	-	62,969,793	54,963,752
52 Security and monitoring services	192,519	3,463,505	58,166	101,626	-	3,815,816	2,825,234
53 Data processing services	4,973,747	3,040,425	100,688	575,785	-	8,690,645	8,390,640
61 Community services	-	-	4,470	-	-	4,470	-
71 Debt service	-	-	-	-	29,950,174	29,950,174	23,493,569
	<u>\$ 355,173,324</u>	<u>\$ 71,355,331</u>	<u>\$ 19,256,224</u>	<u>\$ 46,337,550</u>	<u>\$ 29,950,174</u>	<u>\$ 522,072,603</u>	<u>\$ 484,245,771</u>

**Note 20- Liquidity and Availability**

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

	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 10,031,362	\$ 10,119,723
Receivables	4,584,688	3,659,167
	<u>\$ 14,616,050</u>	<u>\$ 13,778,890</u>

Per the Texas Education Agency, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have a time restriction, but must be used for education purposes in accordance with State law. As such, there are cash, investments and receivables that are due from the State and are available for use for educational purposes. As part of HPS' liquidity management practice, we monitor the cash on daily and monthly basis and invest cash in excess of requirements in short-term investments and CDs.

**Note 21 - Subsequent Events**

As of the date of this report, HPS did not have any subsequent events to report.

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 22 - Related Party Transactions.**

HPS' success has received both national and international recognition for its curriculum, programs, training, operations and administration. The HPS Board finds that marketing of these products (i.e. intellectual property) would create revenue for HPS. As such, on February 22, 2020, the HPS Board approved the creation of the Harmony Education Solutions (HES), a limited liability company. The Board of HPS serves as the Board of HES. As of June 30, 2020, HES has received a license to sub-license Harmony's intellectual property and accompanying services. HPS applied to the Texas Education Agency for approval of the trademark licensing transaction between HES and HPS as required by Senate Bill 1454 passed by the Texas 86th Legislature. A percentage, ranging from 2 percent to 10 percent, of the licensing revenue generated by HES will be remitted to HPS. These payments will be considered related party transactions. Below are the revenues and expense for HES for fiscal years 2023 and 2022.

	<b>2023</b>	<b>2022</b>
Revenues	\$ 1,023,096	\$ 812,202
Expenses	1,055,086	767,633
Operating Net Income	<u>\$ (31,990)</u>	<u>\$ 44,569</u>

During fiscal year 2023, 10% of certain HES revenues were remitted to HPS totaling \$36,661, which was eliminated as part of the consolidation process. Below are the total revenues and expenses of both HPS and HES after all eliminations:

	<b>HPS</b>	<b>HES</b>	<b>Elimination</b>	<b>HPS with Elimination of HES</b>
Revenues	\$ 548,953,621	\$ 1,023,096	\$ (57,492)	\$ 549,919,225
Expenses	522,072,603	1,055,086	(57,492)	523,070,197
Operating Net Income	<u>\$ 26,881,018</u>	<u>\$ (31,990)</u>	<u>\$ -</u>	<u>\$ 26,849,028</u>

The assets and liabilities for fiscal year 2023 were \$175,652 and \$129,012, respectively. In fiscal year 2022, HES' assets and liabilities were \$117,003 and \$38,373, respectively.

**Note 23 – Extraordinary Item**

During fiscal year 2023, there were two buildings in North Texas that were damaged by flood. This was considered infrequent and unusual by management and as such, the gain of \$85,989 was considered extraordinary. The buildings were repaired and HPS determined that the assets were not impaired.

**INDEPENDENT AUDITOR'S REPORT ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Harmony Public Schools

We have audited the consolidated financial statements of Harmony Public Schools as of and for the year ended June 30, 2023, and our report thereon dated November 11, 2023, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules for individual charter schools beginning on page 33 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Whitley Penn LLP".

Houston, Texas  
November 11, 2023



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 6,689,665	\$ 5,290,145
Restricted cash	9,074,638	8,637,279
Investments	10,411,370	9,300,804
Receivables	9,446,258	9,771,785
Other receivables	71,382	135,591
Prepays	121,791	100,702
<b>Total Current Assets</b>	<b>35,815,104</b>	<b>33,236,306</b>
<b>Property and Equipment:</b>		
Land	19,547,334	7,225,861
Buildings and improvements	65,692,786	63,020,761
Furniture and equipment	5,700,894	4,723,088
Construction in progress	889,219	1,542,937
	91,830,233	76,512,647
Less: Accumulated depreciation	(29,534,382)	(26,856,923)
	62,295,851	49,655,724
<b>Total Assets</b>	<b>\$ 98,110,955</b>	<b>\$ 82,892,030</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 923,359	\$ 1,226,485
Accrued liabilities	78,747	45,036
Wages payable	4,288,487	3,870,657
Payroll taxes payable	1,451,050	1,336,469
Interest payable	1,392,667	1,069,868
Deferred revenue	19,535	99,527
Current portion of bonds payable	1,699,497	1,114,601
<b>Total Current Liabilities</b>	<b>9,853,342</b>	<b>8,762,643</b>
<b>Long-Term Liabilities:</b>		
Notes payable net of current portion	13,505,304	172,837
Bonds payable net of premium, discount, issuance costs and current portion	55,333,068	57,192,312
<b>Total Liabilities</b>	<b>78,691,714</b>	<b>66,127,792</b>
<b>Net Assets:</b>		
Without donor restrictions	13,745,877	12,008,286
With donor restrictions	5,673,364	4,755,952
<b>Total Net Assets</b>	<b>19,419,241</b>	<b>16,764,238</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 98,110,955</b>	<b>\$ 82,892,030</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 1 of 2

		Without Donor Restrictions	With Donor Restrictions	Total	2022
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 2,057,859	\$ -	\$ 2,057,859	\$ 1,848,827
5750	Revenue from curricular	255,724	38,082	293,806	409,547
	<b>Total Local Support</b>	<u>2,313,583</u>	<u>38,082</u>	<u>2,351,665</u>	<u>2,258,374</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act revenues	-	38,351,558	38,351,558	38,978,892
5820	State program revenues distributed by Texas Education Agency	-	151,973	151,973	158,988
5830	State program revenues from State of Texas Government Agencies	-	12,461	12,461	40,460
	<b>Total State Program Revenues</b>	<u>-</u>	<u>38,515,992</u>	<u>38,515,992</u>	<u>39,178,340</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	-	10,953,320	10,953,320	10,172,909
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	221,319	221,319	237,428
5940	Federal revenues distributed directly from the Federal Government	-	674,180	674,180	779,891
	<b>Total Federal Program Revenues</b>	<u>-</u>	<u>11,848,819</u>	<u>11,848,819</u>	<u>11,190,228</u>
<b>Net Assets Released from Restrictions:</b>					
	Restrictions satisfied by payments	49,663,960	(49,663,960)	-	-
	<b>Total Revenues</b>	<u>51,977,543</u>	<u>738,933</u>	<u>52,716,476</u>	<u>52,626,942</u>
<b>Expenses</b>					
11	Instruction	25,846,810	-	25,846,810	25,578,410
12	Instructional resources and media services	8,778	-	8,778	4,993
13	Curriculum development and instructional staff development	3,709,413	-	3,709,413	3,320,774
21	Instructional leadership	400,449	-	400,449	384,843
23	School leadership	4,142,065	-	4,142,065	4,351,647
31	Guidance, counseling and evaluation services	1,690,034	-	1,690,034	1,659,095
33	Health services	16,377	-	16,377	52,354
34	Student transportation	-	-	-	-
35	Food service	1,234,542	-	1,234,542	1,132,146
36	Cocurricular/Extracurricular activities	503,201	-	503,201	443,692
41	General administration	2,609,745	-	2,609,745	2,853,735
51	Plant maintenance and operations	5,703,435	-	5,703,435	5,970,124
52	Security and monitoring services	394,631	-	394,631	426,787
53	Data processing services	799,590	-	799,590	783,631
71	Debt service	3,180,882	-	3,180,882	2,668,119
	<b>Total Expenses</b>	<u>50,239,952</u>	<u>-</u>	<u>50,239,952</u>	<u>49,630,350</u>



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 2 of 2

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
Change in net assets from operations	\$ 1,737,591	\$ 738,933	\$ 2,476,524	\$ 2,996,592
<b>Non-Operating Revenues (Expenses)</b>				
8989 Gain (Loss) on sale of investments	-	178,476	178,476	(485,710)
<b>Total Non-Operating Revenues (Expenses)</b>	-	178,476	178,476	(485,710)
Total change in net assets	1,737,591	917,409	2,655,000	2,510,882
<b>Net Assets, Beginning of Year</b>	12,008,286	4,755,955	16,764,241	14,253,356
<b>Net Assets, End of Year</b>	<u>\$ 13,745,877</u>	<u>\$ 5,673,364</u>	<u>\$ 19,419,241</u>	<u>\$ 16,764,238</u>

**HARMONY PUBLIC SCHOOLS****HOUSTON SOUTH****STATEMENT OF CASH FLOWS****For the Year Ended June 30, 2023****(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,655,000	\$ 2,510,882
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,677,459	2,382,943
Amortization - premium on bonds	(209,430)	(237,062)
Amortization - bond issuance costs	49,696	64,575
(Increase) Decrease in receivables	325,527	(2,231,911)
(Increase) Decrease in other receivables	64,209	(14,890)
(Increase) Decrease in prepaids	(21,089)	34,175
Increase (Decrease) in accounts payable	(303,126)	(60,039)
Increase (Decrease) in wages payable	417,830	278,391
Increase (Decrease) in payroll taxes payable	114,581	(13,705)
Increase (Decrease) in accrued liabilities	33,711	45,000
Increase (Decrease) in interest payable	322,799	(93,770)
Increase (Decrease) in deferred revenue	(79,992)	80,155
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,047,175</b>	<b>2,744,744</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(15,317,586)	(2,020,131)
Purchase of investment	(1,110,566)	141,092
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(16,428,152)</b>	<b>(1,879,039)</b>
<b>Cash Flows from Financing Activities</b>		
Bond reclassification	-	13,472,632
Repayment of loans	(172,837)	(845,656)
Repayment of bonds	(1,114,611)	(14,104,718)
Proceeds from loans	13,505,304	172,837
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>12,217,856</b>	<b>(1,304,905)</b>
Net increase (decrease) in cash	1,836,879	(439,200)
<b>Cash at Beginning of Year</b>	<b>13,927,424</b>	<b>14,366,624</b>
<b>Cash at End of Year</b>	<b>\$ 15,764,303</b>	<b>\$ 13,927,424</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 6,689,665	\$ 5,290,145
Restricted Cash	9,074,638	8,637,279
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 15,764,303</b>	<b>\$ 13,927,424</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	<b>\$ 2,985,471</b>	<b>\$ 2,904,594</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

		<b>2023</b>	<b>2022</b>
	<b>Expenses</b>		
6100	Payroll costs	\$ 32,491,653	\$ 31,816,733
6200	Professional and contracted services	8,753,130	9,515,094
6300	Supplies and materials	1,947,024	2,352,407
6400	Other operating costs	3,867,263	3,277,997
6500	Debt	3,180,882	2,668,119
	<b>Total Expenses</b>	<b>\$ 50,239,952</b>	<b>\$ 49,630,350</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 102,195	\$ 15,266,109	\$ 395,999
1120	Investments	-	10,411,370	-
1510	Land and improvements	-	19,547,334	-
1520	Buildings and improvements	-	65,692,786	-
1539	Furniture and equipment	-	5,682,070	18,824
1580	Construction in progress	-	889,219	-
<b>Total Property and Equipment</b>		<b>\$ 102,195</b>	<b>\$ 117,488,888</b>	<b>\$ 414,823</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		Budgeted Amounts		Actual Amounts	Variance from Final Budget
		Original	Final		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 1,863,804	\$ 2,052,591	\$ 2,057,859	\$ 5,268
5750	Revenue from curricular	411,582	411,582	293,806	(117,776)
Total Local Support		2,275,386	2,464,173	2,351,665	(112,508)
State Program Revenues:					
5810	Foundation School Program Act revenues	38,887,393	38,420,488	38,351,558	(68,930)
5820	State program revenues distributed by Texas Education Agency	161,967	420,929	151,973	(268,956)
5830	State program revenues from Sate of Texas Government Agencies	72,469	164,787	12,461	(152,326)
Total State Program Revenues		39,121,829	39,006,204	38,515,992	(490,212)
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	10,515,320	11,692,557	10,953,320	(739,237)
5930	Federal revenue distributed by other state of Texas Government Agencies (other than TEA)	7,686	80,155	221,319	141,164
5940	Federal revenues distributed directly from the Federal Government	107,500	272,141	674,180	402,039
Total Federal Program Revenues		10,630,506	12,044,853	11,848,819	(196,034)
Total Revenues		52,027,721	53,515,230	52,716,476	(798,754)
Expenses					
11	Instruction	28,014,890	26,238,319	25,846,810	391,509
12	Instructional resources and media services	3,500	8,795	8,778	17
13	Curriculum development and instructional staff development	3,737,933	4,021,286	3,709,413	311,873
21	Instructional leadership	373,841	407,343	400,449	6,894
23	School leadership	4,034,281	4,465,635	4,142,065	323,570
31	Guidance, counseling and evaluation services	454,612	1,940,668	1,690,034	250,634
33	Health services	110,700	101,117	16,377	84,740
35	Food service	1,224,818	1,531,615	1,234,542	297,073
36	Cocurricular/Extracurricular activities	449,068	543,884	503,201	40,683
41	General administration	2,489,792	2,766,577	2,609,745	156,832
51	Plant maintenance and operations	6,624,611	5,941,999	5,703,435	238,564
52	Security and monitoring services	308,500	445,144	394,631	50,513
53	Data processing services	701,039	815,000	799,590	15,410
71	Debt service	2,722,388	3,162,940	3,180,882	(17,942)
Total Expenses		51,249,973	52,390,322	50,239,952	2,150,370
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	178,476	178,476
Total Non-Operating Revenues (Expenses)		-	-	178,476	178,476
Change in net assets		777,748	1,124,908	2,655,000	1,530,092
Net Assets, Beginning of Year as Restated		16,764,241	16,764,241	16,764,241	-
Net Assets, End of Year		\$ 17,541,989	\$ 17,889,149	\$ 19,419,241	\$ 1,530,092

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST**  
**For the Year Ended June 30, 2023**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
RES B BLK 2 WESTWOOD CENTER SEC 1	9421 W SAM HOUSTON PKY S, Houston, TX 77099	\$ 8,233,028	\$ -	\$ 8,660,076	\$ -
RES B5-A BLK 2 WESTWOOD CENTER SEC 01	9421 W SAM HOUSTON PKY S, Houston, TX 77099	5,706,340	-	7,670,973	-
RES A BLK 1 HARMONY SCHOOL OF INGENUITY 5.2540 AC	10555 STELLA LINK RD, Houston, TX 77025	7,257,130	-	9,946,706	-
LTS 1 THRU 5 BLK 10 MARILYN ESTATES SEC 5 1.2856 AC	5435 S BRAESWOOD BLVD, Houston, TX 77096	1,316,321	-	1,377,467	-
RES F1-A SOUTH POINT BUSINESS PARK SEC 1	9115 KIRBY DR, Houston, TX 77054	10,557,328	-	12,101,645	-
RES F SOUTH POINT BUSINESS PARK SEC 1	0 KIRBY DR, Houston, TX 77054	472,356	-	-	-
RES B4 BLK 2 WESTWOOD CENTER SEC 1 4.6300 AC	9303 W SAM HOUSTON PKY S 77036	6,304,215	-	11,058,052	-
Note (1)	Note (1)	-	-	34,425,201	-
<b>Total</b>		<b>\$ 39,846,718</b>	<b>\$ -</b>	<b>\$ 85,240,120</b>	<b>\$ -</b>

Note (1) - Property is not owned by HPS. As such, the appraised value is not reflected for capitalized improvements.

**HARMONY PUBLIC SCHOOLS****HOUSTON SOUTH****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$4,573,166
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$1,621,459
<b>Section B: Bilingual Education Programs</b>		
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.	\$ 808,483
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 446,016

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**For the Year Ended June 30, 2023**

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Financial	Sub-licensing Harmony Public Schools	N/A	N/A	\$ -	\$ -



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON SOUTH**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
*For the Year Ended June 30, 2023*

Related Party Name	Name of Relation of the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Compensation	Yearly	N/A	\$ -	\$ -



**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 6,013,444	\$ 2,219,358
Restricted cash	8,405,837	8,274,275
Investments	5,037,517	6,472,154
Receivables	10,012,214	10,583,685
Other receivables	100,178	230,591
Prepays	142,527	115,387
<b>Total Current Assets</b>	<b>29,711,717</b>	<b>27,895,450</b>
<b>Property and Equipment:</b>		
Land	12,733,189	12,732,225
Buildings and improvements	37,939,617	37,000,017
Furniture and equipment	5,362,452	4,556,188
Construction in progress	3,784,977	1,868,761
Right-of-use asset under lease	13,418,181	13,418,181
	73,238,416	69,575,372
Less: Accumulated depreciation	(22,399,247)	(18,808,001)
	50,839,169	50,767,371
<b>Other Assets:</b>		
Deposits	159,006	159,006
<b>Total Assets</b>	<b>\$ 80,709,892</b>	<b>\$ 78,821,827</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,370,589	\$ 1,374,554
Accrued liabilities	5,000	5,000
Wages payable	4,789,332	4,647,333
Payroll taxes payable	1,654,087	1,664,597
Interest payable	995,237	729,606
Deferred revenue	30,618	162,644
Current portion of lease liability	2,261,644	2,084,294
Current portion of bonds payable	987,901	648,040
<b>Total Current Liabilities</b>	<b>12,094,408</b>	<b>11,316,068</b>
<b>Long-Term Liabilities:</b>		
Lease liability net of current portion	5,365,586	7,627,230
Notes payable	12,819,233	10,425,312
Bonds payable net of premium, discount, issuance costs and current portion	35,150,022	36,231,242
<b>Total Liabilities</b>	<b>65,429,249</b>	<b>65,599,852</b>
<b>Net Assets:</b>		
Without donor restrictions	6,186,265	4,876,304
With donor restrictions	9,094,378	8,345,671
<b>Total Net Assets</b>	<b>15,280,643</b>	<b>13,221,975</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 80,709,892</b>	<b>\$ 78,821,827</b>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 1 of 2

		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 1,264,373	\$ -	\$ 1,264,373	\$ 4,194,760
5750	Revenue from curricular	317,182	187,569	504,751	429,277
	<b>Total Local Support</b>	<b>1,581,555</b>	<b>187,569</b>	<b>1,769,124</b>	<b>4,624,037</b>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act revenues	-	45,031,004	45,031,004	43,353,747
5820	State program revenues distributed by Texas Education Agency	-	236,515	236,515	228,259
5830	State program revenues distributed directly from other state agencies	-	6,198	6,198	24,394
	<b>Total State Program Revenues</b>	<b>-</b>	<b>45,273,717</b>	<b>45,273,717</b>	<b>43,606,400</b>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	-	9,367,083	9,367,083	9,131,669
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	262,465	262,465	239,412
5940	Federal revenues distributed directly from the Federal Government	-	870,272	870,272	646,592
	<b>Total Federal Program Revenues</b>	<b>-</b>	<b>10,499,820</b>	<b>10,499,820</b>	<b>10,017,673</b>
<b>Net Assets Released from Restrictions:</b>					
	Restrictions satisfied by payments	55,335,844	(55,335,844)	-	-
	<b>Total Revenues</b>	<b>56,917,399</b>	<b>625,262</b>	<b>57,542,661</b>	<b>58,248,110</b>
<b>Expenses</b>					
11	Instruction	28,965,770	-	28,965,770	30,287,271
12	Instructional resources and media services	-	-	-	4,240
13	Curriculum development and instructional staff development	3,082,363	-	3,082,363	3,373,661
21	Instructional leadership	281,643	-	281,643	203,767
23	School leadership	4,890,302	-	4,890,302	4,851,742
31	Guidance, counseling and evaluation services	1,286,238	-	1,286,238	1,412,635
33	Health services	15,932	-	15,932	54,361
34	Student (pupil) transportation	670,664	-	670,664	656,914
35	Food service	1,624,857	-	1,624,857	1,392,033
36	Cocurricular/Extracurricular activities	490,685	-	490,685	416,476
41	General administration	3,326,693	-	3,326,693	2,975,789
51	Plant maintenance and operations	7,932,988	-	7,932,988	7,545,076
52	Security and monitoring services	110,062	-	110,062	94,488
53	Data processing services	687,081	-	687,081	754,942
71	Debt service	2,242,160	-	2,242,160	1,820,400
	<b>Total Expenses</b>	<b>55,607,438</b>	<b>-</b>	<b>55,607,438</b>	<b>55,843,795</b>

**HARMONY PUBLIC SCHOOLS****CENTRAL TEXAS****STATEMENT OF ACTIVITIES****For the Year Ended June 30, 2023****(With Comparative Totals for 2022)****Page 2 of 2**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
Change in net assets from operations	\$ 1,309,961	\$ 625,262	\$ 1,935,223	\$ 2,404,315
<b>Non-Operating Revenues (Expenses)</b>				
8989 Gain (Loss) on sale of investments	-	123,445	123,445	(123,922)
<b>Total Non-Operating Revenues (Expenses)</b>	-	123,445	123,445	(123,922)
Total Change in net assets	1,309,961	748,707	2,058,668	2,280,393
<b>Net Assets, Beginning of Year</b>	4,876,304	8,345,671	13,221,975	10,941,582
<b>Net Assets, End of Year</b>	<u>\$ 6,186,265</u>	<u>\$ 9,094,378</u>	<u>\$ 15,280,643</u>	<u>\$ 13,221,975</u>

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**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,058,668	\$ 2,280,393
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,591,246	3,397,132
Amortization - premium on bonds	(119,960)	(135,749)
Amortization - bond issuance costs	26,513	26,939
(Increase) Decrease in accounts receivable	571,471	(2,580,246)
(Increase) Decrease in other receivables	130,413	(70,116)
(Increase) Decrease in prepaids	(27,140)	67,531
Increase (Decrease) in deposits	-	-
Increase (Decrease) in accounts payable	(3,965)	405,611
Increase (Decrease) in wages payable	141,999	836,396
Increase (Decrease) in payroll taxes payable	(10,510)	181,590
Increase (Decrease) in deferred revenue	(132,026)	100,446
Increase (Decrease) in accrued liabilities	-	4,500
Increase (Decrease) in interest payable	265,631	49,544
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,492,340</b>	<b>4,563,971</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(3,663,044)	(8,163,022)
Purchase of investment	1,434,637	69,607
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(2,228,407)</b>	<b>(8,093,415)</b>
<b>Cash Flows from Financing Activities</b>		
Reclassification of bonds	-	1,226,313
Proceeds from loan	2,393,921	6,074,302
Repayment of bonds	(647,912)	(993,874)
Payments on lease liability	(2,084,294)	(922,945)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>(338,285)</b>	<b>5,383,796</b>
Net increase (decrease) in cash	3,925,648	1,854,352
<b>Cash at Beginning of Year</b>	<b>10,493,633</b>	<b>8,639,281</b>
<b>Cash at End of Year</b>	<b>\$ 14,419,281</b>	<b>\$ 10,493,633</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 6,013,444	\$ 2,219,358
Restricted Cash	8,405,837	8,274,275
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 14,419,281</b>	<b>\$ 10,493,633</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 2,041,820	\$ 1,850,888

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2023*  
*(With Comparative Totals for 2022)*

		<b>2023</b>	<b>2022</b>
	<b>Expenses</b>		
6100	Payroll costs	\$ 36,209,767	\$ 37,225,681
6200	Professional and contracted services	10,699,638	9,955,856
6300	Supplies and materials	1,865,576	2,694,897
6400	Other operating costs	4,590,297	4,146,961
6500	Debt	2,242,160	1,820,400
	<b>Total Expenses</b>	<b>\$ 55,607,438</b>	<b>\$ 55,843,795</b>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 320,752	\$ 13,849,409	\$ 249,120
1120	Investments	-	5,037,517	-
1510	Land and improvements	-	12,733,189	-
1520	Buildings and improvements	1,124,900	36,586,517	228,200
1551	Right-to-use assets under leases	-	13,418,181	-
1539	Furniture and equipment	43,871	5,259,916	58,665
1580	Construction in progress	-	3,784,977	-
<b>Total Property and Equipment</b>		<b>\$ 1,489,523</b>	<b>\$ 90,669,706</b>	<b>\$ 535,985</b>



**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		Budgeted Amounts		Actual Amounts	Variance from Final Budget
		Original	Final		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 380,908	\$ 1,354,831	\$ 1,264,373	\$ (90,458)
5750	Revenue from curricular	627,368	697,368	504,751	(192,617)
Total Local Support		1,008,276	2,052,199	1,769,124	(283,075)
State Program Revenues:					
5810	Foundation School Program Act Revenues	45,789,880	45,280,270	45,031,004	(249,266)
5820	State program revenues distributed by Texas Education Agency	239,231	523,910	236,515	(287,395)
5830	State program revenues distributed directly from other state agencies	88,797	202,247	6,198	(196,049)
Total State Program Revenues		46,117,908	46,006,427	45,273,717	(732,710)
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	7,299,692	9,525,124	9,367,083	(158,041)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	8,649	93,366	262,465	169,099
5940	Federal revenues distributed directly from the Federal Government	323,000	560,595	870,272	309,677
Total Federal Program Revenues		7,631,341	10,179,085	10,499,820	320,735
Total Revenues		54,757,525	58,237,711	57,542,661	(695,050)
Expenses					
11	Instruction	29,948,420	29,067,506	28,965,770	101,736
12	Instructional resources and media services	-	-	-	-
13	Curriculum development and instructional staff development	2,742,410	3,141,605	3,082,363	59,242
21	Instructional leadership	254,405	275,027	281,643	(6,616)
23	School leadership	4,567,887	5,016,513	4,890,302	126,211
31	Guidance, counseling and evaluation services	387,229	1,265,915	1,286,238	(20,323)
33	Health services	13,141	17,099	15,932	1,167
34	Student (pupil) transportation	453,427	623,427	670,664	(47,237)
35	Food service	1,619,801	2,043,002	1,624,857	418,145
36	Cocurricular/Extracurricular activities	392,500	586,310	490,685	95,625
41	General administration	3,252,219	3,445,345	3,326,693	118,652
51	Plant maintenance and operations	7,305,047	8,080,469	7,932,988	147,481
52	Security and monitoring services	32,500	144,215	110,062	34,153
53	Data processing services	696,830	687,316	687,081	235
71	Debt service	2,175,913	2,226,279	2,242,160	(15,881)
Total Expenses		53,841,729	56,620,028	55,607,438	1,012,590
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	123,445	123,445
Total Non-Operating Revenues (Expenses)		-	-	123,445	123,445
Change in net assets		915,796	1,617,683	2,058,668	440,985
Net Assets, Beginning of Year		13,221,975	13,221,975	13,221,975	-
Net Assets, End of Year		\$ 14,137,771	\$ 14,839,658	\$ 15,280,643	\$ 440,985

**HARMONY PUBLIC SCHOOLS****CENTRAL TEXAS****SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST****For the Year Ended June 30, 2023**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
LOT A T S A ADDN	930 E RUNDBERG LN TX 78753	\$ 5,399,897	\$ 33,521	\$ 7,293,039	\$ -
S8861 - MACONDA PARK EAST SEC 1 BLK A RESUB (LT 1 BLK A RESU, BLOCK A, Lot 1B, ACRES 8.3017	13415 N FM 620, AUSTIN, TX 78759	21,490,672	-	16,236,049	-
LOT 3A BLK A ANDERSON MILL NAUMANN AMD LT 3 RESUB LTS 10 & 11 HATCH TRACT & LOT 6 BLK A ANDERSON MILL PARK	12200 ANDERSON MILL RD TX 78613	7,940,374	79,095	7,642,728	228,200
Note (1)	Note (1)	-	1,012,284	18,147,890	-
<b>Total</b>		<b>\$ 34,830,943</b>	<b>\$ 1,124,900</b>	<b>\$ 49,319,706</b>	<b>\$ 228,200</b>

Note (1) - Property is not owned by HPS. As such, the appraised value is not reflected for capitalized improvements.

**HARMONY PUBLIC SCHOOLS****CENTRAL TEXAS****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$4,273,951
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$2,662,885
<b><u>Section B: Bilingual Education Programs</u></b>		
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.	\$1,210,002
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 668,127

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**For the Year Ended June 30, 2023**

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Financial	Sub-licensing Harmony Public Schools	N/A	N/A	\$ -	\$ -

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL TEXAS**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
**For the Year Ended June 30, 2023**

<u>Related Party Name</u>	<u>Name of Relation of 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 FY</u>
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing			N/A		\$ -



**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 7,367,037	\$ 2,906,598
Restricted cash	5,582,399	7,590,795
Investments	6,661,395	7,571,168
Receivables	12,302,435	12,872,015
Other receivables	589,770	160,631
Prepays	150,960	120,256
<b>Total Current Assets</b>	<b>32,653,996</b>	<b>31,221,463</b>
<b>Property and Equipment:</b>		
Land	14,062,589	8,172,338
Buildings and improvements	69,604,174	51,528,261
Furniture and equipment	6,877,508	5,492,091
Construction in progress	1,373,018	14,831,456
Right-of-use asset under financing lease	5,392,854	5,392,854
	97,310,143	85,417,000
Less: Accumulated depreciation and amortization	(22,288,824)	(18,619,099)
	75,021,319	66,797,901
<b>Other Assets:</b>		
Deposits	26,890	26,890
<b>Total Assets</b>	<b>\$ 107,702,205</b>	<b>\$ 98,046,254</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 2,320,591	\$ 2,812,203
Accrued liabilities	58,978	58,974
Wages payable	5,780,388	5,123,518
Payroll taxes payable	2,010,257	1,880,474
Interest payable	1,313,655	1,110,235
Deferred revenue	45,213	98,258
Current portion of lease liability	935,199	880,367
Current portion of bonds payable	1,279,095	838,850
<b>Total Current Liabilities</b>	<b>13,743,376</b>	<b>12,802,879</b>
<b>Long-Term Liabilities:</b>		
Lease liability net of current portion	1,448,512	2,383,712
Notes payable net of current portion	8,667,860	927,381
Bonds payable net of premium, discount, issuance costs and current portion	65,701,015	67,183,034
<b>Total Liabilities</b>	<b>89,560,763</b>	<b>83,297,006</b>
<b>Net Assets:</b>		
Without donor restrictions	5,032,535	2,664,154
With donor restrictions	13,108,907	12,085,094
<b>Total Net Assets</b>	<b>18,141,442</b>	<b>14,749,248</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 107,702,205</b>	<b>\$ 98,046,254</b>

**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

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		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 2,444,057	\$ -	\$ 2,444,057	\$ 600,890
5750	Revenue from curricular	358,251	149,664	507,915	449,310
	<b>Total Local Support</b>	<b>2,802,308</b>	<b>149,664</b>	<b>2,951,972</b>	<b>1,050,200</b>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act revenues	-	51,526,830	51,526,830	47,786,107
5820	State program revenues distributed by Texas Education Agency	-	140,970	140,970	263,776
5830	State program revenues distributed directly from other state agencies	-	3,135	3,135	30,222
	<b>Total State Program Revenues</b>	<b>-</b>	<b>51,670,935</b>	<b>51,670,935</b>	<b>48,080,105</b>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	-	14,408,408	14,408,408	13,700,772
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	252,011	252,011	227,453
5940	Federal revenues distributed directly from the Federal Government	-	1,048,936	1,048,936	915,806
	<b>Total Federal Program Revenues</b>	<b>-</b>	<b>15,709,355</b>	<b>15,709,355</b>	<b>14,844,031</b>
<b>Net Assets Released from Restrictions:</b>					
	Restrictions satisfied by payments	66,661,203	(66,661,203)	-	-
	<b>Total Revenues</b>	<b>69,463,511</b>	<b>868,751</b>	<b>70,332,262</b>	<b>63,974,336</b>
<b>Expenses</b>					
11	Instruction	35,992,491	-	35,992,491	35,071,036
12	Instructional resources and media services	95	-	95	171
13	Curriculum development and instructional staff development	4,420,997	-	4,420,997	4,101,066
21	Instructional leadership	276,216	-	276,216	247,821
23	School leadership	5,754,491	-	5,754,491	5,338,822
31	Guidance, counseling and evaluation services	1,725,879	-	1,725,879	1,549,220
33	Health services	83,846	-	83,846	53,513
34	Student transportation	247,521	-	247,521	85,187
35	Food service	2,482,604	-	2,482,604	2,061,680
36	Cocurricular/Extracurricular activities	574,730	-	574,730	383,112
41	General administration	3,505,933	-	3,505,933	4,115,209
51	Plant maintenance and operations	7,398,095	-	7,398,095	6,580,169
52	Security and monitoring services	696,254	-	696,254	432,093
53	Data processing services	959,379	-	959,379	955,576
71	Debt service	2,976,599	-	2,976,599	2,284,514
	<b>Total Expenses</b>	<b>67,095,130</b>	<b>-</b>	<b>67,095,130</b>	<b>63,259,189</b>



**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 2 of 2

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
Change in net assets from operations	\$ 2,368,381	\$ 868,751	\$ 3,237,132	\$ 715,147
<b>Non-Operating Revenues (Expenses)</b>				
8989 Gain (Loss) on sale of investments	-	155,062	155,062	(123,751)
<b>Total Non-Operating Revenues (Expenses)</b>	-	155,062	155,062	(123,751)
Total change in net assets	2,368,381	1,023,813	3,392,194	591,396
<b>Net Assets, Beginning of Year</b>	2,664,154	12,085,094	14,749,248	14,157,852
<b>Net Assets, End of Year</b>	<u>\$ 5,032,535</u>	<u>\$ 13,108,907</u>	<u>\$ 18,141,442</u>	<u>\$ 14,749,248</u>

**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,392,194	\$ 591,396
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	3,669,725	2,917,003
Amortization - premium on bonds	(262,569)	(159,791)
Amortization - bond issuance costs	59,686	(98,687)
(Increase) Decrease in receivables	569,580	(3,441,975)
(Increase) Decrease in other receivables	(429,139)	77,824
(Increase) Decrease in prepaids	(30,704)	44,045
Increase (Decrease) in accounts payable	(491,612)	1,288,730
Increase (Decrease) in wages payable	656,870	584,123
Increase (Decrease) in payroll taxes payable	129,783	32,489
Increase (Decrease) in accrued liabilities	4	-
Increase (Decrease) in interest payable	203,420	239,662
Increase (Decrease) in deferred revenue	(53,045)	98,258
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>7,414,193</b>	<b>2,173,077</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(11,893,143)	(15,983,729)
Purchase of investment	909,773	119,077
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(10,983,370)</b>	<b>(15,864,652)</b>
<b>Cash Flows from Financing Activities</b>		
Payment on lease liability	(880,368)	(335,390)
Proceeds from bonds and reclassification of bonds		20,673,183
Repayment of bonds	(838,891)	(818,064)
Repayment of loans	7,740,479	(4,650,560)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>6,021,220</b>	<b>14,869,169</b>
Net increase (decrease) in cash	2,452,043	1,177,594
<b>Cash at Beginning of Year</b>	<b>10,497,393</b>	<b>9,319,799</b>
<b>Cash at End of Year</b>	<b>\$ 12,949,436</b>	<b>\$ 10,497,393</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 7,367,037	\$ 2,906,598
Restricted Cash	5,582,399	7,590,795
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 12,949,436</b>	<b>\$ 10,497,393</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 2,937,677	\$ 2,109,551

**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

		<b>2023</b>	<b>2022</b>
	<b>Expenses</b>		
6100	Payroll costs	\$ 44,363,080	\$ 42,467,206
6200	Professional and contracted services	12,213,256	11,287,013
6300	Supplies and materials	2,330,427	2,858,637
6400	Other operating costs	5,211,768	4,361,819
6500	Debt	2,976,599	2,284,514
	<b>Total Expenses</b>	<b>\$ 67,095,130</b>	<b>\$ 63,259,189</b>

**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 97,065	\$ 12,428,686	\$ 423,685
1120	Investments	-	6,661,395	-
1510	Land and improvements	-	14,062,589	-
1520	Buildings and improvements	60,542	69,436,756	106,876
1551	Right-of-use asset under financing lease	-	5,392,854	-
1539	Furniture and equipment	8,240	6,843,987	25,281
1580	Construction in progress	-	1,373,018	-
<b>Total Property and Equipment</b>		<b>\$ 165,847</b>	<b>\$ 116,199,285</b>	<b>\$ 555,842</b>

**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance from</b>
		<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 794,963	\$ 2,904,385	\$ 2,444,057	\$ (460,328)
5750	Revenue from curricular	717,353	817,353	507,915	(309,438)
<b>Total Local Support</b>		<b>1,512,316</b>	<b>3,721,738</b>	<b>2,951,972</b>	<b>(769,766)</b>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	53,214,485	51,475,666	51,526,830	51,164
5820	State program revenues distributed by Texas Education Agency	141,947	441,662	140,970	(300,692)
5830	State program revenues distributed directly from other state agencies	92,418	210,554	3,135	(207,419)
<b>Total State Program Revenues</b>		<b>53,448,850</b>	<b>52,127,882</b>	<b>51,670,935</b>	<b>(456,947)</b>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	13,405,093	14,727,796	14,408,408	(319,388)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	5,840	98,258	252,011	153,753
5940	Federal revenues distributed directly from the Federal Government	247,500	552,527	1,048,936	496,409
<b>Total Federal Program Revenues</b>		<b>13,658,433</b>	<b>15,378,581</b>	<b>15,709,355</b>	<b>330,774</b>
<b>Total Revenues</b>		<b>68,619,599</b>	<b>71,228,201</b>	<b>70,332,262</b>	<b>(895,939)</b>
<b>Expenses</b>					
11	Instruction	38,016,325	36,944,015	35,992,491	951,524
12	Instructional resources and media services	-	95	95	-
13	Curriculum development and instructional staff development	4,261,207	4,138,127	4,420,997	(282,870)
21	Instructional leadership	242,749	284,893	276,216	8,677
23	School leadership	5,732,941	6,239,814	5,754,491	485,323
31	Guidance, counseling and evaluation services	852,754	1,846,959	1,725,879	121,080
33	Health services	41,500	72,315	83,846	(11,531)
34	Student transportation	471,100	327,808	247,521	80,287
35	Food service	2,455,870	2,789,748	2,482,604	307,144
36	Cocurricular/Extracurricular activities	471,600	675,735	574,730	101,005
41	General administration	3,539,008	3,690,551	3,505,933	184,618
51	Plant maintenance and operations	7,507,648	7,694,396	7,398,095	296,301
52	Security and monitoring services	442,905	768,919	696,254	72,665
53	Data processing services	971,535	984,988	959,379	25,609
71	Debt service	2,548,168	2,974,630	2,976,599	(1,969)
<b>Total Expenses</b>		<b>67,555,310</b>	<b>69,432,993</b>	<b>67,095,130</b>	<b>2,337,863</b>
<b>Non-Operating Revenues (Expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	155,062	155,062
<b>Total Non-Operating Revenues (Expenses)</b>		<b>-</b>	<b>-</b>	<b>155,062</b>	<b>155,062</b>
Change in net assets		1,064,289	1,795,208	3,392,194	1,596,986
<b>Net Assets, Beginning of Year</b>		<b>14,749,248</b>	<b>14,749,248</b>	<b>14,749,248</b>	<b>-</b>
<b>Net Assets, End of Year</b>		<b>\$ 15,813,537</b>	<b>\$ 16,544,456</b>	<b>\$ 18,141,442</b>	<b>\$ 1,596,986</b>

**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST**  
**For the Year Ended June 30, 2023**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
NCB 19127 (NEW HARMONY SCIENCE ACADEMY),	8505 LAKESIDE PKWY SAN ANTONIO, TX 78245	\$ 12,663,840	\$ -	\$ -	\$ -
CB 5073D BLK 22 LOT 1 (HARMONY SCHOOL SUBD)	GLEN MONT DR SAN ANTONIO, TX 78239	332,690	-	-	-
LOT 1-A BLK 488 ED REPLAT	4401 SAN FRANCISCO AVE LAREDO, TX 78041	5,034,830	-	-	-
MANN SUBDIVISION LOT 1 BLK 1	1124 CENTRAL BLVD BROWNSVILLE, TX	1,347,577	-	4,903,935	-
EL JARDIN SUBDIVISION SHARE 19 BLK 15, 10 ACRES OUT OF 40.2500 ACRES	3451 DANA AVE BROWNSVILLE, TX	4,126,821	-	9,514,143	-
LOT 1-B BLK 489 ED REPLAT	SAN FRANCISCO AVE LAREDO, TX 78040	4,021,480	-	6,287,930	-
Note (1)	Note (1)	-	60,542	62,793,337	106,876
<b>Total</b>		<u>\$ 27,527,238</u>	<u>\$ 60,542</u>	<u>\$ 83,499,345</u>	<u>\$ 106,876</u>

Note (1) - Property is not owned by HPS. As such, the appraised value is not reflected for capitalized improvements.

**HARMONY PUBLIC SCHOOLS****SOUTH TEXAS****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$4,632,378
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$3,529,327
<b>Section B: Bilingual Education Programs</b>		
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.	\$ 777,906
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$1,215,109

**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**For the Year Ended June 30, 2023**

<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 FY</u>	<u>Principal Balance Due</u>
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Financial	Sub-licensing Harmony Public Schools	N/A	N/A	\$ -	\$ -



**HARMONY PUBLIC SCHOOLS**  
**SOUTH TEXAS**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
**For the Year Ended June 30, 2023**

Related Party Name	Name of Relation of the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing			N/A		\$ -



**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 5,400,125	\$ 3,201,679
Restricted cash	6,488,776	9,594,706
Investments	14,766,925	15,153,952
Receivables	10,517,286	10,878,027
Other receivables	949,959	1,037,061
Prepays	145,233	114,198
<b>Total Current Assets</b>	<b>38,268,304</b>	<b>39,979,623</b>
<b>Property and Equipment:</b>		
Land	10,158,225	5,147,703
Buildings and improvements	43,686,949	17,594,915
Furniture and equipment	8,176,925	5,579,608
Construction in progress	22,106,577	25,748,598
Right-to-use asset	29,478,031	27,711,445
	113,606,707	81,782,269
Less: Accumulated depreciation and amortization	(20,754,886)	(16,775,330)
	92,851,821	65,006,939
<b>Other Assets:</b>		
Deposits	22,613	22,613
<b>Total Assets</b>	<b>\$ 131,142,738</b>	<b>\$ 105,009,175</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 4,706,356	\$ 4,586,362
Accrued liabilities	4,677	-
Wages payable	4,908,433	4,506,894
Payroll taxes payable	1,591,265	1,562,665
Interest payable	1,194,962	632,421
Deferred revenue	15,902	88,490
Current portion of lease liability	1,190,994	789,944
Current portion of bonds payable	318,951	209,333
<b>Total Current Liabilities</b>	<b>13,931,540</b>	<b>12,376,109</b>
<b>Long-Term Liabilities:</b>		
Lease liability	24,926,274	24,901,837
Notes payable	22,599,578	770,260
Bonds payable net of premium, discount, issuance costs and current portion	49,243,008	49,686,313
<b>Total Liabilities</b>	<b>110,700,400</b>	<b>87,734,519</b>
<b>Net Assets:</b>		
Without donor restrictions	3,248,531	959,983
With donor restrictions	17,193,807	16,314,673
<b>Total Net Assets</b>	<b>20,442,338</b>	<b>17,274,656</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 131,142,738</b>	<b>\$ 105,009,175</b>

**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 1 of 2

		Without Donor Restrictions	With Donor Restrictions	Total	2022
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 1,970,382	\$ -	\$ 1,970,382	\$ 185,134
5750	Revenue from curricular	396,128	306,046	702,174	486,211
	<b>Total Local Support</b>	<u>2,366,510</u>	<u>306,046</u>	<u>2,672,556</u>	<u>671,345</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act revenues	-	50,392,853	50,392,853	46,432,391
5820	State program revenues distributed by Texas Education Agency	-	238,134	238,134	177,814
5830	State program revenues distributed directly from other state agencies	-	3,135	3,135	32,716
	<b>Total State Program Revenues</b>	<u>-</u>	<u>50,634,122</u>	<u>50,634,122</u>	<u>46,642,921</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	-	11,352,494	11,352,494	9,959,795
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	363,588	363,588	255,847
5940	Federal revenues distributed directly from the Federal Government	-	1,096,732	1,096,732	754,916
	<b>Total Federal Program Revenues</b>	<u>-</u>	<u>12,812,814</u>	<u>12,812,814</u>	<u>10,970,558</u>
<b>Net assets released from restrictions:</b>					
	Restrictions satisfied by payments	62,864,312	(62,864,312)	-	-
	<b>Total Revenues</b>	<u>65,230,822</u>	<u>888,670</u>	<u>66,119,492</u>	<u>58,284,824</u>
<b>Expenses</b>					
11	Instruction	31,696,438	-	31,696,438	30,000,984
12	Instructional resources and media services	-	-	-	473
13	Curriculum development and instructional staff development	3,881,525	-	3,881,525	3,633,764
21	Instructional leadership	323,681	-	323,681	309,000
23	School leadership	5,577,000	-	5,577,000	4,553,827
31	Guidance, counseling and evaluation services	1,169,741	-	1,169,741	1,364,911
33	Health services	37,211	-	37,211	76,403
34	Student transportation	52,235	-	52,235	85,495
35	Food service	2,349,823	-	2,349,823	1,976,482
36	Cocurricular/Extracurricular activities	633,823	-	633,823	459,291
41	General administration	3,539,922	-	3,539,922	3,566,403
51	Plant maintenance and operations	8,649,087	-	8,649,087	7,531,868
52	Security and monitoring services	706,312	-	706,312	517,901
53	Data processing services	1,037,754	-	1,037,754	979,368
71	Debt service	3,287,722	-	3,287,722	1,958,538
	<b>Total Expenses</b>	<u>62,942,274</u>	<u>-</u>	<u>62,942,274</u>	<u>57,014,708</u>

**HARMONY PUBLIC SCHOOLS****WEST TEXAS****STATEMENT OF ACTIVITIES****For the Year Ended June 30, 2023****(With Comparative Totals for 2022)****Page 2 of 2**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
Change in net assets from operations	\$ 2,288,548	\$ 888,670	\$ 3,177,218	\$ 1,270,116
<b>Non-Operating Revenues (Expenses)</b>				
8989 Gain (Loss) on early extinguishment of bonds	-	(9,536)	(9,536)	(546,989)
<b>Total Non-Operating Revenues (Expenses)</b>	-	(9,536)	(9,536)	(546,989)
Total change in net assets	2,288,548	879,134	3,167,682	723,127
<b>Net Assets, Beginning of Year</b>	959,983	16,314,673	17,274,656	16,551,529
<b>Net Assets, End of Year</b>	<u>\$ 3,248,531</u>	<u>\$ 17,193,807</u>	<u>\$ 20,442,338</u>	<u>\$ 17,274,656</u>

**HARMONY PUBLIC SCHOOLS****WEST TEXAS****STATEMENT OF CASH FLOWS****For the Year Ended June 30, 2023****(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,167,682	\$ 723,127
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	3,979,556	2,417,950
Amortization - premium on bonds	(198,189)	(311,816)
Amortization - bond issuance costs	73,685	73,685
(Increase) Decrease in accounts receivable	360,741	(3,040,151)
(Increase) Decrease in other receivables	87,102	971,935
(Increase) Decrease in prepaids	(31,035)	41,137
Increase (Decrease) in due to state	-	-
Increase (Decrease) in accounts payable	119,994	2,408,472
Increase (Decrease) in wages payable	401,539	781,094
Increase (Decrease) in payroll taxes payable	28,600	90,794
Increase (Decrease) in deferred revenue	(72,588)	84,245
Increase (Decrease) in accrued liabilities	4,677	-
Increase (Decrease) in interest payable	562,541	452,231
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>8,484,305</b>	<b>4,692,703</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(31,824,438)	(22,469,162)
Sale of investment	387,027	479,216
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(31,437,411)</b>	<b>(21,989,946)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from bonds and reclassification of bonds	-	40,584,641
Repayment of loan	21,829,318	(13,369,591)
Repayment of bonds	(209,183)	(199,890)
Repayment of leases	425,487	(712,768)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>22,045,622</b>	<b>26,302,392</b>
Net increase (decrease) in cash	(907,484)	9,005,149
<b>Cash at Beginning of Year</b>	<b>12,796,385</b>	<b>3,791,236</b>
<b>Cash at End of Year</b>	<b>\$ 11,888,901</b>	<b>\$ 12,796,385</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 5,400,125	\$ 3,201,679
Restricted Cash	6,488,776	9,594,706
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 11,888,901</b>	<b>\$ 12,796,385</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 3,206,647	\$ 1,877,261

**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

		<b>2023</b>	<b>2022</b>
	<b>Expenses</b>		
6100	Payroll costs	\$ 40,231,314	\$ 36,696,592
6200	Professional and contracted services	12,055,755	12,643,149
6300	Supplies and materials	2,143,934	2,736,116
6400	Other operating costs	5,223,549	2,980,313
6500	Debt	3,287,722	1,958,538
	<b>Total Expenses</b>	<b>\$ 62,942,274</b>	<b>\$ 57,014,708</b>

**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 338,442	\$ 10,798,143	\$ 752,316
1120	Investments	-	14,766,925	-
1510	Land and improvements	-	10,158,225	-
1520	Buildings and improvements	80,072	43,402,065	204,812
1551	Assets under capital lease	-	29,478,031	-
1539	Furniture and equipment	-	8,117,629	59,296
1580	Construction in progress	-	22,106,577	-
<b>Total Property and Equipment</b>		<b>\$ 418,514</b>	<b>\$ 138,827,595</b>	<b>\$ 1,016,424</b>



**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance from</b>
		<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 199,704	\$ 1,920,545	\$ 1,970,382	\$ 49,837
5750	Revenue from curricular	802,337	967,943	702,174	(265,769)
<b>Total Local Support</b>		<b>1,002,041</b>	<b>2,888,488</b>	<b>2,672,556</b>	<b>(215,932)</b>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	52,460,730	50,357,833	50,392,853	35,020
5820	State program revenues distributed by Texas Education Agency	223,638	517,186	238,134	(279,052)
5830	State program revenues distributed directly from other state agencies	76,328	221,443	3,135	(218,308)
<b>Total State Program Revenues</b>		<b>52,760,696</b>	<b>51,096,462</b>	<b>50,634,122</b>	<b>(462,340)</b>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	9,448,622	11,902,916	11,352,494	(550,422)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	7,917	84,245	363,588	279,343
5940	Federal revenues distributed directly from the Federal Government	215,000	536,215	1,096,732	560,517
<b>Total Federal Program Revenues</b>		<b>9,671,539</b>	<b>12,523,376</b>	<b>12,812,814</b>	<b>289,438</b>
<b>Total Revenues</b>		<b>63,434,276</b>	<b>66,508,326</b>	<b>66,119,492</b>	<b>(388,834)</b>
<b>Expenses</b>					
11	Instruction	34,191,746	32,171,243	31,696,438	474,805
12	Instructional resources and media services	-	-	-	-
13	Curriculum development and instructional staff development	3,207,707	3,809,758	3,881,525	(71,767)
21	Instructional leadership	273,752	320,658	323,681	(3,023)
23	School leadership	4,981,845	5,612,263	5,577,000	35,263
31	Guidance, counseling and evaluation services	815,970	1,158,590	1,169,741	(11,151)
33	Health services	22,502	41,225	37,211	4,014
34	Student transportation	150,000	52,913	52,235	678
35	Food service	2,159,841	2,720,059	2,349,823	370,236
36	Cocurricular/Extracurricular activities	484,509	657,505	633,823	23,682
41	General administration	3,497,982	3,746,174	3,539,922	206,252
51	Plant maintenance and operations	8,380,198	9,509,881	8,649,087	860,794
52	Security and monitoring services	645,801	824,152	706,312	117,840
53	Data processing services	1,009,263	1,001,990	1,037,754	(35,764)
71	Debt service	2,563,946	3,457,466	3,287,722	169,744
<b>Total Expenses</b>		<b>62,385,062</b>	<b>65,083,877</b>	<b>62,942,274</b>	<b>2,141,603</b>
<b>Non-Operating Revenues (Expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	(9,536)	(9,536)
<b>Total Non-Operating Revenues (Expenses)</b>		<b>-</b>	<b>-</b>	<b>(9,536)</b>	<b>(9,536)</b>
Change in net assets		1,049,214	1,424,449	3,167,682	1,743,233
<b>Net Assets, Beginning of Year as Restated</b>		<b>17,274,656</b>	<b>17,274,656</b>	<b>17,274,656</b>	<b>-</b>
<b>Net Assets, End of Year</b>		<b>\$ 18,323,870</b>	<b>\$ 18,699,105</b>	<b>\$ 20,442,338</b>	<b>\$ 1,743,233</b>

**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST**  
**For the Year Ended June 30, 2023**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
CMP FURN MACH	5210 FAIRBANKS DR EL PASO, TX 79924	\$ 1,293,410	\$ -	\$ 4,128,737	\$ -
NANCY L 5 THRU 10 & ADA HOOD BLK 1 L 6 THRU 10 & OL 1 BLK E SEC 2 AB 489	1516 53RD ST, LUBBOCK, TX 79412	2,270,829	-	4,288,279	-
Note (1)	Note (1)	-	80,072	45,143,274	-
<b>Total</b>		<u>\$ 3,564,239</u>	<u>\$ 80,072</u>	<u>\$ 53,560,290</u>	<u>\$ -</u>

Note (1) - Property is not owned by HPS. As such, the appraised value is not reflected for capitalized improvements.

**HARMONY PUBLIC SCHOOLS****WEST TEXAS****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$5,679,711
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$3,625,279
<b>Section B: Bilingual Education Programs</b>		
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.	\$ 778,109
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 862,583

**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**For the Year Ended June 30, 2023**

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Financial	Sub-licensing Harmony Public Schools	N/A	N/A	\$ -	\$ -

**HARMONY PUBLIC SCHOOLS**  
**WEST TEXAS**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
**For the Year Ended June 30, 2023**

Related Party Name	Name of Relation of the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing			N/A		\$ -



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 9,316,681	\$ 8,967,042
Restricted cash	8,109,352	11,922,956
Investments	11,202,437	8,833,102
Receivables	14,956,520	15,303,758
Other receivables	306,438	422,694
Prepays	201,003	150,563
<b>Total Current Assets</b>	<b>44,092,431</b>	<b>45,600,115</b>
<b>Property and Equipment:</b>		
Land	35,251,230	27,853,037
Buildings and improvements	96,766,369	71,526,651
Furniture and equipment	9,826,254	7,118,988
Right-of-use asset	19,600,221	19,600,221
Construction in progress	9,292,910	21,304,703
	170,736,984	147,403,600
Less: Accumulated depreciation and amortization	(33,184,240)	(28,453,142)
	137,552,744	118,950,458
<b>Other Assets:</b>		
Deposits	5,500	5,500
<b>Total Assets</b>	<b>\$ 181,650,675</b>	<b>\$ 164,556,073</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 3,915,099	\$ 5,973,159
Wages payable	7,559,124	6,568,523
Payroll taxes payable	2,554,182	2,345,504
Interest payable	2,179,517	1,660,661
Deferred revenue	10,899	127,220
Current portion of lease liability	766,748	742,304
Current portion of bonds payable	1,580,261	1,036,175
<b>Total Current Liabilities</b>	<b>18,565,830</b>	<b>18,453,546</b>
<b>Long-Term Liabilities:</b>		
Lease liability	16,523,430	17,290,177
Notes payable net of current portion	23,338,625	7,456,431
Bonds payable net of premium, discount, issuance costs and current portion	102,148,886	104,096,317
<b>Total Long-Term Liabilities</b>	<b>142,010,941</b>	<b>128,842,925</b>
<b>Total Liabilities</b>	<b>160,576,771</b>	<b>147,296,471</b>
<b>Net Assets:</b>		
Without donor restrictions	6,353,527	2,783,866
With donor restrictions	14,720,377	14,475,736
<b>Total Net Assets</b>	<b>21,073,904</b>	<b>17,259,602</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 181,650,675</b>	<b>\$ 164,556,073</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 1 of 2

		Without Donor Restrictions	With Donor Restrictions	Total	2022
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 3,187,270	\$ -	\$ 3,187,270	\$ 1,686,393
5750	Revenue from curricular	765,818	269,395	1,035,213	753,605
	<b>Total Local Support</b>	<u>3,953,088</u>	<u>269,395</u>	<u>4,222,483</u>	<u>2,439,998</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act revenues	-	70,287,827	70,287,827	61,665,187
5820	State program revenues distributed by Texas Education Agency	-	280,944	280,944	301,297
5830	State program revenues distributed directly from other state agencies	-	119,134	119,134	38,227
	<b>Total State Program Revenues</b>	<u>-</u>	<u>70,687,905</u>	<u>70,687,905</u>	<u>62,004,711</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	-	14,015,023	14,015,023	12,229,372
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	315,115	315,115	305,547
5940	Federal revenues distributed directly from the Federal Government	-	1,717,200	1,717,200	1,294,423
	<b>Total Federal Program Revenues</b>	<u>-</u>	<u>16,047,338</u>	<u>16,047,338</u>	<u>13,829,342</u>
<b>Net assets released from restrictions:</b>					
	Restrictions satisfied by payments	86,566,239	(86,566,239)	-	-
	<b>Total Revenues</b>	<u>90,519,327</u>	<u>438,399</u>	<u>90,957,726</u>	<u>78,274,051</u>
<b>Expenses</b>					
11	Instruction	45,756,530	-	45,756,530	42,338,624
12	Instructional resources and media services	966	-	966	5,213
13	Curriculum development and instructional staff development	5,124,629	-	5,124,629	4,840,329
21	Instructional leadership	288,812	-	288,812	267,550
23	School leadership	7,393,206	-	7,393,206	5,948,410
31	Guidance, counseling and evaluation services	1,984,556	-	1,984,556	2,107,050
33	Health services	122,912	-	122,912	147,555
34	Student (pupil) transportation	331,807	-	331,807	283,320
35	Food service	2,717,972	-	2,717,972	2,163,945
36	Cocurricular/Extracurricular activities	920,160	-	920,160	622,421
41	General administration	4,530,506	-	4,530,506	3,381,049
51	Plant maintenance and operations	10,279,325	-	10,279,325	8,114,719
52	Security and monitoring services	715,711	-	715,711	456,723
53	Data processing services	1,272,605	-	1,272,605	1,062,401
71	Debt service	5,509,969	-	5,509,969	4,097,437
	<b>Total Expenses</b>	<u>86,949,666</u>	<u>-</u>	<u>86,949,666</u>	<u>75,836,746</u>



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 2 of 2

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2022</u>
Change in net assets from operations	\$ 3,569,661	\$ 438,399	\$ 4,008,060	\$ 2,437,305
<b>Non-Operating Revenues (Expenses)</b>				
8989 Gain (Loss) on sale of investments	-	(193,758)	(193,758)	(581,843)
<b>Total Non-Operating Revenues (Expenses)</b>	-	(193,758)	(193,758)	(581,843)
<b>Total Change in Net Assets</b>	<u>3,569,661</u>	<u>244,641</u>	<u>3,814,302</u>	<u>1,855,462</u>
<b>Net Assets, Beginning of Year</b>	<u>2,783,866</u>	<u>14,475,736</u>	<u>17,259,602</u>	<u>15,404,140</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,353,527</u>	<u>\$ 14,720,377</u>	<u>\$ 21,073,904</u>	<u>\$ 17,259,602</u>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,814,302	\$ 1,855,462
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,731,098	3,569,109
Amortization - premium on bonds	(466,543)	(322,517)
Amortization - bond issuance costs	99,608	103,438
(Increase) Decrease in receivables	347,238	(3,460,426)
(Increase) Decrease in other receivables	116,256	344,763
(Increase) Decrease in prepaids	(50,440)	55,149
Increase (Decrease) in deferred revenue	(116,321)	127,220
Increase (Decrease) in accounts payable	(2,058,060)	4,079,564
Increase (Decrease) in wages payable	990,601	1,552,369
Increase (Decrease) in payroll taxes payable	208,678	305,754
Increase (Decrease) in interest payable	518,856	546,778
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>8,135,273</b>	<b>8,756,663</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(23,333,384)	(35,247,297)
Sale of investments	(2,369,335)	405,227
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(25,702,719)</b>	<b>(34,842,070)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from bonds and reclassification of bonds	-	48,923,472
Lease liability payment	(742,303)	(662,003)
Repayment of loans	-	(11,492,469)
Repayment of bonds	(1,036,410)	(4,519,762)
Proceeds from notes payable	15,882,194	-
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>14,103,481</b>	<b>32,249,238</b>
Net increase (decrease) in cash	(3,463,965)	6,163,831
<b>Cash at Beginning of Year</b>	<b>20,889,998</b>	<b>14,726,167</b>
<b>Cash at End of Year</b>	<b>\$ 17,426,033</b>	<b>\$ 20,889,998</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 9,316,681	\$ 8,967,042
Restricted Cash	8,109,352	11,922,956
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 17,426,033</b>	<b>\$ 20,889,998</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 5,366,579	\$ 3,949,285

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

		<u>2023</u>	<u>2022</u>
	<b>Expenses</b>		
6100	Payroll Costs	\$ 55,891,983	\$ 50,695,881
6200	Professional and Contracted Services	15,549,200	12,258,150
6300	Supplies and Materials	3,387,693	3,574,630
6400	Other Operating Costs	6,610,821	5,210,648
6500	Debt	<u>5,509,969</u>	<u>4,097,437</u>
	<b>Total Expenses</b>	<u>\$ 86,949,666</u>	<u>\$ 75,836,746</u>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 4,451,652	\$ 12,478,835	\$ 495,546
1120	Investments	-	11,202,437	-
1510	Land and improvements	-	35,251,230	-
1520	Buildings and improvements	452,955	96,308,141	5,273
1551	Right-of-use asset	-	19,600,221	-
1539	Furniture and equipment	-	9,663,987	162,267
1580	Construction in Progress	-	9,292,910	-
<b>Total Property and Equipment</b>		<b>\$ 4,904,607</b>	<b>\$ 193,797,761</b>	<b>\$ 663,086</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		Budgeted Amounts			Variance from
		Original	Final	Actual Amounts	Final Budget
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 570,445	\$ 3,278,509	\$ 3,187,270	\$ (91,239)
5750	Revenue from curricular	1,208,227	1,512,227	1,035,213	(477,014)
Total Local Support		1,778,672	4,790,736	4,222,483	(568,253)
State Program Revenues:					
5810	Foundation School Program Act revenues	70,486,243	70,317,222	70,287,827	(29,395)
5820	State program revenues distributed by Texas Education Agency	287,541	634,448	280,944	(353,504)
5830	State program revenues distributed directly from other state agencies	114,189	260,501	119,134	(141,367)
Total State Program Revenues		70,887,973	71,212,171	70,687,905	(524,266)
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	11,868,190	14,883,721	14,015,023	(868,698)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	13,031	127,220	315,115	187,895
5940	Federal revenues distributed directly from the Federal Government	324,500	731,086	1,717,200	986,114
Total Federal Program Revenues		12,205,721	15,742,027	16,047,338	305,311
Total Revenues		84,872,366	91,744,934	90,957,726	(787,208)
Expenses					
11	Instruction	45,952,186	45,684,036	45,756,530	(72,494)
12	Instructional resources and media services	11,100	966	966	-
13	Curriculum development and instructional staff development	4,332,736	4,581,174	5,124,629	(543,455)
21	Instructional leadership	260,046	285,030	288,812	(3,782)
23	School leadership	6,879,531	7,533,059	7,393,206	139,853
31	Guidance, counseling and evaluation services	1,241,971	2,345,865	1,984,556	361,309
33	Health services	117,364	148,804	122,912	25,892
34	Student (pupil) transportation	265,000	218,766	331,807	(113,041)
35	Food service	2,777,917	3,399,616	2,717,972	681,644
36	Cocurricular/Extracurricular activities	746,350	1,102,810	920,160	182,650
41	General administration	4,528,546	4,599,551	4,530,506	69,045
51	Plant maintenance and operations	9,906,329	10,259,341	10,279,325	(19,984)
52	Security and monitoring services	418,675	771,982	715,711	56,271
53	Data processing services	1,277,734	1,286,672	1,272,605	14,067
71	Debt service	4,747,156	5,616,972	5,509,969	107,003
Total Expenses		83,462,641	87,834,644	86,949,666	884,978
Change in net assets from operations		1,409,725	3,910,290	4,008,060	97,770
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments			(193,758)	(193,758)
Total Non-Operating Revenues (Expenses)		-	-	(193,758)	(193,758)
Change in net assets		1,409,725	3,910,290	3,814,302	(95,988)
Net Assets, Beginning of Year as Restated		17,259,602	17,259,602	17,259,602	
Net Assets, End of Year		\$ 18,669,327	\$ 21,169,892	\$ 21,073,904	\$ (95,988)

**HARMONY PUBLIC SCHOOLS****HOUSTON NORTH****SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST****For the Year Ended June 30, 2023**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
RES D2 & D3-A BLK 4 BROOKHOLLOW WEST SEC 3	7340 N GESSNER DR, HOUSTON, X 77040	\$ 4,877,806	\$ -	\$ 13,700,831	\$ -
TR 3A ABST 522 S LEEPER 1.6424 AC	5668 W LITTLE YORK RD, HOUSTON, TX 77091	1,450,717	-	4,668,158	-
TOWNSHIRE, BLOCK 2, LOT 2 - 3, ACRES .18	2031 S TEXAS AVE TX	3,212,281	-	5,304,907	-
TOWNSHIRE, BLOCK 2, LOT 2 - 3, ACRES .18	3171 N SAM HOUSTON PKWY W, HOUSTON, TX 77038	8,321,631	-	13,950,537	-
RES A BLK 1 UNIVERSITY ACRES 5.5117 AC	3171 N SAM HOUSTON PKWY W, HOUSTON, TX 77038	3,858,311	-	-	-
RES A1 BLK 1 UNIVERSITY ACRES 3.6100 AC	3203 N SAM HOUSTON PKWY W, HOUSTON, TX 77043	8,031,930	-	17,660,941	-
RES A2 BLK 1 UNIVERSITY ACRES 4.6783 AC	N SAM HOUSTON PKY W 77038	1,630,296	-	7,280,880	5,273
RES A BLK 1 PTH PROPERTIES ONE	6270 BARKER CYPRESS RD, HOUSTON, TX 77084	5,887,380	-	10,037,263	-
Note (1)	Note (1)	-	452,955	58,955,854	-
<b>Total</b>		<b>\$ 37,270,352</b>	<b>\$ 452,955</b>	<b>\$131,559,371</b>	<b>\$ 5,273</b>

Note (1) - Property is not owned by HPS. As such, the appraised value is not reflected for capitalized improvements.

**HARMONY PUBLIC SCHOOLS****HOUSTON NORTH****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$7,454,601
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$4,158,622
<b>Section B: Bilingual Education Programs</b>		
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.	\$1,095,078
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 617,641

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**For the Year Ended June 30, 2023**

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Financial	Sub-licensing Harmony Public Schools	N/A	N/A	\$ -	\$ -



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON NORTH**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
**For the Year Ended June 30, 2023**

<u>Related Party Name</u>	<u>Name of Relation of 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 FY</u>
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing			N/A		\$ -



**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 14,743,147	\$ 10,712,822
Restricted cash	12,730,215	12,309,800
Investments	39,671,660	33,615,135
Receivables	20,900,669	23,685,929
Other receivables	924,955	444,947
Prepays	319,883	257,513
<b>Total Current Assets</b>	<b>89,290,529</b>	<b>81,026,146</b>
<b>Property and Equipment:</b>		
Land	25,199,461	25,199,461
Buildings and improvements	142,953,562	120,990,629
Furniture and equipment	14,963,323	13,082,468
Construction in progress	5,233,575	12,022,298
Right-of-use asset	44,354,285	44,354,285
	232,704,206	215,649,141
Less: Accumulated depreciation and amortization	(60,275,506)	(53,028,419)
	172,428,700	162,620,722
<b>Other Assets:</b>		
Deposits	60,700	60,700
<b>Total Assets</b>	<b>\$ 261,779,929</b>	<b>\$ 243,707,568</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 6,663,085	\$ 2,580,421
Accrued liabilities	47,779	227,200
Wages payable	11,028,449	10,311,681
Payroll taxes payable	3,818,012	3,767,028
Interest payable	2,662,293	2,197,863
Deferred revenue	34,874	241,124
Current portion of lease liability	695,995	664,671
Current portion of bonds payable	3,615,284	2,371,122
<b>Total Current Liabilities</b>	<b>28,565,771</b>	<b>22,361,110</b>
<b>Long-Term Liabilities:</b>		
Lease liability	40,495,227	41,165,928
Notes payable net of current portion	21,595,837	11,502,417
Bonds payable net of premium, discount, issuance costs and current portion	123,778,651	127,781,293
<b>Total Long-Term Liabilities</b>	<b>185,869,715</b>	<b>180,449,638</b>
<b>Total Liabilities</b>	<b>214,435,486</b>	<b>202,810,748</b>
<b>Net Assets:</b>		
Without donor restrictions	12,621,908	7,097,972
With donor restrictions	34,722,535	33,798,848
<b>Total Net Assets</b>	<b>47,344,443</b>	<b>40,896,820</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 261,779,929</b>	<b>\$ 243,707,568</b>

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 1 of 2

		Without Donor Restrictions	With Donor Restrictions	Total	2022
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 5,056,014	\$ -	\$ 5,056,014	\$ 3,289,021
5750	Revenue from curricular	951,824	472,514	1,424,338	1,068,873
	<b>Total Local Support</b>	<u>6,007,838</u>	<u>472,514</u>	<u>6,480,352</u>	<u>4,357,894</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act revenues	-	106,053,586	106,053,586	103,065,595
5820	State program revenues distributed by Texas Education Agency	-	496,985	496,985	524,818
5830	State program revenues distributed directly from other state agencies	-	5,950	5,950	39,003
	<b>Total State Program Revenues</b>	<u>-</u>	<u>106,556,521</u>	<u>106,556,521</u>	<u>103,629,416</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	-	19,869,555	19,869,555	19,256,033
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	431,284	431,284	520,092
5940	Federal revenues distributed directly from the Federal Government	-	1,728,333	1,728,333	1,324,777
	<b>Total Federal Program Revenues</b>	<u>-</u>	<u>22,029,172</u>	<u>22,029,172</u>	<u>21,100,902</u>
<b>Net assets released from restrictions:</b>					
	Restrictions satisfied by payments	127,874,435	(127,874,435)	-	-
	<b>Total Revenues</b>	<u>133,882,273</u>	<u>1,183,772</u>	<u>135,066,045</u>	<u>129,088,212</u>
<b>Expenses</b>					
11	Instruction	66,368,740	-	66,368,740	66,281,126
12	Instructional resources and media services	-	-	-	3,923
13	Curriculum development and instructional staff development	7,913,353	-	7,913,353	7,886,046
21	Instructional leadership	406,561	-	406,561	385,436
23	School leadership	11,022,185	-	11,022,185	11,473,874
31	Guidance, counseling and evaluation services	4,362,544	-	4,362,544	4,157,816
33	Health services	41,675	-	41,675	174,071
34	Student transportation	24,570	-	24,570	60,393
35	Food service	3,876,389	-	3,876,389	3,588,966
36	Cocurricular/Extracurricular activities	1,140,742	-	1,140,742	778,662
41	General administration	7,002,792	-	7,002,792	6,558,151
51	Plant maintenance and operations	15,267,708	-	15,267,708	13,826,124
52	Security and monitoring services	698,692	-	698,692	578,176
53	Data processing services	1,959,617	-	1,959,617	1,759,933
61	Community services	4,470	-	4,470	-
71	Debt service	8,268,299	-	8,268,299	7,530,257
	<b>Total Expenses</b>	<u>128,358,337</u>	<u>-</u>	<u>128,358,337</u>	<u>125,042,954</u>

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 2 of 2

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
Change in net assets from operations	\$ 5,523,936	\$ 1,183,772	\$ 6,707,708	\$ 4,045,258
<b>Non-Operating Revenues (Expenses)</b>				
7919 Extraordinary item	-	85,989	85,989	-
8989 Gain (Loss) on sale of investments	-	(346,074)	(346,074)	(1,851,899)
<b>Total Non-Operating Revenues (Expenses)</b>	-	(260,085)	(260,085)	(1,851,899)
<b>Total Change in Net Assets</b>	<u>5,523,936</u>	<u>923,687</u>	<u>6,447,623</u>	<u>2,193,359</u>
<b>Net Assets, Beginning of Year</b>	<u>7,097,972</u>	<u>33,798,848</u>	<u>40,896,820</u>	<u>38,703,461</u>
<b>Net Assets, End of Year</b>	<u>\$ 12,621,908</u>	<u>\$ 34,722,535</u>	<u>\$ 47,344,443</u>	<u>\$ 40,896,820</u>

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 6,447,623	\$ 2,193,359
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization asset under leases	7,247,087	6,409,431
Amortization - premium on bonds	(484,655)	1,635,002
Amortization - bond issuance costs	97,249	(553,800)
(Increase) Decrease in receivables	2,785,260	(5,372,812)
(Increase) Decrease in other receivables	(480,008)	230,051
(Increase) Decrease in prepaids	(62,370)	96,567
Increase (Decrease) in accounts payable	4,082,664	(852,476)
Increase (Decrease) in wages payable	716,768	1,707,662
Increase (Decrease) in payroll taxes payable	50,984	224,098
Increase (Decrease) in accrued liabilities	(179,421)	(39,697)
Increase (Decrease) deferred revenue	(206,250)	241,124
Increase (Decrease) in interest payable	464,430	126,526
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>20,479,361</b>	<b>6,045,035</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(17,055,065)	(10,977,001)
Sale of investments	(6,056,525)	(3,340,416)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(23,111,590)</b>	<b>(14,317,417)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from bonds		15,994,116
Repayment of loans	10,093,420	(2,893,742)
Repayment of bonds	(2,371,074)	(6,837,859)
Payments on leases	(639,377)	(568,143)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>7,082,969</b>	<b>5,694,372</b>
Net increase (decrease) in cash	4,450,740	(2,578,010)
<b>Cash at Beginning of Year</b>	<b>23,022,622</b>	<b>25,600,632</b>
<b>Cash at End of Year</b>	<b>\$ 27,473,362</b>	<b>\$ 23,022,622</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 14,743,147	\$ 10,712,822
Restricted Cash	12,730,215	12,309,800
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 27,473,362</b>	<b>\$ 23,022,622</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 8,071,723	\$ 7,267,482

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

		<b>2023</b>	<b>2022</b>
	<b>Expenses</b>		
6100	Payroll costs	\$ 82,770,539	\$ 81,368,830
6200	Professional and contracted services	23,100,632	22,273,945
6300	Supplies and materials	4,055,592	5,344,781
6400	Other operating costs	10,163,275	8,525,141
6500	Debt	8,268,299	7,530,257
	<b>Total Expenses</b>	<b>\$ 128,358,337</b>	<b>\$ 125,042,954</b>

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

	Ownership Interest		
	Local	State	Federal
Cash	\$ 338,386	\$ 25,581,404	\$ 1,553,572
Investments	-	39,671,660	-
Land and improvements	-	25,199,461	-
Buildings and improvements	71,079	142,792,388	90,095
Right-of-use asset	-	44,354,285	-
Furniture and equipment	119,836	14,786,293	57,194
Construction in progress	-	5,233,575	-
<b>Total Property and Equipment</b>	<b>\$ 529,301</b>	<b>\$ 297,619,066</b>	<b>\$ 1,700,861</b>



**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		Budgeted Amounts			
		Original	Final	Actual Amounts	Variance from Final Budget
Revenues					
Local Support:					
5740	Other revenues from local sources	\$ 699,705	\$ 4,930,252	\$ 5,056,014	\$ 125,762
5750	Revenue from curricular	1,790,189	2,169,454	1,424,338	(745,116)
Total Local Support		2,489,894	7,099,706	6,480,352	(619,354)
State Program Revenues:					
5810	Foundation School Program Act revenues	105,890,628	106,098,869	106,053,586	(45,283)
5820	State program revenues distributed by Texas Education Agency	451,712	1,053,780	496,985	(556,795)
5830	State program revenues distributed by Texas Education Agency	196,521	449,387	5,950	(443,437)
Total State Program Revenues		106,538,861	107,602,036	106,556,521	(1,045,515)
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	18,142,619	21,303,343	19,869,555	(1,433,788)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	29,603	226,124	431,284	205,160
5940	Federal revenues distributed directly from the Federal Government	431,000	920,000	1,728,333	808,333
Total Federal Program Revenues		18,603,222	22,449,467	22,029,172	(420,295)
Total Revenues		127,631,977	137,151,209	135,066,045	(2,085,164)
Expenses					
11	Instruction	69,586,420	67,374,022	66,368,740	1,005,282
12	Instructional resources and media services	4,000	-	-	-
13	Curriculum development and instructional staff development	6,515,337	7,422,225	7,913,353	(491,128)
21	Instructional leadership	380,246	406,783	406,561	222
23	School leadership	10,276,971	11,059,622	11,022,185	37,437
31	Guidance, counseling and evaluation services	1,570,336	4,638,365	4,362,544	275,821
33	Health services	56,411	61,610	41,675	19,935
34	Student (pupil) transportation	20,000	24,570	24,570	-
35	Food service	4,212,109	4,769,579	3,876,389	893,190
36	Cocurricular/Extracurricular activities	1,047,500	1,414,199	1,140,742	273,457
41	General administration	7,170,178	7,104,109	7,002,792	101,317
51	Plant maintenance and operations	13,991,258	16,328,782	15,267,708	1,061,074
52	Security and monitoring services	402,092	792,317	698,692	93,625
53	Data processing services	1,867,541	2,009,541	1,959,617	49,924
61	Community services	-	-	4,470	(4,470)
71	Debt service	8,413,766	8,850,851	8,268,299	582,552
Total Expenses		125,514,165	132,256,575	128,358,337	3,898,238
Non-Operating Revenues (Expenses)					
7919		-	-	85,989	85,989
8989	Gain (Loss) on sale of investments	-	-	(346,074)	(346,074)
Total Non-Operating Revenues (Expenses)		-	-	(260,085)	(260,085)
Change in net assets		2,117,812	4,894,634	6,447,623	1,552,989
Net Assets, Beginning of Year		40,896,820	40,896,820	40,896,820	-
Net Assets, End of Year		\$ 43,014,632	\$ 45,791,454	\$ 47,344,443	\$ 1,552,989

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST**  
**For the Year Ended June 30, 2023**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
SKAGGS Block 1 Lot 1 Acres 4.885	1900 N VALLEY MILLS DR North Tx, TX 76710	\$ 2,523,330	\$ -	\$ 12,588,795	\$ -
FIREWHEEL BIBLE FELLOWSHIP 2 REP, BLK 1 LT 1R1 LESS ROW ACS 20.5558, INT 201000132710 DD05112010 CO-DC, 4810000101R00 2CG48100001	2302 FIREWHEEL PKWY, Garland, TX 75040	7,792,070	-	5,620,858	-
FORESTGATE INDUSTRIAL PARK REP, BLK B/8444 TR B.1 ACS 2.529, INT20070200128 DD05262007 CO-DC, 8444 00B 00B01 3DA8444 00B	11945 FORESTGATE DR, DALLAS, TX 75243	1,946,910	-	11,186,493	-
FORESTGATE INDUSTRIAL PARK REP, BLK B/8444 TR B ACS 3.051, IT201100141982 DD05252011 CO-DC, 8444 00B 00B00 3DA8444 00B	12005 FORESTGATE DR, DALLAS, TX 75243	2,976,590	-	-	-
HARMONY ADDITION PHASE 2 BLK A LOT 1	1024 W ROSEMEADE PKWY, Carrollton, TX 75007	13,223,321	-	23,014,149	-
HARMONY SCHOOL DALLAS (CDA), BLK C/8759, LOT 1	8080 PRESIDENT GEORGE BUSH HWY 75252	14,039,803	-	10,000,611	-
FIREWHEEL BIBLE FELLOWSHIP 2 REP, BLK 1 LT 1R1 LESS ROW ACS 20.5558, INT 201000132710 DD05112010 CO-DC, 4810000101R00 2CG48100001	2302 FIREWHEEL PKWY, Garland, TX 75040 SAME BUILDING WITH DIFFERENT ACCOUNT NUMBER	7,792,070	-	1,116,338	-
SOUTHWEST HILLS ADDITION Lot A4	5651 WESTCREEK DR, FORT WORTH, TX 76133	6,188,289	-	9,112,764	-
HARMONY SCHOOL, BLK 1 LT 1 ACS 5.305, INT200900228003 DD08052009 CO-DC, 0469788100100 5CP04697881	1102 NW 7TH ST, GRAND PRAIRIE, TX 75050	4,650,480	-	6,447,643	-
HARMONY, BLK E/8683 LT 1 ACS 17.6916, INT20080179207 DD05162008 CO-DC, 8683 00E 00100 5DA8683 00E	8120 W CAMP WISDOM RD, DALLAS, TX 75249	18,339,560	-	9,156,700	-
BLK 8683, TR 3 ACS 2.7594, INT20080179207 DD05162008 CO-DC, 8683 000 00300 5DA8683 000	8120 W CAMP WISDOM RD, DALLAS, TX 75249	120,180	-	-	-
BLK 8683, TR 4 ACS 0.438, INT201400139925 DD06052014 CO-DC, 8683 000 00300 5DA8683 000	8120 W CAMP WISDOM RD, DALLAS, TX 75249	6,570	-	-	-
HARMONY SCHOOL ADDITION Block 1 Lot 1	8100 S HULEN ST, Fort Worth, TX 76123	21,602,408	-	15,527,332	-
CHAPMAN J D Block 1 Lot 5 6 7 8 (HEB #6), Acres 4.3983	1110 S VALLEY MILLS DR North Tx, TX 76711	3,006,310	-	7,592,478	-
Note (1)	Note (1)	-	190,915	56,627,688	90,095
<b>Total</b>		<b>\$ 104,207,891</b>	<b>\$ 190,915</b>	<b>\$ 167,991,849</b>	<b>\$ 90,095</b>

Note (1) - Property is not owned by HPS. As such, the appraised value is not reflected for capitalized improvements.

**HARMONY PUBLIC SCHOOLS****NORTH TEXAS****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$10,684,376
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 7,185,160
<b>Section B: Bilingual Education Programs</b>		
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.	\$ - \$ 1,753,204
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 1,505,405

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**For the Year Ended June 30, 2023**

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Financial	Sub-licensing Harmony Public Schools	N/A	N/A	\$ -	\$ -

**HARMONY PUBLIC SCHOOLS**  
**NORTH TEXAS**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
**For the Year Ended June 30, 2023**

<u>Related Party Name</u>	<u>Name of Relation of 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 FY</u>
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing			N/A		\$ -



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 7,426,183	\$ 5,400,976
Restricted cash	9,145,486	20,656,927
Investments	5,967,423	7,468,165
Receivables	11,869,122	10,709,015
Other receivables	363,530	153,105
Prepays	150,022	102,554
<b>Total Current Assets</b>	<b>34,921,766</b>	<b>44,490,742</b>
<b>Property and Equipment:</b>		
Land	10,079,696	10,079,696
Buildings and improvements	85,027,512	43,676,408
Furniture and equipment	8,366,279	4,246,375
Construction in progress	5,597,796	33,400,878
Right-of-use asset under finance leases	16,407,527	16,407,527
	125,478,810	107,810,884
Less: Accumulated depreciation and amortization	(21,559,033)	(17,710,792)
	103,919,777	90,100,092
<b>Total Assets</b>	<b>\$ 138,841,543</b>	<b>\$ 134,590,834</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 3,933,129	\$ 6,651,834
Accrued liabilities	12,741	112,741
Wages payable	5,826,280	4,594,236
Payroll taxes payable	1,945,132	1,576,416
Interest payable	1,362,037	1,282,997
Deferred revenue	1,162	90,725
Current portion of lease liability	400,352	381,691
Current portion of bonds payable	952,769	624,867
<b>Total Current Liabilities</b>	<b>14,433,602</b>	<b>15,315,507</b>
<b>Long-Term Liabilities:</b>		
Financing lease liability, net of current portion	14,806,368	15,206,720
Notes payable	4,758,617	2,452,353
Bonds payable net of premium, discount, issuance costs and current portion	85,072,755	86,284,554
<b>Total Long-Term Liabilities</b>	<b>104,637,740</b>	<b>103,943,627</b>
<b>Total Liabilities</b>	<b>119,071,342</b>	<b>119,259,134</b>
<b>Net Assets:</b>		
Without donor restrictions	7,728,346	4,739,091
With donor restrictions	12,041,855	10,592,609
<b>Total Net Assets</b>	<b>19,770,201</b>	<b>15,331,700</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 138,841,543</b>	<b>\$ 134,590,834</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 1 of 2

	Without Donor Restrictions	With Donor Restrictions	Total	2022
<b>Revenues</b>				
<b>Local Support:</b>				
5740 Other Revenues from local sources	\$ 2,803,823	\$ -	\$ 2,803,823	\$ 2,742,941
5750 Revenue from curricular	665,067	227,235	892,302	670,585
<b>Total Local Support</b>	<b>3,468,890</b>	<b>227,235</b>	<b>3,696,125</b>	<b>3,413,526</b>
<b>State Program Revenues:</b>				
5810 Foundation School Program Act revenues	-	56,231,088	56,231,088	42,164,458
5820 State program revenues distributed by Texas Education Agency	-	205,883	205,883	312,153
5830 State program revenues distributed directly from other state agencies	-	3,135	3,135	28,084
<b>Total State Program Revenues</b>	<b>-</b>	<b>56,440,106</b>	<b>56,440,106</b>	<b>42,504,695</b>
<b>Federal Program Revenues:</b>				
5920 Federal revenues distributed by Texas Education Agency	-	7,781,170	7,781,170	7,212,654
5930 Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	288,274	288,274	194,353
5940 Federal revenues distributed directly from the Federal Government	-	1,352,423	1,352,423	1,234,466
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>9,421,867</b>	<b>9,421,867</b>	<b>8,641,473</b>
<b>Net Assets Released from Restrictions:</b>				
Restrictions satisfied by payments	64,804,688	(64,804,688)	-	-
<b>Total Revenues</b>	<b>68,273,578</b>	<b>1,284,520</b>	<b>69,558,098</b>	<b>54,559,694</b>
<b>Expenses</b>				
11 Instruction	35,264,259	-	35,264,259	28,436,213
12 Instructional resources and media services	1,104	-	1,104	380
13 Curriculum development and instructional staff development	3,501,601	-	3,501,601	2,813,363
21 Instructional leadership	10,182	-	10,182	-
23 School leadership	5,734,875	-	5,734,875	4,392,499
31 Guidance, counseling and evaluation services	1,779,827	-	1,779,827	1,484,018
33 Health services	42,254	-	42,254	54,360
35 Food service	1,553,003	-	1,553,003	994,328
36 Cocurricular/Extracurricular activities	940,791	-	940,791	656,206
41 General administration	3,406,259	-	3,406,259	2,836,809
51 Plant maintenance and operations	7,292,533	-	7,292,533	5,236,195
52 Security and monitoring services	462,160	-	462,160	286,813
53 Data processing services	1,122,158	-	1,122,158	817,301
71 Debt service	4,173,317	-	4,173,317	3,010,456
<b>Total Expenses</b>	<b>65,284,323</b>	<b>-</b>	<b>65,284,323</b>	<b>51,018,941</b>



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

Page 2 of 2

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2022</b>
Change in net assets from operations	\$ 2,989,255	\$ 1,284,520	\$ 4,273,775	\$ 3,540,753
<b>Non-Operating Revenues (Expenses)</b>				
8989 Gain (Loss) on sale of investments	-	164,726	164,726	(248,396)
<b>Total Non-Operating Revenues (Expenses)</b>	-	164,726	164,726	(248,396)
<b>Total Change in Net Assets</b>	2,989,255	1,449,246	4,438,501	3,292,357
<b>Net Assets, Beginning of Year</b>	4,739,091	10,592,609	15,331,700	12,039,343
<b>Net Assets, End of Year</b>	\$ 7,728,346	\$ 12,041,855	\$ 19,770,201	\$ 15,331,700

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 4,438,501	\$ 3,292,357
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets and right-to-use assets	3,850,117	2,140,515
Amortization - premium on bonds	(303,470)	(159,791)
Amortization - bond issuance costs	93,120	98,687
(Increase) Decrease in receivables	(1,160,107)	(9,539,971)
(Increase) Decrease in other receivables	(260,976)	(12,093)
(Increase) Decrease in prepaids	(47,468)	38,458
Increase (Decrease) in accounts payable	(2,718,705)	5,529,173
Increase (Decrease) in wages payable	1,232,044	1,098,180
Increase (Decrease) in payroll taxes payable	368,716	213,500
Increase (Decrease) in accrued liabilities	(100,000)	98,505
Increase (Decrease) in deferred revenue	(89,563)	90,725
Increase (Decrease) in interest payable	79,040	505,935
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,381,249</b>	<b>3,394,180</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(17,667,926)	(35,786,002)
Sale (Purchase) of investments	1,500,742	83,994
<b>Net cash Provided (Used) by Investing Activities</b>	<b>(16,167,184)</b>	<b>(35,702,008)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from bonds and reclassification of bonds	-	55,433,760
Payments on leases	(381,691)	523,824
Repayment of bonds	(624,872)	(5,475,934)
Proceeds from note payable	2,306,264	(3,447,465)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>1,299,701</b>	<b>47,034,185</b>
Net increase (decrease) in cash	(9,486,234)	14,726,357
<b>Cash at Beginning of Year</b>	<b>26,057,903</b>	<b>11,331,546</b>
<b>Cash at End of Year</b>	<b>\$ 16,571,669</b>	<b>\$ 26,057,903</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 7,426,183	\$ 5,400,976
Restricted Cash	9,145,486	20,656,927
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 16,571,669</b>	<b>\$ 26,057,903</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 4,054,621	\$ 2,885,711

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

		<b>2023</b>	<b>2022</b>
	<b>Expenses</b>		
6100	Payroll costs	\$ 42,638,649	\$ 33,571,952
6200	Professional and contracted services	10,248,387	8,831,287
6300	Supplies and materials	2,833,155	2,428,374
6400	Other operating costs	5,390,815	3,176,872
6500	Debt	4,173,317	3,010,456
	<b>Total Expenses</b>	<b>\$ 65,284,323</b>	<b>\$ 51,018,941</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ -	\$ 16,237,916	333,753
1120	Investments	-	5,967,423	-
1510	Land and improvements	-	10,079,696	-
1520	Buildings and improvements	350,672	84,622,554	54,286
1551	Right-of-use asset	-	16,407,527	-
1539	Furniture and equipment	36,049	8,307,002	23,228
1580	Construction in Progress	-	5,597,796	-
<b>Total Property and Equipment</b>		<b>\$ 386,721</b>	<b>\$ 147,219,914</b>	<b>\$ 411,267</b>

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		Budgeted Amounts			Variance from Final
		Original	Final	Actual Amounts	Budget
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 732,745	\$ 2,856,721	\$ 2,803,823	\$ (52,898)
5750	Revenue from curricular	1,346,377	1,387,889	892,302	(495,587)
Total Local Support		2,079,122	4,244,610	3,696,125	(548,485)
State Program Revenues:					
5810	Foundation School Program Act revenues	56,882,189	55,718,664	56,231,088	512,424
5820	State program revenues distributed by Texas Education Agency	62,005	342,740	205,883	(136,857)
5830	State program revenue from State of Texas government agencies (other than TEA)	80,880	184,084	3,135	(180,949)
Total State Program Revenues		57,025,074	56,245,488	56,440,106	194,618
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	7,198,826	8,307,468	7,781,170	(526,298)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	9,845	90,725	288,274	197,549
5940	Federal revenues distributed directly from the Federal Government	216,500	574,669	1,352,423	777,754
Total Federal Program Revenues		7,425,171	8,972,862	9,421,867	449,005
Total Revenues		66,529,367	69,462,960	69,558,098	95,138
Expenses					
11	Instruction	37,371,893	34,954,347	35,264,259	(309,912)
12	Instructional resources and media services	600	1,104	1,104	-
13	Curriculum development and instructional staff development	2,918,307	3,314,485	3,501,601	(187,116)
21	Instructional leadership	-	10,182	10,182	-
23	School leadership	5,411,875	6,073,004	5,734,875	338,129
31	Guidance, counseling and evaluation services	1,049,424	1,969,910	1,779,827	190,083
33	Health services	143,800	129,799	42,254	87,545
35	Food service	1,962,103	2,156,543	1,553,003	603,540
36	Cocurricular/Extracurricular activities	905,350	1,119,213	940,791	178,422
41	General administration	3,395,766	3,514,586	3,406,259	108,327
51	Plant maintenance and operations	7,091,932	7,937,329	7,292,533	644,796
52	Security and monitoring services	249,800	504,836	462,160	42,676
53	Data processing services	1,075,346	1,184,904	1,122,158	62,746
71	Debt service	3,815,528	4,502,755	4,173,317	329,438
Total Expenses		65,391,724	67,372,997	65,284,323	2,088,674
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	164,726	164,726
Total Non-Operating Revenues (Expenses)		-	-	164,726	164,726
Change in net assets		1,137,643	2,089,963	4,438,501	2,348,538
Net Assets, Beginning of Year		15,331,700	15,331,700	15,331,700	-
Net Assets, End of Year		\$ 16,469,343	\$ 17,421,663	\$ 19,770,201	\$ 2,348,538

**HARMONY PUBLIC SCHOOLS****HOUSTON WEST****SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST****For the Year Ended June 30, 2023**

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
0101 JAS ALSTON, ACRES 5.006, Commercial Reserve A, The Shoppes At Eldridge Lake	13415 W Bellfort, Sugar Land, TX 77478	\$ 8,485,010	\$ -	\$ 8,084,515	\$ -
West Airport Commercial Subdivision Sec 1, BLOCK 1, ACRES 5.1, Reserve B-2 (Commercial),	13522 W Airport BLVD, Sugar Land, TX 77478	4,831,120	-	15,666,000	-
Grand Corner Reserves, BLOCK 1, ACRES 8, Unrestricted Reserve A (Part), In Fort Bend ESD No 4, Grand Corner Reserves Partial Replat No 1	22400 Grand Corner DR, Katy, TX 77494	18,826,970	-	12,680,339	-
CALDWOOD PLAZA BLOCK 1	4055 CALDER BEAUMONT, TX	1,612,810	-	4,735,906	-
Note (1)	Note (1)	-	350,672	53,535,490	54,286
<b>Total</b>		<b>\$ 33,755,910</b>	<b>\$ 350,672</b>	<b>\$ 94,702,250</b>	<b>\$ 54,286</b>

Note (1) - Property is not owned by HPS. As such, the appraised value is not reflected for capitalized improvements.

**HARMONY PUBLIC SCHOOLS****HOUSTON WEST****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$4,632,378
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$2,726,772
<b>Section B: Bilingual Education Programs</b>		
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.	\$ 777,906
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 879,910

**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
**For the Year Ended June 30, 2023**

<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 FY</u>	<u>Principal Balance Due</u>
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing	Financial	Sub-licensing Harmony Public Schools	N/A	N/A	\$ -	\$ -



**HARMONY PUBLIC SCHOOLS**  
**HOUSTON WEST**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
**For the Year Ended June 30, 2023**

<u>Related Party Name</u>	<u>Name of Relation of 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 FY</u>
Harmony Education Solutions	The Board of Harmony Public Schools	Trademark Licensing			N/A		\$ -



**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 2,505,831	\$ 4,544,392
Restricted cash	50,050	50,167
Investments	6,993,152	5,784,804
Receivables	774,672	709,166
Other receivables	583,124	47,851
Prepays	934,622	1,019,018
<b>Total Current Assets</b>	<b>11,841,451</b>	<b>12,155,398</b>
<b>Property and Equipment:</b>		
Buildings and improvements	3,134,621	1,718,633
Furniture and equipment	2,424,939	2,273,874
Construction in progress	-	1,116,802
	5,559,560	5,109,309
Less: Accumulated depreciation	(2,688,894)	(2,370,872)
	2,870,666	2,738,437
<b>Other Assets:</b>		
Deposits	3,297	-
<b>Total Assets</b>	<b>\$ 14,715,414</b>	<b>\$ 14,893,835</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 653,564	\$ 677,734
Accrued liabilities	122,383	2,078,433
Wages payable	2,283,160	2,048,140
Payroll taxes payable	871,470	809,229
Interest payable	24,171	78,038
Deferred revenue	85,446	-
Current portion of bonds payable	41,242	27,012
<b>Total Current Liabilities</b>	<b>4,081,436</b>	<b>5,718,586</b>
<b>Long-term Liabilities:</b>		
Notes payable net of current portion	433,986	158,986
Bonds payable net of premium, discount, issuance costs and current portion	1,408,182	1,455,734
<b>Total Liabilities</b>	<b>5,923,604</b>	<b>7,333,306</b>
<b>Net Assets:</b>		
Without donor restrictions	8,791,810	7,560,529
<b>Total Net Assets</b>	<b>8,791,810</b>	<b>7,560,529</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,715,414</b>	<b>\$ 14,893,835</b>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	2022
<b>Revenues</b>				
<b>Local Support:</b>				
Other Revenues from local sources	\$ 32,528,015	\$ -	\$ 32,528,015	\$ 28,783,029
<b>Total Local Support</b>	<u>32,528,015</u>	<u>-</u>	<u>32,528,015</u>	<u>28,783,029</u>
<b>Federal Program Revenues:</b>				
Federal revenues distributed directly from the Federal Government	-	5,845,230	5,845,230	6,462,496
<b>Total Federal Program Revenues</b>	<u>-</u>	<u>5,845,230</u>	<u>5,845,230</u>	<u>6,462,496</u>
<b>Net assets released from restrictions:</b>				
Restrictions satisfied by payments	5,845,230	(5,845,230)	-	-
<b>Total Revenues</b>	<u>38,373,245</u>	<u>-</u>	<u>38,373,245</u>	<u>35,245,525</u>
<b>Expenses</b>				
Instruction	355,757	-	355,757	297,078
Curriculum development and instructional staff development	4,245,840	-	4,245,840	5,091,972
Instructional leadership	3,214,673	-	3,214,673	3,504,862
School leadership	49,809	-	49,809	118,955
Guidance, counseling and evaluation services	10,673	-	10,673	10,453
Food services	3,558	-	3,558	3,484
General administration	22,150,134	-	22,150,134	19,270,982
Plant maintenance and operations	4,461,112	-	4,461,112	3,756,646
Security and monitoring services	31,994	-	31,994	32,253
Data processing services	2,441,007	-	2,441,007	2,640,458
Debt service	311,226	-	311,226	123,848
<b>Total Expenses</b>	<u>37,275,783</u>	<u>-</u>	<u>37,275,783</u>	<u>34,850,991</u>
Change in net assets from operations	\$ 1,097,462	\$ -	\$ 1,097,462	\$ 394,534
<b>Non-Operating Revenues (Expenses)</b>				
Gain (Loss) on sale of investments	133,819	-	133,819	(101,661)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>133,819</u>	<u>-</u>	<u>133,819</u>	<u>(101,661)</u>
<b>Total Change in Net Assets</b>	<u>1,231,281</u>	<u>-</u>	<u>1,231,281</u>	<u>292,873</u>
<b>Net Assets, Beginning of Year</b>	<u>7,560,529</u>	<u>-</u>	<u>7,560,529</u>	<u>7,267,656</u>
<b>Net Assets, End of Year</b>	<u>\$ 8,791,810</u>	<u>\$ -</u>	<u>\$ 8,791,810</u>	<u>\$ 7,560,529</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,231,281	\$ 292,873
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	318,022	265,214
Amortization - premium on bonds	(7,482)	(2,470)
Amortization - bond issuance costs	1,172	7,826
(Increase) Decrease in receivables	(65,506)	1,148,695
(Increase) Decrease in other receivables	(535,273)	(30,081)
(Increase) Decrease in deposits	(3,297)	
(Increase) Decrease in prepaids	84,396	(932,813)
Increase (Decrease) in accounts payable	(24,170)	(103,310)
Increase (Decrease) in wages payable	235,020	90,030
Increase (Decrease) in payroll taxes payable	62,241	(80,183)
Increase (Decrease) in accrued liabilities	(1,956,050)	(2,603,820)
Increase (Decrease) in interest payable	(53,867)	(784)
Increase (Decrease) in deferred revenue	85,446	
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(628,067)</b>	<b>(1,948,823)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(450,251)	(328,317)
Sale (purchase) of investments	(1,208,348)	94,559
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,658,599)</b>	<b>(233,758)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from bonds	-	245,345
Proceeds from note payable	275,000	118,164
Repayment of bonds	(27,012)	(219,895)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>247,988</b>	<b>143,614</b>
Net increase (decrease) in cash	(2,038,678)	(2,038,967)
<b>Cash at Beginning of Year</b>	<b>4,594,559</b>	<b>6,633,526</b>
<b>Cash at End of Year</b>	<b>\$ 2,555,881</b>	<b>\$ 4,594,559</b>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 2,505,831	\$ 4,544,392
Restricted Cash	50,050	50,167
<b>Total Cash per the Statement of Financial Position</b>	<b>\$ 2,555,881</b>	<b>\$ 4,594,559</b>
<b>Supplemental Disclosures</b>		
Cash paid during the year for:		
Interest	\$ 70,185	\$ 106,316

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**SCHEDULE OF EXPENSES**  
**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

		<u>2023</u>	<u>2022</u>
	<b>Expenses</b>		
6100	Payroll costs	\$ 19,802,120	\$ 18,261,040
6200	Professional and contracted services	11,236,901	11,490,929
6300	Supplies and materials	683,950	1,204,577
6400	Other operating costs	5,241,586	3,770,597
6500	Debt	311,226	123,848
		<u>                    </u>	<u>                    </u>
	<b>Total Expenses</b>	<u>\$ 37,275,783</u>	<u>\$ 34,850,991</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**SCHEDULE OF CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 2,505,831	\$ 50,050	\$ -
1120	Investments	-	6,993,152	-
1520	Buildings and improvements	-	3,134,621	-
1539	Furniture and equipment	-	2,424,939	-
<b>Total Property and Equipment</b>		<b>\$ 2,505,831</b>	<b>\$ 12,602,762</b>	<b>\$ -</b>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2023**

		Budgeted Amounts		Actual Amounts	Variance from Final Budget
		Original	Final		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 31,844,040	\$ 32,225,278	\$ 32,528,015	\$ 302,737
Total Local Support		31,844,040	32,225,278	32,528,015	302,737
Federal Program Revenues:					
5940	Federal revenues distributed directly from the Federal Government	5,619,652	5,619,652	5,845,230	225,578
Total Federal Program Revenues		5,619,652	5,619,652	5,845,230	225,578
Total Revenues		37,463,692	37,844,930	38,373,245	528,315
Expenses					
11	Instruction	518,750	537,078	355,757	181,321
13	Curriculum development and instructional staff development	5,067,664	5,280,819	4,245,840	1,034,979
21	Instructional leadership	3,092,833	2,866,621	3,214,673	(348,052)
23	School leadership	87,500	49,809	49,809	-
31	Guidance, counseling and evaluation services	18,750	10,673	10,673	-
35	Food services	6,250	3,558	3,558	-
41	General administration	21,680,745	22,176,262	22,150,134	26,128
51	Plant maintenance and operations	4,432,762	4,406,430	4,461,112	(54,682)
52	Security and monitoring services	84,100	71,875	31,994	39,881
53	Data processing services	2,402,220	2,369,688	2,441,007	(71,319)
71	Debt service	72,118	72,117	311,226	(239,109)
81	Facilities acquisition and construction	-	27,418	-	27,418
Total Expenses		37,463,692	37,872,348	37,275,783	596,565
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	133,819	133,819
Total Non-Operating revenues (expenses)		-	-	133,819	133,819
Change in net assets		-	(27,418)	1,231,281	1,258,699
Net Assets, Beginning of Year		7,560,529	7,560,529	7,560,529	-
Net Assets, End of Year		\$ 7,560,529	\$ 7,533,111	\$ 8,791,810	\$ 1,258,699



## **FEDERAL AWARDS SECTION**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To The Board of Directors of  
Harmony Public Schools

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 Harmony Public Schools ("HPS") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 November 11, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered HPS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HPS's internal control. Accordingly, we do not express an opinion on the effectiveness of HPS'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. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether HPS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. These procedures performed included tests designed to verify Harmony Public School's compliance with the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) during the fiscal year ended June 30, 2023. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors of  
Harmony Public Schools

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
November 11, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To The Board of Directors of  
Harmony Public Schools

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Program***

We have audited Harmony Public Schools' ("HPS") (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 HPS's major federal programs for the year ended June 30, 2023. HPS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, HPS's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to HPS's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding HPS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of HPS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of HPS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

To the Board of Directors of  
Harmony Public Schools

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

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
November 11, 2023

**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2023**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness( es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness( es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with 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 programs:**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number ( ALN)</u>
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**U.S. Federal Communications Commission**

<i>Emergency Connectivity Fund</i>	32.009
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**US Department of Education**

<i>Training Instructional Leadership Team (TILT/TISL) and Teacher Incentive Fund</i>	84.374
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425D
<i>American Rescue Plan (ARP) ESSER III - COVID-19</i>	84.425U
<i>TCLAS - ESSER III - COVID-19</i>	84.425U

**US Department of Agriculture**

Child Nutrition Cluster:	
<i>Supply Chain Assistance</i>	10.555
<i>School Breakfast Program (SBP)</i>	10.553
<i>National School Lunch Prg-NSLP</i>	10.555

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$3,000,000
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Auditee qualified as low risk auditee?	Yes
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## **HARMONY PUBLIC SCHOOLS**

### ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***

***For the Year Ended June 30, 2023***

#### **II. Financial Statement Findings**

None Reported

#### **III. Federal Awards Findings and Questioned Costs**

None Reported

**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

Page 1 of 4

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<b>Direct:</b>			
<i>Education Innovation and Research (EIR)</i>	84.411B	U411B180014	\$ 2,007,571
<i>Teacher and School Leader Incentive (TSL)</i>	84.374A	S374A200021	11,751,930
<i>Replication and Expansion of High-Quality Charter School</i>	84.282M	S282M230019	55,806
<b>Pass-Through Texas Education Agency:</b>			
<i>Title I 1003 School Improvement</i>	84.010A	22610141161807	5,938
<i>Title I 1003 School Improvement</i>	84.010A	23610141161807	50,518
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	23610101227816	1,177,357
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	23610101161807	3,190,829
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	23610101071806	1,808,821
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	23610101101846	2,555,674
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	23610101101858	2,458,549
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	23610101101862	1,419,007
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	23610101015828	2,668,656
<i>Total ALN 84.010</i>			<u>15,335,349</u>
<i>IDEA-B Formula</i>	84.027A	236600012278166000	645,111
<i>IDEA-B Formula</i>	84.027A	236600011618076000	1,497,565
<i>IDEA-B Formula</i>	84.027A	236600010718066000	696,634
<i>IDEA-B Formula</i>	84.027A	236600011018466000	580,048
<i>IDEA-B Formula</i>	84.027A	236600011018586000	889,218
<i>IDEA-B Formula</i>	84.027A	236600011018626000	640,066
<i>IDEA-B Formula</i>	84.027A	236600010158286000	701,035
<i>IDEA-B Formula - American Rescue Plan (ARP) - COVID-19</i>	84.027A	225350012278165000	48,046
<i>Total Special Education Cluster (ALN 84.027)</i>			<u>5,697,723</u>
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	23694501227816	182,860
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part Teacher Leadership Cycle 2 Continuation</i>	84.367A	23694501161807	454,942
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part</i>	84.367A	226945797110009	55,892
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part</i>	84.367A	23694501071806	234,405
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part</i>	84.367A	23694501101846	267,478
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part</i>	84.367A	23694501101858	321,549
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part</i>	84.367A	23694501101862	202,602
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part</i>	84.367A	23694501015828	322,754
<i>Total ALN 84.367</i>			<u>2,042,482</u>

**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

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(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education (continued)</b>			
<b>Pass-Through Texas Education Agency (continued):</b>			
<i>Title III, Part A - ELA</i>	84.365A	23671001227816	230,415
<i>Title III, Part A - ELA</i>	84.365A	23671001161807	341,798
<i>Title III, Part A - ELA</i>	84.365A	23671001071806	155,282
<i>Title III, Part A - ELA</i>	84.365A	23671001101846	144,599
<i>Title III, Part A - ELA</i>	84.365A	23671001101858	182,824
<i>Title III, Part A - ELA</i>	84.365A	23671001101862	121,703
<i>Title III, Part A - ELA</i>	84.365A	23671001015828	204,777
<i>Total ALN 84.365</i>			<u>1,381,398</u>
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	23680101227816	101,727
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	23680101161807	229,631
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	23680101071806	122,727
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	23680101101846	155,497
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	23680101101858	150,882
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	23680101101862	88,243
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	23680101015828	174,460
<i>Total ALN 84.424</i>			<u>1,023,167</u>
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425D	22680101227816	1,914,302
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425D	21521001161807	4,522,188
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425D	21521001071806	1,656,037
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425D	21521001101846	4,072,198
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425D	21521001101858	1,451,511
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425D	21521001101862	1,738,638
<i>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II - COVID-19</i>	84.425U	21521001015828	4,010,102

**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

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(1) Federal Grantor/Pass Through Grantor Program Title	(2) Federal Assistance	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. Department of Education (continued)</b>			
<b>Pass-Through Texas Education Agency (continued):</b>			
American Rescue Plan (ARP) ESSER III - COVID-19	84.425U	21528001227816	3,354,396
American Rescue Plan (ARP) ESSER III - COVID-19	84.425U	21528001161807	5,758,282
American Rescue Plan (ARP) ESSER III - COVID-19	84.425U	21528001071806	4,351,964
American Rescue Plan (ARP) ESSER III - COVID-19	84.425U	21528001101846	1,742,541
American Rescue Plan (ARP) ESSER III - COVID-19	84.425U	21528001101858	5,692,543
American Rescue Plan (ARP) ESSER III - COVID-19	84.425U	21528001101862	2,077,463
American Rescue Plan (ARP) ESSER III - COVID-19	84.425U	21528001015828	3,776,291
TCLAS - ESSER III - COVID-19	84.425U	21528042227816	337,549
TCLAS - ESSER III - COVID-19	84.425U	21528042161807	204,288
TCLAS - ESSER III - COVID-19	84.425U	21528042071806	206,376
TCLAS - ESSER III - COVID-19	84.425U	21528042101846	257,667
TCLAS - ESSER III - COVID-19	84.425U	21528042101858	323,249
TCLAS - ESSER III - COVID-19	84.425U	21528042101862	318,009
TCLAS - ESSER III - COVID-19	84.425U	21528042015828	65,239
Total ALN 84.425			47,830,833
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006227816	37,042
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006161807	128,074
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006071806	46,930
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006101846	46,626
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006101858	90,736
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006101862	57,169
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006015828	93,699
Total ALN 84.048			500,276
LEP Summer School	84.369A	69552102	10,072
LEP Summer School	84.369A	69552202	11,833
LEP Summer School	84.369A	69552102	1,439
LEP Summer School	84.369A	69552202	8,875
LEP Summer School	84.369A	69552102	2,878
LEP Summer School	84.369A	69552202	2,958
LEP Summer School	84.369A	69552102	4,317
LEP Summer School	84.369A	69552202	4,438
LEP Summer School	84.369A	69552102	5,755
LEP Summer School	84.369A	69552202	5,917
LEP Summer School	84.369A	69552102	2,878
LEP Summer School	84.369A	69552202	2,958
LEP Summer School	84.369A	69552002	1,439
LEP Summer School	84.369A	69552002	4,438
Total ALN 84.369			70,195
<b>Total U.S. Department of Education</b>			<b>87,696,729</b>

**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

(1) Federal Grantor/Pass Through Grantor Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
<b>Direct:</b>			
2021-23 COVID-19 PHW Supplemental Funding	93.354	HHS001101500001/ 223934017110004	4,920
2021-23 COVID-19 PHW Supplemental Funding	93.354	HHS001101500001/ 223934017110004	65,507
2021-23 COVID-19 PHW Supplemental Funding	93.354	HHS001101500001/22393 4017110020	42,921
Total ALN 93.354			113,348
<b>Passed-Through Texas Education Agency:</b>			
ELC Reopening Schools School Health Support Grant - COVID-19	93.323	39352201	8,332
ELC Reopening Schools School Health Support Grant - COVID-19	93.323	39352201	8,385
ELC Reopening Schools School Health Support Grant - COVID-19	93.323	39352201	1,674
ELC Reopening Schools School Health Support Grant - COVID-19	93.323	39352201	7,523
ELC Reopening Schools School Health Support Grant - COVID-19	93.323	39352201	5,458
ELC Reopening Schools School Health Support Grant - COVID-19	93.323	39352201	9,001
ELC Reopening Schools School Health Support Grant - COVID-19	93.323	39352201	4,616
Total ALN 93.323			44,989
<b>Total U.S. Department of Health and Human Services</b>			<b>158,337</b>
<b>U.S. Department of Agriculture</b>			
<b>Passed-Through Texas Department of Agriculture:</b>			
<i>National School Lunch Program - USDA Commodities:</i>			
Supply Chain Assistance Grant	10.555	236TX400N8903	254,133
Supply Chain Assistance Grant	10.555	236TX400N8903	422,899
Supply Chain Assistance Grant	10.555	236TX400N8903	361,914
Supply Chain Assistance Grant	10.555	236TX400N8903	213,796
Supply Chain Assistance Grant	10.555	236TX400N8903	309,657
Supply Chain Assistance Grant	10.555	236TX400N8903	247,395
Supply Chain Assistance Grant	10.555	236TX400N8903	279,273
<b>Passed-Through Texas Education Agency:</b>			
<u>Federal Food Service Reimbursement:</u>			
School Breakfast Program (SBP)	10.553	236TX332N1099	191,034
School Breakfast Program (SBP)	10.553	236TX332N1099	591,304
School Breakfast Program (SBP)	10.553	236TX332N1099	286,860
School Breakfast Program (SBP)	10.553	236TX332N1099	190,727
School Breakfast Program (SBP)	10.553	236TX332N1099	496,981
School Breakfast Program (SBP)	10.553	236TX332N1099	396,363
School Breakfast Program (SBP)	10.553	236TX332N1099	168,333
National School Lunch Prg-NSLP	10.555	236TX332N1099	1,125,339
National School Lunch Prg-NSLP	10.555	236TX332N1099	2,827,993
National School Lunch Prg-NSLP	10.555	236TX332N1099	1,780,622
National School Lunch Prg-NSLP	10.555	236TX332N1099	926,590
National School Lunch Prg-NSLP	10.555	236TX332N1099	1,879,802
National School Lunch Prg-NSLP	10.555	236TX332N1099	1,946,235
National School Lunch Prg-NSLP	10.555	236TX332N1099	944,100
Total Child Nutrition Cluster (10.553,10.555)			15,841,350
<b>Total U. S. Department of Agriculture</b>			<b>15,841,350</b>
<b>Federal Communications Commission:</b>			
<b>Direct Program:</b>			
COVID-19 - Emergency Connectivity Fund	32.009	ECF202108682	16,100
COVID-19 - Emergency Connectivity Fund	32.009	ECF202108682	42,140
COVID-19 - Emergency Connectivity Fund	32.009	ECF202108682	111,300
COVID-19 - Emergency Connectivity Fund	32.009	ECF202108682	15,960
COVID-19 - Emergency Connectivity Fund	32.009	ECF202108682	184,800
COVID-19 - Emergency Connectivity Fund	32.009	ECF202108682	32,200
COVID-19 - Emergency Connectivity Fund	32.009	ECF202108682	115,500
Total ALN 32.009			518,000
<b>Total Federal Communications Commission</b>			<b>518,000</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 104,214,416</b>



## **HARMONY PUBLIC SCHOOLS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

#### **Note 1 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of HPS under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of HPS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HPS.

#### **Note 3 - Indirect Cost Rate**

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. HPS has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **Note 4 - Title I, Part A Transferability**

As described in the U.S. Department of Education Cross-Cutting Section (ALN 84.000), Sections II.B.3 Activities *Allowed or Unallowed - Transferability (SEAs and LEAs)* and IV.3 *Other Information - Transferability* of the 2023 OMB Compliance Supplement, expenditures of funds should be included in the audit universe and total expenditures of the receiving program. For fiscal year 2023, HPS transferred 100% Title IV, Part A (ALN 84.424) and Title II, Part A (ALN 84.367A) expenditures to its Title I, Part A (ALN 84.010A) program as submitted to the Texas Education Agency in its consolidated application and as denoted on the Schedule of Expenditures of Federal Awards. As such, Title IV, Part A (ALN 84.424) and Title II, Part A (ALN 84.367A) were included as part of Title I, Part A (ALN 84.010).

**HARMONY PUBLIC SCHOOLS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
***For the Year Ended June 30, 2023***

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

**I. Prior Audit Findings**

None Noted



## **HARMONY PUBLIC SCHOOLS**

### ***CORRECTIVE ACTION PLAN***

***For the Year Ended June 30, 2023***

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

#### **I. Corrective Action Plan**

Not Applicable