Ben Milam International Academy

Financial Statements

June 30, 2023 and 2022

(With Auditors' Report Thereon)

C. MARC MARTIN *CERTIFIED PUBLIC ACCOUNTANT*

110 W. LOUISIANA • SUITE 230 • FAX 432-685-0096
POST OFFICE BOX 1775 • MIDLAND, TEXAS 79702-1775 • 432-685-0094

Independent Auditors' Report

The Board of Directors
Ben Milam International Academy

Opinion

We have audited the accompanying financial statements of Ben Milam International Academy which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ben Milam International Academy at June 30, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in 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 Ben Milam International Academy 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States, 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 Ben Milam Internal Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

C. Mark Martin

Midland, Texas
December 14, 2023

Exhibit A

Ben Milam International Academy

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Cash	$ 5,918	27,047
Prepaid expenses	-	1,060
Total assets	$ 5,918	28,107
Liabilities and Net Assets		
Accrued liabilities	$ 11,793	-
Total liabilities	11,793	-
Net assets:		
Without donor restrictions:		
Undesignated	(5,875)	28,107
	(5,875)	28,107
With donor restrictions:	-	-
Total net assets	(5,875)	28,107
Total liabilities and net assets	$ 5,918	28,107

See accompanying notes to financial statements

Exhibit B

Ben Milam International Academy

Statements of Activities

For the Years Ended June 30, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions:		
Revenue and support:		
State program revenue	$ 175,000	150,000
Other income	-	106
Total revenue and support before net assets released from restriction	175,000	150,106
Net assets released from restriction:		
Satisfaction as to purpose	-	-
Total revenue and support	175,000	150,106
Expenses:		
Program services	111,108	101,037
General and administrative	97,874	25,746
Total expenses	208,982	126,783
Increase (decrease) in net assets	(33,982)	23,323
Net assets without donor restrictions:		
Beginning of period	28,107	4,784
End of period	$(5,875)	28,107

See accompanying notes to financial statements

Exhibit C

Ben Milam International Academy

Statements of Functional Expenses

For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Program Services	Management And General	Totals	Program Services	Management And General	Totals
Personnel costs:						
Salaries and wages	$ 100,159	11,129	111,288	91,804	10,201	102,005
Payroll taxes	1,545	172	1,717	1,331	148	1,479
Benefits	9,404	1,045	10,449	7,902	877	8,779
Total personnel costs	111,108	12,346	123,454	101,037	11,226	112,263
Operating costs:						
Professional fees	-	24,482	24,482	-	8,125	8,125
Advertising & promotion	-	48,772	48,772	-	-	-
Staff development	-	5,127	5,127	-	1,770	1,770
Staff appreciation	-	2,792	2,792	-	-	-
Insurance	-	1,060	1,060	-	1,630	1,630
Office expense	-	1,448	1,448	-	1,198	1,198
Other expenses	-	1,847	1,847	-	1,797	1,797
Total operating costs	-	85,528	85,528	-	14,520	14,520
Total expenses	$ 111,108	97,874	208,982	101,037	25,746	126,783

See accompanying notes to financial statements

Exhibit D

Ben Milam International Academy

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$(33,982)	23,323
Add items not requiring cash:		
Decrease (increase) in prepaid expenses	1,060	-
Increase (decrease) in accrued liabilities	11,793	(1,316)
Net cash provided (used) by operating activities	(21,129)	22,007
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase (decrease) in cash	(21,129)	22,007
Cash and equivalents, beginning of period	27,047	5,040
Cash and equivalents, end of period	$ 5,918	27,047

See accompanying notes to financial statement

Ben Milam International Academy

Notes to Financial Statements

June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

Organization

Ben Milam International Academy, (the Organization) is a non-profit organization created via Texas Senate Bill 1882 to partner with Midland Independent School District (MISD) to provide services to operate pre-kindergarten and kindergarten in an in-district charter elementary school. An additional grade level will be added for each successive year after the year ended June 30, 2020 until services are provided through grade level five.

During 2023 and 2022, the Organization's record keeping was maintained by MISD including accounting for revenues and expenses.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. Revenues are recognized when earned or contributed and expenses are recognized when incurred.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by donors, as follows:

Net assets without donor restrictions:

* Net assets without donor restrictions are resources representing the portion of expendable funds that is available for support of operations.

Net assets with donor restrictions:

* Net assets with donor restrictions represents resources received for use for designated purposes or for use in future periods.

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The Organization is a charitable organization as defined under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). As such, it is exempt from Federal income taxes on all income except income earned from unrelated business activities. There was no unrelated business income during the years ended June 30, 2023 and 2022. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the year ended June 30, 2023 is subject to examination by the IRS, generally for three years after it is filed.

The Organization adheres to accounting standards for uncertain income tax positions, which would require additional disclosure. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions.

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.

Revenue and Revenue Recognition

The Organization receives funding as established under Texas Senate Bill 1882 in partnership with MISD to operate one in-district charter school in accordance with its performance contract with MISD. Revenue is recognized as expenses are incurred related to the Organization's activities.

(1) Summary of Significant Accounting Policies, continued

Revenue and Revenue Recognition, continued

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional and non-reciprocal. Conditional promises to give, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. The Organization had no conditional promises to give at June 30, 2023.

The Organization reports gifts of cash or other assets, received with donor stipulations that limit the use of the donated gift, as support without donor restriction if the donor restrictions are satisfied within the same fiscal year the gift is received. If the donor restrictions are not fully satisfied by June 30 of the year in which the gift is received, the entire value of the gift is recorded as net assets with donor restriction and only that portion expended for its intended purpose or satisfying a time restriction is reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

The Organization reports in-kind gifts as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or the gifts of cash are expended for the purpose intended.

(1) Summary of Significant Accounting Policies, continued

Cash, Cash Equivalents and Restricted Cash

For purposes of the statement of cash flows, the Organization considers demand deposits, money market accounts and other highly liquid financial instruments available for current use with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents, except for account balances donor restricted or board designated for capital improvements or future operations, which are classified as such, since use of such funds is donor restricted or board designated and not available for the Organization's use in current operations.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of non professional volunteer services donated to the Organization is not clearly measurable and, accordingly, is not included as revenues and expenses in the accompanying financial statements. Donated professional computer, legal and accounting fees are recognized in the financial statements in accordance with U.S. generally accepted accounting principles when incurred.

Reclassification

Certain 2022 amounts may have been reclassified to conform to the presentation adopted in 2023.

(1) Summary of Significant Accounting Policies, continued

Change in Accounting Principle

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard established a righ-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for the Organization for this standard is for annual reporting periods beginning after December 15, 2021. We have adopted the provisions of this standard as of July 1, 2022, with no effect on the accompanying financial statements as we had no leasing arrangements with a term longer than 12 months at June 30, 2023.

(2) Contingencies and Concentration

The Organization does not record an estimate for accrued vacation earned by employees because accurate information is not available. Management believes the effect of such an accrual would not be material to the financial position or results of operations for the years ended June 30, 2023 and 2022.

(3) Information Regarding Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and money market funds.

The following table reflects the Organization's financial assets as of June 30, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations, if any. Amounts not available include any board-designated funds for future use. In the event the need arises to utilize any board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with board designations or donor restrictions at June 30, 2023.

	2023
Cash	$ 5,918
Total financial assets	5,918
Donor restricted net assets	-
Board-designated reserves	-
Financial assets available to meet cash needs for general expenditures within one year	$ 5,918

(4) Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

(5) Subsequent Events

Subsequent events have been evaluated by management through December 14, 2023, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.