

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

ANNUAL FINANCIAL AND COMPLIANCE AUDIT

Years ended August 31, 2025 and 2024

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)
YEARS ENDED AUGUST 31, 2025 AND 2024

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ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)
CDN: 101810
(Federal Employer Identification Number: 31-1583056)
Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of Academy of Accelerated Learning, Inc. was reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2025, at a meeting of the governing body of the charter holder on the 20th day of January 2026.



Signature of Board Secretary



Signature of Board President



INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of
Academy of Accelerated Learning, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Academy of Accelerated Learning, Inc. (the "Academy"), which comprise the statement of financial position as of August 31, 2025 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Academy as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) 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 the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for 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 US GAAS 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 US GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the 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 the 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 the 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.

Report on Summarized Comparative Information

We have previously audited the Academy's August 31, 2024, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and other accompanying supplementary information presented under table of contents are required by the Texas Education Agency and are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other



McConnell Jones

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the schedule of expenditures of federal awards and other accompanying supplementary information presented under table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

McConnell & Jones LLP

Houston, Texas
January 20, 2026

FINANCIAL STATEMENTS

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,638,675	\$ 5,393,220
Certificates of deposit	2,250,000	-
Due from Texas Education Agency	1,093,869	771,978
Due from other governments	41,981	44,158
Other accounts receivables	123,027	103,653
Prepaid expenses	75,738	102,257
Total current assets	<u>7,223,290</u>	<u>6,415,266</u>
Noncurrent Assets:		
Security deposits	-	81,701
Property and equipment, net	19,718,332	16,742,712
Right of use assets - operating, net	97,374	774,836
Total noncurrent assets	<u>19,815,706</u>	<u>17,599,249</u>
TOTAL ASSETS	<u><u>\$ 27,038,996</u></u>	<u><u>\$ 24,014,515</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 467,674	\$ 147,284
Payroll and related liabilities	306,162	187,387
Deferred revenue	1,221	-
Right of use liability - operating lease due within one year	97,374	663,614
Bonds payable, due within one year	715,000	-
Total current liabilities	<u>1,587,431</u>	<u>998,285</u>
Right of use liability - operating lease due in more than one year	-	115,841
Bonds payable, net of discount	18,421,651	13,141,579
Total noncurrent liabilities	<u>18,421,651</u>	<u>13,257,420</u>
TOTAL LIABILITIES	<u>20,009,082</u>	<u>14,255,705</u>
Net Assets:		
Without donor restrictions	2,251,465	2,024,830
With donor restrictions	4,778,449	7,733,980
Total net assets	<u>7,029,914</u>	<u>9,758,810</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 27,038,996</u></u>	<u><u>\$ 24,014,515</u></u>

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

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025
(With comparative totals for 2024)

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2025	2024
REVENUES				
Local support:				
Local revenues	\$ 344,741	\$ -	\$ 344,741	\$ 293,332
Total local and other revenues	<u>344,741</u>	<u>-</u>	<u>344,741</u>	<u>293,332</u>
State program revenues:				
Foundation school program	-	8,276,957	8,276,957	9,344,427
Other state revenue (TEA)	-	856,541	856,541	304,787
Other state revenue (other than TEA)	-	34,114	34,114	-
Total state program revenues	<u>-</u>	<u>9,167,612</u>	<u>9,167,612</u>	<u>9,649,214</u>
Federal program revenues:				
Child Care and Development fund	-	112,500	112,500	115,022
National School Breakfast Program	-	140,880	140,880	135,975
National School Lunch Program	-	563,814	563,814	461,378
ESEA Title I, Part A	-	568,853	568,853	633,707
ESEA Title II, Part A	-	45,477	45,477	53,027
ESEA Title III, Part A	-	70,204	70,204	23,695
ESEA Title IV, Part A, Subpart 1	-	33,127	33,127	27,404
Stronger Connections Grant	-	364,497	364,497	19,370
LEP Summer School	-	5,576	5,576	-
ARP ESSER III	-	38,776	38,776	2,181,267
IDEA PART B Formula	-	142,258	142,258	141,940
IDEA PART B Preschool	-	2,427	2,427	2,497
Total federal program revenues	<u>-</u>	<u>2,088,389</u>	<u>2,088,389</u>	<u>3,795,282</u>
Net assets released from restrictions	<u>14,211,532</u>	<u>(14,211,532)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 14,556,273</u>	<u>\$ (2,955,531)</u>	<u>\$ 11,600,742</u>	<u>\$ 13,737,828</u>
EXPENSES				
Program services:				
Instruction and instructional-related services	\$ 5,376,127	\$ -	\$ 5,376,127	\$ 6,855,896
Instructional and school leadership	1,028,692	-	1,028,692	816,012
Support services:				
Administrative support services	958,103	-	958,103	1,694,800
Support services - non-student based	4,287,882	-	4,287,882	4,375,583
Support services - student (pupil)	1,331,384	-	1,331,384	1,026,247
Community services	103,046	-	103,046	32,817
Debt service	1,181,624	-	1,181,624	637,693
Fundraising	62,780	-	62,780	-
TOTAL EXPENSES	<u>14,329,638</u>	<u>-</u>	<u>14,329,638</u>	<u>15,439,048</u>
Change in net assets	226,635	(2,955,531)	(2,728,896)	(1,701,220)
Net assets, beginning of year	<u>2,024,830</u>	<u>7,733,980</u>	<u>9,758,810</u>	<u>11,460,030</u>
NET ASSETS, END OF YEAR	<u>\$ 2,251,465</u>	<u>\$ 4,778,449</u>	<u>\$ 7,029,914</u>	<u>\$ 9,758,810</u>

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

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025
(With comparative totals for 2024)

	Program Services			Supporting Services							Total Expenditures 2025	Total Expenditures 2024
	Instructional and Instructional Services	Instructional and School Leadership	Total Program Services	Administrative Support Services	Support Services - Non-Student Based	Support Services - Student (Pupil)	Community Services	Debt Service	Fundraising	Total Support Services		
EXPENSES:												
Teachers and other professional personnel	\$ 3,257,309	\$ 521,079	\$ 3,778,388	\$ 418,867	\$ 229,266	\$ 313,860	\$ 74,404	\$ -	\$ -	\$ 1,036,397	\$ 4,814,785	\$ 4,363,419
Support personnel	404,904	312,361	717,265	44,024	432,085	25,149	13,043	-	31,242	545,543	1,262,808	1,110,492
Employee benefits	583,020	125,864	708,884	58,464	107,275	52,038	14,763	-	2,399	234,939	943,823	749,552
Total Payroll Expenses	4,245,233	959,304	5,204,537	521,355	768,626	391,047	102,210	-	33,641	1,816,879	7,021,416	6,223,463
Professional services	24,592	-	24,592	247,958	4,200	25,940	-	-	-	278,098	302,690	911,169
Education service center services	26,775	16,435	43,210	2,031	65	-	-	-	-	2,096	45,306	6,517
Contracted, maintenance and repair	-	-	-	-	287,781	2,507	-	-	-	290,288	290,288	281,134
Utilities	-	-	-	-	556,480	-	-	-	-	556,480	556,480	611,918
Rentals	-	-	-	-	634,325	-	-	-	-	634,325	634,325	1,182,168
Miscellaneous contracted services	466,652	-	466,652	57,760	667,447	198,014	-	-	20,500	943,721	1,410,373	2,598,910
Maintenance and operations	-	-	-	-	104,664	-	-	-	-	104,664	104,664	105,049
Instructional materials	103,177	-	103,177	-	-	-	-	-	-	-	103,177	35,517
Testing materials	-	-	-	-	-	-	-	-	-	-	-	84,132
Food service	54,982	-	54,982	-	-	681,704	-	-	-	681,704	736,686	773,195
Supplies and materials	316,428	15,783	332,211	6,800	203,729	13,741	238	-	8,639	233,147	565,358	446,520
Travel, subsistence, and stipends	118,066	26,928	144,994	27,889	4,956	10,770	-	-	-	43,615	188,609	255,838
Insurance and bonding costs	-	-	-	-	199,058	-	-	-	-	199,058	199,058	104,324
Depreciation expense	-	-	-	-	810,252	-	-	-	-	810,252	810,252	812,752
Miscellaneous operating costs	20,222	10,242	30,464	94,310	46,299	7,661	598	-	-	148,868	179,332	328,833
Interest expense	-	-	-	-	-	-	-	1,181,624	-	1,181,624	1,181,624	637,693
Library books and media	-	-	-	-	-	-	-	-	-	-	-	39,915
Total Non-payroll Expenses	1,130,894	69,388	1,200,282	436,748	3,519,256	940,337	836	1,181,624	29,139	6,107,940	7,308,222	9,215,585
TOTAL EXPENSES	\$ 5,376,127	\$ 1,028,692	\$ 6,404,819	\$ 958,103	\$ 4,287,882	\$ 1,331,384	\$ 103,046	\$ 1,181,624	\$ 62,780	\$ 7,924,819	\$ 14,329,638	\$ 15,439,048

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

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
State grant receipts	\$ 8,844,500	\$ 9,129,027
Federal grant receipts	2,088,389	3,795,282
Receipts from miscellaneous sources	325,367	301,953
Payments to or on behalf of employees for services rendered	(6,902,641)	(6,581,562)
Payments to vendors for goods and services rendered	(4,887,736)	(7,768,881)
Interest payments	(1,029,977)	(597,439)
Net cash used in operating activities	<u>(1,562,098)</u>	<u>(1,721,620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(2,250,000)	-
Purchase of property and equipment	(3,785,872)	(2,637,145)
Net cash used in investing activities	<u>(6,035,872)</u>	<u>(2,637,145)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Bonds, net	5,843,425	-
Net cash provided by financing activities	<u>5,843,425</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,754,545)	(4,399,019)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,393,220</u>	<u>9,792,239</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,638,675</u>	<u>\$ 5,393,220</u>
Reconciliation of change in net assets		
to net cash used in operating activities:		
Change in net assets	\$ (2,728,896)	\$ (1,701,220)
Adjustments to reconcile change in net assets		
to net cash used in operating activities:		
Depreciation	810,252	812,752
Amortization of bond discount	23,995	10,117
Amortization of bond issuance costs	127,652	30,137
Changes in operating assets and liabilities:		
Due from Texas Education Agency	(321,891)	(520,187)
Due from other governments	2,177	-
Other accounts receivable	(19,374)	8,621
Prepaid expense	26,519	(90,596)
Security deposits	81,701	(20,000)
Right of use asset - operating	677,462	1,054,188
Accounts payable	320,390	109,398
Payroll and related liabilities	118,775	(358,099)
Deferred revenues	1,221	-
Right of use liability - operating	(682,081)	(1,056,731)
Total adjustments	<u>1,166,798</u>	<u>(20,400)</u>
Net cash used in operating activities	<u>\$ (1,562,098)</u>	<u>\$ (1,721,620)</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest expense paid during the fiscal period	<u>\$ 1,029,977</u>	<u>\$ 597,439</u>

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

NOTES TO THE FINANCIAL STATEMENTS

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 and 2024

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Academy of Accelerated Learning, Inc. (the “Academy”) is a not-for-profit organization incorporated in the State of Texas in 1998 and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Academy is governed by a Board of Directors comprised of five members. The Board of Directors is selected pursuant to the bylaws of the Academy and has the authority to make decisions, appoint the Academy’s Superintendent, and significantly influence operations. The Board of Directors has primary accountability for the fiscal affairs of the Academy.

Since the Academy receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Corporate Operations

The Academy was organized to provide educational services to at-risk students in the Houston Metropolitan area in Texas. The programs, services, activities, and functions are governed by the Academy’s Board of Directors. On May 15, 1998, the Texas State Board of Education granted the Academy 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 applicable Contract for Charter, the Academy opened on September 1, 1998. The Academy operates three different campus locations under a single charter in fiscal year 2025 and 2024 and did not conduct any other charter or non-charter activities. The Academy’s current charter expires on July 31, 2033.

The Academy is part of the public school system of the State of Texas and is, therefore, entitled to distributions from the State’s available school fund. The Academy does not have the authority to impose ad valorem taxes on its district or to charge tuition.

Basis of Accounting

The financial statements of the Academy have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Financial Statement Presentation

The Academy is required by U.S. GAAP to report information regarding its financial position and activities. Net assets and revenues, expenses gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Academy are reported as follows:

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 and 2024

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor stipulations. 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 stipulations that may be met, either by actions of the Academy and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. The Academy did not have perpetual restrictions as of August 31, 2025 and 2024. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose and restrictions are reported in the statement of activities as net assets released from restrictions.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first, then unrestricted resources as needed.

Standard Financial Accounting System

For all federal and state programs, the Academy uses the net asset classes and codes specified by the Texas Education Agency ("TEA") in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. Temporarily restricted net asset codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted net asset codes.

Revenue Recognition

Revenues from contributions, donations, and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. State Foundation School Program revenues are recognized based on the reported student attendance. State and Federal grant revenues are recognized when services are rendered. Revenue from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time.

Contributions

All contributions are considered available for the Academy's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

ACADEMY OF ACCELERATED LEARNING, INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 and 2024

Contributed Services

The Academy recognizes contributed services at their fair value if the services provide value to the Academy and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors, as established by FASB ASC Topic 958-605. During the fiscal years ended August 31, 2025 and 2024, the Academy did not receive any services that would meet the criteria for recognition in the financial statements as described in FASB ASC 958-605.

Cash and Cash Equivalents

The Academy considers all monies in banks and highly liquid investments with maturities of three months or less from date of purchase to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Restricted cash and cash equivalents represent amounts required to be maintained under the terms of the bond indenture agreement for debt service reserves. These funds are legally restricted and cannot be used for general operating purposes. For purposes of the statement of cash flows, restricted cash and cash equivalents are included in cash and cash equivalents. For the years ended August 31, 2025, and 2024, there were no amounts of restricted cash nor restricted cash equivalents.

Grants Receivable

Grants receivables includes amounts due from the TEA and other governments and represent pending reimbursements of program expenses incurred and billed as of August 31, 2025 and 2024, expected to be received from the funding sources in the subsequent year. Management considers grants receivable as of August 31, 2025 and 2024, in the amount of \$1,135,850 and \$816,136 respectively, to be fully collectible. Accordingly, no allowance for delinquent grants receivable was made in the accompanying financial statements.

Capital Asset

Capital assets include buildings and improvements, equipment, furniture, and other personal property. Capital assets are defined by the Academy 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 capital asset additions, major renewals and betterments of capital assets are capitalized, and maintenance and repairs are charged to expense as incurred. Donated capital assets are recorded as direct additions to net assets at fair value at the date of donation which is then stated at cost. The Academy did not have any donated capital assets as of August 31, 2025 and 2024.

ACADEMY OF ACCELERATED LEARNING, INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 and 2024

Right-of-Use Assets – Operating

A right-of-use-asset – operating is recognized at the present value of the lease payments at inception of the lease. Lease expense is recognized on a straight-line basis as rent expense in the statement of activities.

Liquidity and Availability of Financial Assets

Per the TEA, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have a time restriction but must be used for educational purposes in accordance with State law. As such, there are cash and receivables that are due from the State and are available for use for educational purposes. As part of the Academy's liquidity management practice, the Academy monitors its cash periodically and invests excess cash in certificates of deposit with different banks in various amounts of \$250,000 or less per bank.

The Academy financial assets available within one year of the financial position date to meet cash needs for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 3,638,675	\$ 5,393,220
Certificates of deposit	2,250,000	-
Due from Texas Education Agency	1,093,869	771,978
Due from others governments	41,981	44,158
Other accounts receivables	123,027	103,653
Less: Designated cash for future use	<u>(1,488,836)</u>	<u>(334,671)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,658,716</u>	<u>\$ 5,978,338</u>

Federal Income Taxes

The Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code. The Academy did not conduct unrelated business activities during the years ended August 31, 2025 and 2024. Accordingly, the Academy did not provide for federal income taxes in the accompanying financial statements.

The Academy applies the provisions of FASB ASC Topic 740-10, Income Taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740-10 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Academy believes

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that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the Academy's financial statements are the state funding receivables, functional allocations of expenses, and the useful lives used for estimating annual depreciation and amortization amounts for property and equipment.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Compensated Absences

Annual employees (12-month employees) are the only employees eligible to accrue annual leave time. Under the Academy's policy, vacation time and sick leave are earned based on the employees' length of service. Employees are expected to use vacation days in the year which they are earned. In cases of unforeseen or unusual circumstances, employees may accumulate and carry vacation days for a total maximum of 30 days at the close of the school year. Unused vacation days in excess of the maximum will be lost. The Academy does not pay for any unused vacation time. Therefore, no accrual for unused vacation or sick days is recorded in the accompanying financial statements.

Budget

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

Prior to the beginning of each school year, the Academy prepares and submits its annual budget for the next fiscal year. However, due to the significant inflows and outflows of students from the program, the budget must be amended on a regular basis. This has resulted in the variances between the original adopted budget and the final amended budget presented on the Budgetary Comparison Schedule. Management has taken steps to ensure that future related budgets are amended on a frequent basis to reflect changes in actual and budget amounts.

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Reclassification

Certain expenditure amounts in the prior year's financial statements were reclassified to conform with the current fiscal year's presentation. Such reclassifications have no effect on the changes in net assets as previously stated in the prior year's financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In June 2022, the FASB issued ASU No. 2022-03, Fair Value Measurement (Topic 820). This update clarifies the guidance in Topic 820 when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of the equity security. The amendments are effective for the Academy's annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Academy will evaluate if this change will impact its statements of financial position, of activities and changes in net assets, and of cash flows, or disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments provide more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments are effective for the Academy's annual reporting periods beginning after December 15, 2025, with early adoption permitted. The guidance is to be applied prospectively, although retrospective application is permitted. The Academy will evaluate if this change will impact its statements of financial position, of activities and changes in net assets, and of cash flows, or disclosures.

NOTE 2: CONCENTRATION OF CREDIT AND BUSINESS RISKS

The Academy maintains cash balances with financial institutions in the state. As of August 31, 2025 and 2024, the Academy's cash balance at one of the financial institutions exceeded the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per customer by \$1,602,040 and \$1,443,528, respectively. Management believes that this credit risk exposure was mitigated by the financial strength of the banking institutions in which the deposits were held.

Credit risk associated with receivables is minimal due to the credit worthiness of the federal, state, and local funding agencies.

The State of Texas and Federal Government provided 79% and 18% of the Academy's total revenues for the years ended August 31, 2025, respectively, and 70% and 28% of the Academy's total revenues for the year ended August 31, 2024, respectively.

NOTE 3: CERTIFICATES OF DEPOSIT HELD THROUGH CDARS

At August 31, 2025, the Academy held \$2,250,000 in certificates of deposit ("CDs") through the Certificate of Deposit Account Registry Service ("CDARS") program. CDARS allows the Academy to place deposits with multiple participating banks while maintaining full FDIC

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insurance coverage. All amounts invested through CDARS are fully insured under FDIC regulations due to the allocation of deposits across multiple participating institutions.

The CDs are recorded at cost, which approximates fair value. The Academy's CDs have original maturities of 12 months from the date of issuance and fixed interest rates.

<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
December 11, 2025	3.95%	\$ 1,000,000
March 19, 2026	4.30%	1,250,000
Total CDARS		<u>\$ 2,250,000</u>

NOTE 4: PROPERTY AND EQUIPMENT

Capital assets acquired with public funds received by the Academy for operations constitute public property pursuant to Chapter 12 of the Texas Education Code. Depreciation expense for the year ended August 31, 2025 and 2024, was \$810,252 and \$812,752, respectively.

Property and equipment at August 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 3,264,106	\$ 2,810,000
Construction in progress	839,404	-
Buildings & Improvements	17,334,151	14,855,460
Computer and equipment	201,161	201,161
Furniture and fixtures	546,958	533,288
Leasehold improvements	-	284,002
Art & Collections	5,583	5,583
	<u>22,191,363</u>	<u>18,689,494</u>
Accumulated depreciation and amortization	<u>(2,473,031)</u>	<u>(1,946,782)</u>
Property and equipment, net	<u>\$ 19,718,332</u>	<u>\$ 16,742,712</u>

NOTE 5: BONDS PAYABLE

In November 2023, the Arlington Higher Education Finance Corporation (the "Corporation") issued the following bonds: \$10,985,000 Education Revenue Bonds (The Academy of Accelerated Learning, Inc.) Series 2023A and \$4,015,000 Taxable Education Revenue Bonds (The Academy of Accelerated Learning, Inc.) Series 2023B. Proceeds of the bonds were loaned to the Academy for the purchase and renovation of the Savoy property.

In October 2024, the Corporation issued the following bonds: \$5,790,000 Education Revenue Bonds (The Academy of Accelerated Learning, Inc.) Series 2024A and \$970,000 Taxable Education Revenue Bonds (The Academy of Accelerated Learning, Inc.) Series 2024B. Proceeds of the bonds were loaned to the Academy for the purchase and renovation of the Ashcroft property.

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Details of the bonds outstanding as of August 31, 2025 are as follows:

Description	Interest Rate	Maturity Date	Balance
Education Revenue Bonds, Series 2023A	4.5% - 5.0%	August 15, 2053	\$ 10,985,000
Taxable Education Revenue Bonds, Series 2023B	5.9%	August 15, 2030	4,015,000
Education Revenue Bonds, Series 2024A	4.0% - 5.0%	August 15, 2054	5,790,000
Taxable Education Revenue Bonds, Series 2024B	5.25%	August 15, 2034	970,000
Total			\$ 21,760,000

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
Series 2023A	\$ 10,985,000	\$ -	\$ -	\$ 10,985,000	\$ -
Series 2023B	4,015,000	-	-	4,015,000	715,000
Series 2024A	-	5,790,000	-	5,790,000	-
Series 2024B	-	970,000	-	970,000	-
Net premium/(discount)	(395,679)	37,972	23,995	(333,712)	-
Bond Issuance Cost	(1,462,742)	(954,547)	127,652	(2,289,637)	-
Total Net Bonds Payable	<u>\$ 13,141,579</u>	<u>\$ 5,843,425</u>	<u>\$ 151,647</u>	<u>\$ 19,136,651</u>	<u>\$ 715,000</u>

Future maturities on bonds payable on August 31, 2025 are as follows:

	Revenue and Refunding Bonds		
Year ending August 31,	Principal	Interest	Total
2026	\$ 715,000	\$ 1,079,825	\$ 1,794,825
2027	755,000	1,037,640	1,792,640
2028	800,000	993,095	1,793,095
2029	850,000	945,895	1,795,895
2030	895,000	895,745	1,790,745
2031 and thereafter	17,745,000	11,304,154	29,049,154
Total	<u>\$ 21,760,000</u>	<u>\$ 16,256,354</u>	<u>\$ 38,016,354</u>

As of August 31, 2025, the Academy met the 45 days cash-on-hand covenant; however, it did not meet the debt coverage ratio of at least 1.10 covenant. It is anticipated that to address this shortfall and remain in compliance with bond covenants, an independent consultant will be engaged by the Academy as required by the master trust indenture to conduct a review of its financials and provide recommendations for achieving required ratios. Additionally, the Academy has also implemented cost-reduction measures in fiscal year 2026 and is actively assessing building utilization to improve financial performance and return to full compliance with covenant requirements.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

At August 31, 2025 and 2024, the Academy had net assets with donor restrictions of \$4,778,449 and \$7,733,980 that consisted of the following, by program:

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<u>Program</u>	<u>2025</u>	<u>2024</u>
Food Program Service	\$ 39,801	\$ (27,257)
ESSER - CARES Act	9,185	-
State Instructional Materials	175,483	-
State-Funded Special Revenue	488,233	-
Foundation School Program and Other State Aid	4,065,747	7,761,237
	<u>\$ 4,778,449</u>	<u>\$ 7,733,980</u>

NOTE 7: OPERATING LEASES

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Academy determines lease classification as operating or finance at the lease commencement date. The Academy determined all leases resulting in the recognition of ROU assets and lease liabilities to be operating leases.

The Academy uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

The Academy leases office space, equipment and classrooms under operating leases. The leases expire through July 31, 2026. The lease cost for all operating leases for the year ended August 31, 2025 and 2024 was \$508,379 and \$1,023,034, respectively. Cash paid included in the measurement of lease liabilities was \$505,625 and \$779,455 for the year ended August 31, 2025 and 2024, respectively.

The Academy leases storage space under month-to-month leases. The short-term lease cost for the year ended August 31, 2025 and 2024 was \$27,108 and \$112,450, respectively.

The following table provides the weighted-average term and discount rates for operating leases outstanding as of August 31, 2025.

Weighted-average remaining lease term	11 months
Weighted-average discount rate	5%

The following is a schedule of future minimum lease payments, by year, on non-cancellable operating leases.

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<u>Year Ended August 31,</u>	<u>Amount</u>
2026	\$ 97,374

NOTE 8: COMMITMENTS AND CONTINGENCIES

The Academy receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the TEA and is subject to audit and adjustment. In addition, expenses charged to federal and state programs are subject to audit and adjustment by the grantor agencies. The programs administered by the Academy have multiple compliance requirements and should state or federal auditors discover areas of noncompliance, the funds may be subject to refund if so, determined by the TEA or the grantor agencies.

NOTE 9: PENSION PLAN OBLIGATIONS

Plan Description

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

The risk of participating in this cost sharing multi-employer defined benefit pension plan is different from a single-employer plan because: (a) the Academy is a legally separate entity from the State of Texas, (b) assets contributed to the cost sharing multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (c) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (d) if an entity chooses to stop participating in the cost sharing multi-employer plan, there is no withdrawal liability to the plan. The Academy has no plans to withdraw from its cost sharing multi-employer plan.

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Funding Policy and Funded Status

Contribution requirements are not actuarially determined but are established and amended by the Texas State Legislature. The State funding policy is as follows: (1) the State constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a State contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation of all members of the system; (2) State statute prohibits benefit improvements if, as a result of a 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.

The following presents information regarding the Academy's cost sharing multi-employer pension plan for the year ended August 31:

	<u>2025</u>	<u>2024</u>
Plan Name	TRS	TRS
EIN and Plan Number	N/A	N/A
Total Plan Assets	\$ 256,723,783,000	\$ 243,089,146,000
Accumulated Benefit Obligations	\$ 289,276,031,895	\$ 271,627,434,294
% Funded	78.24%	77.51%
Collective Bargaining Agreement	N/A	N/A
Other contributions made from federal and private grants and from the charter school	\$ 42,503	\$ 40,683
Academy's Contributions	\$ 51,322	\$ 56,933
More than 5% of Total Contributions	No	No
FIP/RP Status	N/A	N/A
Surcharge Imposed	No	No
Contribution Rates		
Member	8.25%	8.25%
Non-member	8.25%	8.25%
Pension Surcharge	16.50%	16.50%
Employees' Contribution to TRS	\$ 504,367	\$ 482,779
More than 5% of Total Contributions	No	No
Equal to the required contributions for each	Yes	Yes

NOTE 10: HEALTH CARE COVERAGE

Plan Description

The Academy contributes to the Texas Public School Retired Employees Group Insurance Program ("TRS- Care"), a cost-sharing, multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage

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for participants. TRS issues a publicly available financial report that includes consolidated financial statements and Required Supplementary Information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us; by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701; or by calling 1-800-223-8778.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public-school contributions, respectively. Per Texas Insurance Code, Chapter 1575, the school contribution may not be less than 0.25 percent or greater than 0.75 percent of the salary of each active employee of the public school.

Plan Name	2025	2024
	TRS-Care	TRS-Care
Contribution Rates		
Member	0.65%	0.65%
Employers	0.75%	0.75%
Federal	1.25%	1.25%
Public Education Employer Contribution (formerly RE Payments for Non-OASDI Members)	2.00%	1.90%
Contribution to TRS-Care		
Member	\$ 36,837	\$ 35,260
Reporting Entity	\$ 49,109	\$ 45,284
Surcharge to TRS-Care	\$ 535	\$ 535

Health Care Coverage

During the year ended August 31, 2025 and 2024, employees of the Academy were covered by a Health Insurance Plan (the “Plan”). For the years ended August 31, 2025 and 2024, the Academy contributed, depending on the coverage option selected by employees, \$484 and \$432 per month per employee to the Plan, respectively. Employees, at their option, authorized payroll deductions to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

NOTE 11: STATE FOUNDATION PROGRAM REVENUE

Charter schools in the State of Texas participate in the State Foundation Program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period, and at the close of the year, actual attendance is calculated by the TEA and the reports are subject to audit by the TEA. The final State Foundation Program earnings may be adjusted as a result of any such

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FOR THE YEARS ENDED AUGUST 31, 2025 and 2024

audit. The Academy recognized revenues from the State Foundation Program funds as of August 31, 2025 and 2024, in the amounts of \$8,276,957 and \$9,344,427, respectively, all of which was earned (before any possible TEA enrollment and attendance audit).

NOTE 12: DUE FROM TEXAS EDUCATION AGENCY

As of August 31, the Academy had earned the following revenues which were not received until after year end:

Fund	2025	2024
State Foundation Program	\$ 748,219	\$ 515,749
IDEA - Part B, Formula	20	5,325
IDEA - Part B, Preschool	2,427	-
ESEA Title I, Part A	172,660	2,406
ESEA Title II, Part A	10,787	8,133
ESEA Title III, Part A	35,282	-
ESEA Title IV, Part A, Subpart 1	72,467	3,270
ARP ESSER III	-	237,095
National School Breakfast and Lunch Program	52,007	-
Total	<u>\$ 1,093,869</u>	<u>\$ 771,978</u>

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 20, 2026, the date the financial statements were available to be issued. No changes were made, or are necessary to be made, to the financial statements, as a result of this evaluation.

SUPPLEMENTARY INFORMATION

ACADEMY OF ACCELERATED LEARNING, INC.
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SUPPLEMENTAL STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025
(With comparative totals for 2024)

		Totals			
		Without Donor Restrictions	With Donor Restrictions	2025	2024
REVENUES					
Local support:					
	Local revenues	\$ 344,741	\$ -	\$ 344,741	\$ 293,332
5700	Total local support	344,741	-	344,741	293,332
State program revenues:					
	Foundation school program	-	8,276,957	8,276,957	9,344,427
	Other state revenue (TEA)	-	856,541	856,541	304,787
	Other state revenue	-	34,114	34,114	-
5800	Total state program revenues	-	9,167,612	9,167,612	9,649,214
Federal program revenues:					
	Child Care and Development fund	-	112,500	112,500	115,022
	National School Breakfast Program	-	140,880	140,880	135,975
	National School Lunch Program	-	563,814	563,814	461,378
	ESEA Title I Part A	-	568,853	568,853	633,707
	ESEA Title II Part A	-	45,477	45,477	53,027
	ESEA Title III Part A	-	70,204	70,204	23,695
	ESEA Title IV Part A, Subpart 1	-	33,127	33,127	27,404
	Stronger Connections Grant	-	364,497	364,497	19,370
	LEP Summer School	-	5,576	5,576	-
	ARP ESSER III	-	38,776	38,776	2,181,267
	IDEA PART B Formula	-	142,258	142,258	141,940
	IDEA PART B Preschool	-	2,427	2,427	2,497
5900	Total federal program revenues	-	2,088,389	2,088,389	3,795,282
	Net assets released from restrictions	14,211,532	(14,211,532)	-	-
TOTAL REVENUES		\$ 14,556,273	\$ (2,955,531)	\$ 11,600,742	\$ 13,737,828
EXPENSES					
11	Instruction	\$ 4,848,059	\$ -	\$ 4,848,059	\$ 6,623,299
12	Instructional resources and media services	81,491	-	81,491	103,816
13	Curriculum development and instructional staff development	446,577	-	446,577	132,234
21	Instructional leadership	39,834	-	39,834	-
23	School leadership	988,858	-	988,858	812,067
31	Guidance, counseling and evaluation services	166,703	-	166,703	38,054
32	Social work services	100,025	-	100,025	-
33	Health services	207,096	-	207,096	128,776
34	Student (pupil) transportation	-	-	-	4,623
35	Food services	692,461	-	692,461	770,086
36	Extracurricular activities	165,099	-	165,099	85,227
41	General administration	958,103	-	958,103	1,694,773
51	Facilities maintenance and operations	3,294,197	-	3,294,197	3,816,091
52	Security and monitoring services	519,320	-	519,320	408,597
53	Data processing services	474,365	-	474,365	150,895
61	Community services	103,046	-	103,046	32,817
71	Debt service	1,181,624	-	1,181,624	637,693
81	Fundraising	62,780	-	62,780	-
TOTAL EXPENSES		\$ 14,329,638	\$ -	\$ 14,329,638	\$ 15,439,048
Change in net assets		226,635	(2,955,531)	(2,728,896)	(1,701,220)
Net assets, beginning of year		2,024,830	7,733,980	9,758,810	11,460,030
NET ASSETS, END OF YEAR		\$ 2,251,465	\$ 4,778,449	\$ 7,029,914	\$ 9,758,810

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SCHEDULES OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

		<u>2025</u>	<u>2024</u>
6100	Payroll costs	\$ 7,021,416	\$ 6,223,463
6200	Professional and contracted services	3,239,462	5,591,819
6300	Supplies and maintenance	1,509,885	1,444,413
6400	Other operating costs	1,377,251	1,501,745
6500	Debt service	1,181,624	637,693
6600	Library books and media	-	39,915
	Total expenses	<u><u>\$ 14,329,638</u></u>	<u><u>\$ 15,439,048</u></u>

ACADEMY OF ACCELERATED LEARNING, INC.
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SCHEDULES OF ASSETS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

		2025			
		Ownership Interest			Total
		Local	State	Federal	
1110	Cash and cash equivalents	\$ -	\$ 3,638,675	\$ -	\$ 3,638,675
1120	Investments	-	2,250,000	-	2,250,000
1510	Land	-	3,264,106	-	3,264,106
1520	Buildings & improvements	-	17,334,151	-	17,334,151
1535	Computer and equipment	-	201,161	-	201,161
1539	Furniture and fixtures	-	497,972	48,986	546,958
1550	Right-of-use operating lease	-	97,374	-	97,374
1580	Construction in progress	-	839,404	-	839,404
1590	Art & collections	-	5,583	-	5,583
	Total cash and capital assets	<u>\$ -</u>	<u>\$28,128,426</u>	<u>\$ 48,986</u>	<u>\$28,177,412</u>

		2024			
		Ownership Interest			Total
		Local	State	Federal	
1110	Cash and cash equivalents	\$ -	\$ 5,393,220	\$ -	\$ 5,393,220
1510	Land	-	2,810,000	-	2,810,000
1520	Buildings & improvements	-	14,855,460	-	14,855,460
1535	Computer and equipment	-	201,161	-	201,161
1539	Furniture and fixtures	-	497,972	35,316	533,288
1540	Leasehold improvements	-	284,002	-	284,002
1550	Right-of-use operating lease	-	774,836	-	774,836
1590	Art & collections	-	5,583	-	5,583
	Total cash and capital assets	<u>\$ -</u>	<u>\$24,822,234</u>	<u>\$ 35,316</u>	<u>\$24,857,550</u>

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BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2025

		Budgeted Amounts		Actual Amounts	Actual Compared to Final Budgeted Amounts		Explanations See References	Final Compared to Original Budgeted Amounts		Explanations See References			
		Original	Final		\$ Variance	% Variance		\$ Variance	% Variance				
REVENUES													
Local support:													
5700	Revenues from local and intermediate sources	\$ 361,500	\$ 344,742	\$ 344,741	\$ (1)	0%		\$ (16,758)	-5%				
State program revenues:													
5810	Per capita and foundation school program revenues	8,582,588	8,276,957	8,276,957	-	0%		(305,631)	-4%				
5820	Other state revenue distributed by Texas Education Agency	859,179	859,179	856,541	(2,638)	0%		-	0%				
5830	Other state revenue distributed by other Texas governments	30,114	30,114	34,114	4,000	13%		-	0%				
		9,471,881	9,166,250	9,167,612	1,362								
Federal program revenues:													
5910	Federal revenues distributed through government entities other than State or Federal agencies	92,100	112,500	112,500	-	0%		20,400	22%				
5920	Federal revenues distributed by the Texas Education Agency	2,219,699	1,946,124	1,975,889	29,765	2%		\$ (273,575)	-12%				
		2,311,799	2,058,624	2,088,389	29,765								
TOTAL REVENUES		\$ 12,145,180	\$ 11,569,616	\$ 11,600,742	\$ 31,126								
EXPENSES													
11	Instruction	\$ 5,242,817	\$ 4,848,195	\$ 4,848,059	\$ 136	0%		\$ 394,622	8%				
12	Instructional resources and media services	100,000	81,491	81,491	-	0%		18,509	19%	{a}			
13	Curriculum development and instructional staff development	90,000	446,676	446,577	99	0%		(356,676)	-396%	{b}			
21	Instruction leadership	-	39,834	39,834	-	0%		(39,834)	100%	{c}			
23	School leadership	760,207	988,859	988,858	1	0%		(228,652)	-30%	{d}			
31	Guidance, counseling and evaluation services	152,663	166,701	166,703	(2)	0%		(14,038)	-9%				
32	Social work services	-	100,023	100,025	(2)	0%		(100,023)	100%	{e}			
33	Health services	130,696	207,095	207,096	(1)	0%		(76,399)	-58%	{f}			
35	Food services	802,164	658,976	692,461	(33,485)	-5%		143,188	18%	{g}			
36	Cocurricular/extracurricular activities	-	165,100	165,099	1	0%		(165,100)	100%	{h}			
41	General administration	1,329,782	966,024	958,103	7,921	1%		363,758	27%	{i}			
51	Facilities maintenance and operations	2,641,851	3,302,116	3,294,197	7,919	0%		(660,265)	-25%	{j}			
52	Security and monitoring services	200,000	519,321	519,320	1	0%		(319,321)	-160%	{k}			
53	Data Processing Services	115,000	474,367	474,365	2	0%		(359,367)	-312%	{l}			
61	Community Services	35,000	103,045	103,046	(1)	0%		(68,045)	-194%	{m}			
71	Debt service	545,000	1,180,742	1,181,624	(882)	0%		(635,742)	-117%	{n}			
81	Fundraising	-	62,779	62,780	(1)	0%		\$ (62,779)	100%	{o}			
TOTAL EXPENSES		\$ 12,145,180	\$ 14,311,344	\$ 14,329,638	\$ (18,294)								
CHANGE IN NET ASSETS		-	(2,741,728)	(2,728,896)	49,420								
NET ASSETS, BEGINNING OF YEAR		9,758,810	9,758,810	9,758,810									
NET ASSETS, END OF YEAR		\$ 9,758,810	\$ 7,017,082	\$ 7,029,914									

Refer to next page for the references

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2025

References:

- {a}** Variance due to reduction in cost to offset decrease in enrollment after the start of the school year
- {b}** Variance due to correction of account codes previously budgeted
- {c}** Variance due to correction of account codes previously budgeted
- {d}** Variance due to correction of account codes previously budgeted
- {e}** Variance due to the addition of grant funds
- {f}** Variance due to correction of account codes previously budgeted
- {g}** Variance due to reduction in cost to offset decrease in enrollment after the start of the school year
- {h}** Variance due to the addition of grant funds
- {i}** Variance due to correction of account codes previously budgeted
- {j}** Variance due to the addition of grant funds
- {k}** Variance due to the addition of grant funds
- {l}** Variance due to correction of account codes previously budgeted
- {m}** Variance due to the addition of grant funds
- {n}** Variance due to correction of account codes previously budgeted
- {o}** Variance due to correction of account codes previously budgeted

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULES OF REAL PROPERTY OWNERSHIP INTEREST
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

2025

Description	Property Address	Total Book Value	Total Assessed Value	Ownership Interest (Local)	Ownership Interest (State)	Ownership Interest (Federal)
Savoy Campus	5999 Savoy Dr, Houston, TX	\$ 11,518,366	\$ 7,076,985	\$ -	\$ 11,518,366	\$ -
Ashcroft Campus	7419 Ashcroft Dr, Houston, TX	5,370,278	1,376,000	-	5,370,278	-
Bellfort Campus	6711 Bellfort, Houston, TX	2,781,072	2,423,042	-	2,781,072	-

2024

Description	Property Address	Total Book Value	Total Assessed Value	Ownership Interest (Local)	Ownership Interest (State)	Ownership Interest (Federal)
Savoy Campus	5999 Savoy Dr, Houston, TX	\$ 11,956,696	\$ 7,076,985	\$ -	\$ 11,956,696	\$ -
Ashcroft Campus	7419 Ashcroft Dr, Houston, TX	4,663,723	1,376,000	-	4,663,723	-

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULES OF RELATED PARTY TRANSACTIONS
AS OF AUGUST 31, 2025 AND 2024

Not applicable.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULES OF RELATED PARTY COMPENSATION AND BENEFITS
AS OF AUGUST 31, 2025 AND 2024

Not applicable.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Codes

Responses

Section A: Compensatory Education Programs

Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, 48.104.		
AP1	Did your School expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the School have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the school's fiscal year.	\$1,072,918
AP4	List the actual direct program expenditures for state compensatory education programs during the School's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$591,715

Section B: Bilingual Education Programs

Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, 48.105.		
AP5	Did your School expend any bilingual education program state allotment funds during the School's fiscal year?	Yes
AP6	Does the School have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the School's fiscal year.	\$287,333
AP8	List the actual direct program expenditures for bilingual education programs during the School's fiscal year. (PICs 25, 35)	\$156,839

SINGLE AUDIT SECTION



**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***

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of
Academy of Accelerated Learning, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Academy of Accelerated Learning, Inc. (the "Academy"), which comprise the Academy's statement of financial position as of August 31, 2025, 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 thereon dated January 20, 2026.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of This Report

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

McConnell & Jones LLP

Houston, Texas
January 20, 2026



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Academy of Accelerated Learning, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Academy of Accelerated Learning Inc.'s (the "Academy") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended August 31, 2025. The 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, the 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, 2025.

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

We are required to be independent of the 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 the 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 the Academy's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Academy's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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.



McConnell Jones

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.

McConnell & Jones LLP

Houston, Texas
January 20, 2026

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Agency or Pass-Through Entity Number	Federal Expenditures
U.S. Department of Agriculture			
Pass-Through <i>Texas Education Agency</i>			
School Breakfast Program*	10.553	71402501	\$ 140,880
National School Lunch Program*	10.555	71302501	518,095
Total Passed-Through <i>Texas Education Agency</i>			658,975
Pass-Through <i>Texas Department of Agriculture</i>			
Commodity Supplemental Food Program^*	10.555	236TX400N8903	33,486
Total Passed-Through <i>Texas Department of Agriculture</i>			33,486
Total U.S. Department of Agriculture			692,461
U.S. Department of Education			
Pass-Through <i>Texas Education Agency</i>			
ESEA Title I Part A: Improving Basic Education Program	84.010A	25610101101810	568,853
IDEA Part B: Special Education Program**	84.027A	256600011018106600	142,258
IDEA Part B: Preschool: Special Education - Preschool Grants**	84.173A	256600011018106610	2,427
ESEA Title II Part A: Improving Teacher Quality Program	84.367A	25694501101810	45,477
ESEA Title III Part A: English Language Acquisition Program	84.365A	25671001101810	70,204
LEP Summer School	84.369A	S369A230045	5,576
ESEA Title IV Part A, Subpart I	84.424A	25680101101810	33,127
STRONGER CONNECTIONS GRANT	84.424F	236811017110027	364,497
COVID-19 - ARP ESSER III	84.425U	21528001101810	38,776
Total Passed-Through <i>Texas Education Agency</i>			1,271,195
Total U.S. Department of Education			1,271,195
U.S. Department of Health and Human Services			
Pass-Through <i>Texas Workforce Commission</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund***	93.596	2812CCM24	112,500
Total Passed-Through <i>Texas Workforce Commission</i>			112,500
Total U.S. Department of Health and Human Services			112,500
Total Expenditures of Federal Awards			\$ 2,076,156
Program Clusters			
* Child Nutrition Cluster			\$ 692,461
** Special Education Cluster (IDEA)			\$ 144,685
*** 477 Cluster			\$ 112,500
^ Indicates non-cash assistance			
Reconciliation to the financial statements:			
Expenditures per schedule of expenditures of federal awards			\$ 2,076,156
Federal program revenues in excess of expenditures			12,233
Total federal revenue per statement of activities			\$ 2,088,389

See notes to the schedule of expenditures of federal awards.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “SEFA”) includes federal grant activity of the Academy of Accelerated Learning, Inc. (“the Academy”) under programs of the federal government for the year ended August 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Academy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The SEFA is presented on the accrual basis of accounting consistent with Note 1 to the financial statements.

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extend 30 days beyond the federal project period ending date, in accordance with provisions in the Office of Management and Budget Compliance Supplement.

NOTE 3 - RELATIONSHIP TO FINANCIAL REPORT SUBMITTED TO GRANTOR AGENCIES

Amounts reflected in the financial reports filed with grantor agencies for the federal programs and the SEFA schedule may not agree because of accruals which would be included in the next report filed with the grantor agencies, matching requirements not included in the Schedule and due to different program year ends.

NOTE 4 - ELECTION TO USE 10% DE MINIMIS INDIRECT COST RATE

The Academy has elected not to utilize the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 - CONTINGENCIES

The Academy’s federal programs are subject to review and audit by grantor agencies. Consequently, the Academy may become liable to refund money to grantor agencies where it fails to comply with contractual provisions. In addition, the Academy may not fully collect federal grant receivables as of August 31, 2025, related to the reported federal grant expenditures as these receivables may be subject to the grantors’ compliance approval

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

process. Management believes that the results of these reviews and audits will not have a material effect on the amounts reported in the Schedule.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a) Material weakness identified? | No |
| b) Significant deficiencies identified, which are not
considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards Section

- | | |
|--|------------|
| 1. Internal control over major programs: | |
| a) Material weakness identified? | No |
| b) Significant deficiencies identified, which are not
considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed, which are required to be reported
in accordance with 2 CFR Section 200.516(a)? | No |

4. Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program/Cluster</u>
10.553 and 10.555	Child Nutrition Cluster
84.424A and 84.424F	Title IV Part A, Subpart I and Stronger Connections Grant

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between
type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under
2 CFR Section 200.520 | No |

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

PART II: FINDINGS - FINANCIAL STATEMENT AUDIT

None reported.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

PART III: STATE COMPLIANCE AND REPORTING REQUIREMENTS

None reported.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

PART IV: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM

None reported.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

PART V: STATUS OF PRIOR YEAR FINDINGS

Financial Statement Findings

2024-001 Financial Close and Reporting, Material Weakness (previously 2023-001) (Repeated and Modified)

Criteria: Academy of Accelerated Learning, Inc. (the “Academy”) internal control structure should ensure that financial information is complete, accurate, and made available in a timely and orderly manner.

Condition: The Academy’s books and records for 2024 fiscal year were not reconciled and closed in a timely manner. As a result, the financial records of the Academy were materially misstated both during the year and at the beginning of the audit process. The following was noted during the audit:

- Bank accounts were not reconciled and closed timely, and one bank account with a balance of \$305,638 was not included on the bank account listing nor a copy of the reconciliation of this account provided for the year end reconciliation. However, it should be noted that the balance was confirmed.
- Amortization related to the Academy’s lease liability for 3 months of the year was not recorded resulting in an adjustment of \$270,541 to the liability.
- Right of Use asset and related lease liability account supporting schedule was not timely prepared and balances were not reconciled resulting in audit adjustments of \$739,265 and \$1,279, respectively.
- Property and Equipment and related accumulated depreciation account supporting schedule was not updated and balances were not reconciled resulting in audit adjustments as follows:
 - Recategorization of assets with a cost of \$3,264,250 from the leasehold improvements category to the buildings category.
 - Unrecorded depreciation totaling \$58,848 related to newly purchased assets with a cost of \$3,388,401.
 - Assets related to the vacancy of a previously leased property being written off with a cost \$141,347.

Cause: A thorough and timely monthly and annual reconciliation of account balances and updating of supporting schedules was not performed to ensure that account balances were calculated and recorded in accordance with generally accepted accounting principles.

Effect: The financial records of the Academy were materially misstated both during the year and at the beginning of the audit process.

Recommendation: We recommend that the Academy improve monthly and annual closing procedures to ensure that supporting schedules and account reconciliations are completed accurately and timely. Consider incorporating into existing checklists necessary monthly and year-end adjustments, the accounts they impact, and the supporting schedules that need to be updated.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

Managements Response: Academy of Accelerated Learning, Inc. leadership will develop, along with new financial management a plan for improvement to be presented to the Board which includes a review of its internal control procedures over financial reporting to ensure controls are in place to designate the preparer and approver, to properly and timely record all accounts in accordance with generally accepted accounting principles.

Academy of Accelerated Learning, Inc. will modify, implement and monitor their monthly and annual closing processes and procedures to ensure that supporting schedules and account reconciliations are completed accurately and timely.

Academy of Accelerated Learning will perform detailed monthly and annual reconciliation of account balances and updating of supporting schedules to ensure that account balances are calculated and recorded in accordance with generally accepted accounting principles.

Academy of Accelerated Learning, Inc. will establish timelines and training for the expense approval process. Leadership and the new financial management will designate staff to align with a segregation of duties and hold staff accountable.

Timeline and Responsible Position: By March 31, 2025. Board of Directors, Superintendent, and Chief Financial Officer.

Status: This is resolved.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

2024-002 Journal Entries, Significant Deficiency (previously 2023-002) (Repeated)

Criteria: Academy of Accelerated Learning, Inc. (the “Academy”) internal control structure should ensure that there are adequate segregation of duties.

Condition/Context: The journal entries of the Academy are prepared and recorded without review and approval of a person other than the person preparing and recording the journal entries.

Cause: The Academy does not have a segregation of duties procedures in place for the separate review and approval of journal entries, including adequate personnel to ensure that segregation controls are effective.

Effect: Journal entries are recorded without adequate segregation of duties, causing an increased potential for errors or fraudulent activities to occur.

Recommendation: We recommend the Academy design and implement effective segregation procedures to establish a review and approval process over journal entries and ensure adequate levels of staffing to ensure the effectiveness of the procedures established.

Managements Response: Academy of Accelerated Learning, Inc. leadership will develop, along with new financial management a plan for improvement to be presented to the Board which includes a review of its internal control procedures over financial reporting to ensure controls are in place to designate the preparer and approver, and to properly and timely record all accounts in accordance with generally accepted accounting principles.

Academy of Accelerated Learning, Inc. will reinforce and monitor procedures for journal entries along with support documentation for journal entries in journal entry order. In addition, Academy of Accelerated Learning, Inc. will have journal entries prepared and approved by staff with the knowledge of program requirements to ensure that proper coding of items complies with state or federal program requirements.

Academy of Accelerated Learning, Inc. will establish timelines and training on the journal entries process. Leadership and the new financial management will designate staff to align with a segregation of duties and hold staff accountable.

Timeline and Responsible Position: By August 31, 2026. Board of Directors, Superintendent, and Chief Financial Officer.

Status: This is resolved.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

2024-003 Debit Card Expense Approvals, Significant Deficiency

Criteria: According to the Academy of Accelerated Learning's (the "Academy") policies and procedures, all expense reports must be reviewed and approved by the Department Chair and/or the Superintendent. This control is designed to ensure that expenses are valid, necessary, and comply with company policies.

Condition/Context: During our testing over debit card purchases we noted 5 instances of 20 total samples that were not approved. Additionally, we noted a separate 5 instances of 20 total samples that were approved but approved up to 6 months past the date of the transaction. The total value of these transactions was \$8,018.

Cause: The Academy did not effectively implement existing procedures for the separate review and approval of debit card purchases.

Effect: Purchases are recorded without adequate segregation of duties, causing an increased potential for errors or fraudulent activities to occur.

Recommendation: We recommend the Academy implement procedures to ensure the effective implementation of established controls. We recommend that the Academy reinforce the importance of the expense approval process through additional training for relevant staff and reiterate the importance of segregation of duties in this process.

Managements Response: Academy of Accelerated Learning, Inc. leadership will develop, along with new financial management a plan for improvement to be presented to the Board which includes a review of its internal control procedures over financial reporting to ensure controls are in place to designate the preparer and approver, to properly and timely record all accounts in accordance with generally accepted accounting principles.

Academy of Accelerated Learning, Inc. will establish timelines and training for the expense approval process. Leadership and the new financial management will designate staff to align with a segregation of duties and hold staff accountable.

Timeline and Responsible Position: By August 31, 2026. Board of Directors, Superintendent, and Chief Financial Officer.

Status: This is resolved.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

Findings and Questioned Costs – Major Federal Award Programs

2024-004 Approval of Allowable Costs, Significant Deficiency

Federal Award #'s: 10.553, 10.555 Child Nutrition Cluster

Federal Award Years: Multiple

Federal Agencies: US Department of Agriculture

Passthrough Agency: Texas State Department of Agriculture

Compliance Requirement: Allowable Costs

Criteria: According to 2 CFR 200.303 (a) the recipient of federal awards must establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Review and approval controls designed to ensure accuracy and adequate segregation of duties are an essential component of effective internal controls over costs.

Condition/Context: During our testing we noted 2 out of 9 nonpayroll costs tested, totaling \$79,106, were not separately reviewed and approved by the Department Chair and/or Superintendent. The costs were accurate and supported by invoices. However, the review and approval of the costs by someone other than the person entering the payment was not supported.

Cause: The Academy did not effectively implement existing procedures for the separate review and approval of costs.

Effect: The absence of proper approval increases the risk of unauthorized or inappropriate expenses being paid, which could result in loss of federal grant funding.

Recommendation: The Academy implements procedures to ensure the effective implementation of established controls. We recommend that the Academy reinforce the importance of the expense approval process through additional training for relevant staff and reiterate the importance of segregation of duties in this process.

Managements Response: Academy of Accelerated Learning, Inc. leadership will develop, along with new financial management a plan for improvement to be presented to the Board which includes a review of its internal control procedures over financial reporting to ensure controls are in place to designate the preparer and approver, to properly and timely record all accounts in accordance with generally accepted accounting principles.

ACADEMY OF ACCELERATED LEARNING, INC.
(A Texas Nonprofit Organization)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

Academy of Accelerated Learning, Inc. will establish timelines and training for the expense approval process. Leadership and the new financial management will designate staff to align with a segregation of duties and hold staff accountable.

Timeline and Responsible Position: By August 31, 2026. Board of Directors, Superintendent, and Chief Financial Officer.

Status: This is resolved.