EXCELLENCE IN LEADERSHIP ACADEMY

Annual Financial Report
For the Fiscal Year ended
August 31, 2023

Raul Hernandez & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
5402 Holly Rd. Suite 102 Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

EXCELLENCE IN LEADERSHIP ACADEMY

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2023

EXCELLENCE IN LEADERSHIP ACADEMY

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Excellence in Leadership Academy
Certificate of Board
Federal ID# 45-3816853

Excellence in Leadership Academy	Hidalgo County	108-809
Name of Charter School	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named association were reviewed and (check one)_____approved_____disapproved for the year ended August 31, 2023 at a meeting of the Board of Directors on the____day of February, 2024.

_____ _____
Signature of Board Secretary Signature of Board President

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

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Raul Hernandez & Company, P. C.
Certified Public Accountants
5402 Holly Rd, Suite 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

Board of Directors
Excellence in Leadership Academy
Mission, Texas

Members of the Board of Directors:

Opinion

We have audited the accompanying financial statements of Excellence in Leadership Academy (a non-profit organization) which comprise the statement of financial position as of August 31, 2023 and the related statement of activities, functional expenses, and cash flows for the year 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 Excellence in Leadership Academy as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in conformity 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the 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 Excellence in Leadership 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 opinions.

Responsibilities of Management for the Financial Statements

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

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 Excellence in Leadership Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 and *Government 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 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 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 Excellence in Leadership 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 Excellence in Leadership 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial schedules noted as supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 procedures 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024, on our consideration of Excellence in Leadership Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Raul Hernandez & Company, P.C.
Corpus Christi, Texas
February 23, 2024

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FINANCIAL SECTION

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EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Financial Position

August 31, 2023

Exhibit A-1

ASSETS		
Current Assets		
Cash & Cash Equivalent	$	964,714
Due From State		296,714
Total Current Assets		1,261,428
Property & Equipment, Net		265,156
Total Assets	$	1,526,584
LIABILITIES and NET ASSETS		
Current Liabilities		
Accounts Payable	$	-
Wages Payable		-
Total Current Liabilities		-
NET ASSETS		
Without Donor Restrictions		590,235
With Donor Restrictions		936,349
Total Net Assets		1,526,584
Total Liabilities and Net Assets	$	1,526,584

The accompanying notes to financial statements form an integral part of the statement.

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Acttivities

For the Year Ended August 31,2023

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Local Support			
Interest and Other Income	$ 66,181	$ -	$ 66,181
Contributions	-	-	-
Total Local Support	66,181	-	66,181
State Program Revenues			
Foundation School Program	-	2,811,607	2,811,607
Other State Aid	-	54,911	54,911
Total State Program Revenue		2,866,518	2,866,518
Federal Program Revenues			
Child Nutrition	-	200,403	200,403
Special Education Grant	-	47,727	47,727
Special Education Preschool Grant	-	741	741
ESSER Grants	-	666,877	666,877
Title 1 Grant to Local Educational Agencies	-	179,121	179,121
Teacher and School Leader Incentive Grant	-	21,772	21,772
Title IV	-	14,069	14,069
Title III Limited English Proficient	-	21,939	21,939
LEP Summer Grant	-	2,918	2,918
Total Federal Programs Revenues	-	1,155,567	1,155,567
Net Assets Released From Restrictions			
Restrictions Satisfied by Payments	4,022,085	(4,022,085)	-
Total Revenue and Oher Support	4,088,266	-	4,088,266
EXPENSES			
Program Services			
Instruction and Instructional Related Services	2,620,922	-	2,620,922
Instructional & School Leadership	241,515	-	241,515
Support Services	-	-	
Administrataive Support Services	200,497	-	200,497
Ancillary Services	-	-	-
Support Services-Non Student Based	572,484	-	572,484
Support Services - Student	334,171	-	334,171
Debt	-	-	-
Total Expenses	3,969,589	-	3,969,589
Changes in Net Assets	118,677	-	118,677
Net Assets Beginning of Year	407,610	936,349	1,343,959
Prior Period Adjustment	63,948	-	63,948
Net Assets Beginning of Year, restated	471,558	936,349	1,407,907
Net Assets End of Year	$ 590,235	$ 936,349	$ 1,526,584

The accompanying notes to financial statements form an integral part of the statement.

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Functional Expenses

For the Year Ended August 31,2023

Exhibit A-3

	Program Activities	Support Activites		
	Program Services	General Administration	Fundraising	Totals
EXPENSES				
Salaries & Wages	$ 2,048,933	$ 339,150		$ 2,388,083
Benefits	218,823	34,392		253,215
Payroll Taxes	56,565	4,869		61,434
Total Payroll Expenses	2,324,321	378,411	-	2,702,732
Rental Expense	-	257,312		257,312
Contract Labor	245,287	276,583		521,870
Maintenance and Repairs	-	16,633		16,633
Utilities	-	91,574		91,574
Depreciation	-	-		-
Supplies	227,420	32,712		260,132
Travel	4,061	1,278		5,339
Instructional Material	-	-		-
Insurance & Bonding	14,864	0		14,864
Professional Fees and Dues	46,485	52,648		99,133
Other	-	-		-
Total Non-Payroll Expenses	538,116	728,741	-	1,266,857
Total Expenses	$ 2,862,437	$ 1,107,152	$ -	$ 3,969,589

The accompanying notes to financial statements form an integral part of the statement.

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Cash Flows

For the Year Ended August 31,2023

		Exhibit A-4
Cash Flows From Operating Activites		
Change in Net Assets	$	118,677
Adjustments to reconcile change in net assets to net cash provided (used) by operating activites		
Depreciation		-
Prior Period Adjustments		63,948
(Increase) Decrease in		
Due from State		357,827
Inventories		-
Other Assets		-
Increase (Decrease) in		
Accounts Payable		(56,388)
Accrued Salaries		(20,312)
Payroll Taxes		-
		463,752
Cash Flows From Investing Activites		
Purchase of Furniture, Fixtures & Equipment		-
Cash Flows From Financing Activites		
Accrued Interest Payable		-
Issuance of Debt		-
Loan Issuance Cost		-
Principal Payments		-
		-
Net Increase (Decrease) in Cash		463,752
Cash at Beginning of Year		479,722
Cash at End of Year	$	964,714
Summary of Cash		
Cash & Cash Equivalent		964,714
Restricted Cash		-
Total Cash	$	964,714

The accompanying notes to financial statements form an integral part of the statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Academy

The Excellence in Leadership Academy (ELA) is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy is governed by the Board of Directors. The Board of Directors is selected pursuant to the bylaws of the Academy and has the authority to make decisions, appoint the officers of the Academy and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Academy.

The Academy operates under an open enrollment charter granted by the Texas State Board of Education. The charter was initially issued for a period of five years. The school is part of the public school system of the state and is entitled to distribution from the State's available school fund. However, the School does not have the authority to impose taxes.

Excellence in Leadership Academy currently services Pre-K to 8th grade students. Highlights of their services to their students and community include highly qualified and committed staff, state of the art technology, and family and community involvement. The Academy offers dual language programs, smaller learning communities, and integration of college and career readiness standard.

The charter holder operated only a single charter school and did not conduct any other charter or non-charter activities.

B. Basis of Presentation

The combined general-purpose financial statements include the accounts of Excellence in Leadership Academy. All significant intercompany accounts and transactions have been eliminated in the combined general-purpose financial statements.

The financial statements of the Academy have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Academy to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Academy management and the board of directors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

During the current year, the School adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires the School to recognize revenue when it transfers control of promised goods or services. Revenue is recognized in an amount that reflects the consideration the School expects to receive in exchange for those goods or services. The ASU also requires School to disclose sufficient quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Management has determined that this ASU did not impact the School's financial statements.

C. Fixed Assets and Depreciation

All purchased fixed assets are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition. Fixed assets are defined by the Academy as capital assets with an individual cost of more than $1,000. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

D. Revenues

Revenues from the state's available school fund are based on reported attendance. State foundations revenues are public funds held in trust by the charter holder for the benefit of the students of the charter school and as such are reported as temporarily restricted revenues.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

E. Donated Goods and Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

F. Cash and Cash Equivalents

For financial statement purposes, the company considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

G. 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. In preparation of the financial statements in conformity with generally accepted accounting principles, management's estimates were considered for depreciation.

H. Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and Effort
Benefits	Time and Effort
Payroll Taxes	Time and Effort
Rental Expense	Square Footage
Contracted Services	Full Time Equivalent
Maintenance and Repait	Time and Effort
Utilities	Square Footage
Depreciation	Square Footage
Supplies	Time and Effort
Travel	Time and Effort
Instructional Materials	Time and Effort
Insurance and Bonding	Square Footage
Professional Fees and Dues	Full Time Equivalent
Other	Time and Effort

I. New Accounting Pronouncement

The new lease accounting standard consists of the statement ASC 842 which changed the way leases are documented on financial statements to ensure that financial statements are more transparent for leases. The lease standard effective date is fiscal years starting after December 15, 2021, for non-profit organizations. ASC 842 classifies leases as either operating or finance leases. The term "finance lease" replaced "capital lease" in ASC 842 as well as the criteria that defined each. On balance sheets, lessees are required to recognize the assets and liabilities for both operating and finance leases. The lease liability is calculated as the present value of lease payments. The right-of-use asset is the lease liability. This does not apply to the financial statements.

2. AVAILABILITY AND LIQUIDITY

The following represents the Academy financial assets at August 31, 2023:

Financial assets at year end:	2023
Cash in bank	$ 974,714
Due from State	296,714
Total financial assets	1,261,428
Less amounts not available to be used within one year:	
Net assets with donor restrictions	936,349
Less net assets with purpose restrictions to be met in less than a year	-
Quasi endowment established by the board	-
	936,349
Financial assets available to meet general expenditures over the next twelve months	$ 325,079

As part of the Academy's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due by maintaining a significant portion of its assets in cash.

3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS

The requirements of Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB also establishes a fair value hierarchy that categorizes the inputs used in valuation methodologies into three levels.

3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS (Continued):

Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and the reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. A three-tier hierarchy categorizes the inputs used to measure fair value as follows:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Academy does not have any financial instruments that apply to this three-tier hierarchy.

4. CONCENTRATIONS

A. Cash in Bank

The Academy maintains bank accounts with Chase Bank. Federal deposit insurance on the Chase Bank accounts totaled $250,000 on accounts. The book balance totaled $946,575 and the bank balance totaled $1,058,834 on August 31, 2023. The Academy maintains its cash with high quality financial institutions which the Academy believes limits these risks.

B. Revenue

The principal source of revenue for the Academy is its receipt of state program revenues received from the Texas Education Agency.

5. GRANTS AND CONTRACTS RECEIVABLE AND PAYABLE

The Academy's principal source of funding for the programs is derived from Federal and State grants and Texas Education Agency Foundation funds. Revenues received directly from Federal and State grantors totaled $1,155,567 for the fiscal year ended August 31, 2023. Amounts received as Texas Education Foundation funds totaled $2,866,518. Grants and contracts receivable are deemed to be fully collectible by management and totaled $66,181.

6. PENSION DISCLOSURE

The Academy participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is 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.

Detailed information about TRS' fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Name of Plan: Teacher Retirement System of Texas
Plan Number: N/A
Zone status: Unknown

	(Dollars in Thousands) 2022
1. Total Plan Assets	$ 207,621,898
2. Accumulated Benefit Obligations	243,553,045
3. The plans funded %	75.62%

6. PENSION DISCLOSURE (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound.

Contributions

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. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee and employer contribution rates for fiscal years 2020 thru 2025.

6. PENSION DISCLOSURE (continued)

Contribution Rates

	2023	2022
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	8.0%	7.75%
Employers	8.0%	7.75%

2023 Employer Contributions	$204,372
2023 Member Contributions	$189,014

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). The School's contribution does not represent more than 5 percent of total contributions to the TRS plan.

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 or charter school, the employer shall contribute 1.8% of covered payroll to the pension fund beginning in fiscal year 2023.

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

- 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.

The charter school did not contribute to any other defined benefit pension plans.

7. FIXED ASSETS

The Excellence in Leadership Academy did not receive any donated property this fiscal year

Fixed Assets at August 31, 2023 were as follows:

Building and Improvements	$ 265,083
Furniture, Fixtures and Equipment	101,311
Total	366,394
Less: Accumulated Depreciation	(101,238)
Property and Equipment, net	$ 265,156

8. OWNERSHIP IN PROPERTY AND EQUIPMENT

Capital assets acquired with public funds received by the Academy for the operation of Excellence in Leadership Academy constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Assets for the Excellence in Leadership Academy.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with Donor Restrictions for the year ended August 31, 2023 were as follows:

General Fund	$ 819,660
Food Service	98,275
Textbook Fund	18,414
Total	$ 936,349

10. OPERATING LEASES

The Academy entered into a lease agreement with Luz Para Las Naciones, Inc. Mission, Texas for 18,792 square feet of classroom and office space for its school operation. The lease covers the use of the parking lot and the backyard area. The Academy renewed on January, 2023, with the lease payment of $20,671 due by the 25th of each month. This lease agreement is scheduled to expire December 31, 2023. The total lease payments as of August 31, 2023 were $240,537. This does not qualify as a right-to-use asset or liability.

11. COMMITMENTS AND CONTINGENCIES

The Academy receives federal and state funds which are governed by various rules and regulations by the grantor. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants other than as reflected in the financial statements.

12. EVALUATION OF SUBSEQUENT EVENTS

The Academy has evaluated subsequent events through February 23, 2024, the date which the financial statements were available to be issued.

13. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $63,948 was made to the financial statements to correctly reflect balance sheet accounts, which increased ending net assets.

SPECIFIC PURPOSE FINANCIAL SECTION

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Financial Position

August 31, 2023

Exhibit B-1

ASSETS		
Current Assets		
Cash in Bank	$	964,714
Certificate of Deposit		-
Due from State		296,714
Total Current Assets		1,261,428
Property and Equipment		
Land		-
Building and Improvements		265,083
Furniture and Equipment		101,311
Less: Accumulated Depreciation		(101,238)
Property and Equipment Net		265,156
Total Assets	$	1,526,584
LIABILITIES and NET ASSETS		
Current Liabilities		
Accounts Payable	$	-
Accrued Wages Payable		-
Total Current Liabilities		-
NET ASSETS		
Without Donor Restrictions		590,235
With Donor Restrictions		936,349
Total Net Assets		1,526,584
Total Liabilities and Net Assets	$	1,526,584

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Acttivities

For the Year Ended August 31,2023

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Local Support			
5740 Tuition, Rent and Afterschool	$ 37	$ -	$ 37
5750 Food Sales	19,514		19,514
5748 Other Revenues from Local Sources- Locally Defined	-		-
5749 Other Revenues from Local Sources	46,630		46,630
Total Local Support	66,181	-	66,181
State Program Revenues			
5810 Foundation School Program	-	2,811,607	2,811,607
5820 State Program Revenues Distributed by the Texas Education Agency	-	54,911	54,911
5830 Revenues from Texas Government Agencies	-	-	-
Total State Program Revenue	-	2,866,518	2,866,518
Federal Program Revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	1,133,628	1,133,628
5930 Federal Revenues Not Distributed by the Texas Education Agency	-	21,939	21,939
Total Federal Programs Revenues	-	1,155,567	1,155,567
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	4,022,085	(4,022,085)	-
Total Revenue and Oher Support	4,088,266	-	4,088,266
EXPENSES			
Program Services			
11 Instruction	2,616,266		2,616,266
12 Instructional Resources & Media Services	-		-
13 Curriculum Development and Instructional Staff Development	4,655		4,655
21 Instructional Leadership	53,838		53,838
23 School Leadership	187,677		187,677
31 Guidance, Counseling and Evaluation	63,639		63,639
32 Social Services	33,923		33,923
33 Health Services	32,817		32,817
34 Transportation	-		-
35 Food Services	165,129		165,129
36 Co-Curricular/Extracurricular Activities	38,664		38,664
41 General Administration	200,497		200,497
51 Plant Maintenance and Operations	486,952		486,952
52 Security & Monitoring Services	22,701		22,701
53 Data Processing	62,831		62,831
61 Community Services	-		-
71 Debt	-		-
81 Fund Raising	-		-
Total Expenses	3,969,589	-	3,969,589
Changes in Net Assets	118,677	-	118,677
Net Assets Beginning of Year	407,610	936,349	1,343,959
Prior Period Adjustments	63,948		63,948
Net Assets Beginning of Year, restated	471,558	936,349	1,407,907
Net Assets End of Year	$ 590,235	$ 936,349	$ 1,526,584

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Cash Flows

For the Year Ended August 31,2023

		Exhibit B-3
Cash Flows From Operating Activites		
Change in Net Assets	$	118,677
Adjustments to reconcile change in net assets to net cash provided (used) by operating activites		
Depreciation		-
Prior Period Adjustments		63,948
(Increase) Decrease in		
Due from State		357,827
Inventories		-
Other Assets		-
Increase (Decrease) in		
Accounts Payable		(56,388)
Accrued Salaries		(20,312)
Payroll Taxes		-
		463,752
Cash Flows From Investing Activites		
Purchase of Furniture, Fixtures & Equipment		-
Cash Flows From Financing Activites		
Accrued Interest Payable		-
Issuance of Debt		-
Loan Issuance Cost		-
Principal Payments		-
		-
Net Increase (Decrease) in Cash		463,752
Cash at Beginning of Year		479,722
Cash at End of Year	$	964,714
Summary of Cash		
Cash in Bank		964,714
Restricted Cash		-
Certificare of Deposit		-
Total Cash	$	964,714
Supplemental Information		
Cash Paid for Interest	$	-

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Assets

August 31, 2023

Exhibit C-1

	Local	State	Federal	Total
1110 Cash and Cash Equivalents	$ -	$ 1,072,777	$ (108,063)	$ 964,714
1510 Land	-	-	-	-
1520 Building and Improvements	-	265,083	-	265,083
1531 Vehicles	-	-	-	-
1539 Furniture and Equipment	23,318	77,993	-	101,311
1580 Construction in Progress	-	-	-	-
Total Assets	$ 23,318	$ 1,415,853	$ (108,063)	$ 1,331,108

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Real Property Ownership Interest

August 31, 2023

Exhibit C-2

			Ownership Interest		
Description	Property Address		Local	State	Federal
None					$ -
	Total	$ -	$ -	$ -	$ -

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Related Party Transactions

August 31, 2023

Exhibit C-3

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transactions	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Related Party Transactions

August 31, 2023

Exhibit C-4

Related Party Name	Name of Relation to the Related Party		Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
None							

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Expenses

August 31, 2023

Exhibit D-1

EXPENSES		
6100 Payroll Costs	$	2,702,732
6200 Professional and Contracted Services		887,389
6300 Supplies and Materials		260,132
6400 Other Operating Costs		119,336
6500 Interest Expense		-
Total Payroll Expenses	$	3,969,589

EXCELLENCE IN LEADERSHIP ACADEMY

Budgetary Comparison Schedule

For the Year Ended August 31,2023

Exhibit E-1

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance From Final Budget
REVENUE AND OTHER SUPPORT				
Local Support				
5740 Tuition, Rent and Afterschool	$ 68,377	$ -	$ 37	$ 37
5750 Food Sales	162,142	12,373	19,513	7,141
5748 Other Revenues from Local Sources- Locally Defined	-	-	-	-
5749 Other Revenues from Local Sources	-	44,489	46,630	2,141
Total Local Support	230,519	56,862	66,181	9,319
State Program Revenues				
5810 Foundation School Program	3,036,203	2,780,025	2,811,607	31,582
5820 State Program Revenues Distributed by the Texas Education Agency	33,830	417,517	54,911	(362,607)
5830 Revenues from Texas Government Agencies	-	-	-	-
Total State Program Revenue	3,070,033	3,197,542	2,866,518	(331,025)
Federal Program Revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	2,075,023	1,807,900	1,133,628	(674,272)
5930 Federal Revenues Not Distributed by the Texas Education Agency	263,827	21,939	21,939	-
Total Federal Programs Revenues	2,338,850	1,829,839	1,155,567	(674,272)
Total Revenue and Other Support	5,639,402	5,084,243	4,088,265	(995,978)
EXPENSES				
Program Services				
11 Instruction	4,117,394	3,899,540	2,616,267	1,283,273
12 Instructional Resources & Media Services	9,606	-	-	-
13 Curriculum Development and Instructional Staff Development	8,270	4,925	4,655	270
21 Instructional Leadership	50,000	53,856	53,838	18
23 School Leadership	210,058	187,677	187,677	-
31 Guidance, Counseling and Evaluation	60,610	63,639	63,639	-
32 Social Services	12,667	12,667	33,923	(21,256)
33 Health Services	38,193	35,094	32,817	2,277
34 Transportation	-	-	-	-
35 Food Services	165,129	165,129	165,129	-
36 Co-Curricular/Extracurricular Activities	38,744	38,744	38,664	80
41 General Administration	205,332	200,221	200,497	(276)
51 Plant Maintenance and Operations	474,234	467,027	486,952	(19,925)
52 Security & Monitoring Services	22,443	22,701	22,701	-
53 Data Processing	112,722	62,831	62,831	-
61 Community Services	-	-	-	-
71 Debt	-	-	-	-
81 Fund Raising	-	-	-	-
Total Expenses	5,525,402	5,214,050	3,969,589	1,244,461
Changes in Net Assets	114,000	(129,807)	118,676	248,483
Net Assets Beginning of Year	1,343,959	1,343,959	1,343,959	-
Prior Period Adjustments	-	-	63,948	63,948
Net Assets Beginning of Year, restated	1,457,959	1,214,152	1,407,907	193,755
Net Assets End of Year	$ 1,457,959	$ 1,214,152	$ 1,526,584	$ 257,703

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of State Compliance Questions

August 31, 2023

Exhibit J-4

Data Code	Description	Column Response
	Section A - Compensatory Education Program	
AP1	Did your Charter expend any state compensatory education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education program during the charter fiscal year?	351,575
AP4	List the actual direct program expenditures for state compensatory education program during the charter fiscal year?	269,819
	Section B - Bilingual Education Program	
AP1	Did your Charter expend any bilingual education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its bilingual education program?	Yes
AP3	List the total state allotment funds received for bilingual education program during the charter fiscal year?	120,048
AP4	List the actual direct program expenditures for bilingual education program during the charter fiscal year?	477,445

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COMPLIANCE

AND

INTERNAL CONTROL SECTION

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Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd., Suite 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

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 *GOVERNMENTAL AUDITING STANDARDS*

To the Board of Directors
Excellence in Leadership Academy
Mission, Texas

We have audited, 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, the financial statements of the 2023 (a nonprofit organization), which comprise of the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report on them dated February 23, 2024.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raul Hernandez & Company, P.C.
Corpus Christi, TX
February 23, 2024

Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd, Suite 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

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

Board of Directors
Excellence in Leadership Academy
Mission, Texas

Report of Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Excellence in Leadership Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Excellence in Leadership Academy's major federal programs for the year ended August 31, 2023. Excellence in Leadership Academy'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, Excellence in Leadership Academy 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 August 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Excellence in Leadership Academy 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 Excellence in Leadership Academy'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 Excellence in Leadership Academy's federal programs.

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 Excellence in Leadership Academy'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 generally accepted auditing standards, *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 Excellence in Leadership Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Excellence in Leadership Academy'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 Excellence in Leadership Academy'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 Excellence in Leadership Academy'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.

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.

Raul Hernandez + Company, P.C.
Corpus Christi, TX
February 23, 2024

Excellence in Leadership Academy

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2023

I. Summary of Auditors' Results

1.	Type of auditors' report issued on the financial statements of the auditee	Unmodified
2.	Significant deficiencies in internal controls disclosed by the audit of the financial statements	Yes
	a. Significant deficiencies that were material weaknesses	None
3.	Noncompliance material to the financial statements of the auditee disclosed by the audit of the financial statements	None
4.	Significant deficiencies in internal controls over major programs disclosed by the audit of the financial statements	None
	a. Significant deficiencies that were material weaknesses	None
5.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
6.	Type of auditors' report issued on compliance for major programs	Unmodified
7.	Findings disclosed by the audit of the financial statements which the auditor is required to report	None
8.	Major Programs: TCLASS ESSER III (84.425D), CRRSA ESSER II (84,525D), ARP ESSER III (84.525D)	
9.	The dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
10.	Auditee qualified as a low-risk auditee	No

Excellence in Leadership Academy

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2023

II. Financial Statement Findings

Finding No. 2023-001

Criteria: All transaction types occurring in the course of business should be timely and coded property in the general ledger. Preparation of year-end adjusting journal entries, reconciliations, reviews and other general ledger year-end balancing should be completed in a timely manner to provide complete and accurate financial reports.

Condition: The district did not maintain accurate general ledgers, bank reconciliations, accurate year-end accruals for receivables and payables, schedules of debt, and did not prepare timely financial reports. Preparation of year-end adjusting journal entries and schedules and the review and reconciliation of those amounts for accuracy was not complete. This resulted in additional time and effort on our part during the course of the audit.

Cause: During the course of the audit, there were various general ledger accounts that required adjustments. A key accounting position was vacated due to the departure of the employee. The distribution of her duties took an extraordinary amount of time to adapt to the accounting processes. The charter school contracted with a financial consultant to provide technical assistance with balancing and year-end closing, however, the additional time and effort caused the audit to be delayed.

Effect: The Charter School had a general ledger that was not reconciled at year-end and not ready for audit.

Recommendation: The Charter School must develop a year-end closing plan and ensure that proper internal controls over financial reporting and compliance are in place.

Management Response: Management agrees. Charter School's finance director will be responsible for ensuring accurate and timely reporting of accounting and financial information. The Charter School has contracted a financial consultant for technical assistance with the year-end closing process.

A. Questioned Costs: $ 0.

III. Findings and questioned costs for state and federal awards.

None identified

Excellence in Leadership Academy
Schedule of Prior Audit Findings

For the Fiscal year ended August 31, 2023

I. Status of Prior Year Findings:

Finding No. 2022-001

Criteria: All transaction types occurring in the course of business should be timely and coded properly in the general ledger. Preparation of year-end adjusting journal entries, reconciliations, reviews and other general ledger tests for reasonableness and agreement to underlying journals, and third parties should be performed in readiness for the reports to the Board, and preparation of the Charter School's annual financial statements.

Condition: The general ledger required several audit adjustments and reclassifications to current balances. Preparation of the year-end adjusting journal entries, schedules and reconciliation of several significant areas were not complete. This resulted in additional time and effort on our part during the course of the audit. The following items were noted:

- The general ledger did not properly classify payroll accrual activity for fiscal year 2022.
- The general ledger did not properly classify accounts payable activity for fiscal year 2022.
- The book balance of the general ledger had an unreconcilable difference from Charter School's reconciliation.

Effect: The Charter School had a general ledger that was not reconciled at year-end.

Cause: During the course of the audit, there were various general ledger accounts that required adjustments.

Recommendation: The Finance department should be properly informed regarding the understanding of year-end closing of the Charter School's books. The Charter School must develop a year-end closing plan and ensure that proper controls over financial reporting and compliance are in place.

Management Response: Management agrees. The Charter School's finance director will be responsible for ensuring accurate and timely reporting of accounting and financial information.

Status: See Finding No. 2023-001

Excellence in Leadership Academy
Corrective Action Plan

For the Fiscal year ended August 31, 2023

The Charter School's finance director will be responsible for ensuring accurate and timely reporting of accounting and financial information. The Charter School has contracted with a consultant for technical assistance with the year-end closing process.

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Expenditures of Federal Awards

For the Year Ended August 31,2023

Grant Program	Federa CFDA Number	Pass Through Entity Identify Number	Federal Expenditures
United States Department of Education			
Passed Through State Department of Education			
ESEA Title I Part A	84.010A	S010A210043	179,121
ESEA Title II Part A - Teacher and Principle Trainng and Recruiting	84.367A	S367A210041	21,772
ESEA Title III Part A - Limited English Proficient	84.365A	S365A210043	21,939
ESEA Title IV Part A - Subpart 1	84.424A	S424A210045	14,069
IDEA Part B Formula	84.027A	H027A210008	47,727
IDEA Part B Preschool	84.173A	H173A210004	741
TCLAS ESSER III	84.425D	2158042108809	217,744
CRRSA ESSER II Grant	84.425D	S425D200042	168,334
ARP ESSER III Grant	84.425D	S425U210042	280,799
Total United States Department of Education			952,246
United States Department of Agriculture			
Passed Through State Department of Education			
National School Lunch	10.555	71302301	154,191
School Breakfast Program	10.553	71402201	46,212
Child and Adult Care Food Program	10.558		-
Total State Department of Education			200,403
Total Expenditures of Federal Awards			1,152,649

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended August 31, 2023

Basis of Presentation:
The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter School. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Summary of Significant Accounting Policies:
Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Sub-recipients:
During the year ended August 31, 2023, the Charter School had no sub-recipients.

Federal Loans and Loan Guarantees:
During the year ended August 31, 2023, the Charter School had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:
During the year ended August 31, 2023, the Charter School had no federally funded insurance.

Noncash awards:
During the year ended August 31, 2023, the Charter School did not receive noncash-assistance under the National School Lunch Program.

Indirect Cost Rate:
The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended August 31, 2023, the Charter School did not elect to use this rate.

Reconciliation from the Schedule of Expenditures of Federal Awards to Exhibit A-2:

Total Federal Award Expended	$ 1,152,649
Food Program	2,918
Exhibit A-2	$ 1,155,567

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