

EXCELLENCE IN LEADERSHIP ACADEMY



**Annual Financial Report
For the Fiscal Year ended
August 31, 2025**

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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EXCELLENCE IN LEADERSHIP ACADEMY
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

EXCELLENCE IN LEADERSHIP ACADEMY

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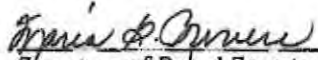
**Excellence in Leadership Academy
Certificate of Board
Federal ID# 45-3816853**

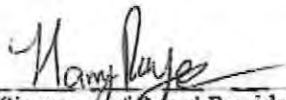
Excellence in Leadership Academy
Name of Charter School

Hidalgo County
County

108-809
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named association were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2025 at a meeting of the Board of Directors on the 19 day of February, 2026.


Signature of Board Secretary


Signature of Board President

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

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Raul Hernandez & Company, P. C.

Certified Public Accountants
5402 Holly Rd, Suite 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

Board of Directors
Excellence in Leadership Academy
Mission, Texas

Members of the Board of Directors:

Opinion

We have audited the accompanying financial statements of Excellence in Leadership Academy (a non-profit organization) which comprise the statement of financial position as of August 31, 2025 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Excellence in Leadership Academy as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

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

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of Excellence in Leadership Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

December 19, 2025

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FINANCIAL SECTION

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EXCELLENCE IN LEADERSHIP ACADEMY
Statement of Financial Position
August 31, 2025

Exhibit A-1

ASSETS

Current Assets

Cash & Cash Equivalent	\$ 890,399
Due From State	253,712
Total Current Assets	<u>1,144,111</u>

Property & Equipment, Net	232,199
Right to use Financing Lease Assets, Net	<u>19,474</u>

Total Assets	<u><u>1,395,784</u></u>
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LIABILITIES and NET ASSETS

Current Liabilities

Accounts Payable	5,652
Payroll Liabilities	25,030
Current Portion of Right to Use Financing Lease Liability	<u>6,704</u>
Total Current Liabilities	37,386

Long-Term Portion Right to Use Financing Lease Liability	<u>13,521</u>
Total Liabilities	<u>50,907</u>

NET ASSETS

Without Donor Restrictions	408,528
With Donor Restrictions	<u>936,349</u>
Total Net Assets	1,344,877

Total Liabilities and Net Assets	<u><u>\$ 1,395,784</u></u>
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The accompanying notes to financial statements form an integral part of the statement.

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Activities

For the Year Ended August 31, 2025

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Local Support			
Interest and Other Income	\$ 78,741	\$ -	\$ 78,741
Contributions	-	-	-
Total Local Support	78,741	-	78,741
State Program Revenues			
Foundation School Program	-	1,986,952	1,986,952
Other State Aid	-	379,669	379,669
Total State Program Revenue		2,366,621	2,366,621
Federal Program Revenues			
Child Nutrition	-	152,406	152,406
Special Education Grant	-	36,752	36,752
Special Education Preschool Grant	-	778	778
Title 1 Grant to Local Educational Agencies	-	159,175	159,175
Teacher and School Leader Incentive Grant	-	15,835	15,835
Title IV	-	13,238	13,238
Title III Limited English Proficient	-	12,759	12,759
LEP Summer Grant	-	1,363	1,363
Total Federal Programs Revenues	-	392,306	392,306
Net Assets Released From Restrictions			
Restrictions Satisfied by Payments	2,758,927	(2,758,927)	-
Total Revenue and Other Support	2,837,668	-	2,837,668
EXPENSES			
Program Services			
Instruction and Instructional Related Services	1,516,163	-	1,516,163
Instructional & School Leadership	174,561	-	174,561
Support Services	-	-	-
Administrative Support Services	274,545	-	274,545
Ancillary Services	-	-	-
Support Services-Non Student Based	609,704	-	609,704
Support Services - Student	347,958	-	347,958
Fund Raising	18,456	-	18,456
Total Expenses	2,941,387	-	2,941,387
Changes in Net Assets	(103,719)	-	(103,719)
Net Assets Beginning of Year	512,247	936,349	1,448,596
Net Assets End of Year	\$ 408,528	\$ 936,349	\$ 1,344,877

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

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Functional Expenses

For the Year Ended August 31, 2025

Exhibit A-3

	Program Activities		Support Activities		Totals
	Program Services	General Administration	Fundraising		
EXPENSES					
Salaries & Wages	\$ 1,197,068	\$ 380,972		\$	1,578,040
Benefits	218,927	51,459			270,386
Payroll Taxes	19,337	5,411			24,748
Total Payroll Expenses	1,435,332	437,842	-		1,873,174
Rental Expense	-	253,507			253,507
Contract Labor	138,444	388,151			526,595
Maintenance and Repairs	-	2,946			2,946
Utilities	-	71,644			71,644
Depreciation and Amortization	6,389	16,212			22,601
Supplies	54,270	20,576			74,846
Travel	263	18,610			18,873
Instructional Material	120	-			120
Insurance & Bonding	62,835	-			62,835
Professional Fees and Dues	11,572	21,717			33,289
Other	957	-			957
Total Non-Payroll Expenses	274,849	793,363	-		1,068,213
Total Expenses	\$ 1,710,181	\$ 1,231,205	\$ -	\$	2,941,387

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

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Cash Flows

For the Year Ended August 31, 2025

Exhibit A-4

Cash Flows From Operating Activities

Change in Net Assets	\$	(103,719)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and Amortization		22,601
(Increase) Decrease in		
Due from State		373,102
Increase (Decrease) in		
Due To State		(3,368)
Accounts Payable		~
Payroll Taxes		25,031
		<u>313,647</u>

Cash Flows From Investing Activities

Purchase of Furniture, Fixtures & Equipment		11,488
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Cash Flows From Financing Activities

Right to Use Financing Lease Liability		12,661
Total		<u>12,661</u>

Net Increase (Decrease) in Cash		337,796
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Cash at Beginning of Year		<u>583,252</u>
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Cash at End of Year	\$	<u><u>890,399</u></u>
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Summary of Cash		
Cash & Cash Equivalent		890,399
Total Cash	\$	<u><u>890,399</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Academy

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

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

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

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

B. Basis of Presentation

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

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

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

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

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

C. Fixed Assets and Depreciation

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

D. Revenues

Revenues from the state's available school fund are based on reported attendance. State foundation revenues are public funds held in trust by the charter holder for the benefit of the students of the Academy and as such are reported as reported as net assets with donor restrictions.

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

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

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

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

E. Donated Goods and Services

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

F. Cash and Cash Equivalents

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

G. Estimates

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

H. Functional expenses

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

The expenses that are allocated include the following:

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

I. Leases

The new lease accounting standard is codified in ASC 842 which changed the way leases are documented on financial statements to ensure that financial statements are more transparent for leases. The lease standard effective date is fiscal years starting after December 15, 2021, for non-profit organizations. ASC 842 classifies leases as either operating or finance leases. The term "finance lease" replaced "capital lease" in ASC 842 as well as the criteria that defined each. On balance sheets, lessees are required to recognize the assets and liabilities for both operating and finance leases.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

2. AVAILABILITY AND LIQUIDITY

The following represents the Academy financial assets at August 31, 2025:

Financial assets at year end:	<u>2025</u>
Cash in bank	\$ 890,399
Due from State	<u>253,712</u>
Total financial assets	1,144,111
Less amounts not available to be used within one year:	
Net assets with donor restrictions	936,349
Less net assets with purpose restrictions to be met in less than a year	-
Quasi endowment established by the board	<u>-</u>
	<u>936,349</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 207,762</u>

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

3. FAIR VALUE MEASUREMENT OF FINANCIAL STATEMENTS

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

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

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

EXCELLENCE IN LEADERSHIP ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended August 31, 2025

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

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

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

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

The Academy does not have any financial instruments that are subject to this three-tier hierarchy

4. CONCENTRATIONS

A. Cash in Bank

The Academy maintains bank accounts with Chase Bank. Federal deposit insurance on the Chase Bank accounts totaled \$250,000 on accounts. The book balance totaled \$890,399 and the bank balance totaled \$920,055 on August 31, 2025. The Academy maintains its cash with high quality financial institutions which the Academy believes limits these risks.

B. Revenue

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

5. GRANTS AND CONTRACTS RECEIVABLE AND PAYABLE

The Academy's principal source of funding for the programs is derived from Federal and State grants and Texas Education Agency Foundation funds. Revenues received directly from Federal and State grantors totaled \$771,976 for the fiscal year ended August 31, 2025. Amounts received as Texas Education Foundation funds totaled \$1,986,952. Grants and contracts receivable are deemed to be fully collectible by management and totaled \$253,712.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

6. PENSION DISCLOSURE

Plan Description

The School participates in the Teacher Retirement System of Texas ("TRS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Texas. TRS provides service retirement, disability retirement, and death benefits to eligible employees and beneficiaries. The plan is administered in accordance with provisions of the Texas Government Code, Title 8, Subtitle C, and is subject to amendment by the Texas Legislature.

Although TRS is a governmental pension plan, the School prepares its financial statements in accordance with accounting principles generally accepted in the United States applicable to not-for-profit organizations. Accordingly, the School accounts for its participation in TRS by recognizing pension cost equal to required contributions for the period.

TRS issues an Annual Comprehensive Financial Report that includes financial statements and required supplementary information. This report may be obtained by writing to the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701-2698, or by calling (800) 877-0123.

Name of Plan: Teacher Retirement System of Texas

Plan Number: N/A

Zone status: Unknown

(Dollars in Billions)

1. Total Plan Assets	\$	271.6
2. Accumulated Benefit Obligations		210.5
3. The plan is 77.51% funded		

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

6. PENSION DISCLOSURE (continued)

Funding Policy

Contribution requirements for TRS are established by state statute and are not actuarially determined by the School. During the year ended August 31, 2025, plan members were required to contribute 8.25% of their annual covered payroll.

The State of Texas contributed an amount equal to 8.25% of covered payroll on behalf of eligible employees. These contributions are considered on-behalf payments and are recognized as both revenue and expense in the accompanying financial statements.

In addition, the School was required to remit statutory employer surcharges to TRS for certain employees, including surcharges related to employees not participating in the federal Old-Age, Survivors, and Disability Insurance ("NON-OASDI") program.

Contributions

For the year ended August 31, 2025, employee contributions to TRS totaled \$135,839, which equaled the required employee contributions for the year.

Employer contributions made directly by the Academy to TRS for the year ended August 31, 2025, totaled \$165,632.80.

In addition, the State of Texas made on-behalf pension contributions to TRS for eligible employees of the Academy in accordance with state statute. The Academy's contributions did not represent more than five percent of total contributions to the TRS plan, and there were no changes during the year that would affect the comparability of contributions from year to year.

Other Matters

There are no collective bargaining agreements covering Academy employees. No pension-related amounts other than contributions payable are reported in the accompanying statements of financial position.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

7. ON-BEHALF PAYMENTS

Excellence in Leadership Academy recorded on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$110,172.81 for the year ended August 31, 2025. These payments were not required to be posted in the prior year.

8. FIXED ASSETS

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

Fixed Assets at August 31, 2025, were as follows:

Building and Improvements	\$ 265,083
Furniture, Fixtures and Equipment	101,310
Right of Use Asset	<u>30,649</u>
Total	397,042
Less: Accumulated Depreciation & Amortization	<u>(145,369)</u>
Property and Equipment, net	<u>\$ 251,673</u>

9. OWNERSHIP IN PROPERTY AND EQUIPMENT

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

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with Donor Restrictions for they year ended August 31, 2025, were as follows:

General Fund	\$ 755,099
Food Service	162,836
Textbook Fund	<u>18,414</u>
Total	<u>\$ 936,349</u>

11. OPERATING LEASES

The Academy entered into a lease agreement with Luz Para Las Naciones, Inc. Mission, Texas for 18,792 square feet of classroom and office space for its school operation. The lease covers the use of the parking lot and the back yard area. The Academy renewed in January 2025, with the lease payment of \$20,671.20 due by the 25th of each month. This lease agreement is scheduled to expire December 31, 2025. The lease renews annually. The total lease payments as of August 31, 2025, were \$248,054.20.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended August 31, 2025

12. GROUP HEALTH INSURANCE

During the year ended August 31, 2025, employees of the Academy were covered by a Health Insurance Plan (the Plan). The Academy contributed from \$350 per month per employee enrolled in the plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums. All premiums were paid to licensed insurers.

13. COMMITMENTS AND CONTINGENCIES

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

14. RECONCILIATION OF REVENUES FROM FEDERAL PROGRAMS

The Academy received revenues from federal programs for the year August 31, 2025 as follows:

Federal Monies Received	\$ 392,306
Per Audited Financial Statements	<u>390,943</u>
Difference between monies received and financial statements	(1,363)
LEP Summer Grant	<u>1,363</u>
Balance	<u>\$ -0-</u>

15. EVALUATION OF SUBSEQUENT EVENTS

The Academy has evaluated subsequent events through December 19, 2025, the date which the financial statements were available to be issued.

EXCELLENCE IN LEADERSHIP ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended August 31, 2025

16. RIGHT TO USE FINANCING LEASE LIABILITY

The charter holder entered into a financing lease on April 1, 2023, with Copy Graphics in the amount of 12,484.41 to lease copiers. The interest rate of the note is 2.75% with a maturity date of March 31, 2027. The balance at August 31, 2025, was \$5,118. The charter also entered into a financing lease with Copy Graphics on October 1, 2024, in the amount of 18,164.60 to lease copiers. The interest rate of the note is 5.00% with a maturity date of September 30, 2029. The balance at August 31, 2025, was \$15,107.

DESCRIPTION	Interest Rate Payable	Interest Current Year	Amounts Outstanding 9/1/2024	Increase	Decrease	Amounts Outstanding 8/31/2025	Current Portion
Copy Graphic's, Inc.	2.75%	\$ 376	\$ 7,563	\$ -	\$ 2,445	\$ 5,118	\$ 3,204
Copy Graphic's Inc.-Canon	5.00%	769	-	18,165	3,058	15,107	3,500
		<u>\$ 376</u>	<u>\$ 7,563</u>	<u>\$ 18,165</u>	<u>\$ 5,503</u>	<u>\$ 20,225</u>	<u>\$ 6,704</u>
Total finance lease cost			<u>\$ 30,649</u>				
Other Information:							
Cash paid for amount included in the measurement of lease liabilities:			\$ (5,503)				
Financing cash flows from right to use liabilities							
Weighted average remaining lease term:							
Finance leases			<u>2.82 years</u>				
Weighted average remaining discount rate:							
Finance leases			<u>4.57%</u>				

SPECIFIC PURPOSE FINANCIAL SECTION

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Financial Position

August 31, 2025

Exhibit B-1

ASSETS

Current Assets

Cash in Bank \$ 890,399

Due from State 253,712

Total Current Assets 1,144,111

Property and Equipment

Property & Equipment, Net 232,199

Right to Use Financing Lease Assets, Net 19,474

Total Assets 1,395,784

LIABILITIES and NET ASSETS

Current Liabilities

Accounts Payable 5,652

Payroll Liabilities Payable 25,031

Current Portion of Right of Use Financing Lease Liability 6,704

Total Current Liabilities 37,387

Long-Term - Right of Use Financing Lease Liability 13,521

Total Liabilities 50,907

NET ASSETS

Without Donor Restrictions 408,528

With Donor Restrictions 936,349

Total Net Assets 1,344,877

Total Liabilities and Net Assets \$ 1,395,784

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Activities

For the Year Ended August 31, 2025

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Local Support			
5740 Tuition, Rent and Afterschool, Interest Income	\$ 227	\$ -	\$ 227
5750 Food Sales	-	-	-
5748 Other Revenues from Local Sources- Locally Defined	-	-	-
5749 Other Revenues from Local Sources	78,513	-	78,513
Total Local Support	78,740	-	78,740
State Program Revenues			
5810 Foundation School Program	-	1,986,952	1,986,952
5820 State Program Revenues Distributed by the Texas Education Agency	-	269,497	269,497
5830 Revenues from Texas Government Agencies	-	110,173	110,173
Total State Program Revenue	-	2,366,622	2,366,622
Federal Program Revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	392,306	392,306
5930 Federal Revenues Not Distributed by the Texas Education Agency	-	-	-
Total Federal Programs Revenues	-	392,306	392,306
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	2,758,928	(2,758,928)	-
Total Revenue and Oher Support	2,837,668	-	2,837,668
EXPENSES			
Program Services			
11 Instruction	1,474,829	-	1,474,829
12 Instructional Resources & Media Services	-	-	-
13 Curriculum Development and Instructional Staff Development	41,334	-	41,334
21 Instructional Leadership	31,043	-	31,043
23 School Leadership	143,518	-	143,518
31 Guidance, Counseling and Evaluation	131,899	-	131,899
32 Social Services	-	-	-
33 Health Services	34,533	-	34,533
34 Transportation	-	-	-
35 Food Services	156,359	-	156,359
36 Co-Curricular/Extracurricular Activities	25,167	-	25,167
41 General Administration	274,545	-	274,545
51 Plant Maintenance and Operations	423,384	-	423,384
52 Security & Monitoring Services	119,228	-	119,228
53 Data Processing	67,092	-	67,092
61 Community Services	-	-	-
71 Debt	-	-	-
81 Fund Raising	18,456	-	18,456
Total Expenses	2,941,387	-	2,941,387
Changes in Net Assets	(103,719)	-	(103,719)
Net Assets Beginning of Year	512,247	936,349	1,448,596
Net Assets End of Year	\$ 408,528	\$ 936,349	\$ 1,344,877

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Cash Flows

For the Year Ended August 31, 2025

Exhibit B-3

Cash Flows From Operating Activities

Change in Net Assets	\$	(103,719)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and Amortization		22,601
Prior Period Adjustments		-
(Increase) Decrease in		
Due from State		373,102
Increase (Decrease) in		
Due To State		(3,368)
Payroll Taxes		25,031
		<u>313,647</u>

Cash Flows From Investing Activities

Purchase of Furniture, Fixtures & Equipment	11,488
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Cash Flows From Financing Activities

Right to Use Financing Lease Liability	12,661
	<u>12,661</u>

Net Increase (Decrease) in Cash	337,796
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Cash at Beginning of Year	583,252
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Cash at End of Year	890,399
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Summary of Cash	
Cash in Bank	890,399
Certificate of Deposit	-
Total Cash	<u>\$ 890,399</u>

Supplemental Information

Cash Paid for Interest	\$ 957
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EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Assets

August 31, 2025

Exhibit C-1

	Local	State	Federal	Total
1110 Cash	\$ 817	\$ 882,006	\$ 268,097	\$ 1,150,920
1510 Land	-	-	-	-
1520 Building and Improvements	-	265,083	-	265,083
1531 Vehicles	-	-	-	-
1539 Furniture and Equipment	23,318	77,992	-	101,310
1550 Right of Use Asset	-	30,649	-	30,649
Total Property and Equipment	23,318	373,724	-	1,547,962
Less Acc. Depr.& Amort.	-	-	-	(145,369)
Net Property and Equipment	\$ 24,135	\$ 1,255,730	\$ 268,097	\$ 1,402,593

EXCELLENCE IN LEADERSHIP ACADEMY
Schedule of Real Property Ownership Interest
August 31, 2025

Exhibit C-2

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

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Related Party Transactions

August 31, 2025

Exhibit C-3

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

EXCELLENCE IN LEADERSHIP ACADEMY

Schedule of Related Party Transactions

August 31, 2025

Exhibit C-4

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

EXCELLENCE IN LEADERSHIP ACADEMY

Statement of Expenses

August 31, 2025

Exhibit D-1

EXPENSES

6100 Payroll Costs	\$	1,873,174
6200 Professional and Contracted Services		854,692
6300 Supplies and Materials		74,966
6400 Other Operating Costs		137,598
6500 Interest Expense		957
Total Payroll Expenses	\$	<u>2,941,387</u>

EXCELLENCE IN LEADERSHIP ACADEMY

Budgetary Comparison Schedule

For the Year Ended August 31, 2025

	Budgeted Amounts		Actual	Exhibit E-1 Variance From Final Budget
	Original	Final	Amount	
REVENUE AND OTHER SUPPORT				
Local Support				
5740 Tuition, Rent and Afterschool	\$ 42,130	\$ 130	\$ 227	\$ 97
5750 Food Sales	-	-	-	-
5748 Other Revenues from Local Sources- Locally Defined	-	-	-	-
5749 Other Revenues from Local Sources	-	54,245	78,513	24,269
Total Local Support	42,130	54,375	78,740	24,366
State Program Revenues				
5810 Foundation School Program	1,974,129	1,957,259	1,986,952	29,693
5820 State Program Revenues Distributed by the Texas Education Agency	416,760	426,874	269,496	(157,378)
5830 Revenues from Texas Government Agencies	-	124,931	110,173	(110,173)
Total State Program Revenue	2,390,889	2,509,064	2,366,620	(237,858)
Federal Program Revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	393,923	384,630	392,306	7,676
5930 Federal Revenues Not Distributed by the Texas Education Agency	-	-	-	-
Total Federal Programs Revenues	393,923	384,630	392,306	7,676
Total Revenue and Other Support	2,826,942	2,948,069	2,837,667	(205,817)
EXPENSES				
Program Services				
11 Instruction	1,633,253	1,548,206	1,474,829	73,377
12 Instructional Resources & Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	46,237	44,832	41,334	3,498
21 Instructional Leadership	28,773	31,074	31,043	31
23 School Leadership	106,552	143,729	143,518	211
31 Guidance, Counseling and Evaluation	122,499	131,909	131,899	10
32 Social Services	-	-	-	-
33 Health Services	35,000	34,783	34,533	250
34 Transportation	-	-	-	-
35 Food Services	150,000	157,389	156,359	1,030
36 Co-Curricular/Extracurricular Activities	42,000	37,670	25,166	12,504
41 General Administration	301,732	316,409	274,545	41,864
51 Plant Maintenance and Operations	448,209	440,750	423,384	17,366
52 Security & Monitoring Services	208,721	229,453	119,228	110,225
53 Data Processing	68,098	78,306	67,092	11,214
61 Community Services	-	-	-	-
71 Debt	-	-	-	-
81 Fund Raising	25,000	25,961	18,456	7,505
Total Expenses	3,216,074	3,220,471	2,941,387	279,084
Changes in Net Assets	(389,132)	(272,402)	(103,720)	73,267
Net Assets Beginning of Year	1,448,596	1,448,596	1,448,596	
Net Assets End of Year	\$ 1,059,464	\$ 1,176,194	\$ 1,344,876	\$ 73,267

EXCELLENCE IN LEADERSHIP ACADEMY
Schedule of State Compliance Questions
August 31, 2025

Exhibit J-4

Data Code	Description	Column Response
	<i>Section A - Compensatory Education Program</i>	
AP1	Did your Charter expend any state compensatory education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education program during the charter fiscal year?	\$ 237,776
AP4	List the actual direct program expenditures for state compensatory education program during the charter fiscal year?	\$ 141,937
	<i>Section B - Bilingual Education Program</i>	
AP1	Did your Charter expend any bilingual education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its bilingual education program?	Yes
AP3	List the total state allotment funds received for bilingual education program during the charter fiscal year?	\$ 52,168
AP4	List the actual direct program expenditures for bilingual education program during the charter fiscal year?	\$ 48,001

COMPLIANCE
AND
INTERNAL CONTROL SECTION

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Raul Hernandez & Company, P.C.

Certified Public Accountants
5402 Holly Rd., Suite 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the 2025 (a nonprofit organization), which comprise of the statement of financial position as of August 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report on them dated December 19, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Raul Hernandez & Company, P.C.
Corpus Christi, TX
December 19, 2025

Excellence in Leadership Academy

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2025

I. Summary of Auditors' Results

1. Type of auditors' report issued on the financial statements of the auditee	Unmodified
2. Significant deficiencies in internal controls disclosed by the audit of the financial statements	None
a. Significant deficiencies that were material weaknesses	None
3. Noncompliance material to the financial statements of the auditee disclosed by the audit of the financial statements	None
4. Findings disclosed by the audit of the financial statements which the auditor is required to report	None
5. Auditee qualified as a low-risk auditee	Yes

II. Financial Statement Findings

None identified

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

None identified

**Excellence in Leadership Academy
Schedule of Prior Audit Findings**

For the Fiscal year ended August 31, 2025

I. Status of Prior Year Findings:

N/A

**Excellence in Leadership Academy
Corrective Action Plan**

For the Fiscal year ended August 31, 2025

N/A

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