ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS

CONSOLIDATED FINANCIAL STATEMENTS WITH COMPLIANCE REPORTING

August 31, 2019 and 2018

Randy Walker & Co., Certified Public Accountants

ORENDA EDUCATION
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CONSOLIDATED FINANCIAL STATEMENTS WITH COMPLIANCE REPORTING
August 31, 2019 and 2018

Table of Contents

Certificate of Board	1
Independent Auditor's Report	2-3
General-Purpose Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statements of Cash Flows	7
Notes to Financial Statements	8-21
Specific-Purpose Financial Statements	
Statements of Financial Position	
Orenda Education (Charter Holder)	22
Orenda Education (Charter School)	23
Statement of Activities	
Orenda Education (Charter Holder)	24
Orenda Education (Charter School)	25
Statements of Cash Flows	
Orenda Education (Charter Holder)	26
Orenda Education (Charter School)	27
Schedule of Expenses	28
Schedule of Capital Assets	29
Budgetary Comparison Schedule	30
Supplementary Information	
Consolidating Statement of Financial Position	31
Consolidating Statement of Activities	32
Consolidating Statement of Functional Expenses	33
Other Required Reporting	
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*	34-35

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS

Federal Employer Identification Number: 74-2774612

Certificate of Board

We, the undersigned, certify that the attached annual financial reports of the above-named charter holder were reviewed and (check one) ✓ approved _____ disapproved for the year ended August 31, 2019, at a meeting of the Board of Directors of such charter holder on the 13th day of January, 2020.

Signature of Board Secretary

Signature of Board President

If the Board of Directors disapproved the auditor's report, the reason(s) for disapproving it is (are): (attach list as necessary)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orenda Education dba Orenda
Charter Schools
Georgetown, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Orenda Education (the Charter Holder) dba Orenda Charter Schools, a nonprofit organization, which comprise the consolidated statements of financial position as of August 31, 2019 and 2018, and the related consolidated statements of activities (with comparative totals for 2018), functional expenses (with comparative totals for 2018), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Charter Holder as of August 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

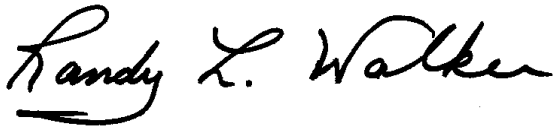
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The specific-purpose consolidated financial statements on pages 22-30 and the supplementary schedules on pages 31-33 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2020 on pages 34-35 on our consideration of the Charter Holder's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standar*ds in considering the Charter Holder's internal control over financial reporting and compliance.



San Antonio, Texas
January 13, 2020

GENERAL-PURPOSE FINANCIAL STATEMENTS

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 9,752,599**	$ 18,847,330
Accounts Receivable	**40,360**	22,347
Due from Texas Education Agency	**1,285,062**	1,268,389
Prepaid Expenses	**145,358**	207,621
Total Current Assets	**11,223,379**	20,345,687
LONG-TERM ASSETS		
Restricted Cash	**4,467,372**	4,555,249
Investments	**1,482,700**	1,443,393
Sinking Fund for Bonds Payable	**1,357,586**	1,181,587
Property and Equipment, net	**41,245,920**	32,559,393
Total Long-Term Assets	**48,553,578**	39,739,622
TOTAL ASSETS	**$ 59,776,957**	$ 60,085,309
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 782,506**	$ 2,508,803
Accrued Expenses	**844,670**	774,682
Due to Texas Education Agency	**18,609**	79,960
Deferred Revenue	**45,094**	32,669
Other Liabilities	**55,386**	56,620
Loan Payable - current	**16,045**	15,573
Bonds Payable - current	**790,000**	755,000
Total Current Liabilities	**2,552,310**	4,223,307
LONG-TERM LIABILITIES		
Loan Payable - long-term	**2,705**	18,736
Bonds Payable - long-term, net	**44,658,663**	45,190,300
Total Long-Term Liabilities	**44,661,368**	45,209,036
TOTAL LIABILITIES	**47,213,678**	49,432,343
NET ASSETS		
Without Donor Restrictions	**7,460,626**	5,547,451
With Donor Restrictions	**5,102,653**	5,105,515
TOTAL NET ASSETS	**12,563,279**	10,652,966
TOTAL LIABILITIES AND NET ASSETS	**$ 59,776,957**	$ 60,085,309

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

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2019
(with comparative totals for 2018)

	2019			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2018 Total
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
Contributions	$ 565,817	$ 4,681	**$ 570,498**	$ 577,629
Food Service Activity	394,024	-	**394,024**	354,459
Miscellaneous Revenue from Intermediate Sources	269,316	-	**269,316**	236,212
Interest Income	268,582	-	**268,582**	362,644
E-Rate Revenue	106,953	-	**106,953**	72,201
Athletic Activities	31,443	-	**31,443**	31,707
Earnings from Temporary Deposits and Investments	5,337	-	**5,337**	3,540
Total Local Support	1,641,472	4,681	**1,646,153**	1,638,392
State Program Revenues:				
Foundation School Program Act Revenues	-	15,049,358	**15,049,358**	13,659,019
State Program Revenues Distributed by Texas Education Agency	-	175,046	**175,046**	147,239
Total State Program Revenues	-	15,224,404	**15,224,404**	13,806,258
Federal Program Revenues:				
Federal Revenues Distributed by Texas Education Agency	-	446,356	**446,356**	514,404
Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	15,728	**15,728**	31,745
Total Federal Program Revenues	-	462,084	**462,084**	546,149
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	15,694,031	(15,694,031)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	17,335,503	(2,862)	**17,332,641**	15,990,799
OPERATING EXPENSES	15,540,451	-	**15,540,451**	14,895,793
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	1,795,052	(2,862)	**1,792,190**	1,095,006
NON-OPERATING ACTIVITY				
Investment Income	28,813	-	**28,813**	93,302
Unrealized Gain (Loss) on Escrow	90,340	-	**90,340**	(161,455)
Loss on Sale of Asset	(1,030)	-	**(1,030)**	-
TOTAL NON-OPERATING ACTIVITY	118,123	-	**118,123**	(68,153)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	1,913,175	(2,862)	**1,910,313**	1,026,853
NET ASSETS, Beginning of Year	5,547,451	5,105,515	**10,652,966**	9,626,113
NET ASSETS, End of Year	$ 7,460,626	$ 5,102,653	**$ 12,563,279**	$ 10,652,966

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

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2019
(with comparative totals for 2018)

	2019				
	Program	General and Administrative	Fundraising	Total	2018 Total
OPERATING EXPENSES					
Salaries	$ 6,360,161	$ 1,399,235	$ 190,805	**$ 7,950,201**	$ 7,657,011
Payroll Taxes and Benefits	807,577	162,691	9,801	**980,069**	917,662
Total Payroll Expenses	7,167,738	1,561,926	200,606	**8,930,270**	8,574,673
Interest	1,864,768	98,146	-	**1,962,914**	1,973,227
Depreciation	815,740	42,934	-	**858,674**	585,600
Rental Expense	694,275	74,579	-	**768,854**	873,857
Utilities	477,212	23,535	-	**500,747**	458,311
General Supplies	455,554	31,718	696	**487,968**	562,521
Contract Labor	403,769	77,782	-	**481,551**	430,534
Instructional Materials	352,793	-	-	**352,793**	147,753
Maintenance and Repair	325,681	4,552	-	**330,233**	333,731
Amortization of Bond Issue Costs	245,444	12,918	-	**258,362**	258,362
Food	171,925	-	-	**171,925**	238,723
Miscellaneous	69,210	81,303	8,592	**159,105**	142,813
Insurance and Bonding	7,624	87,680	-	**95,304**	85,640
Travel	63,331	21,110	-	**84,441**	111,365
Professional Fees	-	36,041	1,346	**37,387**	51,593
Educational Service Center	23,367	3,803	-	**27,170**	26,623
Gas and Fuel	19,530	-	-	**19,530**	26,868
Dues and Subscriptions	2,248	10,975	-	**13,223**	10,240
Equipment	-	-	-	-	3,359
TOTAL OPERATING EXPENSES	$ 13,160,209	$ 2,169,002	$ 211,240	**$ 15,540,451**	$ 14,895,793

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

ORENDA EDUCATION
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CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets From Operations	**$ 1,910,313**	$ 1,026,853
Adjustments to Reconcile Net Excess to Net Cash		
Provided by Operations:		
Loss on Sale of Fixed Asset	**1,030**	-
Depreciation and Amortization	**1,117,036**	843,962
Investment Income	**(28,813)**	(93,302)
(Increase) Decrease in Assets:		
Accounts Receivable	**(18,013)**	(11,149)
Due from Texas Education Agency	**(16,673)**	(406,330)
Prepaid Expenses	**62,263**	69,592
(Decrease) Increase in Liabilities:		
Accounts Payable	**(1,726,297)**	1,861,535
Accrued Expenses	**69,988**	132,007
Due to Texas Education Agency	**(61,351)**	(33,822)
Deferred Revenue	**12,425**	23,812
Other Liabilities	**(1,234)**	381
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,320,674**	3,413,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(9,564,230)**	(15,062,439)
Proceeds from Sale of Fixed Asset	**18,000**	-
Purchases of Investments	**(10,494)**	(8,681)
NET CASH USED BY INVESTING ACTIVITIES	**(9,556,724)**	(15,071,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	**(15,559)**	(15,095)
Payments into Sinking Fund	**(175,999)**	(176,592)
Payments on Bonds Payable	**(755,000)**	(300,000)
NET CASH USED BY FINANCING ACTIVITIES	**(946,558)**	(491,687)
NET DECREASE IN CASH FLOWS	**(9,182,608)**	(12,149,268)
CASH AND CASH EQUIVALENTS, Beginning of Year	**18,847,330**	30,658,297
RESTRICTED CASH, Beginning of Year	**4,555,249**	4,893,550
LESS RESTRICTED CASH, End of Year	**(4,467,372)**	(4,555,249)
CASH AND CASH EQUIVALENTS, End of Year	**$ 9,752,599**	$ 18,847,330
Supplemental Disclosures:		
Interest	**$ 1,962,914**	$ 1,973,227

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

Note 1 - Nature of Business and Significant Accounting Policies

Reporting Entity and Corporate Operations

Orenda Education (the Charter Holder) dba Orenda Charter Schools is a not-for-profit organization incorporated in the State of Texas in 1995. The Charter Holder is governed by a Board Directors comprised of five members. The Board of Directors is selected pursuant to the bylaws of the Charter Holder and has the authority to make decisions, appoint the chief executive officer of the Charter Holder, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter Holder.

In 2001, the State Board of Education of the State of Texas granted the organization an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the charter application Contract for Charter, Orenda Charter School (the School) was opened for the academic year 2002-2003. It was organized to provide educational services to students in grades Kindergarten through 12th grade, and the organization's Board of Directors governs its programs, services, activities, and functions.

As of August 31, 2019, the School operates five campus locations. Since the Charter Holder receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Principles of Consolidation

The accompanying consolidated financial statements as of August 31, 2019 and 2018, include the financial statements of the Charter Holder and the School. Intercompany transactions and balances have been eliminated in the consolidation.

Basis of Presentation

The consolidated financial statements of the Charter Holder have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The more significant of the Charter Holder's accounting policies are described below:

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with GAAP.

The Charter Holder is required to report information regarding its financial position and activities according to two classes of net assets:

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than the Charter Holder's mission and purpose. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Grant Funds

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require a refund of all or part of the unused amount.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Charter Holder is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Charter Holder is also exempt from income and sales taxes. As of August 31, 2019, the tax years that remain subject to examination by taxing authorities begin with 2016.

Cash and Cash Equivalents

For consolidated financial statement purposes, the Charter Holder considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Restricted Cash

Restricted cash represents a portion of proceeds from a bond issuance (see Note 13) that are not available for operating purposes. The restricted cash is being held in a reserve account to pay off the Series 2011A bond under an optional redemption provision in the bond indenture that allows for the bond to be paid off on August 15, 2021 instead of on the original maturity date of August 15, 2041. At August 31, 2019 and 2018, restricted cash totaled $4,467,372 and $4,555,249, respectively.

Investments

Investments are comprised primarily of certificates of deposit and mutual funds that are recorded at fair value based on quoted market prices. There were no investment fees for the years ended August 31, 2019 and 2018. All dividends, interest, and unrealized gains are reported as investment income in the accompanying consolidated statement of activities.

Contributions

The Charter Holder accounts for contributions as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment are defined as assets with an individual cost of more than $5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from four to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

Subsequent Events

The Charter Holder has evaluated subsequent events through January 13, 2020, which is the date the financial statements were available to be issued.

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the services and other activities of the Charter Holder have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as supplies, depreciation, maintenance and repair, and various other expenses which are allocated on the basis of square footage or some other reasonable basis.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect this new standard will have on its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2020. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued Accounting Standard Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017 with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. The Charter Holder early adopted this new pronouncement effective September 1, 2017.

Note 2 - Due from/to State and Federal Government

At August 31, 2019 and 2018, the School had $1,285,062 and $1,268,389, respectively, in receivables due from Texas Education Agency (TEA) related to various state grants and Foundation School Program (FSP) revenue. All amounts receivable are deemed by management to be fully collectible; therefore, no allowance for uncollectible accounts is considered necessary. At August 31, 2019 and 2018, the School had $18,609 and $79,960, respectively, due to TEA for settle-up of FSP revenue.

Note 3 - Concentration of Credit Risk

The Charter Holder maintains several cash and investment accounts in various financial institutions and investment companies. Cash account balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per bank. The Charter Holder also has an agreement with its bank institutions where the banks provide pledged collateral in the Charter Holder's name in the event deposits exceed FDIC limits. Therefore, the Charter Holder has no uninsured cash balances. Investment account balances are insured by the Securities Investor Protection Corporation up to $500,000. At August 31, 2019 and 2018, respectively, uninsured investment account balances totaled $548,855 and $518,019, not including reconciling items.

Note 4 - Commitments and Contingencies

The Charter Holder 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 TEA and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Charter Holder have complex compliance requirements, and, should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by TEA or the grantor agency.

Note 5 - Regulated Industry

The majority of the Charter Holder's activities and revenues are a result of contracts with TEA. The Charter Holder's operations are concentrated in the education field. As such, the Charter Holder operates in a heavily regulated environment. The operations of the Charter Holder are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, TEA. Such administrative directives, rules, and regulations are subject to change by an act of Congress, an act of the state legislature, or an administrative change mandated by TEA. Funding may be changed or decreased as a result of the above legislative or administrative changes.

Note 6 - Health and Life Insurance Coverage

During the years ended August 31, 2019 and 2018, employees of the School were covered by a health insurance plan and life insurance plan. The School contributed $367 and $351 per employee per month to the health plan during the years ended August 31, 2019 and 2018, respectively. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers. The School pays $1.17 per employee per month for life insurance. The School's contributions towards health and life insurance were $585,353 and $531,037 for the years ended August 31, 2019 and 2018, respectively.

Note 7 - Investments

Investments held consisted of the following at August 31:

	Orenda Education (Charter Holder)			
	2019		2018	
	Fair Value	**Cost**	Fair Value	Cost
Cash/Money Accounts	**$ 124,796**	**$ 124,796**	$ 779	$ 779
Certificates of Deposit	**-**	**-**	120,882	121,000
Stocks	**5,690**	**1,255**	-	-
Mutual Funds	**1,043,165**	**927,364**	1,018,019	873,984
Total	**$ 1,173,651**	**$1,053,415**	$1,139,680	$ 995,763

	Orenda Charter School			
	2019		2018	
	Fair Value	**Cost**	Fair Value	Cost
Cash/Money Accounts	**$ 27,849**	**$ 27,849**	$ 1,178	$ 1,178
Fixed Income - CDs	**281,200**	**280,951**	302,535	302,741
Total	**$ 309,049**	**$ 308,800**	$ 303,713	$ 303,919

Investment income consisted of the following at August 31:

	Orenda Education (Charter Holder)	
	2019	2018
Interest/Dividends	**$ 24,230**	$ 19,240
Unrealized Gain	**4,583**	74,062
Total	**$ 28,813**	$ 93,302

	Orenda Charter School	
	2019	2018
Interest/Dividends	**$ 4,660**	$ 2,603
Unrealized Gain	**677**	937
Total	**$ 5,337**	$ 3,540

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions were for the following purposes at August 31:

	2019	2018
Gateway Tech High School	**$ 2,200**	$ -
Kingsland School	**8,559**	8,058
New Horizons School	**100**	100
GWCP - Kinder	**150**	150
GWCP - Robotics	**1,050**	1,050
GWCP - Swim Program	**41**	41
GWCP - Video Board	**500**	-
GWCP – Lacrosse Scholarship	**1,171**	1,091
TTR Miscellaneous	**2,000**	-
TX Educator Excellence Grant	**3,500**	-
Foundation School Program	**5,083,382**	5,095,025
Total	**$ 5,102,653**	$ 5,105,515

Net assets released from restrictions are reflected in the consolidated statement of activities and include amounts capitalized as fixed assets**.**

Note 9 - Property and Equipment

Property and equipment consisted of the following at August 31:

	Orenda Education (Charter Holder)	
	2019	2018
Land and Improvements, net	**$ 1,161,622**	$ 1,161,622
Construction in Progress	**-**	15,913,954
Buildings and Improvements	**41,250,407**	16,551,624
Furniture and Equipment	**50,085**	44,253
	42,462,114	33,671,453
Less Accumulated Depreciation	**(2,583,891)**	(1,883,521)
Total	**$ 39,878,223**	$ 31,787,932

As of August 31, 2019, and 2018, land and improvements of $1,161,622 is net of $140,471 in escrow funds received for future roadway improvements. These funds consist of $137,716 used to obtain a certificate of deposit as collateral for a letter of credit with a local financial institution and 2% for bank fees. The beneficiary of the letter of credit is the City of Georgetown.

Note 9 - Property and Equipment (continued)

	Orenda Charter School	
	2019	2018
Buildings and Improvements	**$ 992,991**	$ 912,900
Vehicles	**271,753**	331,844
Furniture and Equipment	**1,385,111**	691,632
	2,649,855	1,936,376
Less Accumulated Depreciation	**(1,282,158)**	(1,164,915)
Total	**$ 1,367,697**	$ 771,461

Depreciation expense for the years ended August 31, 2019 and 2018 was $858,674 and $585,600, respectively.

Note 10 - Long Term Debt

Long-term debt of the Charter Holder consisted of the following at August 31:

	2019	2018
Loan payable to Bank of America, due in monthly installments of principal and interest of $1,365.36; interest rate at 2.99%; maturing in October 2020, at which time all unpaid principal and interest is payable in full; secured by school bus.	**$ 18,750**	$ 34,309
Less Current Portion	**(16,045)**	(15,573)
Total Long-Term Debt	**$ 2,705**	$ 18,736

Future scheduled maturities of the loan payable are as follows:

For the Year Ending August 31,	
2020	$ 16,045
2021	2,705
Total	$ 18,750

Interest expense on this loan was $825 and $1,289 for the years ended August 31, 2019 and 2018, respectively.

Note 11 - Intercompany Transactions

The School reimburses the Charter Holder each month for certain expenses incurred to sponsor the school charter and to provide governance, executive planning, and financial and management services for the School. The total amount of these expenses was $81,500 and $155,000 for the years ended August 31, 2019 and 2018, respectively. This transaction is eliminated in the consolidated financial statements. However, the amount is reflected as professional services revenue in the statement of activities included in the specific purpose financial statements of the Charter Holder.

Furthermore, the School reimburses the Charter Holder for making the monthly bond payments for the Series A, B, and Q bonds. The total amount of these payments was $2,588,161 and $2,150,964 for the years ended August 31, 2019 and 2018, respectively. This transaction is eliminated in the consolidated financial statements. Because the Charter Holder is accepting the debt service payments in lieu of facility lease payments from the School, the amount is reflected as rent revenue in the statement of activities included in the specific purpose financial statements of the Charter Holder.

As of August 31, 2019, there was a payable from the Charter Holder to the School for $14,476. As of August 31, 2018, there was a payable from the School to the Charter Holder for $13,685. These payables were for intercompany activities such as bond loan payments and miscellaneous purchases. The intercompany payable and corresponding intercompany receivable are eliminated in the consolidated financial statements.

The Charter Holder and the School have adopted policies that address intercompany transactions.

Note 12 - Operating Leases

The School has multiple operating lease agreements for office equipment and instructional facilities with various expiration dates. The School also leases space as needed throughout the year for sports and extracurricular activities and events. Rent expense for the years ended August 31, 2019 and 2018 was $768,854 and $873,857, respectively.

The following is a schedule of the operating lease obligations subsequent to August 31, 2019:

Year Ending August 31,		
2020	$	427,847
2021		329,337
2022		251,667
2023		5,380
Total	$	1,014,231

Note 13 - Bonds Payable

The Charter Holder's obligations under bonds payable include Taxable Education Revenue Bonds (Series 2011Q) and Education Revenue Bonds (Series 2011A) issued through the Texas Public Finance Authority Charter School Finance Corporation, and Taxable Education Revenue Bonds (Series 2011B) issued through the Newark Cultural Education Facilities Finance Corporation. These bonds are dated December 1, 2011. The Series 2011Q and A bonds closed and funded on December 1, 2011, and the Series 2011B bonds closed and funded on December 15, 2011, with all proceeds being held by the Bank of Texas. The bonds' proceeds will be used for property acquisition and construction at the Gateway College Preparatory Campus and were underwritten by Piper Jaffray & Co. The interest rates on the bonds range from 7.25% to 8%, and the terms of the bonds range from nine to thirty years.

The Charter Holder's bond obligations also include Education Revenue Refunding Bonds (Series 2015A) and Taxable Education Revenue Refunding Bonds (Series 2015B) issued through the Newark Higher Education Finance Corporation. These bonds closed and funded on August 20, 2015, with all proceeds being held by Bank of Texas. The bonds' proceeds will be used for expansion of the Gateway College Preparatory Campus, and a portion has been restricted by the Charter Holder to pay off the Series 2011A bond in 2021 (see Note 1). The bonds were underwritten by Oppenheimer & Co. The interest rates on the bonds range from 1% to 4%, and the terms of the bonds range from four to twenty-nine years.

The Charter Holder's bond obligations also consist of Education Revenue Bonds (Series 2017) issued through the Newark Higher Education Finance Corporation. These bonds closed and funded on June 20, 2017, with all proceeds being held by Bank of Texas. The bonds' proceeds will be used for expansion of the Gateway College Preparatory Campus. The bonds were underwritten by Oppenheimer & Co. The interest rates on the bonds range from 3% to 5%, and the term of the bonds is thirty years. The bond issue included a premium of $621,203.

All bonds are subject to optional bond call at any time prior to maturity.

As of August 31, bonds payable - long-term consisted of the following:

	2019	2018
Series 2011A	**$ 4,055,000**	$ 4,055,000
Series 2011B	**195,000**	375,000
Series 2011Q	**5,250,000**	5,250,000
Series 2015A	**14,790,000**	14,790,000
Series 2015B	**140,000**	280,000
Series 2017	**22,810,000**	23,245,000
	47,240,000	47,995,000
Less Current Maturities	**(790,000)**	(755,000)
Less Bond Issuance Costs, net	**(1,791,337)**	(2,049,700)
Total	**$ 44,658,663**	$45,190,300

Note 13 - Bonds Payable (continued)

Future minimum principal payments on the bonds payable are as follows:

For the Year Ending August 31,	
2020	$ 790,000
2021	615,000
2022	635,000
2023	660,000
2024	695,000
Thereafter	43,845,000
Total	$ 47,240,000

The Charter Holder makes monthly principal payments to the sinking fund in anticipation of payments to be made to the bondholders when due. The balance of the sinking fund as of August 31, 2019 and 2018 was $1,357,586 and $1,181,587, respectively.

As part of the loan agreements for the bonds, the Charter Holder is required to establish and maintain several trustee-held funds, which are not available for general use. Furthermore, the loan agreements contain certain financial covenants, with which the Charter Holder was in compliance for the years ended August 31, 2019 and 2018.

The Charter Holder receives an annual Qualified School Construction Bond federal subsidy to assist in the payment of interest on the bonds. During the years ended August 31, 2019 and 2018, the Charter Holder received the subsidy benefit of $262,968 and $270,257, respectively, which was paid directly to the bond trustee on behalf of the Charter Holder. Bond interest expense, net of this subsidy benefit, was $1,962,089 and $1,971,938 for the years ended August 31, 2019 and 2018, respectively.

Note 14 - Pension Plan Obligations

Plan Description

The School contributes to the Teacher Retirement System of Texas (TRS), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the School but are the liability of the state of Texas. TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, *Public Retirement Systems,* Subtitle C, *Teacher Retirement System of Texas,* which is subject to amendment by the Texas Legislature. TRS's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River St., Austin, Texas 78701-2698 or by calling (800) 877-0123.

Note 14 - Pension Plan Obligations (continued)

The TRS plan differs from a single-employer plan as follows:

- Charter schools are legally separate entities from the state and each other.
- Assets contributed by one charter school or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter school.
- The unfunded obligations get passed along to the other charter schools and ISDs.
- There is no withdrawal penalty for leaving the TRS system.

Total plan assets, accumulated benefit obligations, and % funded are as follows:

Total Plan Assets - $176,942,454,000
Accumulated Benefit Obligations - $181,752,796,715
The plan is 76.9% funded.

There are no collective-bargaining agreements.

Funding Policy

Under provisions in state law, plan members are required to contribute 7.7% of their annual covered salary and the state of Texas contributes an amount equal to 6.8% of the School's covered payroll. The School's contributions to TRS for the years ended August 31, 2019 and 2018 were $209,682 and $200,535, respectively, which include non-OASDI participating surcharges of $123,401 and $108,707, respectively. The School's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

Note 15 - Fair Value of Financial Instruments

The Charter Holder adopted the provisions of ASC 820, *"Fair Value Measurements and Disclosures"* (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect the Charter Holder's financial position or results of operations. The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.

Note 15 - Fair Value of Financial Instruments (continued)

- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Charter Holder has no Level 2 or Level 3 assets or liabilities.

The Charter Holder's financial instruments (Level 1) were as follows at August 31:

	2019		2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets:				
Cash and Cash Equivalents	**$ 9,752,599**	**$ 9,752,599**	$ 18,847,330	$ 18,847,330
Accounts Receivable	**$ 40,360**	**$ 40,360**	$ 22,347	$ 22,347
Due from Texas Education Agency	**$ 1,285,062**	**$ 1,285,062**	$ 1,268,389	$ 1,268,389
Prepaid Expenses	**$ 145,358**	**$ 145,358**	$ 207,621	$ 207,621
Financial liabilities:				
Accounts Payable	**$ 782,506**	**$ 782,506**	$ 2,508,803	$ 2,508,803
Accrued Expenses	**$ 844,670**	**$ 844,670**	$ 774,682	$ 774,682
Due to Texas Education Agency	**$ 18,609**	**$ 18,609**	$ 79,960	$ 79,960
Deferred Revenue	**$ 45,094**	**$ 45,094**	$ 32,669	$ 32,669
Other Liabilities	**$ 55,386**	**$ 55,386**	$ 56,620	$ 56,620
Loans Payable - current	**$ 16,045**	**$ 16,045**	$ 15,573	$ 15,573
Bonds Payable - current	**$ 790,000**	**$ 790,000**	$ 755,000	$ 755,000

The carrying amounts reported in the consolidated statements of financial position approximate fair values because of the short maturities of those instruments.

The Charter Holder's financial instruments also include investments. The fair values of investments are based on quoted market prices for those or similar investments (Note 7).

Note 16 - Liquidity and Availability of Financial Resources

The following reflects the Charter Holder's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

	2019	2018
Cash and Cash Equivalents	**$ 9,752,599**	$ 18,847,330
Investments	**1,482,700**	1,443,393
Accounts Receivable	**40,360**	22,347
Due from Texas Education Agency	**1,285,062**	1,268,389
Total Financial Assets	**12,560,721**	21,581,459
Donor Restrictions (net of Foundation School Program)	**(19,271)**	(10,490)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	**$ 12,541,450**	$ 21,570,969

Although some of the financial assets are subject to donor or other contractual restrictions, restrictions are part of the entity's mission that make them available for general expenditure within one year of the statement of financial position date. The Charter Holder has a goal to maintain financial assets on hand to meet at least 90 days of normal operating expenses which are, on average, approximately $1,202,000 per month, given full programmatic expenditures.

SPECIFIC-PURPOSE FINANCIAL STATEMENTS

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENTS OF FINANCIAL POSITION
August 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 3,845,323**	$ 13,757,427
Due from Orenda Education Charter School	**-**	13,685
Total Current Assets	**3,845,323**	13,771,112
LONG-TERM ASSETS		
Restricted Cash	**4,467,372**	4,555,249
Investments	**1,173,651**	1,139,680
Sinking Fund for Bonds Payable	**1,357,586**	1,181,587
Property and Equipment, net	**39,878,223**	31,787,932
Total Long-Term Assets	**46,876,832**	38,664,448
TOTAL ASSETS	**$ 50,722,155**	$ 52,435,560
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 649,583**	$ 2,463,101
Accrued Expenses	**11,430**	11,250
Due to Orenda Education Charter School	**14,476**	-
Bonds Payable - current	**790,000**	755,000
Total Current Liabilities	**1,465,489**	3,229,351
LONG-TERM LIABILITIES		
Bonds Payable - long-term, net	**44,658,663**	45,190,300
Total Long-Term Liabilities	**44,658,663**	45,190,300
TOTAL LIABILITIES	**46,124,152**	48,419,651
NET ASSETS		
Without Donor Restrictions	**4,584,232**	4,005,419
With Donor Restrictions	**13,771**	10,490
TOTAL NET ASSETS	**4,598,003**	4,015,909
TOTAL LIABILITIES AND NET ASSETS	**$ 50,722,155**	$ 52,435,560

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENTS OF FINANCIAL POSITION
August 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 5,907,276**	$ 5,089,903
Accounts Receivable	**40,360**	22,347
Due from Texas Education Agency	**1,285,062**	1,268,389
Due from Orenda Education (Charter Holder)	**14,476**	-
Prepaid Expenses	**145,358**	207,621
Total Current Assets	**7,392,532**	6,588,260
LONG-TERM ASSETS		
Investments	**309,049**	303,713
Property and Equipment, net	**1,367,697**	771,461
Total Long-Term Assets	**1,676,746**	1,075,174
TOTAL ASSETS	**$ 9,069,278**	$ 7,663,434
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 132,923**	$ 45,702
Accrued Expenses	**833,240**	763,432
Due to Texas Education Agency	**18,609**	79,960
Due to Orenda Education (Charter Holder)	**-**	13,685
Deferred Revenue	**45,094**	32,669
Other Liabilities	**55,386**	56,620
Loan Payable - current	**16,045**	15,573
Total Current Liabilities	**1,101,297**	1,007,641
LONG-TERM LIABILITIES		
Loan Payable - long-term	**2,705**	18,736
Total Long-Term Liabilities	**2,705**	18,736
TOTAL LIABILITIES	**1,104,002**	1,026,377
NET ASSETS		
Without Donor Restrictions	**2,876,394**	1,542,032
With Donor Restrictions	**5,088,882**	5,095,025
TOTAL NET ASSETS	**7,965,276**	6,637,057
TOTAL LIABILITIES AND NET ASSETS	**$ 9,069,278**	$ 7,663,434

See independent auditor's report.

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2019
(with comparative totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Total	2018 Total
OPERATING REVENUES AND OTHER SUPPORT				
Rent	$ 2,588,161	$ -	**$ 2,588,161**	$ 2,150,964
Contributions	565,817	4,681	**570,498**	577,629
Interest Income	268,582	-	**268,582**	362,644
Professional Services	81,500	-	**81,500**	155,000
Miscellaneous Income	29,271	-	**29,271**	20,252
Net Assets Released from Restrictions	1,400	(1,400)	**-**	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	3,534,731	3,281	**3,538,012**	3,266,489
OPERATING EXPENSES				
Bond Interest	1,962,089	-	**1,962,089**	1,971,938
Depreciation and Amortization	958,732	-	**958,732**	669,809
Miscellaneous Expense	73,460	-	**73,460**	70,476
Salaries and Benefits	58,887	-	**58,887**	137,264
Supplies and Equipment	14,729	-	**14,729**	-
Professional Fees	7,174	-	**7,174**	10,461
TOTAL OPERATING EXPENSES	3,075,071	-	**3,075,071**	2,859,948
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	459,660	3,281	**462,941**	406,541
NON-OPERATING ACTIVITY				
Investment Income	28,813	-	**28,813**	93,302
Unrealized Gain (Loss) on Escrow	90,340	-	**90,340**	(161,455)
TOTAL NON-OPERATING ACTIVITY	119,153	-	**119,153**	(68,153)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	578,813	3,281	**582,094**	338,388
NET ASSETS, Beginning of Year	4,005,419	10,490	**4,015,909**	3,677,521
NET ASSETS, End of Year	$ 4,584,232	$ 13,771	**$ 4,598,003**	$ 4,015,909

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2019
(with comparative totals for 2018)

	2019			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2018 Total
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
5742 Earnings from Temporary Deposits and Investments	$ 5,337	$ -	**$ 5,337**	$ 3,540
5749 E-Rate Revenue	106,953	-	**106,953**	72,201
5751 Food Service Activity	394,024	-	**394,024**	354,459
5752 Athletic Activities	31,443	-	**31,443**	31,707
5769 Miscellaneous Revenue from Intermediate Sources	240,045	-	**240,045**	215,960
Total Local Support	777,802	-	**777,802**	677,867
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	15,049,358	**15,049,358**	13,659,019
5820 State Program Revenues Distributed by Texas Education Agency	-	175,046	**175,046**	147,239
Total State Program Revenues	-	15,224,404	**15,224,404**	13,806,258
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	446,356	**446,356**	514,404
5930 Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	15,728	**15,728**	31,745
Total Federal Program Revenues	-	462,084	**462,084**	546,149
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	15,692,631	(15,692,631)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	16,470,433	(6,143)	**16,464,290**	15,030,274
OPERATING EXPENSES				
11 Instruction	7,209,451	-	**7,209,451**	6,712,178
12 Instructional Resources and Media Services	32,617	-	**32,617**	35,418
13 Curriculum Development and Instructional Staff Development	152,667	-	**152,667**	177,757
21 Instructional Leadership	256,222	-	**256,222**	260,251
23 School Leadership	897,498	-	**897,498**	868,491
31 Guidance, Counseling, and Evaluation Services	376,108	-	**376,108**	335,605
33 Health Services	81,542	-	**81,542**	80,415
34 Student Transportation	96,418	-	**96,418**	135,880
35 Food Services	277,187	-	**277,187**	350,258
36 Extracurricular Activities	362,209	-	**362,209**	335,840
41 General Administration	547,614	-	**547,614**	541,417
51 Plant Maintenance and Operations	1,683,213	-	**1,683,213**	1,714,253
52 Security and Monitoring Services	321	-	**321**	1,365
53 Data Processing Services	406,101	-	**406,101**	397,755
71 Debt Service	2,588,986	-	**2,588,986**	2,152,253
81 Fundraising	166,887	-	**166,887**	242,673
TOTAL OPERATING EXPENSES	15,135,041	-	**15,135,041**	14,341,809
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	1,335,392	(6,143)	**1,329,249**	688,465
NON-OPERATING ACTIVITY				
Loss on Sale of Asset	(1,030)	-	**(1,030)**	-
TOTAL NON-OPERATING ACTIVITY	(1,030)	-	**(1,030)**	-
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	1,334,362	(6,143)	**1,328,219**	688,465
NET ASSETS, Beginning of Year	1,542,032	5,095,025	**6,637,057**	5,948,592
NET ASSETS, End of Year	$ 2,876,394	$ 5,088,882	**$ 7,965,276**	$ 6,637,057

See independent auditor's report.

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets From Operations	**$ 582,094**	$ 338,388
Adjustments to Reconcile Net Excess to Net Cash		
(Used) Provided by Operations:		
Depreciation and Amortization	**958,732**	669,809
Investment Income	**(28,813)**	(93,302)
Decrease in Assets:		
Due from Orenda Education Charter School	**13,685**	29,881
(Decrease) Increase in Liabilities:		
Accounts Payable	**(1,813,518)**	1,998,505
Accrued Expenses	**180**	270
Due to Orenda Education Charter School	**14,476**	-
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	**(273,164)**	2,943,551
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(8,790,661)**	(15,038,368)
Purchases of Investments	**(5,157)**	(5,141)
NET CASH USED BY INVESTING ACTIVITIES	**(8,795,818)**	(15,043,509)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments into Sinking Fund	**(175,999)**	(176,592)
Payments on Bonds Payable	**(755,000)**	(300,000)
NET CASH USED BY FINANCING ACTIVITIES	**(930,999)**	(476,592)
NET DECREASE IN CASH FLOWS	**(9,999,981)**	(12,576,550)
CASH AND CASH EQUIVALENTS, Beginning of Year	**13,757,427**	25,995,676
RESTRICTED CASH, Beginning of Year	**4,555,249**	4,893,550
LESS RESTRICTED CASH, End of Year	**(4,467,372)**	(4,555,249)
CASH AND CASH EQUIVALENTS, End of Year	**$ 3,845,323**	$ 13,757,427
Supplemental Disclosures		
Bond Interest	**$ 1,962,089**	$ 1,971,938

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Foundation School Program Payments	**$ 14,944,834**	$ 13,505,162
Grant Payments	**620,457**	440,915
Miscellaneous Sources	**790,227**	690,530
Payments to Vendors for Goods and Services Rendered	**(3,313,003)**	(4,573,621)
Payments to Charter School Personnel for Services Rendered	**(8,859,691)**	(7,440,745)
Interest Payments	**(2,588,986)**	(2,152,253)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,593,838**	469,988
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(773,569)**	(24,071)
Proceeds from Sale of Fixed Asset	**18,000**	-
Purchase of Investments	**(5,337)**	(3,540)
NET CASH USED BY INVESTING ACTIVITIES	**(760,906)**	(27,611)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	**(15,559)**	(15,095)
NET CASH USED BY FINANCING ACTIVITIES	**(15,559)**	(15,095)
NET INCREASE IN CASH FLOWS	**817,373**	427,282
CASH AND CASH EQUIVALENTS, Beginning of Year	**5,089,903**	4,662,621
CASH AND CASH EQUIVALENTS, End of Year	**$ 5,907,276**	$ 5,089,903
Reconciliation of Change in Net Assets to Net Cash Provided by Operations:		
Change in Net Assets	**$ 1,328,219**	$ 688,465
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Depreciation	**158,304**	174,153
Loss on Sale of Fixed Asset	**1,030**	-
(Increase) Decrease in Assets:		
Accounts Receivable	**(18,013)**	(11,149)
Due from Texas Education Agency	**(16,673)**	(406,330)
Due from Orenda Education (Charter Holder)	**(14,476)**	-
Prepaid Expenses	**62,263**	69,592
Increase (Decrease) in Liabilities:		
Accounts Payable	**87,221**	(136,970)
Accrued Expenses	**69,808**	131,737
Due to Texas Education Agency	**(61,351)**	(33,822)
Due to Orenda Education (Charter Holder)	**(13,685)**	(29,881)
Deferred Revenue	**12,425**	23,812
Other Liabilities	**(1,234)**	381
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 1,593,838**	$ 469,988
Supplemental Disclosures		
Bus Loan Interest	**$ 825**	$ 1,289

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOL
SCHEDULE OF EXPENSES
For the Years Ended August 31, 2019 and 2018

		2019	2018
Orenda Education (Consolidated)			
Expenses			
6100	Payroll Costs	**$ 8,848,770**	$ 8,419,673
6200	Professional and Contracted Services	**2,227,442**	2,329,649
6300	Supplies and Materials	**1,040,638**	964,001
6400	Other Operating Costs	**1,202,325**	950,881
6500	Debt	**2,221,276**	2,231,589
	Total Expenses	**$ 15,540,451**	$ 14,895,793
Orenda Education (Charter Holder)			
Expenses			
6100	Payroll Costs	**$ 58,887**	$ 137,264
6200	Professional and Contracted Services	**7,174**	10,461
6300	Supplies and Materials	**14,729**	4,764
6400	Other Operating Costs	**773,830**	477,159
6500	Debt	**2,220,451**	2,230,300
	Total Expenses (net of eliminating entries)	**$ 3,075,071**	$ 2,859,948
Orenda Education (Charter School)			
Expenses			
6100	Payroll Costs	**$ 8,789,883**	$ 8,282,409
6200	Professional and Contracted Services	**2,220,268**	2,319,188
6300	Supplies and Materials	**1,025,909**	959,237
6400	Other Operating Costs	**428,495**	473,722
6500	Debt	**825**	1,289
	Total Expenses (net of eliminating entries)	**$ 12,465,380**	$ 12,035,845

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
SCHEDULE OF CAPITAL ASSETS
August 31, 2019

Capital assets acquired with public funds, which constitute public property pursuant to Chapter 12 of the Texas Education Code, are as follows:

	Ownership Interest		
Orenda Education (Consolidated)	**Local**	**State**	**Federal**
1110 Cash	$ 3,845,323	$ 5,907,276	$ -
1510 Land and Improvements	1,161,622	-	-
1515 Construction in Progress	-	-	-
1520 Buildings and Improvements	1,599,634	40,643,764	-
1531 Vehicles	-	271,753	-
1539 Furniture and Equipment	50,085	1,385,111	-
Total Capital Assets	$ 6,656,664	$ 48,207,904	$ -

	Ownership Interest		
Orenda Education (Charter Holder)	**Local**	**State**	**Federal**
1110 Cash	$ 3,845,323	$ -	$ -
1510 Land and Improvements	1,161,622	-	-
1515 Construction in Progress	-	-	-
1520 Buildings and Improvements	1,599,634	39,650,773	-
1539 Furniture and Equipment	50,085	-	-
Total Capital Assets	$ 6,656,664	$ 39,650,773	$ -

	Ownership Interest		
Orenda Charter School	**Local**	**State**	**Federal**
1110 Cash	$ -	$ 5,907,276	$ -
1520 Buildings and Improvements	-	992,991	-
1531 Vehicles	-	271,753	-
1539 Furniture and Equipment	-	1,385,111	-
Total Capital Assets	$ -	$ 8,557,131	$ -

See independent auditor's report.

ORENDA CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended August 31, 2019

	Budgeted Amounts		Actual	Variance From Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
5740 Other Revenues from Local Sources	$ 22,000	$ 22,000	$ 111,260	$ 89,260
5750 Revenue from Cocurricular/Enterprising	401,350	431,350	425,467	(5,883)
5760 Revenues from Intermediate Sources	173,500	223,500	240,045	16,545
Total Local Support	596,850	676,850	776,772	99,922
State Program Revenues:				
5810 Foundation School Program Act Revenues	14,482,811	15,052,811	15,049,358	(3,453)
5820 State Program Revenues Distributed by Texas Education Agency	150,000	150,000	175,046	25,046
Total State Program Revenues	14,632,811	15,202,811	15,224,404	21,593
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	232,459	430,657	446,356	15,699
5930 Federal Revenues Distributed by Agencies Other Than Texas Education Agency	-	80,000	15,728	(64,272) **(1)**
Total Federal Program Revenues	232,459	510,657	462,084	(48,573)
TOTAL OPERATING REVENUES AND OTHER SUPPORT	15,462,120	16,390,318	16,463,260	72,942
OPERATING EXPENSES				
11 Instructional	6,745,319	7,601,517	7,209,451	392,066
12 Instructional Resources and Media Services	37,833	40,833	32,617	8,216
13 Curriculum Development and Instructional Staff Development	154,902	154,902	152,667	2,235
21 Instructional Leadership	290,032	290,032	256,222	33,810
23 School Leadership	935,032	939,132	897,498	41,634
31 Guidance, Counseling and Evaluation Services	379,255	408,255	376,108	32,147
33 Health Services	78,381	88,381	81,542	6,839
34 Student Transportation	106,150	121,150	96,418	24,732
35 Food Services	336,371	341,371	277,187	64,184
36 Extracurricular Activities	310,615	384,515	362,209	22,306
41 General Administration	655,467	665,467	547,614	117,853
51 Plant Maintenance and Operations	1,685,212	1,752,212	1,683,213	68,999
52 Security and Monitoring Services	2,500	2,500	321	2,179
53 Data Processing Services	456,024	456,024	406,101	49,923
71 Debt Service	2,595,146	2,595,146	2,588,986	6,160
81 Fundraising	248,359	248,359	166,887	81,472
TOTAL OPERATING EXPENSES	15,016,598	16,089,796	15,135,041	954,755
CHANGE IN NET ASSETS	445,522	300,522	1,328,219	1,027,697
NET ASSETS, Beginning of Year	6,637,057	6,637,057	6,637,057	-
NET ASSETS, End of Year	$ 7,082,579	$ 6,937,579	$ 7,965,276	$ 1,027,697

(1) Unfavorable variance is due to funding not being received in the fiscal year as the SHARS program reimbursements are years behind and the amount is not known or determined until they are processed.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
August 31, 2019
(with comparative totals for 2018)

	2019				
	Orenda Education (Charter Holder)	**Orenda Education Charter School**	**Eliminating Entries**	**Total**	2018 Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 3,845,323	$ 5,907,276	$ -	**$ 9,752,599**	$ 18,847,330
Accounts Receivable	-	40,360	-	**40,360**	22,347
Due from Texas Education Agency	-	1,285,062	-	**1,285,062**	1,268,389
Due from Orenda Education (Charter Holder)	-	14,476	(14,476)	**-**	-
Prepaid Expenses	-	145,358	-	**145,358**	207,621
Total Current Assets	3,845,323	7,392,532	(14,476)	**11,223,379**	20,345,687
LONG-TERM ASSETS					
Restricted Cash	4,467,372	-	-	**4,467,372**	4,555,249
Investments	1,173,651	309,049	-	**1,482,700**	1,443,393
Sinking Fund for Bonds Payable	1,357,586	-	-	**1,357,586**	1,181,587
Property and Equipment, net	39,878,223	1,367,697	-	**41,245,920**	32,559,393
Total Long-Term Assets	46,876,832	1,676,746	-	**48,553,578**	39,739,622
TOTAL ASSETS	$ 50,722,155	$ 9,069,278	$ (14,476)	**$ 59,776,957**	$ 60,085,309
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	$ 649,583	$ 132,923	$ -	**$ 782,506**	$ 2,508,803
Accrued Expenses	11,430	833,240	-	**844,670**	774,682
Due to Texas Education Agency	-	18,609	-	**18,609**	79,960
Due to Orenda Education (Charter School)	14,476	-	(14,476)	**-**	-
Deferred Revenue	-	45,094	-	**45,094**	32,669
Other Liabilities	-	55,386	-	**55,386**	56,620
Loan Payable - current	-	16,045	-	**16,045**	15,573
Bonds Payable - current	790,000	-	-	**790,000**	755,000
Total Current Liabilities	1,465,489	1,101,297	(14,476)	**2,552,310**	4,223,307
LONG-TERM LIABILITIES					
Loan Payable - long-term	-	2,705	-	**2,705**	18,736
Bonds Payable - long-term, net	44,658,663	-	-	**44,658,663**	45,190,300
Total Long-Term Liabilities	44,658,663	2,705	-	**44,661,368**	45,209,036
TOTAL LIABILITIES	46,124,152	1,104,002	(14,476)	**47,213,678**	49,432,343
NET ASSETS					
Without Donor Restrictions	4,584,232	2,876,394	-	**7,460,626**	5,547,451
With Donor Restrictions	13,771	5,088,882	-	**5,102,653**	5,105,515
TOTAL NET ASSETS	4,598,003	7,965,276	-	**12,563,279**	10,652,966
TOTAL LIABILITIES AND NET ASSETS	$ 50,722,155	$ 9,069,278	$ (14,476)	**$ 59,776,957**	$ 60,085,309

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2019
(with comparative totals for 2018)

	2019				
	Orenda Education (Charter Holder)	**Orenda Education Charter School**	**Eliminating Entries**	**Total**	2018 Total
OPERATING REVENUES AND OTHER SUPPORT					
Local Support:					
Contributions	$ 570,498	$ -	$ -	**$ 570,498**	$ 577,629
Food Service Activity	-	394,024	-	**394,024**	354,459
Miscellaneous Revenue from Intermediate Sources	29,271	240,045	-	**269,316**	236,212
Interest Income	268,582	-	-	**268,582**	362,644
E-Rate Revenue	-	106,953	-	**106,953**	72,201
Athletic Activities	-	31,443	-	**31,443**	31,707
Earnings from Temporary Deposits and Investments	-	5,337	-	**5,337**	3,540
Professional Services	81,500	-	(81,500)	**-**	-
Rent	2,588,161	-	(2,588,161)	**-**	-
Total Local Support	3,538,012	777,802	(2,669,661)	**1,646,153**	1,638,392
State Program Revenues:					
Foundation School Program Act Revenues	-	15,049,358	-	**15,049,358**	13,659,019
State Program Revenues Distributed by Texas Education Agency	-	175,046	-	**175,046**	147,239
Total State Program Revenues	-	15,224,404	-	**15,224,404**	13,806,258
Federal Program Revenues:					
Federal Revenues Distributed by Texas Education Agency	-	446,356	-	**446,356**	514,404
Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	15,728	-	**15,728**	31,745
Total Federal Program Revenues	-	462,084	-	**462,084**	546,149
TOTAL OPERATING REVENUES AND OTHER SUPPORT	3,538,012	16,464,290	(2,669,661)	**17,332,641**	15,990,799
OPERATING EXPENSES	3,075,071	15,135,041	(2,669,661)	**15,540,451**	14,895,793
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	462,941	1,329,249	-	**1,792,190**	1,095,006
NON-OPERATING ACTIVITY					
Investment Income	28,813	-	-	**28,813**	93,302
Unrealized Gain (Loss) on Escrow	90,340	-	-	**90,340**	(161,455)
Loss on Sale of Asset	-	(1,030)	-	**(1,030)**	-
TOTAL NON-OPERATING ACTIVITY	119,153	(1,030)	-	**118,123**	(68,153)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	582,094	1,328,219	-	**1,910,313**	1,026,853
NET ASSETS, Beginning of Year	4,015,909	6,637,057	-	**10,652,966**	9,626,113
NET ASSETS, End of Year	$ 4,598,003	$ 7,965,276	$ -	**$ 12,563,279**	$ 10,652,966

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2019
(with comparative totals for 2018)

	2019				
	Orenda Education (Charter Holder)	**Orenda Education Charter School**	**Eliminating Entries**	**Total**	2018 Total
OPERATING EXPENSES					
Salaries	$ 54,495	$ 7,895,706	$ -	**$ 7,950,201**	$ 7,657,011
Payroll Taxes and Benefits	4,392	975,677	-	**980,069**	917,662
Total Payroll Expenses	58,887	8,871,383		**8,930,270**	8,574,673
Interest	1,962,089	2,588,986	(2,588,161)	**1,962,914**	1,973,227
Depreciation	700,370	158,304	-	**858,674**	585,600
Rental Expense	-	768,854	-	**768,854**	873,857
Utilities	-	500,747	-	**500,747**	458,311
General Supplies	-	487,968	-	**487,968**	562,521
Contract Labor	-	563,051	(81,500)	**481,551**	430,534
Instructional Materials	-	352,793	-	**352,793**	147,753
Maintenance and Repair	-	330,233	-	**330,233**	333,731
Amortization of Bond Issue Costs	258,362	-	-	**258,362**	258,362
Food	-	171,925	-	**171,925**	238,723
Miscellaneous	88,189	70,916	-	**159,105**	142,813
Insurance and Bonding	-	95,304	-	**95,304**	85,640
Travel	-	84,441	-	**84,441**	111,365
Professional Fees	7,174	30,213	-	**37,387**	51,593
Educational Service Center	-	27,170	-	**27,170**	26,623
Gas and Fuel	-	19,530	-	**19,530**	26,868
Dues and Subscriptions	-	13,223	-	**13,223**	10,240
Equipment	-	-	-	**-**	3,359
TOTAL OPERATING EXPENSES	$ 3,075,071	$ 15,135,041	$ (2,669,661)	**$ 15,540,451**	$ 14,895,793

See independent auditor's report.

OTHER REQUIRED REPORTING

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

To the Board of Directors
Orenda Education dba Orenda
Charter Schools
Georgetown, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Orenda Education (the Charter Holder) dba Orenda Charter Schools, a nonprofit organization, which comprise the consolidated statement of financial position as of August 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Charter Holder's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Holder's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder'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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

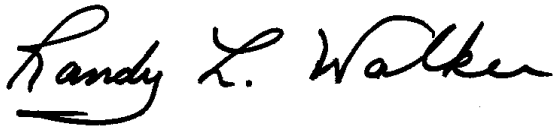
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Holder's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Charter Holder's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Antonio, Texas
January 13, 2020