

**HARMONY PUBLIC SCHOOLS
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025



HARMONY PUBLIC SCHOOLS

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HARMONY PUBLIC SCHOOLS

071-806

101-858

015-828

101-846

227-816

161-807

101-862

(Federal Employer Identification Number: 76-0615245)

CERTIFICATE OF BOARD

June 30, 2025

We, the undersigned, certify that the attached Annual Financial Report of Harmony Public Schools was review and approved disapproved for the year ended June 30, 2025, at a meeting of the governing body of said charter school on the 15th day of November 2025



Signature of Board Treasurer



Signature of Board President

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Harmony Public Schools

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Harmony Public Schools (a nonprofit organization) ("HPS"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of HPS as of June 30, 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.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

To the Board of Directors of
Harmony Public Schools

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules for individual Charter schools is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual Charter school schedules are fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Harmony Public Schools' June 30, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

To the Board of Directors of
Harmony Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2025. on our consideration of the HPS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the HPS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the HPS's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
November 15, 2025



FINANCIAL STATEMENTS



HARMONY PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 46,625,689	\$ 77,765,629
Restricted cash	81,914,685	72,168,668
Investments	126,612,638	164,039,857
Restricted investments	5,609,975	-
Receivables	108,708,672	93,031,110
Other receivables	8,342,804	8,773,772
Prepays	972,355	1,546,411
Total Current Assets	<u>378,786,818</u>	<u>417,325,447</u>
Property and Equipment:		
Land	135,946,513	129,921,754
Buildings and improvements	675,371,586	606,083,576
Furniture and equipment	77,432,784	71,144,969
Construction in progress	232,678,647	120,820,881
Financing lease right-of-use asset - building	124,907,261	101,931,779
	<u>1,246,336,791</u>	<u>1,029,902,959</u>
Less: Accumulated depreciation and amortization	(261,298,795)	(228,108,428)
Operating lease right-of-use asset - building	8,992,210	8,289,506
	<u>994,030,206</u>	<u>810,084,037</u>
Other Assets:		
Deposits	274,709	274,709
Total Assets	<u>\$ 1,373,091,733</u>	<u>\$ 1,227,684,193</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 45,339,100	\$ 38,904,341
Accrued liabilities	1,006,533	5,107,375
Wages payable	68,948,816	71,631,599
Payroll taxes payable	4,148,983	3,867,958
Interest payable	11,547,174	8,748,901
Due to state	-	806
Deferred revenue	691,213	293,621
Current portion of finance lease liability	2,307,125	1,496,790
Current portion of operating lease liability	4,391,413	4,744,928
Current portion of bonds payable	17,385,000	10,875,001
Total Current Liabilities	<u>155,765,357</u>	<u>145,671,320</u>
Long-Term Liabilities:		
Finance lease liability net of current portion	111,423,687	90,813,527
Operating lease liability net of current portion	5,583,731	6,132,841
Notes payable	162,515,434	63,880,879
Bonds payable net of premium, discount, issuance costs and current portion	692,695,611	711,469,810
Total Liabilities	<u>1,127,983,820</u>	<u>1,017,968,377</u>
Net Assets:		
Without donor restrictions	124,759,446	94,104,869
With donor restrictions	120,348,467	115,610,947
Total Net Assets	<u>245,107,913</u>	<u>209,715,816</u>
Total Liabilities and Net Assets	<u>\$ 1,373,091,733</u>	<u>\$ 1,227,684,193</u>

HARMONY PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Support and Revenue				
Federal grants	\$ -	\$ 59,555,622	\$ 59,555,622	\$ 97,503,418
State aid, state grants and local grants	-	515,002,185	515,002,185	466,503,249
Donations	16,719,001	-	16,719,001	17,182,963
Interest Income	8,357,790	-	8,357,790	6,024,775
Other income	8,171,462	2,053,703	10,225,165	11,434,061
Net assets released from restrictions	574,236,113	(574,236,113)	-	-
Total Support and Revenues	607,484,366	2,375,397	609,859,763	598,648,466
Expenses				
Salaries	312,536,506	-	312,536,506	321,926,334
Employee benefits	52,292,007	-	52,292,007	50,932,807
Payroll tax expense	5,584,229	-	5,584,229	5,627,564
Professional fees	50,979,500	-	50,979,500	46,426,075
Occupancy	5,675,474	-	5,675,474	6,188,128
Equipment costs	3,757,100	-	3,757,100	2,234,810
Repairs & maintenance	18,839,080	-	18,839,080	18,581,509
Utilities	9,350,625	-	9,350,625	8,025,250
Supplies	33,482,717	-	33,482,717	25,068,804
Travel	4,071,784	-	4,071,784	3,328,263
Insurance	3,895,765	-	3,895,765	3,933,941
Other expense	12,712,753	-	12,712,753	12,074,337
Depreciation and amortization	32,080,851	-	32,080,851	28,994,883
Interest and fees	31,571,398	-	31,571,398	28,591,131
Total Expenses	576,829,789	-	576,829,789	561,933,836
Change in net assets from operations	30,654,577	2,375,397	33,029,974	36,714,630
Non-Operating Revenues (Expenses)				
Extraordinary items	-	71,511	71,511	37,431
Gain on sale of investments	-	2,290,612	2,290,612	2,653,092
Total Non-Operating Revenues (Expenses)	-	2,362,123	2,362,123	2,690,523
Total change in net assets	30,654,577	4,737,520	35,392,097	39,405,153
Net Assets, Beginning of Year	94,104,869	115,610,947	209,715,816	170,310,663
Net Assets, End of Year	\$ 124,759,446	\$ 120,348,467	\$ 245,107,913	\$ 209,715,816

HARMONY PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 35,392,097	\$ 39,405,153
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of capital assets and right-to-use assets	32,080,851	28,994,883
Amortization - premium on bonds	(2,112,218)	(2,100,936)
Amortization - bond issuance costs	723,016	500,721
Changes in operating assets and liabilities:		
Receivables	(15,677,562)	(2,251,934)
Other receivables	430,968	(4,873,236)
Prepays	574,056	622,927
Accounts payable	6,434,759	14,433,763
Accrued liabilities	(4,100,842)	4,745,531
Wages payable	(2,682,783)	25,088,063
Payroll taxes payable	281,025	(12,060,280)
Interest payable	2,798,273	(2,375,638)
Due to state	(806)	-
Deferred revenue	397,592	49,972
Operating lease assets and liabilities	(495,812)	-
Net Cash Provided (Used) by Operating Activities	<u>54,042,614</u>	<u>90,178,989</u>
Cash Flows from Investing Activities		
(Purchase) sale of fixed assets	(193,458,350)	(141,247,820)
Sale (purchase) of investments	31,817,244	(63,327,978)
Net Cash Provided (Used) by Investing Activities	<u>(161,641,106)</u>	<u>(204,575,798)</u>
Cash flows from Financing Activities		
Proceeds from bonds, net of premium and bond issuance costs	-	206,074,538
Proceeds from loans	98,634,555	-
Repayment of loans	-	(43,838,161)
Repayment of bonds	(10,875,000)	(10,475,001)
Payments on financing lease liability	(1,554,986)	(6,643,588)
Net Cash Provided (Used) by Financing Activities	<u>86,204,569</u>	<u>145,117,788</u>
Net increase (decrease) in cash	(21,393,923)	30,720,979
Cash at Beginning of Year	<u>149,934,297</u>	<u>119,213,318</u>
Cash at End of Year	<u>\$ 128,540,374</u>	<u>\$ 149,934,297</u>
Cash Per the Statement of Financial Position		
Cash	\$ 46,625,689	\$ 77,765,629
Restricted Cash	81,914,685	72,168,668
Total Cash Per the Statement of Financial Position	<u>\$ 128,540,374</u>	<u>\$ 149,934,297</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 25,668,039	\$ 28,091,262
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,271,508	\$ -
Right-of-use assets in exchange for lease modifications	\$ 3,174,219	\$ 854,291



HARMONY PUBLIC SCHOOLS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization

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

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

Note 2 - Summary of Significant Accounting Policies

A. Principles of Consolidation

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

B. Support and Revenue

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

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

Support and revenue are recorded based on the accrual method.

C. Cash Donations and Donated Services

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

D. Comparative Totals and Reclassifications

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

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

E. Contributions

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

F. Property and Equipment

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

G. Pledges and Accounts Receivable

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

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

H. Functional Expenses

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

I. Income Taxes

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

J. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks. The cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. HPS has secured pledged collateral at 100% of its bank balances. HPS has not experienced any losses on such accounts.

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

K. Investments

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

L. Fair Value Measurements

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

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

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

M. Estimates

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

N. Compensated Absences

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

O. Net Assets

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

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

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

O. Net Assets (continued)

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

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

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

P. Leases

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

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

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

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

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

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

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

P. Leases (continued)

Finance Leases

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

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

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

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

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

HPS amortizes the finance ROU asset on a straight-line basis over the period from the commencement date to the earlier (1) the end of the useful life of the ROU asset or (2) the end of the lease term. However, if the lease transfers ownership of the underlying asset to us, or if we are reasonably certain to exercise a purchase option to acquire the underlying, HPS amortizes the ROU asset to the end of the underlying asset's useful life. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

P. Leases (continued)

Operating Leases

HPS classifies leases as operating leases if they are not short-term leases (see below) or finance lease (see above). For operating leases, HPS recognizes the ROU asset and a lease liability at lease commencement; the initial liability and ROU asset are calculated the same for operating leases as described above for finance leases. Subsequent to commencement, HPS measures operating ROU assets at (1) the carrying amount of the operating lease liability, (2) plus unamortized initial direct costs and any prepaid lease payments, (3) less any accrued lease payments and the unamortized balance of any lease incentives received. However, if an operating lease ROU asset is impaired, HPS measures the ROU asset on a straight-line basis from the date of the impairment to the earlier of the end of the ROU asset's useful life or the end of the lease term. Operating lease ROU assets are included in property equipment since the operating leases pertain to buildings.

Q. New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Subsequently, the FASB issued several clarifying standard updates to clarify and improve the ASU. These ASUs significantly change how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model that will be based on an estimate of current expected credit loss ("CECL"). Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. HPS does not have any financial assets that are subject to the guidance in Topic 326.

HPS adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

Note 3 - Defined Pension Plan

Plan Description

The charter school contributes to the Teacher Retirement System of Texas ("TRS"), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3 - Defined Pension Plan (continued)

Plan Description (continued)

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Annual Comprehensive Financial Report available dated August 31, 2024 and August 31, 2023 indicated the following:

TRS Pension Fund	Total Plan Assets	TRS Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Percent Funded
2024	\$ 243,089,145,656	\$ 210,543,258,495	\$ 271,627,434,294	\$ 61,084,175,799	77.51%
2023	213,472,525,705	187,170,535,558	255,860,886,500	68,690,350,942	73.15%
2022	207,621,897,538	184,185,617,196	243,553,045,455	59,367,428,259	75.62%
2021	223,172,755,137	201,807,002,496	227,273,463,630	25,466,461,134	88.79%
2020	184,361,870,581	165,416,245,243	218,974,205,084	53,557,959,841	75.54%

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends

Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

Cost-of-Living Adjustment

A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3 - Defined Pension Plan (continued)

Benefits Provided (continued)

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the TRS actuary.

Funding Policy

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Measurement years for TRS begin on September 1st and end on August 31st

	Contribution Rates	
	July 1, 2024 To August 31, 2024	September 1, 2024 To June 30, 2025
Member	8.25%	8.25%
Non-employer contributing agency	8.25%	8.25%
Employers	8.25%	8.25%

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

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

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

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3 - Defined Pension Plan (continued)

Funding Policy (continued)

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

- All public schools, charter schools, and regional education service centers must contribute 1.9 percent of the member’s salary beginning in fiscal year 2024, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

HPS employee contributions to the system for the year ended June 30, 2025 and June 30, 2024 were \$23,408,626 and \$23,240,081, respectively and were equal to the required contributions for the year. Total covered payroll was \$286,264,727 and \$283,359,107. Amounts paid as pension surcharges and Non-OASDI for 2025 were \$48,906 and \$5,623,135, respectively. Amounts paid as pension surcharges and Non-OASDI required amounts in 2024 were \$52,015 and \$5,327,317, respectively.

Other contributions made from federal and private grants contributed at a rate of 8.25% and 8.0% for 2025 and 2024. Contributions totaled \$2,397,299 and \$5,239,118 for the years ended June 30, 2025 and 2024. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan and the charter school was not assessed a surcharge. During fiscal years 2025 and 2024, the School also paid contributions related to amount above the statutory minimum totaling \$6,976,989 and \$6,710,586, respectively. Per the Texas Education Agency’s request, HPS has recorded the amounts contributed by TRS on-behalf of each District’s employees. The on-behalf contributions during fiscal year 2025 and 2024 were \$13,638,680 and \$10,903,838, respectively.

Note 4 - Defined Other Post-Employment Benefit Plan

Plan Description

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

Similar to the TRS Pension Plan discussed in Note 3, charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer OPEB plans is different from single-employer OPEB plans. Assets contributed to a multi-employer OPEB plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Annual Comprehensive Financial Report available dated August 31, 2024.

Employment Benefits (OPEB)	TRS-Care Plan				Percent Funded
	Total Plan Assets	Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	
2024	\$ 4,989,477,019	\$ 4,816,646,311	\$ 35,168,178,563	\$ 30,351,532,252	13.70%
2023	4,101,873,929	3,889,765,203	26,028,070,267	22,138,305,064	14.94%
2022	3,308,391,215	3,117,937,218	27,061,942,520	23,944,005,302	11.52%
2021	2,733,911,371	2,539,242,470	41,113,711,083	38,574,468,613	6.18%
2020	2,146,681,144	1,996,317,932	40,010,833,815	38,014,515,883	4.99%

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/learning-resources/publications>, or by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

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

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

Benefits Provided

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

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

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts are based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee’s pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Contributions (continued)

	<u>Rate</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	0.75%
Federal/Private Funding remitted by Employers	1.25%
Total	

In fiscal year 2025, HPS contributed a total of \$2,506,153 of which, \$368,979 was for federally funded employees. Employees contributed a total of \$1,868,352 and \$1,841,844 in fiscal years 2025 and 2024, respectively. Covered payroll for TRS-Care for fiscal years 2025 and 2024 was \$286,264,727 and \$283,359,107, respectively.

In fiscal year 2024, HPS contributed a total of \$2,947,830 of which, \$806,656 was for federally funded employees. Employees contributed a total of \$1,844,331 and \$1,841,844 in fiscal years 2025 and 2024, respectively.

Note 5 - Budget

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

Note 6 - Investments

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

Fair Value Measurements as of June 30, 2025:

<u>Type of Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market/Commercial Paper	\$ 424,510	\$ -	\$ -	\$ 424,510
Certificates of Deposit	34,773,314	-	-	34,773,314
US Government Agencies	97,024,789	-	-	97,024,789
Total Investments at Fair Value	<u>\$ 132,222,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,222,613</u>

Fair Value Measurements as of June 30, 2024 were as follows:

<u>Type of Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market/Commercial Paper	\$ 742,436	\$ -	\$ -	\$ 742,436
Certificates of Deposit	40,323,154	-	-	40,323,154
US Government Agencies	122,974,267	-	-	122,974,267
Total Investments at Fair Value	<u>\$ 164,039,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,039,857</u>

Unrealized gains totaled \$2,290,612 in 2025. In fiscal year 2024, HPS unrealized gains of \$1,956,682

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 6 - Investments (continued)

Certificate of Deposits

West Texas, North Texas, Houston North, and Houston South hold several certificates of deposits with varying maturities that totaled \$34.8 million and \$40.3 million as of June 30, 2025 and June 30, 2024, respectively. The interest rates range from 0.92% to 5.29%. The certificates of deposit mature between July 2025 and February 2039.

Note 7 - Notes Payable

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

On December 18, 2020, HPS entered into a loan under the Supplemental Master Trust Indenture No. 29. HPS can draw up to \$100,000,000 on the loan. On February 25, 2023, HPS amended the loan agreement to \$150,000,000 and no case shall it exceed \$250,000,000. Interest is due and payable semi-annually on June and December of each year. As of June 30, 2025 and 2024, the balance of the loan was \$162,515,434 and \$63,880,879, respectively. The interest rate is 1.45% spread plus London Interbank Offered Rate (LIBOR) for one month. The line of credit matures in December 2028.

Note 8 - Leases

Finance Leases

HPS holds ten (10) finance lease agreements for the right to use buildings as of June 30, 2025. The leases expire in 2046 through 2051. The following is a schedule of future minimum payment required under HPS's finance lease liabilities together with their present value as of June 30, 2025.

<u>Year Ending June 30</u>	
2026	\$ 7,193,977
2027	7,192,889
2028	7,196,112
2029	7,201,243
2030	7,201,873
Thereafter	<u>153,623,656</u>
Total Payments Due Under Finance	
Lease Liabilities	189,609,750
Less interest paid	<u>(75,878,938)</u>
Total Finance Lease Liabilities	<u><u>\$ 113,730,812</u></u>

ROU assets under finance leases for fiscal years 2025 and 2024, net are as follows:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 124,907,261	\$ 101,931,779
Right-of-Use Assets, Net of Accumulated Amortization	<u><u>\$ 100,872,688</u></u>	<u><u>\$ 82,281,514</u></u>

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - Leases (continued)

Finance Leases (continued)

Finance lease costs and cash paid for fiscal year 2025 and 2024 are disclosed below:

	<u>2025</u>	<u>2024</u>
Amortization of right-of-use assets	\$ 3,436,002	\$ 3,192,076
Interest on lease liabilities	4,975,479	4,716,907
Total Financing Lease Costs	<u>\$ 8,411,481</u>	<u>\$ 7,908,983</u>
	<u>2025</u>	<u>2024</u>
Operating cash flows from finance leases	\$ 4,945,691	\$ 4,689,199
Financing cash flows from finance leases	2,252,016	1,954,389
Total Cash Paid for Finance Leases	<u>\$ 7,197,707</u>	<u>\$ 6,643,588</u>

Operating Leases

HPS has 15 active operating lease agreements for the right to use buildings as of June 30, 2025. The following is a schedule of future minimum payments required under HPS' operating lease liabilities together with their present value as of June 30, 2025.

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 4,752,673
2027	1,882,716
2028	1,298,753
2029	1,190,283
2030	1,054,987
Thereafter	792,301
Total Payments Due	<u>10,971,713</u>
Less discount to present value	<u>(996,569)</u>
	<u>\$ 9,975,144</u>

ROU assets under operating leases for fiscal years 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 8,992,210	\$ 8,289,506

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - Leases (continued)

Operating Leases (continued)

Operating lease costs and cash paid for fiscal year 2025 and 2024 are disclosed below:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 5,715,088	\$ 4,803,268
Accretion of lease liability	(592,737)	(654,483)
Right-of-Use Asset Reduction	<u>\$ 5,122,351</u>	<u>\$ 4,148,785</u>
Accretion of lease liability	\$ 592,737	\$ 654,482
Lease payments	(5,941,089)	(5,058,498)
Decrease in Operating Lease Liability	<u>\$ (5,348,352)</u>	<u>\$ (4,404,016)</u>

Changes to the operating lease liabilities during fiscal years 2025 and 2024 are as follows:

Beginning Lease Liability	\$ 10,877,769	\$ 14,427,494
Right-of-use assets in exchange for new operating lease liability	1,271,508	-
Right-of-use assets in exchange for lease modifications	3,174,219	854,291
Decrease in operating lease liability	(5,348,352)	(4,404,016)
Ending Lease Liability	<u>\$ 9,975,144</u>	<u>\$ 10,877,769</u>

Note 9 - Restricted Cash

Restricted cash at June 30, 2025 and June 30, 2024, consisted of project fund, debt service fund, debt service reserve fund, and sinking fund bond cash accounts. These funds are to be solely used in the construction and acquisition of new facilities and repayment of bond liabilities and cannot be used for normal operating expenditures.

Note 10 - Bonds Payable

HPS has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Series Bonds, 2014A, 2015, 2016A and 2017A in the amounts of: \$101,555,000; \$106,745,000; \$55,405,000; and \$40,540,000, respectively. HPS has also received proceeds from Taxable Educational Revenue Bonds, Q Series (Qualified School Construction Bonds) 2010Q, 2011Q, and 2014Q in the amounts of \$39,910,000; \$5,085,000; and \$8,880,000, respectively. The bonds are limited obligations of the issuer, payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. During fiscal year 2024, HPS issued \$212.4 million in Education Revenue bonds. At issuance, the bonds carried a premium of \$0.3 million and issuance costs were \$6.7 million. Each of those items will be amortized over the life of the bonds. There were no new bonds in fiscal year 2025. The Bonds payable at June 30, 2025, consist of the following:

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 10 - Bonds Payable (continued)

2010 Q Bonds, 8.13% interest; Principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing February 15, 2011; bond matures in 2027.	\$ 39,910,000
2011Q Bonds, 8.75% interest; principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing November 15, 2011; maturity dates range from 2014 to 2026.	5,085,000
2014A Bonds, 1.5% - 5% interest; principal due annually commencing February 15, 2015; interest due semi-annually commencing February 15, 2015; maturity dates range from 2015 to 2044.	73,515,000
2014Q Bonds, 4.733% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing February 15, 2015; maturity dates range from 2017 to 2036.	8,880,000
2015 Bonds, 2% - 5% interest; principal due annually commencing February 15, 2016; interest due semi-annually commencing February 15, 2016; maturity dates range from 2016 to 2041.	100,661,976
2016A Bonds, 2% - 5% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing August 15, 2016; maturity dates range from 2017 to 2046.	45,575,000
2017A Bonds, 3.0% - 5.0% interest; principal due annually commencing February 15, 2020; interest due in semi-annual installments, commencing February 15, 2018; maturity dates range from 2020 to 2047.	31,850,000
2021A Education Revenue Bonds (Tax Exempt), 3.0%-4.0%; principal due annually commencing February 15, 2024; interest due in semi-annual installments, commencing February 15, 2024.	144,790,000
2021C Ed Rev Refunding Bonds, 3.0%-4.0%; principal due annually commencing February 15, 2022; interest due in semi-annual installments, commencing February 15, 2022.	19,105,000
2024 Ed Rev Bonds, 4.0%-5.0%; principal due annually commencing August 2024; interest due in semi-annual installments, commencing August 2025.	<u>212,440,000</u>
Total	681,811,976
Plus original issue premium (unamortized)	45,027,631
Less issuance costs on debt (unamortized)	(16,758,996)
Less current portion of debt	(17,385,000)
	<u>\$ 692,695,611</u>

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 10 - Bonds Payable (continued)

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 17,385,000	\$ 31,089,092	\$ 48,474,092
2027	53,850,000	30,071,104	83,921,104
2028	20,135,000	26,175,016	46,310,016
2029	21,115,000	25,223,116	46,338,116
2030	22,115,000	24,234,416	46,349,416
Thereafter	547,211,976	244,307,505	791,519,481
Total	<u>681,811,976</u>	<u>\$ 381,100,249</u>	<u>\$ 1,062,912,225</u>
Plus original issue premium	45,027,631		
Less issuance cost on debt	<u>(16,758,996)</u>		
Amount of Bonds Net of Discount and Premium	<u>\$ 710,080,611</u>		

Note 11 - Bond Sinking Fund Obligations

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

<u>Year Ending June 30,</u>	<u>Deposits</u>
2026	\$ 2,565,537
2027	2,776,470
2028	455,312
2029	465,556
2030	476,032
Thereafter	3,089,742
Total	<u>\$ 9,828,649</u>

Note 12 - Bond Debt Covenants

The bond agreements contain certain restrictions and covenants. HPS is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must be equal to 1.10 times the annual debt service requirements. HPS's minimum available excess revenue requirements totaled \$40,199,106 and \$36,758,947 for fiscal years 2025 and 2024, respectively. For fiscal years 2025 and 2024, HPS met the covenant requirements holding available revenue of \$81.3 million and \$77.4 million, respectively. Additionally, HPS needs to maintain an operating reserve that covers 45 days of budgeted expenses at the end of each fiscal year. For the fiscal years 2025 and 2024, HPS was required to have \$72.0 million and \$68.6 million, respectively, in operating accounts. For 2025 and 2024, HPS met the covenant with an available cash balance of \$179 million and \$185.4 million.

HARMONY PUBLIC SCHOOLS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 13 - State Aid Revenue and State and Federal Receivables

During fiscal year 2025 and 2024, HPS earned approximately \$482.8 million and \$417.8 million in State Aid (Per Capita and Foundation School Program), which made up 79.0 percent and 70.0 percent of total revenue in 2025 and 2024, respectively. As of June 30, 2025 and 2024, HPS had outstanding receivables and the various are shown below.

	<u>2025</u>	<u>2024</u>
Due from TEA - Federal Grants	\$ 10,591,993	\$ 10,527,849
Due from TEA - State Aid	85,415,002	74,003,220
Due from TEA - State Grants	11,425,480	179,559
Due from Federal Government	7,382	4,967,309
Due from Other	1,268,815	3,353,173
	<u>\$ 108,708,672</u>	<u>\$ 93,031,110</u>

Note 14 - Commitments and Contingencies

HPS receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

Note 15 - Health Care Coverage

During the years ended June 30, 2025 and 2024, employees of HPS were covered by a group insurance plan. The money will make health benefits contributions towards the employee’s selected plan monthly as shown in the table below:

Role/Salary Band	HPS Contribution
0, 0.5, and 1	\$825
2 and 3	\$625
4	\$425
5, 6, and 7	\$325
Teacher	\$325
Non-exempt	\$325

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

Note 16 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2025 and 2024 are as follows:

	<u>As of June 30, 2025</u>	<u>As of June 30, 2024</u>
Federal funds	\$ 11,814,060	\$ 13,187,522
State funds	105,720,147	99,781,834
Local funds	2,814,260	2,641,591
Total with Donor Restrictions	<u>\$ 120,348,467</u>	<u>\$ 115,610,947</u>

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 16 - Net Assets with Donor Restrictions (continued)

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

	For the Year Ended June 30, 2025	For the Year Ended June 30, 2024
State funds	\$ 492,612,000	\$ 477,626,225
Federal funds	81,624,113	81,624,113
Total Restrictions Released	\$ 574,236,113	\$ 559,250,338

Note 17 - Lawsuits and Contingencies

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

Note 18 - Elimination Entries

Description	Balance Before Eliminations	Eliminations	Consolidated Balance
Revenue	\$ 642,089,587	\$ (32,229,824)	\$ 609,859,763
Expenses	609,059,613	(32,229,824)	576,829,789
Change in Operating Net Assets	\$ 33,029,974	\$ -	\$ 33,029,974

Eliminations consist of the following:

Central office allocation	\$ 31,281,160
Harmony Education Solutions	38,664
Rental income	910,000
Total	\$ 32,229,824

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 19 - Functional Expenses

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

Expenses by Object Class							
Expense by Functional Category	Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)	Total	FY 2024
11 Instruction	\$ 241,583,076	\$ 13,488,301	\$ 27,467,180	\$ 2,855,608	\$ -	\$ 285,394,165	\$ 286,294,608
12 Instructional resources and media services	-	-	4,174	3,652	-	7,826	12,788
13 Curriculum development and instructional staff development	26,500,027	2,012,341	154,932	1,267,366	-	29,934,666	32,484,030
21 Instructional leadership	2,244,175	1,016,866	22,473	121,828	-	3,405,342	4,477,721
23 School leadership	47,884,476	52,639	1,028,250	1,751,651	-	50,717,016	47,978,267
31 Guidance, counseling and evaluation services	17,164,889	3,040,035	69,286	47,416	-	20,321,626	15,752,625
33 Health services	71,735	65,039	230,155	21,453	-	388,382	350,199
34 Student Transportation	-	1,865,836	-	-	-	1,865,836	1,606,121
35 Food service	3,054,986	16,813,853	81,931	429,762	-	20,380,532	19,394,656
36 Cocurricular/Extracurricular activities	-	546,712	1,354,507	3,426,303	-	5,327,522	5,206,719
41 General administration	23,513,726	5,162,669	390,680	5,974,910	-	35,041,985	34,892,221
51 Plant maintenance and operations	2,414,667	34,058,609	2,463,018	36,423,217	-	75,359,511	68,720,009
52 Security and monitoring services	140,373	6,004,817	26,163	111,091	-	6,282,444	5,282,589
53 Data processing services	5,840,612	4,474,062	189,968	326,896	-	10,831,538	10,890,152
71 Debt service	-	-	-	-	31,571,398	31,571,398	28,591,131
	<u>\$ 370,412,742</u>	<u>\$ 88,601,779</u>	<u>\$ 33,482,717</u>	<u>\$ 52,761,153</u>	<u>\$ 31,571,398</u>	<u>\$ 576,829,789</u>	<u>\$ 561,933,836</u>

Note 20 - Liquidity and Availability

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

	June 30, 2025	June 30, 2024
Cash and cash equivalents	\$ 25,557,277	\$ 24,488,283
Receivables	1,268,815	3,353,173
	<u>\$ 26,826,092</u>	<u>\$ 27,841,456</u>

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

HARMONY PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 21 - Related Party Transactions.

HPS' success has received both national and international recognition for its curriculum, programs, training, operations and administration. The HPS Board finds that marketing of these products (i.e. intellectual property) would create revenue for HPS. As such, on February 22, 2020, the HPS Board approved the creation of the Harmony Education Solutions (HES), a limited liability company. The Board of HPS serves as the Board of HES. As of June 30, 2020, HES has received a license to sub-license Harmony's intellectual property and accompanying services. HPS applied to the Texas Education Agency for approval of the trademark licensing transaction between HES and HPS as required by Senate Bill 1454 passed by the Texas 86th Legislature. A percentage, ranging from 2 percent to 10 percent, of the licensing revenue generated by HES will be remitted to HPS. These payments will be considered related party transactions. Below are the revenues and expense for HES for fiscal years 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Revenues	\$ 905,117	\$ 1,033,436
Expenses	694,490	915,871
Operating Net Income	<u>\$ 210,627</u>	<u>\$ 117,565</u>

During fiscal year 2025, 10% of certain HES revenues were remitted to HPS totaling \$36,661, which was eliminated as part of the consolidation process. Below are the total revenues and expenses of both HPS and HES after all eliminations:

	<u>HPS</u>	<u>HES</u>	<u>Elimination</u>	<u>HPS with Elimination of HES</u>
Revenues	\$ 609,859,763	\$ 905,117	\$ (38,664)	\$ 610,726,216
Expenses	576,829,789	694,490	(38,664)	577,485,615
Operating Net Income	<u>\$ 33,029,974</u>	<u>\$ 210,627</u>	<u>\$ -</u>	<u>\$ 33,240,601</u>

The assets and liabilities for fiscal year 2025 were \$402,437 and \$238,234, respectively. In fiscal year 2024, HES' assets and liabilities were \$175,652 and \$129,012, respectively.

Note 22 - Extraordinary Item

HPS's North Texas District suffered fire damage, which was covered by insurance. The damage occurred in fiscal year 2024, but the insurance claim in the amount of \$71,511 was recovered during fiscal year 2025. The Districts network equipment was damaged.

Note 23 - Subsequent Events

HPS has evaluated sub events through November 15, 2025. The date the Consolidated FS were available to be issued.

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

To the Board of Directors of
Harmony Public Schools

We have audited the consolidated financial statements of Harmony Public Schools as of and for the year ended June 30, 2025, and our report thereon dated November 15, 2025, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules for individual charter schools beginning on page 33 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Whitley Penn LLP

Houston, Texas
November 15, 2025



HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 7,370,211	\$ 8,336,147
Restricted cash	11,035,832	10,187,701
Investments	12,523,844	11,316,898
Restricted investments	50,049	-
Receivables	10,658,350	10,607,113
Other receivables	81,472	85,201
Prepays	27,990	69,195
Total Current Assets	<u>41,747,748</u>	<u>40,602,255</u>
Property and Equipment:		
Land	25,620,390	20,990,679
Buildings and improvements	68,443,509	66,522,834
Furniture and equipment	6,652,845	6,145,566
Construction in progress	4,930,635	2,832,204
	<u>105,647,379</u>	<u>96,491,283</u>
Less: Accumulated depreciation	<u>(35,194,703)</u>	<u>(32,367,386)</u>
	<u>70,452,676</u>	<u>64,123,897</u>
Total Assets	<u>\$ 112,200,424</u>	<u>\$ 104,726,152</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,524,911	\$ 1,137,912
Accrued liabilities	23,862	416,275
Wages payable	6,761,240	6,856,281
Payroll taxes payable	360,914	358,816
Interest payable	1,013,801	1,029,845
Deferred revenue	10,232	10,232
Current portion of bonds payable	1,317,294	1,235,768
Total Current Liabilities	<u>11,012,254</u>	<u>11,045,129</u>
Long-Term Liabilities:		
Notes payable net of current portion	19,529,855	14,128,605
Bonds payable net of premium, discount, issuance costs and current portion	<u>53,839,029</u>	<u>55,315,198</u>
Total Liabilities	<u>84,381,138</u>	<u>80,488,932</u>
Net Assets:		
Without donor restrictions	12,913,546	12,738,340
With donor restrictions	<u>14,905,740</u>	<u>11,498,880</u>
Total Net Assets	<u>27,819,286</u>	<u>24,237,220</u>
Total Liabilities and Net Assets	<u>\$ 112,200,424</u>	<u>\$ 104,726,152</u>

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues				
Local Support:				
5740	\$ 2,232,580	\$ -	\$ 2,232,580	\$ 2,249,733
5750	248,653	1,126	249,779	279,128
	Total Local Support	1,126	2,482,359	2,528,861
State Program Revenues:				
5810	-	43,128,165	43,128,165	41,774,704
5820				
		1,632,252	1,632,252	181,877
5830				
		2,502,849	2,502,849	2,087,875
	Total State Program Revenues	47,263,266	47,263,266	44,044,456
Federal Program Revenues:				
5910				
				750
5920				
		5,188,926	5,188,926	12,449,667
5930				
		6,546	6,546	594,718
5940				
		151,458	151,458	311,705
	Total Federal Program Revenues	5,346,930	5,346,930	13,356,840
Net Assets Released from Restrictions:				
	48,468,429	(48,468,429)	-	-
	Total Revenues	4,142,893	55,092,555	59,930,157
Expenses				
11	26,894,998	-	26,894,998	28,674,161
12	517	-	517	6,644
13				
	2,285,344	-	2,285,344	4,125,188
21	537,802	-	537,802	532,514
23	4,947,771	-	4,947,771	4,820,284
31	2,355,096	-	2,355,096	1,628,738
33	19,544	-	19,544	68,426
35	1,541,884	-	1,541,884	1,459,365
36	447,313	-	447,313	490,569
41	2,773,733	-	2,773,733	2,928,566
51	5,828,364	-	5,828,364	6,512,541
52	657,743	-	657,743	613,662
53	878,061	-	878,061	837,980
71	2,613,823	-	2,613,823	2,673,492
	Total Expenses	-	51,781,993	55,372,130

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2024</u>
Change in net assets from operations	\$ (832,331)	\$ 4,142,893	\$ 3,310,562	\$ 4,558,027
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	271,502	271,502	259,952
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>271,502</u>	<u>271,502</u>	<u>259,952</u>
Total change in net assets	(832,331)	4,414,395	3,582,064	4,817,979
Net Assets, Beginning of Year	<u>13,745,877</u>	<u>10,491,345</u>	<u>24,237,222</u>	<u>19,419,241</u>
Net Assets, End of Year	<u>\$ 12,913,546</u>	<u>\$ 14,905,740</u>	<u>\$ 27,819,286</u>	<u>\$ 24,237,220</u>

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,582,064	\$ 4,817,979
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,827,317	2,833,004
Amortization - premium on bonds	(209,478)	(208,020)
Amortization - bond issuance costs	50,619	21,355
(Increase) Decrease in receivables	(51,237)	(1,160,855)
(Increase) Decrease in other receivables	3,729	(13,819)
(Increase) Decrease in prepaids	41,205	52,596
Increase (Decrease) in accounts payable	386,999	214,553
Increase (Decrease) in wages payable	(95,041)	2,567,794
Increase (Decrease) in payroll taxes payable	2,098	(1,092,234)
Increase (Decrease) in accrued liabilities	(392,413)	337,528
Increase (Decrease) in interest payable	(16,044)	(362,822)
Increase (Decrease) in deferred revenue	-	(9,303)
Net Cash Provided (Used) by Operating Activities	<u>6,129,818</u>	<u>7,997,756</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(9,156,096)	(4,661,050)
Purchase of investments	(1,256,995)	(905,528)
Net Cash Provided (Used) by Investing Activities	<u>(10,413,091)</u>	<u>(5,566,578)</u>
Cash Flows from Financing Activities		
Repayment of loans	-	(13,505,304)
Repayment of bonds	(1,235,782)	(1,180,809)
Proceeds from bonds	-	885,875
Proceeds from loans	5,401,250	14,128,605
Net Cash Provided (Used) by Financing Activities	<u>4,165,468</u>	<u>328,367</u>
Net increase (decrease) in cash	(117,805)	2,759,545
Cash at Beginning of Year	<u>18,523,848</u>	<u>15,764,303</u>
Cash at End of Year	<u>\$ 18,406,043</u>	<u>\$ 18,523,848</u>
Cash Per the Statement of Financial Position		
Cash	\$ 7,370,211	\$ 8,336,147
Restricted Cash	11,035,832	10,187,701
Total Cash Per the Statement of Financial Position	<u>\$ 18,406,043</u>	<u>\$ 18,523,848</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 2,338,995</u>	<u>\$ 2,747,014</u>

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Expenses		
6100 Payroll costs	\$ 33,358,871	\$ 36,639,623
6200 Professional and contracted services	9,166,920	9,241,567
6300 Supplies and materials	2,087,931	2,322,141
6400 Other operating costs	4,554,448	4,495,307
6500 Debt	2,613,823	2,673,492
Total Expenses	<u>\$ 51,781,993</u>	<u>\$ 55,372,130</u>

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 5,970,001	\$ 581,937	\$ 818,273	\$ 7,370,211
1120	Investments	-	12,523,844	-	12,523,844
1510	Land and improvements	-	25,620,390	-	25,620,390
1520	Buildings and improvements	-	68,443,509	-	68,443,509
1539	Furniture and equipment	-	6,343,419	309,426	6,652,845
1580	Construction in progress	-	4,930,635	-	4,930,635
Total Property and Equipment		\$ 5,970,001	\$ 118,443,734	\$ 1,127,699	\$ 125,541,434

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 2,351,152	\$ 2,211,618	\$ 2,232,580	\$ 20,962
5750	Revenue from curricular	276,000	282,116	249,779	(32,337)
Total Local Support		<u>2,627,152</u>	<u>2,493,734</u>	<u>2,482,359</u>	<u>(11,375)</u>
State Program Revenues:					
5810	Foundation School Program Act revenues	42,116,476	43,301,853	43,128,165	(173,688)
5820	State program revenues distributed by Texas Education Agency	1,371,741	1,602,865	1,632,252	29,387
5830	State program revenues from State of Texas Government Agencies	6,064	2,551,635	2,502,849	(48,786)
Total State Program Revenues		<u>43,494,281</u>	<u>47,456,353</u>	<u>47,263,266</u>	<u>(193,087)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	4,994,268	5,536,626	5,188,926	(347,700)
5930	Federal revenue distributed by other state of Texas Government Agencies (other than TEA)	172,616	6,546	6,546	-
5940	Federal revenues distributed directly from the Federal Government	-	151,458	151,458	-
Total Federal Program Revenues		<u>5,166,884</u>	<u>5,694,630</u>	<u>5,346,930</u>	<u>(347,700)</u>
Total Revenues		<u>51,288,317</u>	<u>55,644,717</u>	<u>55,092,555</u>	<u>(552,162)</u>
Expenses					
11	Instruction	26,976,642	27,483,567	26,894,998	588,569
12	Instructional resources and media services	7,200	530	517	13
13	Curriculum development and instructional staff development	1,907,976	2,841,582	2,285,344	556,238
21	Instructional leadership	483,237	569,356	537,802	31,554
23	School leadership	4,337,113	5,044,259	4,947,771	96,488
31	Guidance, counseling and evaluation services	601,788	2,636,700	2,355,096	281,604
33	Health services	23,650	37,954	19,544	18,410
35	Food service	1,669,157	1,659,624	1,541,884	117,740
36	Cocurricular/Extracurricular activities	590,387	543,997	447,313	96,684
41	General administration	2,720,985	2,867,110	2,773,733	93,377
51	Plant maintenance and operations	6,452,263	6,244,709	5,828,364	416,345
52	Security and monitoring services	636,439	704,455	657,743	46,712
53	Data processing services	1,069,059	1,052,677	878,061	174,616
71	Debt service	2,644,765	2,613,810	2,613,823	(13)
81	Facilities acquisition and construction	819,336	1,348,862	-	1,348,862
Total Expenses		<u>50,939,997</u>	<u>55,649,192</u>	<u>51,781,993</u>	<u>3,867,199</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	271,502	271,502
Total Non-Operating Revenues (Expenses)		<u>-</u>	<u>-</u>	<u>271,502</u>	<u>271,502</u>
Change in net assets		348,320	(4,475)	3,582,064	3,586,539
Net Assets, Beginning of Year as Restated		<u>24,237,222</u>	<u>24,237,222</u>	<u>24,237,222</u>	<u>-</u>
Net Assets, End of Year		<u>\$ 24,585,542</u>	<u>\$ 24,232,747</u>	<u>\$ 27,819,286</u>	<u>\$ 3,586,539</u>

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
Function 12	Reduction in general supplies in the General Fund
Function 13	Title I payroll adjustment
Function 21	Budget for TRS On-behalf was added
Function 23	Budget for TRS On-behalf was added
Function 31	Title I payroll adjustment and budget adjustment for TRS On-behalf
Function 33	Increase in supplies budget but did not use it
Function 36	Unused activity budgets
Function 52	Contracted security budgeted costs increased
Function 53	Unused budget related to the IT budget
Function 81	Budget for safety and security but

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
For the Year Ended June 30, 2025

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
RES B BLK 2 WESTWOOD CENTER SEC 1	9421 W SAM HOUSTON PKY S, Houston, TX 77099	\$ 8,233,028	\$ -	\$ 8,660,076	\$ -
RES B5-A BLK 2 WESTWOOD CENTER SEC 01	9421 W SAM HOUSTON PKY S, Houston, TX 77099	5,706,340	-	7,670,973	-
RES A BLK 1 HARMONY SCHOOL OF INGENUITY 5.2540 AC	10555 STELLA LINK RD, Houston, TX 77025	7,257,130	-	9,946,706	-
LTS 1 THRU 5 BLK 10 MARILYN ESTATES SEC 5 1.2856 AC	5435 S BRAESWOOD BLVD, Houston, TX 77096	1,316,321	-	1,377,467	-
RES F1-A SOUTH POINT BUSINESS PARK SEC 1	9115 KIRBY DR, Houston, TX 77054	10,557,328	-	12,101,645	-
RES F SOUTH POINT BUSINESS PARK SEC 1	0 KIRBY DR, Houston, TX 77054	472,356	-	-	-
RES B4 BLK 2 WESTWOOD CENTER SEC 1 4.6300 AC	9303 W SAM HOUSTON PKY S 77036	6,304,215	-	11,058,052	-
Note (1)	Note (1)	-	-	43,248,980	-
Total		<u>\$ 39,846,718</u>	<u>\$ -</u>	<u>\$ 94,063,899</u>	<u>\$ -</u>

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

HARMONY PUBLIC SCHOOLS

HOUSTON SOUTH

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 4,577,727
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 2,120,722
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 822,175
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 1,126,681

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
HOUSTON SOUTH
SCHEDULE OF COMPENSATION AND BENEFITS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 2,598,823	\$ 5,760,293
Restricted cash	18,066,487	14,077,851
Investments	2,666,787	31,121,887
Restricted investments	1,769,042	-
Receivables	12,585,348	8,964,732
Other receivables	3,814,210	38,615
Prepays	24,130	130,551
Total Current Assets	<u>41,524,827</u>	<u>60,093,929</u>
Property and Equipment:		
Land	11,523,364	11,523,364
Buildings and improvements	40,163,746	38,201,223
Furniture and equipment	6,723,981	6,016,644
Construction in progress	63,159,171	18,813,594
Financing lease right-of-use asset - building	-	947,604
	<u>121,570,262</u>	<u>75,502,429</u>
Less: Accumulated depreciation/amortization	(19,147,772)	(17,913,326)
Operating lease right-of-use asset - building	2,533,855	4,204,689
	<u>104,956,345</u>	<u>61,793,792</u>
Other Assets:		
Deposits	159,006	159,006
Total Assets	<u>\$ 146,640,178</u>	<u>\$ 122,046,727</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 10,953,210	\$ 6,291,289
Accrued liabilities	(39,697)	5,000
Wages payable	6,580,946	7,099,356
Payroll taxes payable	405,022	377,845
Interest payable	1,652,296	747,018
Deferred revenue	20,000	-
Current portion of operating lease liability	2,306,015	2,456,742
Current portion of bonds payable	959,634	717,737
Total Current Liabilities	<u>22,837,426</u>	<u>17,694,987</u>
Long-Term Liabilities:		
Operating lease liability net of current portion	602,770	2,908,631
Notes payable	31,112,428	11,299,088
Bonds payable net of premium, discount, issuance costs and current portion	74,052,478	75,064,154
Total Liabilities	<u>128,605,102</u>	<u>106,966,860</u>
Net Assets:		
Without donor restrictions	3,674,398	3,775,436
With donor restrictions	14,360,678	11,304,431
Total Net Assets	<u>18,035,076</u>	<u>15,079,867</u>
Total Liabilities and Net Assets	<u>\$ 146,640,178</u>	<u>\$ 122,046,727</u>

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues				
Local Support:				
5740	\$ 3,262,603	\$ -	\$ 3,262,603	\$ 1,155,360
5750	231,408	238,167	469,575	496,274
	Total Local Support	238,167	3,732,178	1,651,634
State Program Revenues:				
5810	-	49,577,794	49,577,794	47,611,502
5820	-	1,912,923	1,912,923	174,448
5830	-	1,722,715	1,722,715	1,463,782
	Total State Program Revenues	53,213,432	53,213,432	49,249,732
Federal Program Revenues:				
5910	-	8,875	8,875	9,805
5920	-	4,183,924	4,183,924	6,294,244
5930	-	12,508	12,508	848,896
5940	-	2,726,393	2,726,393	242,784
	Total Federal Program Revenues	6,931,700	6,931,700	7,395,729
Net Assets Released from Restrictions:				
	57,455,281	(57,455,281)	-	-
	Total Revenues	2,928,018	63,877,310	58,297,095
Expenses				
11	30,098,571	-	30,098,571	29,547,598
12	405	-	405	488
13	3,101,375	-	3,101,375	3,268,231
21	288,501	-	288,501	337,963
23	5,673,075	-	5,673,075	5,115,470
31	1,914,989	-	1,914,989	1,676,440
33	12,230	-	12,230	7,370
34	654,892	-	654,892	710,824
35	2,309,888	-	2,309,888	2,333,766
36	521,900	-	521,900	598,065
41	3,543,911	-	3,543,911	3,572,454
51	8,865,203	-	8,865,203	8,307,542
52	528,576	-	528,576	441,941
53	983,998	-	983,998	851,485
71	2,552,816	-	2,552,816	1,874,620
	Total Expenses	-	61,050,330	58,644,257

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2024</u>
Change in net assets from operations	\$ (101,038)	\$ 2,928,018	\$ 2,826,980	\$ (347,162)
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	128,229	128,229	146,386
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>128,229</u>	<u>128,229</u>	<u>146,386</u>
Total change in net assets	<u>(101,038)</u>	<u>3,056,247</u>	<u>2,955,209</u>	<u>(200,776)</u>
Net Assets, Beginning of Year	<u>3,775,436</u>	<u>11,304,431</u>	<u>15,079,867</u>	<u>15,280,643</u>
Net Assets, End of Year	<u>\$ 3,674,398</u>	<u>\$ 14,360,678</u>	<u>\$ 18,035,076</u>	<u>\$ 15,079,867</u>

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,955,209	\$ (200,776)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	3,107,018	3,805,683
Amortization - premium on bonds	(122,178)	(119,960)
Amortization - bond issuance costs	70,110	26,513
(Increase) Decrease in accounts receivable	(3,620,616)	1,047,482
(Increase) Decrease in other receivables	(3,775,595)	61,563
(Increase) Decrease in prepaids	106,421	11,976
Increase (Decrease) in accounts payable	4,661,921	4,920,700
Increase (Decrease) in wages payable	(518,410)	2,310,024
Increase (Decrease) in payroll taxes payable	27,177	(1,276,242)
Increase (Decrease) in deferred revenue	20,000	(30,618)
Increase (Decrease) in accrued liabilities	(44,697)	-
Increase (Decrease) in interest payable	905,278	(248,219)
Net Cash Provided (Used) by Operating Activities	<u>3,771,638</u>	<u>10,308,126</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(46,067,833)	(14,760,306)
Sale of investment	26,686,058	(26,084,370)
Net Cash Provided (Used) by Investing Activities	<u>(19,381,775)</u>	<u>(40,844,676)</u>
Cash Flows from Financing Activities		
Proceeds from bond	-	40,421,993
Proceeds from loan	19,813,340	(1,520,145)
Repayment of bonds	(717,711)	(684,578)
Payments on lease liability	(2,658,326)	(2,261,857)
Net Cash Provided (Used) by Financing Activities	<u>16,437,303</u>	<u>35,955,413</u>
Net increase (decrease) in cash	827,166	5,418,863
Cash at Beginning of Year	<u>19,838,144</u>	<u>14,419,281</u>
Cash at End of Year	<u>\$ 20,665,310</u>	<u>\$ 19,838,144</u>
Cash Per the Statement of Financial Position		
Cash	\$ 2,598,823	\$ 5,760,293
Restricted Cash	18,066,487	14,077,851
Total Cash Per the Statement of Financial Position	<u>\$ 20,665,310</u>	<u>\$ 19,838,144</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 1,428,426</u>	<u>\$ 1,948,859</u>

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Expenses		
6100 Payroll costs	\$ 35,753,518	\$ 37,468,826
6200 Professional and contracted services	14,310,339	13,630,613
6300 Supplies and materials	4,859,091	2,062,622
6400 Other operating costs	3,574,566	3,607,576
6500 Debt	2,552,816	1,874,620
Total Expenses	<u>\$ 61,050,330</u>	<u>\$ 58,644,257</u>

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 2,028,644	\$ -	\$ 570,179	\$ 2,598,823
1120	Investments	-	2,666,787	-	2,666,787
1510	Land and improvements	-	11,523,364	-	11,523,364
1520	Buildings and improvements	1,275,318	38,660,228	228,200	40,163,746
1539	Furniture and equipment	43,871	6,621,445	58,665	6,723,981
1554	Operating lease right-of-use asset - building	-	2,533,855	-	2,533,855
1580	Construction in progress	-	63,159,171	-	63,159,171
Total Property and Equipment		\$ 3,347,833	\$ 125,164,850	\$ 857,044	\$ 129,369,727

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		Budgeted Amounts		Actual Amounts	Variance from Final Budget
		Original	Final		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 3,468,134	\$ 3,223,365	\$ 3,262,603	\$ 39,238
5750	Revenue from curricular	460,000	570,697	469,575	(101,122)
Total Local Support		<u>3,928,134</u>	<u>3,794,062</u>	<u>3,732,178</u>	<u>(61,884)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	49,753,584	49,663,188	49,577,794	(85,394)
5820	State program revenues distributed by Texas Education Agency	1,645,859	1,885,210	1,912,923	27,713
5830	State program revenues distributed directly from other state agencies	7,370	1,740,263	1,722,715	(17,548)
Total State Program Revenues		<u>51,406,813</u>	<u>53,288,661</u>	<u>53,213,432</u>	<u>(75,229)</u>
Federal Program Revenues:					
5910	Federal Revenues Distributed through Government Entities Other than State or Federal Agencies	-	14,600	8,875	(5,725)
5920	Federal revenues distributed by Texas Education Agency	4,050,092	4,377,348	4,183,924	(193,424)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	232,513	12,508	12,508	-
5940	Federal revenues distributed directly from the Federal Government	-	2,798,646	2,726,393	(72,253)
Total Federal Program Revenues		<u>4,282,605</u>	<u>7,203,102</u>	<u>6,931,700</u>	<u>(271,402)</u>
Total Revenues		<u>59,617,552</u>	<u>64,285,825</u>	<u>63,877,310</u>	<u>(408,515)</u>
Expenses					
11	Instruction	27,453,662	31,518,576	30,098,571	1,420,005
12	Instructional resources and media services	-	405	405	-
13	Curriculum development and instructional staff development	2,754,456	3,046,036	3,101,375	(55,339)
21	Instructional leadership	269,459	298,712	288,501	10,211
23	School leadership	4,602,219	5,512,251	5,673,075	(160,824)
31	Guidance, counseling and evaluation services	1,389,799	1,775,358	1,914,989	(139,631)
33	Health services	19,550	13,626	12,230	1,396
34	Student (pupil) transportation	493,750	662,641	654,892	7,749
35	Food service	2,275,370	2,391,847	2,309,888	81,959
36	Cocurricular/Extracurricular activities	412,800	601,390	521,900	79,490
41	General administration	3,338,090	3,677,690	3,543,911	133,779
51	Plant maintenance and operations	9,358,960	9,089,994	8,865,203	224,791
52	Security and monitoring services	557,526	534,849	528,576	6,273
53	Data processing services	1,071,950	1,114,976	983,998	130,978
71	Debt service	1,748,910	2,586,929	2,552,816	34,113
81	Facilities acquisition and construction	1,010,941	1,460,545	-	1,460,545
Total Expenses		<u>56,757,442</u>	<u>64,285,825</u>	<u>61,050,330</u>	<u>3,235,495</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	128,229	128,229
Total Non-Operating Revenues (Expenses)		<u>-</u>	<u>-</u>	<u>128,229</u>	<u>128,229</u>
Change in net assets		2,860,110	-	2,955,209	2,955,209
Net Assets, Beginning of Year		<u>15,079,867</u>	<u>15,079,867</u>	<u>15,079,867</u>	<u>-</u>
Net Assets, End of Year		<u>\$ 17,939,977</u>	<u>\$ 15,079,867</u>	<u>\$ 18,035,076</u>	<u>\$ 2,955,209</u>

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
Function 11	Replication grant \$2 million amendment
Function 13	TRS on-behalf budget increase as well as grant expenditure budget increases
Function 21	TRS on-behalf budget increase
Function 23	TRS on-behalf budget increase as well as grant expenditure budget increases
Function 31	Grant budget added
Function 33	Supplies budget increased
Function 34	Transportation vendor increase
Function 36	Unused campus activity fund budget
Function 41	Marketing budget increase and recruiting needs
Function 53	Unused budget for IT project
Function 71	Increase in bond interest budget
Function 81	Safety grant increase and miscellaneous capital projects budget increase

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
For the Year Ended June 30, 2025

<u>Description (list each parcel separately)</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership Interest - Local</u>	<u>Ownership Interest - State</u>	<u>Ownership Interest - Federal</u>
LOT A T S A ADDN	930 E RUNDBERG LN TX 78753	\$ 5,399,897	\$ 33,521	\$ 7,293,039	\$ -
S8861 - MACONDA PARK EAST SEC 1 BLK A RESUB (LT 1 BLK A RESU, BLOCK A, Lot 1B, ACRES 8.3017	13415 N FM 620, AUSTIN, TX 78759	21,490,672	-	16,236,049	-
LOT 3A BLK A ANDERSON MILL NAUMANN AMD LT 3 RESUB LTS 10 & 11 HATCH TRACT & LOT 6 BLK A ANDERSON MILL PARK	12200 ANDERSON MILL RD TX 78613	7,940,374	79,095	7,642,728	228,200
Note (1)	Note (1)	<u>-</u>	<u>1,162,702</u>	<u>19,011,776</u>	<u>-</u>
Total		<u>\$ 34,830,943</u>	<u>\$ 1,275,318</u>	<u>\$ 50,183,592</u>	<u>\$ 228,200</u>

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

HARMONY PUBLIC SCHOOLS

CENTRAL TEXAS

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 4,127,059
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 2,319,480
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 1,312,970
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 730,948

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
CENTRAL TEXAS
SCHEDULE OF COMPENSATION AND BENEFITS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 4,323,024	\$ 10,295,127
Restricted cash	6,826,767	6,156,045
Investments	12,003,140	8,710,590
Receivables	11,887,385	11,375,476
Other receivables	141,051	90,221
Prepays	27,719	81,999
Total Current Assets	<u>35,209,086</u>	<u>36,709,458</u>
Property and Equipment:		
Land	14,062,589	14,062,589
Buildings and improvements	72,633,868	85,736,018
Furniture and equipment	8,748,324	7,559,903
Construction in progress	40,752,434	2,427,520
	<u>136,197,215</u>	<u>109,786,030</u>
Less: Accumulated depreciation and amortization	(25,087,480)	(22,415,008)
Operating lease right-of-use asset - building	1,497,697	1,569,335
	<u>112,607,432</u>	<u>88,940,357</u>
Other Assets:		
Deposits	26,890	26,890
Total Assets	<u>\$ 147,843,408</u>	<u>\$ 125,676,705</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 3,969,788	\$ 3,482,652
Accrued liabilities	66,431	561,834
Wages payable	7,346,967	8,491,804
Payroll taxes payable	430,377	453,158
Interest payable	1,080,871	1,080,235
Current portion of operating lease liability	362,042	975,861
Current portion of bonds payable	1,412,019	1,067,383
Total Current Liabilities	<u>14,668,495</u>	<u>16,112,927</u>
Long-Term Liabilities:		
Operating lease liability net of current portion	1,187,747	474,016
Notes payable net of current portion	41,136,721	19,936,251
Bonds payable net of premium, discount, issuance costs and current portion	66,130,660	67,742,402
Total Liabilities	<u>123,123,623</u>	<u>104,265,596</u>
Net Assets:		
Without donor restrictions	2,766,036	3,420,798
With donor restrictions	21,953,749	17,990,311
Total Net Assets	<u>24,719,785</u>	<u>21,411,109</u>
Total Liabilities and Net Assets	<u>\$ 147,843,408</u>	<u>\$ 125,676,705</u>

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues				
Local Support:				
5740	\$ 2,939,589	\$ -	\$ 2,939,589	\$ 2,261,571
5750	348,213	183,835	532,048	565,245
	Total Local Support	183,835	3,471,637	2,826,816
State Program Revenues:				
5810	-	53,677,272	53,677,272	53,528,513
5820	-	1,518,627	1,518,627	244,420
5830	-	2,070,287	2,070,287	1,464,764
	Total State Program Revenues	57,266,186	57,266,186	55,237,697
Federal Program Revenues:				
Federal Revenues Distributed through Governmental				
5910	-	82,600	82,600	13,592
5920	-	6,932,758	6,932,758	12,937,403
5930	-	9,531	9,531	807,743
5940	-	1,467,971	1,467,971	400,372
	Total Federal Program Revenues	8,492,860	8,492,860	14,159,110
Net Assets Released from Restrictions:				
	Restrictions satisfied by payments	62,228,839	(62,228,839)	-
	Total Revenues	65,516,641	3,714,042	69,230,683
Expenses				
11	Instruction	33,377,489	-	33,377,489
12	Instructional resources and media services	3,672	-	3,672
13	Curriculum development and instructional staff development	3,398,061	-	3,398,061
21	Instructional leadership	360,805	-	360,805
23	School leadership	5,877,006	-	5,877,006
31	Guidance, counseling and evaluation services	2,455,037	-	2,455,037
33	Health services	100,806	-	100,806
34	Student transportation	369,996	-	369,996
35	Food service	2,824,931	-	2,824,931
36	Cocurricular/Extracurricular activities	572,519	-	572,519
41	General administration	3,644,565	-	3,644,565
51	Plant maintenance and operations	8,263,642	-	8,263,642
52	Security and monitoring services	983,594	-	983,594
53	Data processing services	1,093,958	-	1,093,958
71	Debt service	2,845,322	-	2,991,183
	Total Expenses	66,171,403	-	69,143,844

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2024</u>
Change in net assets from operations	\$ (654,762)	\$ 3,714,042	\$ 3,059,280	\$ 3,079,779
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	249,396	249,396	189,888
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>249,396</u>	<u>249,396</u>	<u>189,888</u>
Total change in net assets	(654,762)	3,963,438	3,308,676	3,269,667
Net Assets, Beginning of Year	<u>3,420,798</u>	<u>17,990,311</u>	<u>21,411,109</u>	<u>18,141,442</u>
Net Assets, End of Year	<u>\$ 2,766,036</u>	<u>\$ 21,953,749</u>	<u>\$ 24,719,785</u>	<u>\$ 21,411,109</u>

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,308,676	\$ 3,269,667
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	3,877,100	3,948,985
Amortization - premium on bonds	(262,743)	(262,569)
Amortization - bond issuance costs	62,978	59,686
(Increase) Decrease in receivables	(511,909)	926,959
(Increase) Decrease in other receivables	(50,830)	499,549
(Increase) Decrease in prepaids	54,280	68,961
Increase (Decrease) in accounts payable	487,136	1,162,061
Increase (Decrease) in wages payable	(1,144,837)	2,711,416
Increase (Decrease) in payroll taxes payable	(22,781)	(1,557,099)
Increase (Decrease) in accrued liabilities	(495,403)	502,856
Increase (Decrease) in interest payable	636	(233,420)
Increase (Decrease) in deferred revenue	-	(45,213)
Net Cash Provided (Used) by Operating Activities	<u>5,302,303</u>	<u>11,051,839</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(26,411,185)	(17,868,023)
Purchase of investment	(3,292,550)	(2,049,195)
Net Cash Provided (Used) by Investing Activities	<u>(29,703,735)</u>	<u>(19,917,218)</u>
Cash Flows from Financing Activities		
Payment on lease liability	(1,033,078)	(933,834)
Proceeds from bonds and reclassification of bonds	-	3,051,536
Repayment of bonds	(1,067,341)	(1,018,978)
Proceeds from loans	21,200,470	11,268,391
Net Cash Provided (Used) by Financing Activities	<u>19,100,051</u>	<u>12,367,115</u>
Net increase (decrease) in cash	(5,301,381)	3,501,736
Cash at Beginning of Year	<u>16,451,172</u>	<u>12,949,436</u>
Cash at End of Year	<u>\$ 11,149,791</u>	<u>\$ 16,451,172</u>
Cash Per the Statement of Financial Position		
Cash	\$ 4,323,024	\$ 10,295,127
Restricted Cash	6,826,767	6,156,045
Total Cash Per the Statement of Financial Position	<u>\$ 11,149,791</u>	<u>\$ 16,451,172</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 2,482,342</u>	<u>\$ 2,864,822</u>

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Expenses		
6100 Payroll costs	\$ 39,397,978	\$ 44,864,967
6200 Professional and contracted services	14,659,377	13,616,013
6300 Supplies and materials	4,041,375	2,474,197
6400 Other operating costs	5,227,351	5,197,484
6500 Debt	2,845,322	2,991,183
Total Expenses	<u>\$ 66,171,403</u>	<u>\$ 69,143,844</u>

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 3,659,430	\$ -	\$ 663,594	\$ 4,323,024
1120	Investments	-	12,003,140	-	12,003,140
1510	Land and improvements	-	14,062,589	-	14,062,589
1520	Buildings and improvements	60,542	72,466,450	106,876	72,633,868
1554	Operating lease right-of-use asset - building	-	1,497,697	-	1,497,697
1539	Furniture and equipment	8,240	8,714,803	25,281	8,748,324
1580	Construction in progress	-	40,752,434	-	40,752,434
Total Property and Equipment		\$ 3,728,212	\$ 149,497,113	\$ 795,751	\$ 154,021,076

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		Budgeted Amounts		Actual Amounts	Variance from Final Budget
		Original	Final		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 3,122,901	\$ 2,889,538	\$ 2,939,589	\$ 50,051
5750	Revenue from curricular	575,000	604,246	532,048	(72,198)
	Total Local Support	<u>3,697,901</u>	<u>3,493,784</u>	<u>3,471,637</u>	<u>(22,147)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	52,019,203	54,622,770	53,677,272	(945,498)
5820	State program revenues distributed by Texas Education Agency	1,174,389	1,754,898	1,518,627	(236,271)
5830	State program revenues distributed directly from other State agencies	10,966	2,086,706	2,070,287	(16,419)
	Total State Program Revenues	<u>53,204,558</u>	<u>58,464,374</u>	<u>57,266,186</u>	<u>(1,198,188)</u>
Federal Program Revenues:					
5910	Federal Revenues Distributed through Government Entities Other than State or Federal Agencies	-	86,400	82,600	(3,800)
5920	Federal revenues distributed by Texas Education Agency	6,463,288	7,918,971	6,932,758	(986,213)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	307,181	15,798	9,531	(6,267)
5940	Federal revenues distributed directly from the Federal Government	-	1,477,391	1,467,971	(9,420)
	Total Federal Program Revenues	<u>6,770,469</u>	<u>9,498,560</u>	<u>8,492,860</u>	<u>(1,005,700)</u>
	Total Revenues	<u>63,672,928</u>	<u>71,456,718</u>	<u>69,230,683</u>	<u>(2,226,035)</u>
Expenses					
11	Instruction	32,432,046	33,717,368	33,377,489	339,879
12	Instructional resources and media services	3,360	3,672	3,672	-
13	Curriculum development and instructional staff development	2,374,460	3,791,631	3,398,061	393,570
21	Instructional leadership	342,556	389,847	360,805	29,042
23	School leadership	5,199,647	6,191,699	5,877,006	314,693
31	Guidance, counseling and evaluation services	710,201	3,292,803	2,455,037	837,766
33	Health services	112,012	107,149	100,806	6,343
34	Student transportation	182,000	366,235	369,996	(3,761)
35	Food service	2,822,598	2,980,233	2,824,931	155,302
36	Cocurricular/Extracurricular activities	719,879	709,294	572,519	136,775
41	General administration	3,587,099	3,921,236	3,644,565	276,671
51	Plant maintenance and operations	8,357,220	8,856,438	8,263,642	592,796
52	Security and monitoring services	685,187	1,071,193	983,594	87,599
53	Data processing services	1,209,112	1,272,778	1,093,958	178,820
71	Debt service	2,901,685	2,960,885	2,845,322	115,563
81	Facilities acquisition and construction	561,523	1,110,340	-	1,110,340
	Total Expenses	<u>62,200,585</u>	<u>70,742,801</u>	<u>66,171,403</u>	<u>4,571,398</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	249,396	249,396
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>249,396</u>	<u>249,396</u>
	Change in net assets	1,472,343	713,917	3,308,676	2,594,759
	Net Assets, Beginning of Year	<u>21,411,109</u>	<u>21,411,109</u>	<u>21,411,109</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 22,883,452</u>	<u>\$ 22,125,026</u>	<u>\$ 24,719,785</u>	<u>\$ 2,594,759</u>

HARMONY PUBLIC SCHOOLS

SOUTH TEXAS

NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
5800	Safety grant budget was added, but overall state revenue was under budget; TRS on-behalf budget was also increased
5900	SHARS reimbursement as well as USDA revised budget and less revenue
Function 13	Grant budget increased, TRS On-behalf budget and stipends in the General Fund
Function 21	TRS On-behalf budget increase
Function 23	TRS On-behalf budget increase
Function 31	Grant budget increased by \$1.7 million
Function 34	Increased budget for contracted services with transportation vendor
Function 36	Unused activity fund budgets
Function 52	Increased budget for contracted security services
Function 53	Unused budget for IT project
Function 81	Safety grant expenditures

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
For the Year Ended June 30, 2025

<u>Description (list each parcel separately)</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership Interest - Local</u>	<u>Ownership Interest - State</u>	<u>Ownership Interest - Federal</u>
NCB 19127 (NEW HARMONY SCIENCE ACADEMY), BLOCK 7 LOT 9	8505 LAKESIDE PKWY SAN ANTONIO, TX 78245	\$ 12,663,840	\$ -	\$ -	\$ -
CB 5073D BLK 22 LOT 1 (HARMONY SCHOOL SUBD)	GLEN MONT DR SAN ANTONIO, TX 78239	332,690	-	-	-
LOT 1-A BLK 488 ED REPLAT	4401 SAN FRANCISCO AVE LAREDO, TX 78041	5,034,830	-	-	-
MANN SUBDIVISION LOT 1 BLK 1	1124 CENTRAL BLVD BROWNSVILLE, TX	1,347,577	-	4,903,935	-
EL JARDIN SUBDIVISION SHARE 19 BLK 15, 10 ACRES OUT OF 40.2500 ACRES	3451 DANA AVE BROWNSVILLE, TX	4,126,821	-	9,514,143	-
LOT 1-B BLK 489 ED REPLAT	SAN FRANCISCO AVE LAREDO, TX 78040	4,021,480	-	6,287,930	-
NCB 17332 BLK 7 LOT 7 SELTZER SUBD UT 2	1263 SW LOOP 410 LAKESIDE PARKWAY	370	-	5,359,176	-
NCB 17332 BLK 7 LOT 2	1175 SW LOOP 410 LAKESIDE PARKWAY SAN ANTONIO, TX 78227	1,290	-	-	-
NCB 17332 BLK 7 LOT 3	LAKESIDE PARKWAY	1,040	-	-	-
NCB 17332 BLK 7 LOT 4	LAKESIDE PARKWAY	1,077,360	-	-	-
Note (1)	Note (1)	-	60,542	60,463,855	106,876
Total		<u>\$ 28,607,298</u>	<u>\$ 60,542</u>	<u>\$ 86,529,039</u>	<u>\$ 106,876</u>

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

HARMONY PUBLIC SCHOOLS

SOUTH TEXAS

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 6,039,187
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 2,871,278
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 1,142,892
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 474,631

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
SOUTH TEXAS
SCHEDULE OF COMPENSATION AND BENEFITS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
WEST TEXAS
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 4,947,900	\$ 10,505,293
Restricted cash	6,400,435	5,521,788
Investments	18,405,947	16,959,089
Receivables	14,699,681	11,044,302
Other receivables	874,114	933,584
Prepays	25,559	82,542
Total Current Assets	<u>45,353,636</u>	<u>45,046,598</u>
Property and Equipment:		
Land	14,209,783	12,814,735
Buildings and improvements	72,977,638	65,811,973
Furniture and equipment	10,628,616	9,982,185
Construction in progress	51,127,613	9,071,642
Financing lease right-of-use asset - building	46,328,816	22,520,266
	<u>195,272,466</u>	<u>120,200,801</u>
Less: Accumulated depreciation and amortization	(29,011,971)	(22,153,161)
Operating right-to-use asset, net	<u>2,213,544</u>	<u>2,664,564</u>
	<u>168,474,039</u>	<u>100,712,204</u>
Deposits	<u>22,613</u>	<u>22,613</u>
Total Assets	<u>\$ 213,850,288</u>	<u>\$ 145,781,415</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 12,288,764	\$ 6,658,976
Accrued liabilities	9,747	528,233
Wages payable	7,507,727	7,450,628
Payroll taxes payable	463,801	418,968
Interest payable	778,367	656,356
Deferred revenue	14,245	4,245
Current portion of finance lease liability	982,471	435,701
Current portion of operating lease liability	1,017,288	583,555
Current portion of bonds payable	1,095,360	2,663,736
Total Current Liabilities	<u>24,157,770</u>	<u>19,400,398</u>
Long-Term Liabilities:		
Finance lease liability net of current portion	41,115,513	21,160,941
Operating lease liability net of current portion	1,541,437	2,050,387
Notes payable	43,368,515	8,671,653
Bonds payable net of premium, discount, issuance costs and current portion	<u>63,951,475</u>	<u>65,149,822</u>
Total Liabilities	<u>174,134,710</u>	<u>116,433,201</u>
Net Assets:		
Without donor restrictions	13,529,651	7,511,104
With donor restrictions	<u>26,185,927</u>	<u>21,837,110</u>
Total Net Assets	<u>39,715,578</u>	<u>29,348,214</u>
Total Liabilities and Net Assets	<u>\$ 213,850,288</u>	<u>\$ 145,781,415</u>

HARMONY PUBLIC SCHOOLS
WEST TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues				
Local Support:				
5740	\$ 9,623,464	\$ -	\$ 9,623,464	\$ 8,000,900
5750	401,680	400,645	802,325	666,940
	10,025,144	400,645	10,425,789	8,667,840
State Program Revenues:				
5810	-	60,628,106	60,628,106	56,114,554
5820	-	1,972,893	1,972,893	168,355
5830	-	1,875,352	1,875,352	1,493,165
	-	64,476,351	64,476,351	57,776,074
Federal Program Revenues:				
5910	-	-	-	10,723
5920	-	6,796,894	6,796,894	9,450,508
5930	-	4,841	4,841	866,077
5940	-	2,194,707	2,194,707	900,615
	-	8,996,442	8,996,442	11,227,923
Net assets released from restrictions:				
	69,807,440	(69,807,440)	-	-
Total Revenues	79,832,584	4,065,998	83,898,582	77,671,837
Expenses				
11	35,170,532	-	35,170,532	33,070,458
13	4,084,614	-	4,084,614	4,319,694
21	379,922	-	379,922	439,521
23	6,593,703	-	6,593,703	6,057,473
31	2,255,080	-	2,255,080	1,436,382
33	48,946	-	48,946	29,293
34	140,580	-	140,580	201,610
35	2,989,689	-	2,989,689	2,648,521
36	524,798	-	524,798	558,723
41	3,928,263	-	3,928,263	3,755,372
51	12,172,171	-	12,172,171	10,961,693
52	824,076	-	824,076	769,423
53	1,218,356	-	1,218,356	1,010,335
71	3,483,307	-	3,483,307	3,832,415
Total Expenses	73,814,037	-	73,814,037	69,090,913

HARMONY PUBLIC SCHOOLS
WEST TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Change in net assets from operations	\$ 6,018,547	\$ 4,065,998	\$ 10,084,545	\$ 8,580,924
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on early extinguishment of bonds	-	282,819	282,819	324,952
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>282,819</u>	<u>282,819</u>	<u>324,952</u>
Total change in net assets	<u>6,018,547</u>	<u>4,348,817</u>	<u>10,367,364</u>	<u>8,905,876</u>
Net Assets, Beginning of Year	<u>7,511,104</u>	<u>21,837,110</u>	<u>29,348,214</u>	<u>20,442,338</u>
Net Assets, End of Year	<u>\$ 13,529,651</u>	<u>\$ 26,185,927</u>	<u>\$ 39,715,578</u>	<u>\$ 29,348,214</u>

HARMONY PUBLIC SCHOOLS
WEST TEXAS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 10,367,364	\$ 8,905,876
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	7,309,830	5,479,363
Amortization - premium on bonds	(199,336)	(163,712)
Amortization - bond issuance costs	96,343	(605,789)
(Increase) Decrease in accounts receivable	(3,655,379)	(527,016)
(Increase) Decrease in other receivables	59,470	16,375
(Increase) Decrease in prepaids	56,983	62,691
Increase (Decrease) in accounts payable	5,629,788	1,952,620
Increase (Decrease) in wages payable	57,099	2,542,195
Increase (Decrease) in payroll taxes payable	44,833	(1,172,297)
Increase (Decrease) in deferred revenue	10,000	(11,657)
Increase (Decrease) in accrued liabilities	(518,486)	523,556
Increase (Decrease) in interest payable	122,011	(538,606)
Net Cash Provided (Used) by Operating Activities	<u>19,380,520</u>	<u>16,463,599</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(50,812,095)	(13,339,746)
Purchase of investment	(1,446,858)	(2,192,164)
Net Cash Provided (Used) by Investing Activities	<u>(52,258,953)</u>	<u>(15,531,910)</u>
Cash Flows from Financing Activities		
Loan proceeds	34,696,862	(13,927,925)
Repayment of bonds	(2,663,730)	19,021,100
Repayment of leases	(3,833,445)	(1,886,684)
Net Cash Provided (Used) by Financing Activities	<u>28,199,687</u>	<u>3,206,491</u>
Net increase (decrease) in cash	(4,678,746)	4,138,180
Cash at Beginning of Year	<u>16,027,081</u>	<u>11,888,901</u>
Cash at End of Year	<u>\$ 11,348,335</u>	<u>\$ 16,027,081</u>
Cash Per the Statement of Financial Position		
Cash	\$ 4,947,900	\$ 10,505,293
Restricted Cash	6,400,435	5,521,788
Total Cash Per the Statement of Financial Position	<u>\$ 11,348,335</u>	<u>\$ 16,027,081</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 3,058,662</u>	<u>\$ 4,126,446</u>

HARMONY PUBLIC SCHOOLS

WEST TEXAS

SCHEDULE OF EXPENSES

For the Year Ended June 30, 2025

(With Comparative Totals for) 2024

	<u>2025</u>	<u>2024</u>
Expenses		
6100 Payroll costs	\$ 42,071,753	\$ 41,429,920
6200 Professional and contracted services	15,815,676	14,851,943
6300 Supplies and materials	5,307,566	2,929,807
6400 Other operating costs	7,135,735	6,046,828
6500 Debt	3,483,307	3,832,415
Total Expenses	<u>\$ 73,814,037</u>	<u>\$ 69,090,913</u>

HARMONY PUBLIC SCHOOLS
WEST TEXAS
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 1,241,672	\$ 1,831,146	\$ 1,875,082	\$ 4,947,900
1120	Investments	-	18,405,947	-	18,405,947
1510	Land and improvements	-	14,209,783	-	14,209,783
1520	Buildings and improvements	80,072	72,692,754	204,812	72,977,638
1539	Furniture and equipment	-	10,422,090	206,526	10,628,616
1551	Finance lease right-of-use asset - building	-	46,328,816	-	46,328,816
1552	Operating lease right-of-use asset, net	-	2,213,544	-	2,213,544
1580	Construction in progress	-	51,127,613	-	51,127,613
Total Property and Equipment		\$ 1,321,744	\$ 217,231,693	\$ 2,286,420	\$ 220,839,857

HARMONY PUBLIC SCHOOLS
WEST TEXAS
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		<u>Budgeted Amounts</u>			
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 10,347,647	\$ 9,582,648	\$ 9,623,464	\$ 40,816
5750	Revenue from curricular	677,000	802,290	802,325	35
Total Local Support		<u>11,024,647</u>	<u>10,384,938</u>	<u>10,425,789</u>	<u>40,851</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	59,211,085	60,352,834	60,628,106	275,272
5820	State program revenues distributed by Texas Education Agency	2,933,402	2,094,662	1,972,893	(121,769)
5830	State program revenues distributed directly from other state agencies	9,936	1,888,716	1,875,352	(13,364)
Total State Program Revenues		<u>62,154,423</u>	<u>64,336,212</u>	<u>64,476,351</u>	<u>140,139</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	5,722,879	7,427,362	6,796,894	(630,468)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	323,883	3,770	4,841	1,071
5940	Federal revenues distributed directly from the Federal Government	-	2,218,001	2,194,707	(23,294)
Total Federal Program Revenues		<u>6,046,762</u>	<u>9,649,133</u>	<u>8,996,442</u>	<u>(652,691)</u>
Total Revenues		<u>79,225,832</u>	<u>84,370,283</u>	<u>83,898,582</u>	<u>(471,701)</u>
Expenses					
11	Instruction	32,653,098	36,286,248	35,170,532	1,115,716
13	Curriculum development and instructional staff development	3,604,673	4,299,711	4,084,614	215,097
21	Instructional leadership	326,168	395,964	379,922	16,042
23	School leadership	5,727,176	6,919,543	6,593,703	325,840
31	Guidance, counseling and evaluation services	431,381	2,734,939	2,255,080	479,859
33	Health services	39,070	60,111	48,946	11,165
34	Student transportation	164,000	150,125	140,580	9,545
35	Food service	3,052,243	2,850,885	2,989,689	(138,804)
36	Cocurricular/Extracurricular activities	567,105	607,759	524,798	82,961
41	General administration	3,687,902	4,091,835	3,928,263	163,572
51	Plant maintenance and operations	12,915,513	13,202,518	12,172,171	1,030,347
52	Security and monitoring services	986,363	883,933	824,076	59,857
53	Data processing services	1,370,588	1,412,177	1,218,356	193,821
71	Debt service	3,808,526	3,173,580	3,483,307	(309,727)
81	Facilities acquisition and construction	2,841,374	1,444,697	-	1,444,697
Total Expenses		<u>72,175,180</u>	<u>78,514,025</u>	<u>73,814,037</u>	<u>4,699,988</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	282,819	282,819
Total Non-Operating Revenues (Expenses)		<u>-</u>	<u>-</u>	<u>282,819</u>	<u>282,819</u>
Change in net assets		7,050,652	5,856,258	10,367,364	4,511,106
Net Assets, Beginning of Year as Restated		<u>29,348,214</u>	<u>29,348,214</u>	<u>29,348,214</u>	<u>-</u>
Net Assets, End of Year		<u>\$ 36,398,866</u>	<u>\$ 35,204,472</u>	<u>\$ 39,715,578</u>	<u>\$ 4,511,106</u>

HARMONY PUBLIC SCHOOLS
WEST TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
Function 11	Replication grant budget increase
Function 13	Grant budget increased
Function 21	TRS On-behalf budget increase along with travel and professional services costs
Function 23	General Fund budget and released TRS benefits as well as additional grant budget
Function 31	Increase in ESSA grant budgets and General Fund payroll increases; actual costs
Function 33	Unused supplies budget
Function 36	Unused activity fund budget
Function 41	Marketing budgeted cost increase
Function 52	Contract security
Function 53	Unused IT budget
Function 71	Decrease in interest for bank loans
Function 81	Safety Grant

HARMONY PUBLIC SCHOOLS
WEST TEXAS
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
For the Year Ended June 30, 2025

<u>Description (list each parcel separately)</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership Interest - Local</u>	<u>Ownership Interest - State</u>	<u>Ownership Interest - Federal</u>
CMP FURN MACH	5210 FAIRBANKS DR EL PASO, TX 79924	\$ 1,293,410	\$ -	\$ 4,128,737	\$ -
NANCY L 5 THRU 10 & ADA HOOD BLK 1 L 6 THRU 10 & OL 1 BLK E SEC 2 AB 489	1516 53RD ST, LUBBOCK, TX 79412	2,270,829	-	4,288,279	-
Note (1)	Note (1)	-	80,072	78,485,521	-
Total		<u>\$ 3,564,239</u>	<u>\$ 80,072</u>	<u>\$ 86,902,537</u>	<u>\$ -</u>

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

HARMONY PUBLIC SCHOOLS

WEST TEXAS

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 6,459,068
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 3,107,030
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 951,442
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 578,580

HARMONY PUBLIC SCHOOLS

WEST TEXAS

SCHEDULE OF RELATED PARTY TRANSACTIONS

For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
WEST TEXAS
SCHEDULE OF COMPENSATION AND BENEFITS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 6,770,431	\$ 12,384,907
Restricted cash	15,469,636	15,878,189
Investments	13,549,513	35,003,803
Restricted investments	3,136,197	-
Receivables	18,639,480	15,577,332
Other receivables	244,172	263,724
Prepays	38,696	110,659
Total Current Assets	<u>57,848,125</u>	<u>79,218,614</u>
Property and Equipment:		
Land	35,251,230	35,251,230
Buildings and improvements	131,680,501	99,187,390
Furniture and equipment	13,145,343	11,931,793
Construction in progress	47,921,591	52,004,526
Financing lease right-of-use asset - building	17,214,947	17,214,943
	<u>245,213,612</u>	<u>215,589,882</u>
Less: Accumulated depreciation and amortization	(42,074,744)	(36,307,867)
Operating right-to-use asset, net	2,501,387	336,826
	<u>205,640,255</u>	<u>179,618,841</u>
Other Assets:		
Deposits	5,500	5,500
Total Assets	<u>\$ 263,493,880</u>	<u>\$ 258,842,955</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 7,944,152	\$ 9,614,368
Accrued liabilities	36,275	773,391
Wages payable	10,770,824	11,407,837
Payroll taxes payable	631,544	597,373
Interest payable	3,253,099	1,769,583
Due to state	-	256
Current portion of finance lease liability	313,545	147,796
Current portion of operating lease liability	495,974	514,609
Current portion of bonds payable	2,549,279	1,457,515
Total Current Liabilities	<u>25,994,692</u>	<u>26,282,728</u>
Long-Term Liabilities:		
Finance lease liability net of current portion	15,608,590	15,468,743
Operating lease liability net of current portion	2,216,144	453,411
Notes payable net of current portion	2,208,126	71,904
Bonds payable net of premium, discount, issuance costs and current portion	182,180,005	185,009,750
Total Long-Term Liabilities	<u>202,212,865</u>	<u>201,003,808</u>
Total Liabilities	<u>228,207,557</u>	<u>227,286,536</u>
Net Assets:		
Without donor restrictions	7,760,456	9,602,695
With donor restrictions	27,525,867	21,953,724
Total Net Assets	<u>35,286,323</u>	<u>31,556,419</u>
Total Liabilities and Net Assets	<u>\$ 263,493,880</u>	<u>\$ 258,842,955</u>

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	<u>2024</u>
Change in net assets from operations	\$ (1,842,239)	\$ 5,334,336	\$ 3,492,097	\$ 10,215,898
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	237,807	237,807	266,617
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>237,807</u>	<u>237,807</u>	<u>266,617</u>
Total change in net assets	<u>(1,842,239)</u>	<u>5,572,143</u>	<u>3,729,904</u>	<u>10,482,515</u>
Net Assets, Beginning of Year	<u>9,602,695</u>	<u>21,953,724</u>	<u>31,556,419</u>	<u>21,073,904</u>
Net Assets, End of Year	<u>\$ 7,760,456</u>	<u>\$ 27,525,867</u>	<u>\$ 35,286,323</u>	<u>\$ 31,556,419</u>

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,729,904	\$ 10,482,515
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	5,766,877	5,165,449
Amortization - premium on bonds	(471,175)	(327,882)
Amortization - bond issuance costs	190,739	(2,632,505)
(Increase) Decrease in receivables	(3,062,148)	(620,812)
(Increase) Decrease in other receivables	19,552	42,714
(Increase) Decrease in prepaids	71,963	90,344
Increase (Decrease) in deferred revenue	-	(10,899)
Increase (Decrease) in accounts payable and accrued liabilities	(2,407,332)	6,472,660
Increase (Decrease) in wages payable	(637,013)	3,848,713
Increase (Decrease) in payroll taxes payable	34,171	(1,956,809)
Increase (Decrease) in due to state	(256)	256
Increase (Decrease) in interest payable	1,483,516	(409,934)
Net Cash Provided (Used) by Operating Activities	<u>4,718,798</u>	<u>20,143,810</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(29,623,730)	(47,231,546)
Sale of investments	18,318,093	(23,801,366)
Net Cash Provided (Used) by Investing Activities	<u>(11,305,637)</u>	<u>(71,032,912)</u>
Cash Flows from Financing Activities		
Lease liability payment	(114,867)	(705,619)
Repayment of bonds	(1,457,545)	85,698,505
Proceeds from notes payable	2,136,222	(23,266,721)
Net Cash Provided (Used) by Financing Activities	<u>563,810</u>	<u>61,726,165</u>
Net increase (decrease) in cash	(6,023,029)	10,837,063
Cash at Beginning of Year	28,263,096	17,426,033
Cash at End of Year	<u>\$ 22,240,067</u>	<u>\$ 28,263,096</u>
Cash Per the Statement of Financial Position		
Cash	\$ 6,770,431	\$ 12,384,907
Restricted Cash	15,469,636	15,878,189
Total Cash Per the Statement of Financial Position	<u>\$ 22,240,067</u>	<u>\$ 28,263,096</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 4,486,452</u>	<u>\$ 4,850,233</u>

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

		<u>2025</u>	<u>2024</u>
Expenses			
6100	Payroll Costs	\$ 58,695,651	\$ 59,493,852
6200	Professional and Contracted Services	19,834,463	17,611,868
6300	Supplies and Materials	6,895,199	4,748,333
6400	Other Operating Costs	8,920,654	7,581,507
6500	Debt	6,673,661	5,024,417
Total Expenses		<u>\$ 101,019,628</u>	<u>\$ 94,459,977</u>

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 4,799,206	\$ 545,714	\$ 1,425,511	\$ 6,770,431
1120	Investments	-	13,549,513	-	13,549,513
1510	Land and improvements	-	35,251,230	-	35,251,230
1520	Buildings and improvements	452,955	131,222,273	5,273	131,680,501
1539	Furniture and equipment	-	12,508,055	637,288	13,145,343
1551	Finance lease right-of-use asset - building	-	17,214,947	-	17,214,947
1554	Operating lease right-of-use asset, net	-	2,501,387	-	2,501,387
1580	Construction in Progress	-	47,921,591	-	47,921,591
Total Property and Equipment		\$ 5,252,161	\$ 260,714,710	\$ 2,068,072	\$ 268,034,943

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 4,132,603	\$ 3,032,444	\$ 3,134,293	\$ 101,849
5750	Revenue from curricular	999,493	1,272,703	1,223,935	(48,768)
Total Local Support		<u>5,132,096</u>	<u>4,305,147</u>	<u>4,358,228</u>	<u>53,081</u>
State Program Revenues:					
5810	Foundation School Program Act revenues	81,440,773	85,370,577	83,519,458	(1,851,119)
5820	State program revenues distributed by Texas Education Agency	2,073,932	2,402,333	2,479,802	77,469
5830	State program revenues distributed directly from other state agencies	10,313	3,032,637	2,956,884	(75,753)
Total State Program Revenues		<u>83,525,018</u>	<u>90,805,547</u>	<u>88,956,144</u>	<u>(1,849,403)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	7,359,862	9,428,139	8,338,539	(1,089,600)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	365,628	10,453	10,453	-
5940	Federal revenues distributed directly from the Federal Government	-	2,930,329	2,848,361	(81,968)
Total Federal Program Revenues		<u>7,725,490</u>	<u>12,368,921</u>	<u>11,197,353</u>	<u>(1,171,568)</u>
Total Revenues		<u>96,382,604</u>	<u>107,479,615</u>	<u>104,511,725</u>	<u>(2,967,890)</u>
Expenses					
11	Instruction	48,225,764	52,990,202	50,873,668	2,116,534
12	Instructional resources and media services	18,400	861	861	-
13	Curriculum development and instructional staff development	4,182,012	6,031,937	5,602,837	429,100
21	Instructional leadership	269,896	315,856	294,866	20,990
23	School leadership	8,058,315	9,495,962	9,452,660	43,302
31	Guidance, counseling and evaluation services	1,034,060	2,681,537	2,213,466	468,071
33	Health services	57,850	63,702	60,136	3,566
34	Student (pupil) transportation	385,000	375,931	378,758	(2,827)
35	Food service	3,209,410	3,750,378	3,609,707	140,671
36	Cocurricular/Extracurricular activities	902,030	1,069,569	835,877	233,692
41	General administration	4,733,867	5,180,537	4,914,863	265,674
51	Plant maintenance and operations	13,271,606	13,916,459	13,377,807	538,652
52	Security and monitoring services	1,313,895	1,207,023	1,114,282	92,741
53	Data processing services	1,779,045	1,905,104	1,616,179	288,925
71	Debt service	4,819,101	6,762,577	6,673,661	88,916
81	Facilities acquisition and construction	1,876,230	1,731,379	-	1,731,379
Total Expenses		<u>94,136,481</u>	<u>107,479,014</u>	<u>101,019,628</u>	<u>6,459,386</u>
Change in net assets from operations		2,246,123	601	3,492,097	3,491,496
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	237,807	237,807
Total Non-Operating Revenues (Expenses)		<u>-</u>	<u>-</u>	<u>237,807</u>	<u>237,807</u>
Change in net assets		2,246,123	601	3,729,904	3,729,303
Net Assets, Beginning of Year		<u>31,556,419</u>	<u>31,556,419</u>	<u>31,556,419</u>	<u>-</u>
Net Assets, End of Year		<u>\$ 33,802,542</u>	<u>\$ 31,557,020</u>	<u>\$ 35,286,323</u>	<u>\$ 3,729,303</u>

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
5700	Schedule of donations changed and campus activity fund budget increased
5900	Stronger Connections Grant budget increase, Child Nutrition Services increase; SHARS Reimbursement budget decrease and USDA revenue changes
Function 12	Reduction in general supplies and operating costs
Function 13	Supplies budget moved to other functions
Function 21	Grant adjustment and General Fund payroll increases
Function 23	TRS On-behalf budget increase as well as contracted services increase
Function 31	Salary and benefit increase
Function 33	Budget increase in ESSA grants
Function 35	Increase contracted services
Function 36	Increase in activity fund budget
Function 53	Unused IT project budget
Function 71	Increase in budget for bond interest
Function 81	Safety grant received and budget in General Fund unused

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
For the Year Ended June 30, 2025

<u>Description (list each parcel separately)</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership Interest - Local</u>	<u>Ownership Interest - State</u>	<u>Ownership Interest - Federal</u>
RES D2 & D3-A BLK 4 BROOKHOLLOW WEST SEC 3	7340 N GESSNER DR, HOUSTON, X 77040	\$ 4,877,806	\$ -	\$ 13,700,831	\$ -
TR 3A ABST 522 S LEEPER 1.6424 AC	5668 W LITTLE YORK RD, HOUSTON, TX 77091	1,450,717	-	4,668,158	-
TOWNSHIRE, BLOCK 2, LOT 2 - 3, ACRES .18	2031 S TEXAS AVE TX	3,212,281	-	5,304,907	-
TOWNSHIRE, BLOCK 2, LOT 2 - 3, ACRES .18	3171 N SAM HOUSTON PKWY W, HOUSTON, TX 77038	8,321,631	-	13,950,537	-
RES A BLK 1 UNIVERSITY ACRES 5.5117 AC	3171 N SAM HOUSTON PKWY W, HOUSTON, TX 77038	3,858,311	-	-	-
RES A1 BLK 1 UNIVERSITY ACRES 3.6100 AC	3203 N SAM HOUSTON PKWY W, HOUSTON, TX 77043	8,031,930	-	17,660,941	-
RES A2 BLK 1 UNIVERSITY ACRES 4.6783 AC	N SAM HOUSTON PKY W 77038	1,630,296	-	7,280,880	5,273
RES A BLK 1 PTH PROPERTIES ONE	6270 BARKER CYPRESS RD, HOUSTON, TX 77084	5,887,380	-	10,037,263	-
Note (1)	Note (1)	-	452,955	93,869,986	-
Total		<u>\$ 37,270,352</u>	<u>\$ 452,955</u>	<u>\$ 166,473,503</u>	<u>\$ 5,273</u>

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

HARMONY PUBLIC SCHOOLS

HOUSTON NORTH

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 7,856,849
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 5,460,368
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 1,243,166
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 699,417

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
HOUSTON NORTH
SCHEDULE OF COMPENSATION AND BENEFITS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 10,913,739	\$ 18,323,529
Restricted cash	13,954,647	11,440,563
Investments	51,400,626	47,169,138
Restricted investments	305,662	-
Receivables	24,419,034	21,824,013
Other receivables	2,657,464	2,603,987
Prepays	52,956	170,289
Total Current Assets	<u>103,704,128</u>	<u>101,531,519</u>
Property and Equipment:		
Land	25,199,461	25,199,461
Buildings and improvements	166,680,338	159,207,783
Furniture and equipment	17,525,413	16,857,937
Construction in progress	10,360,564	7,424,753
Financing lease right-of-use asset - building	44,355,592	44,355,592
	<u>264,121,368</u>	<u>253,045,526</u>
Less: Accumulated depreciation and amortization	(76,387,170)	(67,959,465)
	<u>187,734,198</u>	<u>185,086,061</u>
Other Assets:		
Deposits	60,700	60,700
Total Assets	<u>\$ 291,499,026</u>	<u>\$ 286,678,280</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 3,390,434	\$ 6,156,363
Accrued liabilities	24,661	1,098,559
Wages payable	16,025,775	16,619,198
Payroll taxes payable	957,259	890,751
Interest payable	2,280,036	2,131,956
Deferred revenue	16,510	5,000
Current portion of finance lease liability	745,653	708,051
Current portion of bonds payable	3,146,292	2,699,711
Total Current Liabilities	<u>26,586,620</u>	<u>30,309,589</u>
Long-Term Liabilities:		
Finance lease liability net of current portion	39,237,074	39,982,550
Notes payable net of current portion	14,732,139	9,714,178
Bonds payable net of premium, discount, issuance costs and current portion	<u>148,297,115</u>	<u>151,800,066</u>
Total Long-Term Liabilities	<u>202,266,328</u>	<u>201,496,794</u>
Total Liabilities	<u>228,852,948</u>	<u>231,806,383</u>
Net Assets:		
Without donor restrictions	6,633,419	9,281,464
With donor restrictions	<u>56,012,659</u>	<u>45,590,433</u>
Total Net Assets	<u>62,646,078</u>	<u>54,871,897</u>
Total Liabilities and Net Assets	<u>\$ 291,499,026</u>	<u>\$ 286,678,280</u>

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues				
Local Support:				
5740	\$ 4,878,981	\$ -	\$ 4,878,981	\$ 4,241,725
5750	963,107	476,056	1,439,163	1,322,963
	Total Local Support	476,056	6,318,144	5,564,688
State Program Revenues:				
5810	-	121,088,750	121,088,750	111,748,408
5820	-	3,033,590	3,033,590	346,183
5830	-	3,987,122	3,987,122	3,183,289
	Total State Program Revenues	128,109,462	128,109,462	115,277,880
Federal Program Revenues:				
5910	-	-	-	17,455
5920	-	9,914,318	9,914,318	18,826,332
5930	-	78,944	78,944	1,717,340
5940	-	549,846	549,846	1,763,444
	Total Federal Program Revenues	10,543,108	10,543,108	22,324,571
Net assets released from restrictions:				
	Restrictions satisfied by payments	129,556,232	(129,556,232)	-
	Total Revenues	135,398,320	144,970,714	143,167,139
Expenses				
11	68,446,306	-	68,446,306	70,389,642
12	97	-	97	-
13	7,188,962	-	7,188,962	8,137,860
21	462,554	-	462,554	531,208
23	12,511,972	-	12,511,972	11,803,106
31	6,227,987	-	6,227,987	4,975,360
33	100,503	-	100,503	49,424
34	272,210	-	272,210	3,270
35	4,959,845	-	4,959,845	4,987,807
36	1,185,481	-	1,185,481	1,065,066
41	7,265,178	-	7,265,178	7,551,366
51	17,561,254	-	17,561,254	16,320,638
52	1,358,102	-	1,358,102	1,239,473
53	2,177,066	-	2,177,066	1,916,844
71	8,178,848	-	8,178,848	7,836,408
	Total Expenses	-	137,896,365	136,807,472

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2024</u>
Change in net assets from operations	\$ (2,498,045)	\$ 9,572,394	\$ 7,074,349	\$ 6,359,667
Non-Operating Revenues (Expenses)				
7919 Extraordinary item	-	71,511	71,511	37,431
8989 Gain (Loss) on sale of investments	-	778,321	778,321	1,130,356
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>849,832</u>	<u>849,832</u>	<u>1,167,787</u>
Total change in net assets	<u>(2,498,045)</u>	<u>10,422,226</u>	<u>7,924,181</u>	<u>7,527,454</u>
Net Assets, Beginning of Year, as restated	<u>9,131,464</u>	<u>45,590,433</u>	<u>54,721,897</u>	<u>47,344,443</u>
Net Assets, End of Year	<u>\$ 6,633,419</u>	<u>\$ 56,012,659</u>	<u>\$ 62,646,078</u>	<u>\$ 54,871,897</u>

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 7,924,181	\$ 7,527,454
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization asset under leases	8,427,705	7,683,959
Amortization - premium on bonds	(486,296)	(484,654)
Amortization - bond issuance costs	129,677	97,249
(Increase) Decrease in receivables	(2,745,021)	(923,344)
(Increase) Decrease in other receivables	(53,477)	(1,679,032)
(Increase) Decrease in prepaids	117,333	149,594
Increase (Decrease) in accounts payable	(2,765,929)	(506,722)
Increase (Decrease) in wages payable	(593,423)	5,590,749
Increase (Decrease) in payroll taxes payable	66,508	(2,927,261)
Increase (Decrease) in accrued liabilities	(1,073,898)	1,050,780
Increase (Decrease) deferred revenue	11,510	(29,874)
Increase (Decrease) in interest payable	148,080	(530,337)
Net Cash Provided (Used) by Operating Activities	<u>9,106,950</u>	<u>15,018,561</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(11,075,842)	(20,341,320)
Purchase of investments	(4,537,150)	(7,497,478)
Net Cash Provided (Used) by Investing Activities	<u>(15,612,992)</u>	<u>(27,838,798)</u>
Cash Flows from Financing Activities		
Proceeds from bonds	-	30,068,896
Proceeds from loans	5,017,961	(11,881,659)
Repayment of bonds	(2,699,751)	(2,575,649)
Payments on leases	(707,874)	(500,621)
Net Cash Provided (Used) by Financing Activities	<u>1,610,336</u>	<u>15,110,967</u>
Net increase (decrease) in cash	(4,895,706)	2,290,730
Cash at Beginning of Year	29,764,092	27,473,362
Cash at End of Year	<u>\$ 24,868,386</u>	<u>\$ 29,764,092</u>
Cash Per the Statement of Financial Position		
Cash	\$ 10,913,739	\$ 18,323,529
Restricted Cash	13,954,647	11,440,563
Total Cash Per the Statement of Financial Position	<u>\$ 24,868,386</u>	<u>\$ 29,764,092</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 7,320,143</u>	<u>\$ 7,687,797</u>

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

		<u>2025</u>	<u>2024</u>
	Expenses		
6100	Payroll costs	\$ 85,744,062	\$ 87,515,110
6200	Professional and contracted services	25,957,820	24,610,643
6300	Supplies and materials	5,824,554	5,460,452
6400	Other operating costs	12,191,081	11,384,859
6500	Debt	8,178,848	7,836,408
	Total Expenses	<u>\$ 137,896,365</u>	<u>\$ 136,807,472</u>

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 4,953,814	\$ 3,511,445	\$ 2,448,480	\$ 10,913,739
1120	Investments	-	51,400,626	-	51,400,626
1510	Land and improvements	-	25,199,461	-	25,199,461
1520	Buildings and improvements	71,079	166,519,164	90,095	166,680,338
1539	Furniture and equipment	119,836	16,413,302	992,275	17,525,413
1551	Finance lease right-of-use asset - building	-	44,355,592	-	44,355,592
1580	Construction in progress	-	10,360,564	-	10,360,564
Total Property and Equipment		\$ 5,144,729	\$ 317,760,154	\$ 3,530,850	\$ 326,435,733

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		Budgeted Amounts		Variance from Final	
		Original	Final	Actual Amounts	Budget
Revenues					
Local Support:					
5740	Other revenues from local sources	\$ 5,137,339	\$ 5,181,042	\$ 4,878,981	\$ (302,061)
5750	Revenue from curricular	1,323,450	1,459,725	1,439,163	(20,562)
Total Local Support		6,460,789	6,640,767	6,318,144	(322,623)
State Program Revenues:					
5810	Foundation School Program Act revenues	119,962,885	120,562,040	121,088,750	526,710
5820	State program revenues distributed by Texas Education Agency	2,275,768	3,028,779	3,033,590	4,811
5830	State program revenues distributed by Texas Education Agency	18,926	4,008,963	3,987,122	(21,841)
Total State Program Revenues		122,257,579	127,599,782	128,109,462	509,680
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	9,061,119	10,112,042	9,914,318	(197,724)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	556,634	78,944	78,944	-
5940	Federal revenues distributed directly from the Federal Government	-	572,547	549,846	(22,701)
Total Federal Program Revenues		9,617,753	10,763,533	10,543,108	(220,425)
Total Revenues		138,336,121	145,004,082	144,970,714	(33,368)
Expenses					
11	Instruction	68,174,835	71,098,704	68,446,306	2,652,398
12	Instructional resources and media services	-	97	97	-
13	Curriculum development and instructional staff development	6,072,654	7,114,473	7,188,962	(74,489)
21	Instructional leadership	406,690	479,951	462,554	17,397
23	School leadership	11,013,951	12,852,508	12,511,972	340,536
31	Guidance, counseling and evaluation services	5,413,665	6,150,405	6,227,987	(77,582)
33	Health services	68,205	107,515	100,503	7,012
34	Student (pupil) transportation	55,000	305,912	272,210	33,702
35	Food service	5,180,821	5,118,948	4,959,845	159,103
36	Cocurricular/Extracurricular activities	1,192,170	1,396,412	1,185,481	210,931
41	General administration	7,230,697	7,466,128	7,265,178	200,950
51	Plant maintenance and operations	18,412,612	18,973,154	17,561,254	1,411,900
52	Security and monitoring services	1,483,617	1,596,189	1,358,102	238,087
53	Data processing services	2,413,340	2,447,009	2,177,066	269,943
71	Debt service	7,512,936	8,525,250	8,178,848	346,402
81	Facilities acquisition and construction	2,016,426	1,371,425	-	1,371,425
Total Expenses		136,647,619	145,004,080	137,896,365	7,107,715
Non-Operating Revenues (Expenses)					
7919	Extraordinary item	-	-	71,511	71,511
8989	Gain (Loss) on sale of investments	-	-	778,321	778,321
Total Non-Operating Revenues (Expenses)		-	-	849,832	849,832
Change in net assets		1,688,502	2	7,924,181	7,924,179
Net Assets, Beginning of Year		54,721,897	54,721,897	54,721,897	-
Net Assets, End of Year		\$ 56,410,399	\$ 54,721,899	\$ 62,646,078	\$ 7,924,179

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
5900	SHARS reimbursement reduction and increase in other grants
Function 13	General Fund stipend, salary and benefit increases plus TRS On-behalf
Function 21	Contracted services budget increase and TRS On-behalf
Function 23	General Fund stipend, salary and benefit increases plus TRS On-behalf
Function 31	Increase in the ESSA Grants
Function 33	Increases in supplies
Function 34	Contracted services for transportation for various campuses; actual varies due to unused budget.
Function 36	Increase in both the campus and athletic budgets
Function 52	Unused yearly building inspection budget
Function 53	Unused IT project budget
Function 71	Increase in bond and lease interest expense
Function 81	Safety grant set aside

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
For the Year Ended June 30, 2025

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
SKAGGS Block 1 Lot 1 Acres 4.885	1900 N VALLEY MILLS DR North Tx, TX 76710	\$ 2,523,330	\$ -	\$ 12,588,795	\$ -
FIREWHEEL BIBLE FELLOWSHIP 2 REP, BLK 1 LT 1R1 LESS ROW ACS 20.5558, INT 201000132710 DD05112010 CO-DC, 4810000101R00 2CG48100001	2302 FIREWHEEL PKWY, Garland, TX 75040	7,792,070	-	5,620,858	-
FORESTGATE INDUSTRIAL PARK REP, BLK B/8444 TR B.1 ACS 2.529, INT20070200128 DD05262007 CO-DC, 8444 00B 00B01 3DA8444 00B	11945 FORESTGATE DR, DALLAS, TX 75243	1,946,910	-	11,186,493	-
FORESTGATE INDUSTRIAL PARK REP, BLK B/8444 TR B ACS 3.051, IT201100141982 DD05252011 CO-DC, 8444 00B 00B00 3DA8444 00B	12005 FORESTGATE DR, DALLAS, TX 75243	2,976,590	-	-	-
HARMONY ADDITION PHASE 2 BLK A LOT 1	1024 W ROSEMEADE PKWY, Carrollton, TX 75007	13,223,321	-	23,014,149	-
HARMONY SCHOOL DALLAS (CDA), BLK C/8759, LOT 1	8080 PRESIDENT GEORGE BUSH HWY 75252	14,039,803	-	10,000,611	-
FIREWHEEL BIBLE FELLOWSHIP 2 REP, BLK 1 LT 1R1 LESS ROW ACS 20.5558, INT 201000132710 DD05112010 CO-DC, 4810000101R00 2CG48100001	2302 FIREWHEEL PKWY, Garland, TX 75040 SAME BUILDING WITH DIFFERENT ACCOUNT NUMBER	7,792,070	-	1,116,338	-
SOUTHWEST HILLS ADDITION Lot A4	5651 WESTCREEK DR, FORT WORTH, TX 76133	6,188,289	-	9,112,764	-
HARMONY SCHOOL, BLK 1 LT 1 ACS 5.305, INT200900228003 DD08052009 CO-DC, 0469788100100 5CP04697881	1102 NW 7TH ST, GRAND PRAIRIE, TX 75050	4,650,480	-	6,447,643	-
HARMONY, BLK E/8683 LT 1 ACS 17.6916, INT20080179207 DD05162008 CO-DC, 8683 00E 00100 5DA8683 00E	8120 W CAMP WISDOM RD, DALLAS, TX 75249	18,339,560	-	9,156,700	-
BLK 8683, TR 3 ACS 2.7594, INT20080179207 DD05162008 CO-DC, 8683 000 00300 5DA8683 000	8120 W CAMP WISDOM RD, DALLAS, TX 75249	120,180	-	-	-
BLK 8683, TR 4 ACS 0.438, INT201400139925 DD06052014 CO-DC, 8683 000 00300 5DA8683 000	8120 W CAMP WISDOM RD, DALLAS, TX 75249	6,570	-	-	-
HARMONY SCHOOL ADDITION Block 1 Lot 1	8100 S HULEN ST, Fort Worth, TX 76123	21,602,408	-	15,527,332	-
CHAPMAN J D Block 1 Lot 5 6 7 8 (HEB #6), Acres 4.3983	1110 S VALLEY MILLS DR North Tx, TX 76711	3,006,310	-	7,592,478	-
Note (1)	Note (1)	-	190,915	80,354,464	90,095
Total		\$ 104,207,891	\$ 190,915	\$ 191,718,625	\$ 90,095

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

HARMONY PUBLIC SCHOOLS

NORTH TEXAS

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 11,024,398
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 6,558,245
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 1,881,794
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 1,101,452

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
NORTH TEXAS
SCHEDULE OF COMPENSATION AND BENEFITS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 7,450,931	\$ 10,586,017
Restricted cash	10,141,751	8,893,021
Investments	9,678,307	8,397,940
Restricted investments	406,877	-
Receivables	15,189,407	12,680,588
Other receivables	52,437	35,435
Prepays	28,641	82,920
Total Current Assets	<u>42,948,351</u>	<u>40,675,921</u>
Property and Equipment:		
Land	10,079,696	10,079,696
Buildings and improvements	118,648,408	87,600,820
Furniture and equipment	10,942,589	10,083,105
Construction in progress	2,227,420	27,253,213
Financing lease right-of-use asset - building	17,007,906	15,957,832
	<u>158,906,019</u>	<u>150,974,666</u>
Less: Accumulated depreciation and amortization	(30,935,925)	(25,935,162)
Operating lease right-of-use asset - building	245,727	449,634
	<u>128,215,821</u>	<u>125,489,138</u>
Total Assets	<u>\$ 171,164,172</u>	<u>\$ 166,165,059</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 3,654,570	\$ 5,117,555
Accrued liabilities	94,599	689,308
Wages payable	9,564,497	9,164,759
Payroll taxes payable	530,884	438,312
Interest payable	1,462,529	1,309,461
Deferred revenue	125,000	-
Current portion of finance lease liability	265,456	215,497
Current portion of operating lease liability	210,094	203,906
Current portion of bonds payable	6,870,344	1,002,818
Total Current Liabilities	<u>22,777,973</u>	<u>18,141,616</u>
Long-Term Liabilities:		
Finance lease liability net of current portion	15,462,510	14,201,961
Operating lease liability net of current portion	35,633	245,728
Notes payable	3,177,730	59,200
Bonds payable net of premium, discount, issuance costs and current portion	102,556,560	109,659,484
Total Long-Term Liabilities	<u>121,232,433</u>	<u>124,166,373</u>
Total Liabilities	<u>144,010,406</u>	<u>142,307,989</u>
Net Assets:		
Without donor restrictions	3,500,267	5,571,623
With donor restrictions	23,653,499	18,285,447
Total Net Assets	<u>27,153,766</u>	<u>23,857,070</u>
Total Liabilities and Net Assets	<u>\$ 171,164,172</u>	<u>\$ 166,165,059</u>

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

		<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>2024</u>
		<u>Restrictions</u>	<u>Restrictions</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 2,007,883	\$ -	\$ 2,007,883	\$ 1,746,577
5750	Revenue from curricular	1,026,495	360,510	1,387,005	1,099,461
Total Local Support		<u>3,034,378</u>	<u>360,510</u>	<u>3,394,888</u>	<u>2,846,038</u>
State Program Revenues:					
5810	Foundation School Program Act revenues	-	71,176,312	71,176,312	62,663,103
5820	State program revenues distributed by Texas Education Agency	-	2,226,599	2,226,599	164,827
5830	State program revenues distributed directly from other state agencies	-	2,314,433	2,314,433	1,730,353
Total State Program Revenues		<u>-</u>	<u>75,717,344</u>	<u>75,717,344</u>	<u>64,558,283</u>
Federal Program Revenues:					
5910	Federal Revenues Distributed through Government Entities Other than State or Federal Agencies	-	-	-	41,360
5920	Federal revenues distributed by Texas Education Agency	-	5,053,432	5,053,432	7,568,654
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	14,852	14,852	961,944
5940	Federal revenues distributed directly from the Federal Government	-	136,627	136,627	1,745,133
Total Federal Program Revenues		<u>-</u>	<u>5,204,911</u>	<u>5,204,911</u>	<u>10,317,091</u>
Net Assets Released from Restrictions:					
	Restrictions satisfied by payments	76,129,294	(76,129,294)	-	-
Total Revenues		<u>79,163,672</u>	<u>5,153,471</u>	<u>84,317,143</u>	<u>77,721,412</u>
Expenses					
11	Instruction	40,929,571	-	40,929,571	39,955,567
12	Instructional resources and media services	2,274	-	2,274	990
13	Curriculum development and instructional staff development	5,314,638	-	5,314,638	3,740,867
21	Instructional leadership	662	-	662	95,756
23	School leadership	6,912,352	-	6,912,352	6,319,688
31	Guidance, counseling and evaluation services	2,899,971	-	2,899,971	2,017,625
33	Health services	46,217	-	46,217	52,869
34	Student transportation	49,400	-	49,400	-
35	Food service	2,144,588	-	2,144,588	1,756,066
36	Cocurricular/Extracurricular activities	1,239,634	-	1,239,634	1,139,476
41	General administration	3,692,077	-	3,692,077	3,461,917
51	Plant maintenance and operations	10,869,141	-	10,869,141	9,193,973
52	Security and monitoring services	708,272	-	708,272	528,554
53	Data processing services	1,449,963	-	1,449,963	1,253,015
71	Debt service	4,976,268	-	4,976,268	4,270,309
Total Expenses		<u>81,235,028</u>	<u>-</u>	<u>81,235,028</u>	<u>73,786,672</u>

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	<u>2024</u>
Change in net assets from operations	\$ (2,071,356)	\$ 5,153,471	\$ 3,082,115	\$ 3,934,740
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	214,581	214,581	152,129
Total Non-Operating Revenues (Expenses)	-	214,581	214,581	152,129
Total Change in Net Assets	<u>(2,071,356)</u>	<u>5,368,052</u>	<u>3,296,696</u>	<u>4,086,869</u>
Net Assets, Beginning of Year	<u>5,571,623</u>	<u>18,285,447</u>	<u>23,857,070</u>	<u>19,770,201</u>
Net Assets, End of Year	<u>\$ 3,500,267</u>	<u>\$ 23,653,499</u>	<u>\$ 27,153,766</u>	<u>\$ 23,857,070</u>

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,296,696	\$ 4,086,869
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets and right-to-use assets	5,000,763	4,376,188
Amortization - premium on bonds	(353,548)	(352,146)
Amortization - bond issuance costs	121,006	93,119
(Increase) Decrease in receivables	(2,508,819)	(811,466)
(Increase) Decrease in other receivables	30,483	114,587
(Increase) Decrease in prepaids	54,279	67,102
Increase (Decrease) in accounts payable	(1,462,985)	1,184,426
Increase (Decrease) in wages payable	399,738	3,338,479
Increase (Decrease) in payroll taxes payable	92,572	(1,506,820)
Increase (Decrease) in accrued liabilities	(594,709)	676,567
Increase (Decrease) in deferred revenue	125,000	(1,162)
Increase (Decrease) in interest payable	153,068	(52,576)
Net Cash Provided (Used) by Operating Activities	<u>4,353,544</u>	<u>11,213,167</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(7,931,353)	(25,945,551)
Purchase of investments	(1,687,244)	(2,430,517)
Net cash Provided (Used) by Investing Activities	<u>(9,618,597)</u>	<u>(28,376,068)</u>
Cash Flows from Financing Activities		
Proceeds from notes	3,118,530	26,650,598
Payments on leases	1,263,023	(921,173)
Repayment of bonds	(1,002,856)	(959,738)
Net repayment of note payable	-	(4,699,417)
Net Cash Provided (Used) by Financing Activities	<u>3,378,697</u>	<u>20,070,270</u>
Net increase (decrease) in cash	(1,886,356)	2,907,369
Cash at Beginning of Year	<u>19,479,038</u>	<u>16,571,669</u>
Cash at End of Year	<u>\$ 17,592,682</u>	<u>\$ 19,479,038</u>
Cash Per the Statement of Financial Position		
Cash	\$ 7,450,931	\$ 10,586,017
Restricted Cash	10,141,751	8,893,021
Total Cash Per the Statement of Financial Position	<u>\$ 17,592,682</u>	<u>\$ 19,479,038</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 4,324,106</u>	<u>\$ 3,852,549</u>

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

		<u>2025</u>	<u>2024</u>
Expenses			
6100	Payroll costs	\$ 50,524,099	\$ 46,248,733
6200	Professional and contracted services	14,303,556	11,914,008
6300	Supplies and materials	3,947,284	4,556,708
6400	Other operating costs	7,483,821	6,796,914
6500	Debt	4,976,268	4,270,309
Total Expenses		<u>\$ 81,235,028</u>	<u>\$ 73,786,672</u>

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 5,372,092	\$ 1,422,698	\$ 656,141	\$ 7,450,931
1120	Investments	-	9,678,307	-	9,678,307
1510	Land and improvements	-	10,079,696	-	10,079,696
1520	Buildings and improvements	350,672	118,243,450	54,286	118,648,408
1539	Furniture and equipment	36,049	10,628,247	278,293	10,942,589
1551	Financing lease right-of-use asset - building	-	17,007,906	-	17,007,906
1554	Operating lease right-of-use asset - building	-	245,727	-	245,727
1580	Construction in Progress	-	2,227,420	-	2,227,420
Total Property and Equipment		\$ 5,758,813	\$ 169,533,451	\$ 988,720	\$ 176,280,984

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 2,655,343	\$ 1,953,444	\$ 2,007,883	\$ 54,439
5750	Revenue from curricular	1,079,893	1,321,639	1,387,005	65,366
	Total Local Support	<u>3,735,236</u>	<u>3,275,083</u>	<u>3,394,888</u>	<u>119,805</u>
State Program Revenues:					
5810	Foundation School Program Act revenues	69,090,536	71,572,398	71,176,312	(396,086)
5820	State program revenues distributed by Texas Education Agency	2,263,939	2,203,753	2,226,599	22,846
5830	State program revenue from State of Texas government agencies (other than TEA)	5,326	2,353,343	2,314,433	(38,910)
	Total State Program Revenues	<u>71,359,801</u>	<u>76,129,494</u>	<u>75,717,344</u>	<u>(412,150)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	4,387,172	5,107,494	5,053,432	(54,062)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	246,463	14,852	14,852	-
5940	Federal revenues distributed directly from the Federal Government	-	136,627	136,627	-
	Total Federal Program Revenues	<u>4,633,635</u>	<u>5,258,973</u>	<u>5,204,911</u>	<u>(54,062)</u>
	Total Revenues	<u>79,728,672</u>	<u>84,663,550</u>	<u>84,317,143</u>	<u>(346,407)</u>
Expenses					
11	Instruction	40,608,196	42,179,148	40,929,571	1,249,577
12	Instructional resources and media services	2,100	2,400	2,274	126
13	Curriculum development and instructional staff development	4,358,136	5,306,378	5,314,638	(8,260)
21	Instructional leadership	-	5,500	662	4,838
23	School leadership	6,355,476	7,238,674	6,912,352	326,322
31	Guidance, counseling and evaluation services	1,831,766	2,771,054	2,899,971	(128,917)
33	Health services	74,400	57,282	46,217	11,065
34	Transportation	-	50,000	49,400	600
35	Food service	1,724,281	2,092,197	2,144,588	(52,391)
36	Cocurricular/Extracurricular activities	1,290,260	1,474,842	1,239,634	235,208
41	General administration	3,728,147	3,867,945	3,692,077	175,868
51	Plant maintenance and operations	10,478,983	10,952,267	10,869,141	83,126
52	Security and monitoring services	762,423	698,216	708,272	(10,056)
53	Data processing services	1,571,119	1,693,850	1,449,963	243,887
71	Debt service	4,223,987	4,924,894	4,976,268	(51,374)
81	Facilities acquisition and construction	1,923,692	1,374,775	-	1,374,775
	Total Expenses	<u>78,932,966</u>	<u>84,689,422</u>	<u>81,235,028</u>	<u>3,454,394</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	214,581	214,581
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>214,581</u>	<u>214,581</u>
	Change in net assets	795,706	(25,872)	3,296,696	(3,586,220)
	Net Assets, Beginning of Year	<u>23,857,070</u>	<u>23,857,070</u>	<u>23,857,070</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 24,652,776</u>	<u>\$ 23,831,198</u>	<u>\$ 27,153,766</u>	<u>\$ (3,586,220)</u>

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
5700	Decrease in donations and activity funds
5900	Increase in TRS On-behalf
Function 12	Unused budget for operating expenses
Function 13	ESSA Grant amendments and TRS On-behalf budget increases
Function 21	Unused TRS on-behalf budget
Function 23	Salary budget increases
Function 31	ESSA Grant amendments and increases to salary budgets
Function 33	Increase in supplies budget, but overall remained unused
Function 34	Increase in budget and actual expenditures for contracted transportation services
Function 35	Increase in child nutrition catering services
Function 36	Increase in activity fund budgets between original and final; actual variance to final budget is due to unused activity fund budget
Function 53	Unused insurance and paid out of Function 51; unused IT project budget
Function 71	Increase in bonds interest
Function 81	Safety grant

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
For the Year Ended June 30, 2025

<u>Description (list each parcel separately)</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership Interest - Local</u>	<u>Ownership Interest - State</u>	<u>Ownership Interest - Federal</u>
0101 JAS ALSTON, ACRES 5.006, Commercial Reserve A, The Shoppes At Eldridge Lake	13415 W Bellfort, Sugar Land, TX 77478	\$ 8,485,010	\$ -	\$ 8,084,515	\$ -
West Airport Commercial Subdivision Sec 1, BLOCK 1, ACRES 5.1, Reserve B-2 (Commercial), Replat	13522 W Airport BLVD, Sugar Land, TX 77478	4,831,120	-	15,666,000	-
Grand Corner Reserves, BLOCK 1, ACRES 8, Unrestricted Reserve A (Part), In Fort Bend ESD No 4, Grand Corner Reserves Partial Replat No 1	22400 Grand Corner DR, Katy, TX 77494	18,826,970	-	12,680,339	-
CALDWOOD PLAZA BLOCK 1	4055 CALDER BEAUMONT, TX	1,612,810	-	4,735,906	-
Note (1)	Note (1)	-	350,672	87,156,386	54,286
Total		<u>\$ 33,755,910</u>	<u>\$ 350,672</u>	<u>\$ 128,323,146</u>	<u>\$ 54,286</u>

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

HARMONY PUBLIC SCHOOLS

HOUSTON WEST

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$ 5,205,893
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 3,575,349
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 842,560
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PIC 25)	\$ 534,529

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
HOUSTON WEST
SCHEDULE OF COMPENSATION AND BENEFITS
For the Year Ended June 30, 2025

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

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets:		
Cash	\$ 1,730,123	\$ 1,337,870
Restricted cash	19,130	13,510
Investments	6,326,622	5,360,512
Receivables	629,987	957,554
Other receivables	411,893	4,557,014
Prepays	725,092	814,959
Total Current Assets	<u>9,842,847</u>	<u>13,041,419</u>
Property and Equipment:		
Buildings and improvements	4,143,578	3,815,535
Furniture and equipment	3,065,673	2,567,836
Construction in progress	12,199,219	993,429
	<u>19,408,470</u>	<u>7,376,800</u>
Less: Accumulated depreciation	(3,459,030)	(3,057,053)
	<u>15,949,440</u>	<u>4,319,747</u>
Other Assets:		
Deposits	21,572	3,297
Total Assets	<u>\$ 25,813,859</u>	<u>\$ 17,364,463</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,609,173	\$ 822,199
Accrued liabilities	680,655	528,864
Wages payable	4,300,151	4,439,626
Payroll taxes payable	362,301	325,549
Interest payable	26,175	24,447
Deferred revenue	505,226	274,144
Current portion of bonds payable	34,777	30,333
Total Current Liabilities	<u>7,518,458</u>	<u>6,445,162</u>
Long-term Liabilities:		
Notes payable net of current portion	7,249,920	-
Bonds payable net of premium, discount, issuance costs and current portion	1,688,289	1,728,935
Total Liabilities	<u>16,456,667</u>	<u>8,174,097</u>
Net Assets:		
Without donor restrictions	9,357,192	9,189,816
Total Net Assets	<u>9,357,192</u>	<u>9,189,816</u>
Total Liabilities and Net Assets	<u>\$ 25,813,859</u>	<u>\$ 17,363,913</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024
Revenues				
Local Support:				
5740	\$ 32,443,440	\$ -	\$ 32,443,440	\$ 33,242,552
	<u>32,443,440</u>	<u>-</u>	<u>32,443,440</u>	<u>33,242,552</u>
Federal Program Revenues:				
5940				
	-	2,842,318	2,842,318	3,847,463
	<u>-</u>	<u>2,842,318</u>	<u>2,842,318</u>	<u>3,847,463</u>
Net Assets Released from Restrictions:				
	2,842,318	(2,842,318)	-	-
	<u>35,285,758</u>	<u>-</u>	<u>35,285,758</u>	<u>37,090,015</u>
Expenses				
11	-	-	-	320,252
13				
	4,730,849	-	4,730,849	4,751,065
21	877,987	-	877,987	1,532,899
23	-	-	-	29,700
31	-	-	-	6,364
35	-	-	-	2,122
41	24,001,452	-	24,001,452	23,800,055
51	2,453,176	-	2,453,176	2,045,770
52	107,799	-	107,799	47,935
53	2,977,723	-	2,977,723	4,250,372
71	247,353	-	247,353	88,287
	<u>35,396,339</u>	<u>-</u>	<u>35,396,339</u>	<u>36,874,821</u>
	(110,581)	-	(110,581)	215,194
Non-Operating Revenues (Expenses)				
8989	127,957	-	127,957	182,812
	<u>127,957</u>	<u>-</u>	<u>127,957</u>	<u>182,812</u>
	<u>17,376</u>	<u>-</u>	<u>17,376</u>	<u>398,006</u>
	<u>9,339,816</u>	<u>-</u>	<u>9,339,816</u>	<u>8,791,810</u>
	<u>\$ 9,357,192</u>	<u>\$ -</u>	<u>\$ 9,357,192</u>	<u>\$ 9,189,816</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 17,376	\$ 398,006
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	401,977	368,159
Amortization - premium on bonds	(7,464)	(7,445)
Amortization - bond issuance costs	994	1,172
(Increase) Decrease in receivables	327,567	(182,882)
(Increase) Decrease in other receivables	4,295,121	(3,973,890)
(Increase) Decrease in deposits	(18,275)	-
(Increase) Decrease in prepaids	89,867	119,663
Increase (Decrease) in accounts payable	786,974	168,635
Increase (Decrease) in wages payable	(139,475)	2,156,466
Increase (Decrease) in payroll taxes payable	36,752	(545,921)
Increase (Decrease) in accrued liabilities	151,791	406,481
Increase (Decrease) in interest payable	1,728	276
Increase (Decrease) in deferred revenue	231,082	188,698
Net Cash Provided (Used) by Operating Activities	<u>6,176,015</u>	<u>(902,582)</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(12,031,670)	(1,817,240)
Purchase of investments	(966,110)	1,632,640
Net Cash Provided (Used) by Investing Activities	<u>(12,997,780)</u>	<u>(184,600)</u>
Cash Flows from Financing Activities		
Proceeds from bonds	-	345,609
(Payments) on or proceeds from notes payable	7,249,920	(433,986)
Repayment of bonds	(30,282)	(28,942)
Net Cash Provided (Used) by Financing Activities	<u>7,219,638</u>	<u>(117,319)</u>
Net increase (decrease) in cash	397,873	(1,204,501)
Cash at Beginning of Year	<u>1,351,380</u>	<u>2,555,881</u>
Cash at End of Year	<u>\$ 1,749,253</u>	<u>\$ 1,351,380</u>
Cash Per the Statement of Financial Position		
Cash	\$ 1,730,123	\$ 1,337,870
Restricted Cash	19,130	13,510
Total Cash Per the Statement of Financial Position	<u>\$ 1,749,253</u>	<u>\$ 1,351,380</u>
Supplemental Disclosures		
Cash paid during the year for:		
Interest	<u>\$ 228,913</u>	<u>\$ 74,266</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

		<u>2025</u>	<u>2024</u>
Expenses			
6100	Payroll costs	\$ 24,369,674	\$ 24,111,532
6200	Professional and contracted services	6,643,345	8,951,438
6300	Supplies and materials	519,138	514,354
6400	Other operating costs	3,616,829	3,209,210
6500	Debt	247,353	88,287
Total Expenses		<u>\$ 35,396,339</u>	<u>\$ 36,874,821</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
SCHEDULE OF ASSETS
For the Year Ended June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ 1,730,123	\$ -	\$ -	\$ 1,730,123
1120	Investments	-	6,326,622	-	6,326,622
1520	Buildings and improvements	-	4,143,578	-	4,143,578
1539	Furniture and equipment	-	3,065,673	-	3,065,673
1580	Construction in progress	-	12,199,219	-	12,199,219
Total Property and Equipment		\$ 1,730,123	\$ 25,735,092	\$ -	\$ 27,465,215

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

		<u>Budgeted Amounts</u>			
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 32,228,645	\$ 34,302,526	\$ 32,443,440	\$ (1,859,086)
Total Local Support		<u>32,228,645</u>	<u>34,302,526</u>	<u>32,443,440</u>	<u>(1,859,086)</u>
Federal Program Revenues:					
5940	Federal revenues distributed directly from the Federal Government	2,895,400	4,169,644	2,842,318	(1,327,326)
Total Federal Program Revenues		<u>2,895,400</u>	<u>4,169,644</u>	<u>2,842,318</u>	<u>(1,327,326)</u>
Total Revenues		<u>35,124,045</u>	<u>38,472,170</u>	<u>35,285,758</u>	<u>(3,186,412)</u>
Expenses					
13	Curriculum development and instructional staff development	3,954,818	4,842,676	4,730,849	111,827
21	Instructional leadership	2,048,100	1,914,145	877,987	1,036,158
41	General administration	23,169,761	25,381,823	24,001,452	1,380,371
51	Plant maintenance and operations	2,741,727	2,782,668	2,453,176	329,492
52	Security and monitoring services	61,000	115,000	107,799	7,201
53	Data processing services	3,078,639	3,133,099	2,977,723	155,376
71	Debt service	70,000	302,759	247,353	55,406
Total Expenses		<u>35,124,045</u>	<u>38,472,170</u>	<u>35,396,339</u>	<u>3,075,831</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	127,957	127,957
Total Non-Operating revenues (expenses)		<u>-</u>	<u>-</u>	<u>127,957</u>	<u>127,957</u>
Change in net assets		<u>-</u>	<u>-</u>	<u>17,376</u>	<u>17,376</u>
Net Assets, Beginning of Year		<u>9,339,816</u>	<u>9,339,816</u>	<u>9,339,816</u>	<u>-</u>
Net Assets, End of Year		<u>\$ 9,339,816</u>	<u>\$ 9,339,816</u>	<u>\$ 9,357,192</u>	<u>\$ 17,376</u>

HARMONY PUBLIC SCHOOLS

CENTRAL OFFICE

NOTES TO BUDGETARY COMPARISON SCHEDULE

Revenue/Expense Category	Explanation
5900	Increase in federal grants budget
Function 13	Stipends budget increase
Function 21	Stipends budget increase
Function 51	Salaries budget increase, but expended less than expected
Function 52	Security contracted services budget increase
Function 71	Increase bond interest costs



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

To The Board of Directors of
Harmony Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Harmony Public Schools ("HPS") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2025.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HPS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. These procedures performed included tests designed to verify Harmony Public School's compliance with the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) during the fiscal year ended June 30, 2025. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors of
Harmony Public Schools

Purpose of this Report

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

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

Houston, Texas
November 15, 2025

HARMONY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2025

I. Summary of Auditors' Results

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

II. Financial Statement Findings

None Reported



HARMONY PUBLIC SCHOOLS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2025



HARMONY PUBLIC SCHOOLS

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HARMONY PUBLIC SCHOOLS

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

(Federal Employer Identification Number: 76-0615245)

CERTIFICATE OF BOARD

June 30, 2025

We, the undersigned, certify that the attached Federal Single Audit Report of Harmony Public Schools was review and approved ___ disapproved for the year ended June 30, 2025, at a meeting of the governing body of said charter school on the 13th day of December 2025.



Signature of Board Treasurer



Signature of Board President

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

To The Board of Directors of
Harmony Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harmony Public School's ("HPS") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of HPS's major federal programs for the year ended June 30, 2025. HPS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, HPS's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

To the Board of Directors of
Harmony Public Schools

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of HPS as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise HPS's basic financial statements. We issued our report thereon dated November 15, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Houston, Texas
December 13, 2025

HARMONY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ?	No

Identification of Major Programs:

US Department of Education

<i>Title I, Part A - Improving Basic Programs</i>	84.010A
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,786,669
Auditee qualified as low risk auditee?	Yes

HARMONY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2025

II. Financial Statement Findings

None Reported

III. Federal Award Findings and Questioned Costs

None Reported

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct:			
<i>Teacher and School Leader Incentive (TSL)</i>	84.374A	S374A230017	\$ 3,469,009
<i>Replication and Expansion of High-Quality Charter School</i>	84.282M	S282M230019	9,448,672
Pass-Through Texas Education Agency:			
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	25610101227816	1,314,095
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	25610101161807	3,284,791
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	25610101071806	2,292,354
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	25610101101846	2,318,502
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	25610101101858	2,981,004
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	25610101101862	1,850,796
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	25610101015828	2,472,261
<i>2024-2026 Title I, 1003 ESF Focused Support Grant</i>	84.010A	25610139227816	56,893
<i>Total ALN 84.010</i>			<u>16,570,696</u>
<i>IDEA-B Formula</i>	84.027A	256600012278166000	706,450
<i>IDEA-B Formula</i>	84.027A	256600011618076000	1,622,429
<i>IDEA-B Formula</i>	84.027A	256600010718066000	845,778
<i>IDEA-B Formula</i>	84.027A	256600011018466000	610,570
<i>IDEA-B Formula</i>	84.027A	256600011018586000	1,113,978
<i>IDEA-B Formula</i>	84.027A	256600011018626000	924,614
<i>IDEA-B Formula</i>	84.027A	256600010158286000	785,061
<i>IDEA-B High Cost Fund</i>	84.027A	H027A230008	36,477
<i>Total Special Education Cluster (ALN 84.027)</i>			<u>6,645,357</u>
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	25694501227816	162,858
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	25694501161807	439,540
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	25694501071806	315,424
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	25694501101846	257,761
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	25694501101858	374,586
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	25694501101862	254,237
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	25694501015828	273,579
<i>Total ALN 84.367</i>			<u>2,077,985</u>
<i>Title III, Part A - ELA</i>	84.365A	25671001227816	219,517
<i>Title III, Part A - ELA</i>	84.365A	25671001161807	340,514
<i>Title III, Part A - ELA</i>	84.365A	25671001071806	194,820
<i>Title III, Part A - ELA</i>	84.365A	25671001101846	204,098
<i>Title III, Part A - ELA</i>	84.365A	25671001101858	177,396
<i>Title III, Part A - ELA</i>	84.365A	25671001101862	132,983
<i>Title III, Part A - ELA</i>	84.365A	25671001015828	191,358
<i>Total ALN 84.365</i>			<u>1,460,686</u>
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	25680101227816	98,696
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	25680101161807	240,854
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	25680101071806	142,445
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	25680101101846	186,746
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	25680101101858	195,566
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	25680101101862	113,233
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	25680101015828	194,791
<i>24-25 Stronger Connections</i>	84.424F	236811017110041	304,142
<i>24-25 Stronger Connections</i>	84.424F	236811017110033	177,599
<i>24-25 Stronger Connections</i>	84.424F	236811017110039	256,907
<i>Total ALN 84.424</i>			<u>1,910,979</u>

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

(1)	(2) Federal	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (continued)			
Pass-Through Texas Education Agency:			
24-25 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006227816	\$ 46,529
24-25 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006161807	131,297
24-25 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006071806	98,818
24-25 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006101846	69,771
24-25 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006101858	89,543
24-25 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006101862	66,232
24-25 Perkins V: Strengthening CTE for 21st Century	84.048A	25420006015828	77,565
Total ALN 84.048			579,755
LEP Summer School	84.369A	69552402	8,181
LEP Summer School	84.369A	69552402	6,817
LEP Summer School	84.369A	69552402	2,727
LEP Summer School	84.369A	69552402	2,727
LEP Summer School	84.369A	69552402	6,817
LEP Summer School	84.369A	69552402	4,090
LEP Summer School	84.369A	69552402	5,454
Total ALN 84.369			36,813
Total U.S. Department of Education			42,199,952
U.S. Department of Agriculture			
Passed-Through Texas Education Agency:			
<i>Federal Food Service Reimbursement:</i>			
School Breakfast Program (SBP)	10.553	236TX332N1099	285,321
School Breakfast Program (SBP)	10.553	236TX332N1099	694,462
School Breakfast Program (SBP)	10.553	236TX332N1099	445,916
School Breakfast Program (SBP)	10.553	236TX332N1099	261,183
School Breakfast Program (SBP)	10.553	236TX332N1099	646,473
School Breakfast Program (SBP)	10.553	236TX332N1099	487,483
School Breakfast Program (SBP)	10.553	236TX332N1099	355,558
National School Lunch Prg-NSLP	10.555	236TX332N1099	1,285,383
National School Lunch Prg-NSLP	10.555	236TX332N1099	3,117,137
National School Lunch Prg-NSLP	10.555	236TX332N1099	2,154,470
National School Lunch Prg-NSLP	10.555	236TX332N1099	1,277,569
National School Lunch Prg-NSLP	10.555	236TX332N1099	2,575,577
National School Lunch Prg-NSLP	10.555	236TX332N1099	2,188,299
National School Lunch Prg-NSLP	10.555	236TX332N1099	1,351,689
Total Child Nutrition Cluster (10.553,10.555)			17,126,520
Passed-Through Department of Agriculture:			
State Administrative Expense Funds (Warehouse Fees)	10.560	NT4XL1YGLGC5	12,508
State Administrative Expense Funds (Warehouse Fees)	10.560	NT4XL1YGLGC5	78,944
State Administrative Expense Funds (Warehouse Fees)	10.560	NT4XL1YGLGC5	4,841
State Administrative Expense Funds (Warehouse Fees)	10.560	NT4XL1YGLGC5	6,546
State Administrative Expense Funds (Warehouse Fees)	10.560	NT4XL1YGLGC5	10,453
State Administrative Expense Funds (Warehouse Fees)	10.560	NT4XL1YGLGC5	9,531
State Administrative Expense Funds (Warehouse Fees)	10.560	NT4XL1YGLGC5	14,852
Total ALN 10.560			137,675
Total U. S. Department of Agriculture			17,264,195

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

(1)	(2) Federal	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Army			
Pass-Through Army Educational Outreach Program:			
2024-2025 Battelle	12.630	31-4379427	\$ 8,875
2024-2025 Battelle	12.630	31-4379427	82,600
Total U.S. Army			<u>91,475</u>
Total Expenditures of Federal Awards			<u>\$ 59,555,622</u>

HARMONY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Summary of Significant Accounting Policies

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

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of HPS under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of HPS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HPS.

Note 3 - Indirect Cost Rate

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

Note 4 - Title I, Part A Transferability

As described in the U.S. Department of Education Cross-Cutting Section (ALN 84.000), Sections II.B.3 Activities *Allowed or Unallowed - Transferability (SEAs and LEAs)* and IV.3 *Other Information - Transferability* of the 2025 OMB Compliance Supplement, expenditures of funds should be included in the audit universe and total expenditures of the receiving program. For fiscal year 2025, HPS transferred 100% Title IV, Part A (ALN 84.424) and Title II, Part A (ALN 84.367A) expenditures to its Title I, Part A (ALN 84.010A) program as submitted to the Texas Education Agency in its consolidated application and as denoted on the Schedule of Expenditures of Federal Awards. As such, Title IV, Part A (ALN 84.424) and Title II, Part A (ALN 84.367A) were included as part of Title I, Part A (ALN 84.010).

Note 5 - Reconciliation to Financial Statements

Schedule of Expenditures of Federal Awards	<u>\$ 59,555,622</u>
Total Federal Revenues per Statement of Activities	<u><u>\$ 59,555,622</u></u>

HARMONY PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2025

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

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

I. Prior Audit Findings

None Noted

HARMONY PUBLIC SCHOOLS

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2025

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

I. Corrective Action Plan

Not Applicable