

POR VIDA, INC.

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEARS ENDED
AUGUST 31, 2021 AND 2020

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CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

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August 31, 2021 and 2020

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POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

CERTIFICATE OF BOARD

August 31, 2021

We, the undersigned, certify that the attached annual financial and compliance report for Por Vida, Inc. (including the operations of Por Vida Academy and Corpus Christi College Preparatory High School) was reviewed and (check one) approved disapproved for the year ended August 31, 2021, at a meeting of the governing body of said charter school on the 14th day of January 2022.

 1/14/22

Signature of the Board Secretary



Signature of the Board President



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Por Vida, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Por Vida, Inc. (a nonprofit organization) (Por Vida), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Por Vida as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of Por Vida'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 Por Vida'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 Por Vida's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas

January 14, 2022

FINANCIAL STATEMENTS



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

STATEMENTS OF FINANCIAL POSITION

As of August 31,

	<u>ASSETS</u>	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 577,543	\$ 761,785
Receivables:		
Due from governments	329,544	47,173
Other receivables	163,770	200
Prepayments and deposits	9,000	9,000
Total current assets	1,079,857	818,158
Capital assets (net of accumulated depreciation)	860,379	910,345
Total assets	\$ 1,940,236	\$ 1,728,503
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 87,326	\$ 66,688
Payroll deductions and withholdings payable	122,801	43,794
Deferred revenue	-	7,716
Loan payable	18,911	55,942
Total current liabilities	229,038	174,140
NON-CURRENT LIABILITIES - loan payable	121,527	174,250
Total liabilities	350,565	348,390
NET ASSETS		
Without donor restrictions	6,799	17,261
With donor restrictions		
Net invested in capital assets	719,941	752,004
Program activities	862,931	610,848
Total net assets	1,589,671	1,380,113
Total liabilities and net assets	\$ 1,940,236	\$ 1,728,503

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

For the year ended August 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Local support:			
Contributions	\$ 2,402,394	\$ -	\$ 2,402,394
Food service activity	361	-	361
Charges for services	110,886	-	110,886
Total local support	2,513,641	-	2,513,641
State program revenues:			
Foundation School Program	-	1,649,025	1,649,025
Other state aids	-	32,794	32,794
Total state program revenues	-	1,681,819	1,681,819
Federal program revenues:			
Title I, Part A-Improving Basic Programs	-	197,369	197,369
Title II, Part A-TPTR	-	1,300	1,300
IDEA, Part B	-	57,634	57,634
Carl Perkins Grant	-	2,254	2,254
Title I, Part C-Migrant	-	333	333
Title III, Part A-ELA	-	167	167
Title IV, Part A-Subpart 1	-	10,000	10,000
Payroll Protection Program	-	848,500	848,500
ESSER Grant	-	34,300	34,300
Total federal program revenues	-	1,151,857	1,151,857
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	2,613,656	(2,613,656)	-
Total revenues and other support	5,127,297	220,020	5,347,317

(continued)

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

For the year ended August 31, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
EXPENSES			
Program services:			
11 Instruction	\$ 3,111,824	\$ -	\$ 3,111,824
13 Curriculum development and instructional staff development	440	-	440
21 Instructional leadership	105,350	-	105,350
23 School leadership	479,874	-	479,874
31 Guidance, counseling, and evaluation services	127,465	-	127,465
32 Social work services	151,088	-	151,088
33 Health services	7,042	-	7,042
34 Student (pupil) transportation	18,135	-	18,135
35 Food service	26,530	-	26,530
41 General administration	514,159	-	514,159
51 Plant maintenance and operations	537,081	-	537,081
52 Security and monitoring services	6,793	-	6,793
53 Data processing services	40,869	-	40,869
61 Community services	2,330	-	2,330
71 Debt service	8,779	-	8,779
	<u>5,137,759</u>	<u>-</u>	<u>5,137,759</u>
Total expenses			
	<u>5,137,759</u>	<u>-</u>	<u>5,137,759</u>
CHANGE IN NET ASSETS	(10,462)	220,020	209,558
NET ASSETS - BEGINNING OF YEAR	<u>17,261</u>	<u>1,362,852</u>	<u>1,380,113</u>
NET ASSETS - END OF YEAR	<u>\$ 6,799</u>	<u>\$ 1,582,872</u>	<u>\$ 1,589,671</u>

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

For the year ended August 31, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Local support:			
Contributions	\$ 2,244,682	\$ -	\$ 2,244,682
Food service activity	5,876	-	5,876
Charges for services	<u>107,106</u>	<u>-</u>	<u>107,106</u>
Total local support	<u>2,357,664</u>	<u>-</u>	<u>2,357,664</u>
State program revenues:			
Foundation School Program	-	2,150,625	2,150,625
Other state aids	<u>-</u>	<u>39,521</u>	<u>39,521</u>
Total state program revenues	<u>-</u>	<u>2,190,146</u>	<u>2,190,146</u>
Federal program revenues:			
Title I, Part A-Improving Basic Programs	-	105,878	105,878
Title I, Priority School Improvement Grants	-	144,302	144,302
Child Nutrition	-	23,118	23,118
Title II, Part A-TPTR	-	8,800	8,800
IDEA, Part B	-	59,415	59,415
Carl Perkins Grant	-	3,172	3,172
Title I, Part C-Migrant	-	621	621
Title III, Part A-ELA	-	258	258
Title IV, Part A-Subpart 1	-	10,555	10,555
Payroll Protection Program	-	694,849	694,849
ESSER Grant	<u>-</u>	<u>42,813</u>	<u>42,813</u>
Total federal program revenues	<u>-</u>	<u>1,093,781</u>	<u>1,093,781</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	<u>2,955,805</u>	<u>(2,955,805)</u>	<u>-</u>
Total revenues and other support	<u>5,313,469</u>	<u>328,122</u>	<u>5,641,591</u>

(continued)

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

For the year ended August 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
EXPENSES			
Program services:			
11 Instruction	\$ 3,036,265	\$ -	\$ 3,036,265
13 Curriculum development and instructional staff development	3,910	-	3,910
21 Instructional leadership	46,607	-	46,607
23 School leadership	492,065	-	492,065
31 Guidance, counseling, and evaluation services	300,570	-	300,570
32 Social work services	60,583	-	60,583
33 Health services	6,580	-	6,580
34 Student (pupil) transportation	5,887	-	5,887
35 Food service	82,783	-	82,783
36 Cocurricular/extracurricular activities	2,367	-	2,367
41 General administration	387,343	-	387,343
51 Plant maintenance and operations	620,640	-	620,640
52 Security and monitoring services	42,658	-	42,658
53 Data processing services	41,615	-	41,615
71 Debt service	9,241	-	9,241
Total expenses	5,139,114	-	5,139,114
OTHER FINANCING SOURCES (USES)			
8949 Payment to agency	(158,152)	-	(158,152)
CHANGE IN NET ASSETS	16,203	328,122	344,325
NET ASSETS - BEGINNING OF YEAR	1,058	1,034,730	1,035,788
NET ASSETS - END OF YEAR	\$ 17,261	\$ 1,362,852	\$ 1,380,113

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

POR VIDA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended August 31, 2021

	PROGRAM ACTIVITIES			SUPPORTING	TOTALS
	INSTRUCTION SERVICES	SCHOOL LEADERSHIP	STUDENT SUPPORT	GENERAL AND ADMINISTRATIVE	2021
EXPENSES					
Salaries and wages	\$ 2,588,706	\$ 356,008	\$ 262,084	\$ 446,082	\$ 3,652,880
Benefits	307,272	45,710	37,327	42,344	432,653
Payroll taxes	36,713	4,525	3,255	6,017	50,510
Total payroll expenses	<u>2,932,691</u>	<u>406,243</u>	<u>302,666</u>	<u>494,443</u>	<u>4,136,043</u>
Professional services	9,846	4,063	-	95,433	109,342
Maintenance and repairs	-	-	16,937	105,120	122,057
Utilities	-	-	-	91,343	91,343
Rental expense	-	-	-	152,262	152,262
Miscellaneous contracted services	11,362	146,115	7,242	21,145	185,864
Supplies	110,057	778	929	11,807	123,571
Food	-	-	332	-	332
Travel	458	122	409	455	1,444
Insurance and bonding costs	-	-	-	63,275	63,275
Depreciation	-	-	-	49,967	49,967
Other	47,852	27,903	1,743	15,982	93,480
Interest	-	-	-	8,779	8,779
Total non-payroll expenses	<u>179,575</u>	<u>178,981</u>	<u>27,592</u>	<u>615,568</u>	<u>1,001,716</u>
Total expenses	<u>\$ 3,112,266</u>	<u>\$ 585,224</u>	<u>\$ 330,258</u>	<u>\$ 1,110,011</u>	<u>\$ 5,137,759</u>

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

POR VIDA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended August 31, 2020

	PROGRAM ACTIVITIES			SUPPORTING	TOTALS
	INSTRUCTION SERVICES	SCHOOL LEADERSHIP	STUDENT SUPPORT	GENERAL AND ADMINISTRATIVE	2020
EXPENSES					
Salaries and wages	\$ 2,625,227	\$ 327,710	\$ 349,275	\$ 342,048	\$ 3,644,260
Benefits	173,200	39,022	45,025	25,220	282,467
Payroll taxes	39,978	4,152	4,399	4,653	53,182
Total payroll expenses	<u>2,838,405</u>	<u>370,884</u>	<u>398,699</u>	<u>371,921</u>	<u>3,979,909</u>
Professional services	13,238	68	-	58,508	71,814
Maintenance and repairs	-	-	3,793	44,941	48,734
Utilities	-	-	-	108,510	108,510
Rental expense	165	-	55	224,527	224,747
Consulting	97,302	-	-	38,100	135,402
Miscellaneous contracted services	8,929	114,207	13,661	56,428	193,225
Supplies	77,876	1,944	4,534	33,959	118,313
Food	-	-	24,106	-	24,106
Travel	628	2,073	-	493	3,194
Insurance and bonding costs	-	-	-	62,182	62,182
Depreciation	-	-	-	81,332	81,332
Other	3,632	49,496	13,922	11,355	78,405
Interest	-	-	-	9,241	9,241
Total non-payroll expenses	<u>201,770</u>	<u>167,788</u>	<u>60,071</u>	<u>729,576</u>	<u>1,159,205</u>
Total expenses	<u>\$ 3,040,175</u>	<u>\$ 538,672</u>	<u>\$ 458,770</u>	<u>\$ 1,101,497</u>	<u>\$ 5,139,114</u>

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

POR VIDA, INC.

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Foundation School Program	\$ 1,649,025	\$ 2,150,625
Cash received from grantors	902,280	1,120,754
Cash received from contributors	2,231,108	2,261,955
Cash received from food service activity	361	5,876
Cash received from other sources	110,886	107,106
Cash paid to suppliers for goods and services	(922,335)	(1,172,319)
Cash paid to employees for services	(4,057,034)	(3,967,684)
Interest payments	(8,779)	(9,241)
Net cash provided in (used by) operating activities	(94,488)	497,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	-	(35,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from loan proceeds	-	71,851
Loan payments	(89,754)	(16,891)
Net cash provided in (used by) financing activities	(89,754)	54,960
Net increase (decrease) in cash and cash equivalents	(184,242)	516,477
CASH AND CASH EQUIVALENTS - BEGINNING	761,785	245,308
CASH AND CASH EQUIVALENTS - ENDING	\$ 577,543	\$ 761,785
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 209,558	\$ 344,325
Adjustments to reconcile change in net assets to net cash provided for operating activities		
Depreciation	49,966	81,333
Decrease (increase) in assets		
Receivables	(445,941)	(2,991)
Increase (decrease) in liabilities		
Accounts payable	20,638	54,464
Deferred revenue	(7,716)	7,716
Payroll deductions and withholdings payable	79,007	12,225
NET CASH PROVIDED IN (USED BY) OPERATING ACTIVITIES	\$ (94,488)	\$ 497,072

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

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(1) Summary of significant accounting policies

Organization

Blessed Sacrament Academy Second Chance High School, Inc. was incorporated August 9, 1996. A certificate of amendment was issued February 1, 2001 to reflect the name change to Por Vida, Inc. (Por Vida).

Por Vida, Inc. operates Por Vida Academy (the High School) and Corpus Christi College Preparatory High School.

The Por Vida Academy provides an alternative high school diploma program to students who did not thrive in the normal high school setting or have returned for a high school diploma after entering the work force. The Corpus Christi College Preparatory High School is a college preparatory high school preparing students to enter into a university immediately following high school graduation. The Por Vida Academy and the Corpus Christi College Preparatory High School operate under an open enrollment charter granted by the Texas State Board of Education. The Por Vida Academy and the Corpus Christi College Preparatory High School are part of the public school system of the State of Texas and are entitled to distribution from the state's available school fund. The Por Vida Academy and the Corpus Christi College Preparatory High School do not have the authority to impose taxes or charge tuition. Por Vida, Inc. does not conduct other charter or non-charter activities.

Por Vida, Inc. is a non-profit organization exempt from federal income taxes under Section 501c(3) of the Internal Revenue Code.

Accounting policies

The financial statements have been prepared on the accrual basis of accounting. The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

To ensure observance of limitation and restrictions placed on the use of resources available to Por Vida, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified for accounting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and activities focus on the Organization as a whole and report the total assets, liabilities, net assets, and changes in net assets.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets with donor restrictions* – Net assets subject to 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. When a restriction expires, these resources are classified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(1) Summary of significant accounting policies (continued)

Accounting policies (continued)

- *Net assets without donor restrictions* – Net assets that are available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of Por Vida, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Change in accounting policy

During fiscal year 2021, the Por Vida changed accounting policies by adopting FASB Accounting Standards Update (ASU) No. 2020-05 (Topic 606), “*Revenue from Contracts with Customers*”. Accordingly, the financial statements have been presented in accordance with the standard. The adoption of ASU No. 2020-05 had no material effect on the revenue recognition from prior years.

Revenues and revenue recognition

Por Vida recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of Por Vida’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Por Vida has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

A portion of Por Vida’s revenue is derived from payments received from other organizations as a fee for the service of processing their payroll. The payroll processing fee is recognized as revenue after each payroll run. All payroll processing services performed during the fiscal year were received and recognized during the fiscal year.

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 with initial maturity of three months or less.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(1) Summary of significant accounting policies (continued)

Capital assets

All assets acquired with a value of \$5,000 or greater are recorded as capital assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition.

Depreciation of building improvements, vehicles, and equipment is determined on a straight-line basis on the following useful lives:

Land improvements	15 years
Building improvements	6-40 years
Vehicles	5 years
Equipment	5 years

Credit risk

Financial instruments, which potentially subject Por Vida, Inc. to concentrations of credit risk consist primarily of cash. At August 31, 2021 and 2020, Por Vida, Inc. had uninsured cash balances of \$393,134 and \$518,370, respectively.

Personal leave

All employees earn between 1 to 10 days of paid personal leave per year depending on the number of days worked. Paid leave must be used during the year or it is forfeited. There is no payment of leave after resignation or termination date; therefore a liability is not recorded at August 31, 2021 and 2020.

Estimates

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

Fair value of financial instruments

The following methods and assumptions were used by Por Vida, Inc. in estimating its fair value disclosures for financial instruments:

Cash and receivables: the carrying amounts reported in the statement of financial position approximate the fair value because of the short maturities of those instruments.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(2) Capital assets

An analysis of capital assets as of August 31, 2021, is presented as follows:

	OBJECT CODE	COST	ACCUMULATED DEPRECIATION	NET
Leasehold improvements	1520	\$ 2,025,635	\$ 1,165,256	\$ 860,379
Furniture and equipment	1540	126,483	126,483	-
Vehicles	1531	<u>119,641</u>	<u>119,641</u>	<u>-</u>
Totals		<u>\$ 2,271,759</u>	<u>\$ 1,411,380</u>	<u>\$ 860,379</u>

Depreciation expense for the current year was \$49,967.

An analysis of capital assets as of August 31, 2020, is presented as follows:

	OBJECT CODE	COST	ACCUMULATED DEPRECIATION	NET
Leasehold improvements	1520	\$ 2,025,634	\$ 1,115,289	\$ 910,345
Furniture and equipment	1540	177,186	177,186	-
Vehicles	1531	<u>119,641</u>	<u>119,641</u>	<u>-</u>
Totals		<u>\$ 2,322,461</u>	<u>\$ 1,412,116</u>	<u>\$ 910,345</u>

Depreciation expense for 2020 was \$81,332.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(3) Ownership in property and equipment

As of August 31, 2021, the following disclosure of ownership interests in property and equipment is provided to address certain requirements discussed in House Bill 6, 77th Legislature (2001).

	OBJECT CODE	OWNERSHIP INTEREST		TOTAL
		STATE	FEDERAL	
Leasehold improvements				
Classroom improvements	1520	\$ 16,500	\$ -	\$ 16,500
Science lab renovations	1520	12,575	-	12,575
High school renovations	1520	1,071,775	880,663	1,952,438
Fence improvements	1520	8,567	-	8,567
Security improvements	1520	25,000	10,555	35,555
Instructional/non-instructional equipment				
Furniture and equipment	1540	126,483	-	126,483
Vehicle	1531	<u>119,641</u>	<u>-</u>	<u>119,641</u>
Total property and equipment		<u>\$ 1,380,541</u>	<u>\$ 891,218</u>	<u>\$ 2,271,759</u>

As of August 31, 2020, the following disclosure of ownership interests in property and equipment is provided to address certain requirements discussed in House Bill 6, 77th Legislature (2001).

	OBJECT CODE	OWNERSHIP INTEREST		TOTAL
		STATE	FEDERAL	
Leasehold improvements				
Classroom improvements	1520	\$ 16,500	\$ -	\$ 16,500
Science lab renovations	1520	12,575	-	12,575
High school renovations	1520	1,071,777	880,663	1,952,440
Fence improvements	1520	8,567	-	8,567
Security improvements	1520	25,000	10,555	35,555
Instructional/non-instructional equipment				
Furniture and equipment	1540	167,313	9,870	177,183
Vehicle	1531	<u>119,641</u>	<u>-</u>	<u>119,641</u>
Total property and equipment		<u>\$ 1,421,373</u>	<u>\$ 901,088</u>	<u>\$ 2,322,461</u>

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(4) Defined benefit 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. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public-school systems of Texas.

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Section 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 publicity available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-877-0123, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under TRS publications heading.

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 latest TRS Comprehensive Annual Financial Report available dated November 19, 2021 provided the following information (ABO refers to the accumulated benefit obligation):

<u>Pension Fund</u>	<u>Total Plan Assets 2021</u>	<u>ABO 2021</u>	<u>Percent Funded</u>
TRS	<u>\$ 223,172,755,000</u>	<u>\$ 227,273,463,000</u>	98.20%

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(4) Defined benefit pension plan (continued)

Funding policy

Contribution requirements are not actuarially determined, but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. Under provisions in Texas state law, plan members are required to contribute 7.7% of their annual covered salary for each of the years ended August 31, 2021 and 2020, respectively. The state's contribution rate as a nonemployer contributing entity was 6.8% for the years ended August 31, 2021 and 2020. The school's employees' contributions to TRS for the years ended August 31, 2021 and 2020 totaled \$276,994 and \$273,930 respectively, equal to the required contributions for each year. There have been no changes that would affect the comparison from year to year. Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 6.8% totaling \$272,712 and \$144,132 for the years ended August 31, 2021 and 2020, respectively.

(5) Defined contribution plan

All Por Vida employees may elect to participate in the 403(b) plan. This is a qualified tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The 403(b) plan consists solely of employee contributions which are made on a "pre-tax" basis.

Employees are fully vested upon entry to the plan.

(6) Health care coverage

During the years ended August 31, 2021 and 2020, employees of Por Vida were covered by a health insurance plan (the Plan). Por Vida, Inc. contributed \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to a licensed insurer. During the years ending 2021 and 2020, Por Vida contributed \$106,916 and \$106,192, respectively, for charter employees.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(7) Due from governments

Por Vida participated in a variety of federal and state programs from which it received grants to partially or fully finance certain activities. Por Vida received entitlements from the state through the Foundation School Program. Amounts due from federal and state governments as of August 31, 2021 and 2020 are summarized below. All federal grants shown below are passed through the TEA or other agencies.

PROGRAM	2021 AMOUNT	2020 AMOUNT
Federal and state programs	\$ 329,544	\$ 47,173
Total due from governments	\$ 329,544	\$ 47,173

(8) Leases

Por Vida, Inc. has entered into various lease agreements for equipment and other items necessary to operate. The future minimum payments under noncancelable operating leases as of August 31, 2021 are as follows:

YEARS ENDING AUGUST 31,	AMOUNT
2022	\$ 86,736
2023	89,338
2024	84,140
Total	\$ 260,214

The future minimum payments under noncancelable operating leases as of August 31, 2020 are as follows:

YEARS ENDING AUGUST 31,	AMOUNT
2021	\$ 136,590
2022	86,736
2023	89,338
2024	84,140
Total	\$ 396,804

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(9) Loans

On January 29, 2018, Por Vida Inc. refinanced a note with Frost Bank that was previously held with JP Morgan Chase in the amount of \$200,000 with a maturity date of January 31, 2028. The stated interest rate is 5.490% and the note is payable in 120 payments of \$2,177.66 beginning on February 28, 2018. The note is collateralized with the property (land and improvements) owned and occupied by Blessed Sacrament Academy. Payments are paid directly to Frost Bank by Por Vida, Inc. The balance at August 31, 2021 was \$140,438. Interest expense related to this note was \$8,229 and \$9,241 for 2021 and 2020, respectively.

On April 11, 2020, Por Vida Inc. obtained a payroll protection program loan in the amount of \$766,700 with an interest rate of 1%. The terms of the note were 17 installment payments beginning November 21, 2020 to April 21, 2022 for \$42,594. Subsequent to year end, Por Vida was notified that \$694,849 of loan principal was forgiven leaving an outstanding principal balance of \$71,851. Por Vida retroactively recognized the \$694,849 as revenue in fiscal year 2020. Por Vida paid off the total principal balance plus accrued interest with a payment of \$72,375 on January 12, 2021.

On March 15, 2021, Por Vida Inc. obtained a payroll protection program loan in the amount of \$848,500 with an interest rate of 1%. The terms of the note were 43 installment payments beginning September 15, 2022 to March 15, 2026 for \$19,733. On July 30, 2021, Por Vida was notified that \$848,500 of loan principal was forgiven leaving an outstanding principal balance of \$0. Por Vida recognized the \$848,500 as revenue in fiscal year 2021.

Changes in long-term debt as of August 31, 2021 are as follows:

	ORIGINAL PROCEEDS	INTEREST RATE	BALANCE 8/31/2020	ADDITIONS	REDUCTIONS	BALANCE 8/31/2021	DUE WITHIN ONE YEAR
Frost Bank							
Frost Bank school building loan	\$ 200,000	5.549%	\$ 158,341	\$ -	\$ 17,903	\$ 140,438	\$ 18,911
Payroll protection program loan I	776,700		71,851	-	71,851	-	-
Payroll protection program loan II	848,500		-	848,500	848,500	-	-
Total			<u>\$ 230,192</u>	<u>\$ 848,500</u>	<u>\$ 938,254</u>	<u>\$ 140,438</u>	<u>\$ 18,911</u>

Changes in long-term debt as of August 31, 2020 are as follows:

	ORIGINAL PROCEEDS	INTEREST RATE	BALANCE 8/31/2019	ADDITIONS	REDUCTIONS	BALANCE 8/31/2020	DUE WITHIN ONE YEAR
Frost Bank							
Frost Bank school building loan	\$ 200,000	5.549%	\$ 175,232	\$ -	\$ 16,891	\$ 158,341	\$ 17,903
Payroll protection program loan I	776,700		-	766,700	694,849	71,851	38,039
Total			<u>\$ 175,232</u>	<u>\$ 766,700</u>	<u>\$ 711,740</u>	<u>\$ 230,192</u>	<u>\$ 55,942</u>

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(9) Loans (continued)

As of August 31, 2021, summary information for future note payments through 2026 and thereafter were as follows:

YEARS ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL
2022	\$ 18,911	\$ 7,221	\$ 26,132
2023	19,976	6,156	26,132
2024	21,100	5,032	26,132
2025	22,288	3,844	26,132
2026	23,543	2,589	26,132
Thereafter	<u>34,620</u>	<u>1,385</u>	<u>36,005</u>
Totals	<u>\$ 140,438</u>	<u>\$ 26,227</u>	<u>\$ 166,665</u>

As of August 31, 2020, summary information for future note payments through 2025 and thereafter were as follows:

YEARS ENDING AUGUST 31,	PRINCIPAL	INTEREST	TOTAL
2021	\$ 55,942	\$ 8,506	\$ 64,448
2022	52,723	7,467	60,190
2023	19,976	6,156	26,132
2024	21,100	5,032	26,132
2025	22,288	3,844	26,132
Thereafter	<u>58,163</u>	<u>3,974</u>	<u>62,137</u>
Totals	<u>\$ 230,192</u>	<u>\$ 34,979</u>	<u>\$ 265,171</u>

(10) Related parties

During the year, Por Vida, Inc. had various transactions with Blessed Sacrament Academy, Inc., a related party, which included the lease of a building. Rent paid to Blessed Sacrament was \$48,000 and \$56,334 for 2021 and 2020, respectively. Por Vida, Inc. has adopted a conflict of interest policy regarding related party transactions. The policy was not violated during the year.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(11) Commitments and contingencies

Por Vida, Inc. received 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. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

(12) Concentrations

Por Vida's funding is concentrated in the foundation school program and various state and federal grants. Discontinued funding would have a severe impact on operations. Por Vida's ability to maintain continuing operations would be uncertain in such a situation. Management does not expect any material reductions in funding in the foreseeable future.

(13) Shared services arrangement

During the fiscal year 2021 and 2020, Por Vida, Inc. was a member of the San Antonio Charter Schools Special Education Co-op shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, Por Vida, Inc. received special education (IDEA B Formula) services in the amount of \$57,635 and \$63,792 in 2021 and 2020 respectively, as reported to Por Vida by the fiscal agent. Por Vida is also a member of the Education Service Center Region 20 Carl Perkins, Title I Part C-Migrant, and Title III, Part A-ELA shared services arrangements. Por Vida received \$2,254 and \$3,172 in 2021 and 2020 respectively in Carl Perkins grant; \$333 and \$621 in 2021 and 2020 respectively in Title I Part C-Migrant; and \$167 and \$258 in 2021 and 2020 respectively in Title III, Part A-ELA; as reported to Por Vida, by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, Por Vida has accounted for the special education expenditures within their financial statements.

(14) Net assets

Donor restricted net assets as of August 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Capital assets (net) purchased with state and federal funds	\$ 719,941	\$ 752,004
Federal and state program activities	<u>862,931</u>	<u>610,848</u>
Total donor restricted assets	<u>\$ 1,582,872</u>	<u>\$ 1,362,852</u>

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 and 2020

(15) Liquidity and availability of financial assets

The following reflects Por Vida's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 577,543	\$ 761,785
Grants and other receivables	<u>493,314</u>	<u>47,373</u>
Total financial assets	<u>1,070,857</u>	<u>809,158</u>
Less current liabilities	<u>(229,038)</u>	<u>(174,140)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 841,819</u>	<u>\$ 635,018</u>

Por Vida manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the organization. Excess cash is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months and in local government investment pools.

(16) Evaluation of subsequent events

Por Vida has evaluated subsequent events by Por Vida, Inc.'s management through January 14, 2022, the date which the financial statements were available to be issued. There are no subsequent events for disclosure.

**SUPPLEMENTAL INFORMATION
FOR CHARTER SCHOOL OPERATIONS**



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

**STATEMENT OF ACTIVITIES –
REVENUE AND OTHER SUPPORT BY OBJECT CODE**

For the year ended August 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Local support:			
5720 Local revenue from other school districts	\$ 2,396,383	\$ -	\$ 2,396,383
5740 Other revenues from local sources	6,011	-	6,011
5750 Revenues from cocurricular, enterprising	361	-	361
5760 Revenue from intermediate sources	110,886	-	110,886
Total local support	2,513,641	-	2,513,641
State program revenues:			
5810 Foundation school program act revenues	-	1,649,025	1,649,025
5820 State program revenues distributed by Texas Education Agency	-	32,794	32,794
Total state program revenues	-	1,681,819	1,681,819
Federal program revenues:			
5910 Federal revenues distributed by the Education Service Center, Region 20	-	2,754	2,754
5910 Federal revenues distributed by Southwest Preparatory Charter School	-	57,634	57,634
5920 Federal revenues distributed by the Texas	-	242,969	242,969
5940 Federal revenues distributed directly from the Federal Government	-	848,500	848,500
Total federal program revenues	-	1,151,857	1,151,857
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	2,613,656	(2,613,656)	-
Total revenues and other support	5,127,297	220,020	5,347,317
EXPENSES			
11 Instruction	3,111,824	-	3,111,824
13 Curriculum development and instructional staff development	440	-	440
21 Instructional leadership	105,350	-	105,350
23 School leadership	479,874	-	479,874
31 Guidance, counseling, and evaluation services	127,465	-	127,465
32 Social work services	151,088	-	151,088
33 Health services	7,042	-	7,042
34 Student (pupil) transportation	18,135	-	18,135
35 Food services	26,530	-	26,530
41 General administration	514,159	-	514,159
51 Plant maintenance and operations	537,081	-	537,081
52 Security and monitoring services	6,793	-	6,793
53 Data processing services	40,869	-	40,869
61 Community services	2,330	-	2,330
71 Debt service	8,779	-	8,779
Total expenses	5,137,759	-	5,137,759
CHANGE IN NET ASSETS	(10,462)	220,020	209,558
NET ASSETS - BEGINNING OF YEAR	17,261	1,362,852	1,380,113
NET ASSETS - END OF YEAR	\$ 6,799	\$ 1,582,872	\$ 1,589,671

POR VIDA, INC.

SCHEDULE OF EXPENSES

For the year ended August 31, 2021

	<u>TOTAL</u>
EXPENSES	
6100 Payroll costs	\$ 4,136,041
6200 Professional and contracted services	660,869
6300 Supplies and materials	123,903
6400 Other operating costs	208,167
6500 Debt	<u>8,779</u>
	<u>\$ 5,137,759</u>

POR VIDA, INC.

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

For the year ended August 31, 2021

<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>
None					

POR VIDA, INC.

SCHEDULE OF RELATED PARTY TRANSACTIONS

For the year ended August 31, 2021

<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>
Blessed Sacramento Academy	Sister Odilia Korenek	Board President	Financial	Annual Lease Agreement	State	Monthly	\$48,000	\$0

POR VIDA, INC.

SCHEDULE OF RELATED PARTY COMPENSATION AND BENEFITS

For the year ended August 31, 2021

<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>
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None

POR VIDA, INC.

**BUDGETARY COMPARISON SCHEDULE -
BUDGET VARIANCE ORIGINAL TO FINAL**

For the year ended August 31, 2021

	BUDGET		ACTUAL	BUDGET VARIANCE ORIGINAL TO FINAL POSITIVE OR (NEGATIVE)
	ORIGINAL	FINAL		OR (NEGATIVE)
REVENUE				
Local support:				
5720 Local revenue from other school districts	\$ -	\$ 2,063,200	\$ 2,396,383	\$ 2,063,200 (1)
5740 Other revenues from local sources	-	6,461	6,011	6,461 (2)
5750 Revenues from cocurricular, enterprising services or activities	-	361	361	361 (3)
5760 Revenue from intermediate sources	-	100,000	110,886	100,000 (4)
State support:				
5810 Foundation school program act revenues	2,138,824	2,163,562	1,649,025	24,738
5820 State program revenues distributed by Texas Education Agency	-	52,021	32,794	52,021 (5)
Federal program revenues:				
5910 Federal revenues distributed by the Education Service Center, Region 20	-	-	2,754	-
5910 Federal revenues distributed by Southwest Preparatory Charter School	-	-	57,634	-
5920 Federal revenues distributed by the Texas Education Agency	-	240,473	242,969	240,473 (6)
5940 Federal revenues distributed directly from the Federal Government	-	-	848,500	-
Total revenues	<u>2,138,824</u>	<u>4,626,078</u>	<u>5,347,317</u>	<u>2,487,254</u>
EXPENSES				
11 Instruction	579,236	2,649,618	3,111,824	2,070,382 (7)
13 Curriculum development and instructional staff development	-	-	440	-
21 Instructional leadership	101,845	103,820	105,350	1,975
23 School leadership	308,764	494,602	479,874	185,838 (8)
31 Guidance, counseling and evaluation services	110,310	99,702	127,465	(10,608) (9)
32 Social work services	105,006	151,088	151,088	46,082 (10)
33 Health services	10,310	7,042	7,042	(3,268) (11)
34 Student (pupil) transportation	2,700	18,135	18,135	15,435 (12)
35 Food services	54,203	26,847	26,530	(27,356) (13)
41 General administration	387,707	509,542	514,159	121,835 (14)
51 Plant maintenance and operations	405,044	519,554	537,081	114,510 (15)
52 Security and monitoring services	3,206	6,793	6,793	3,587 (16)
53 Data processing services	44,361	40,741	40,869	(3,620)
61 Community services	-	-	2,330	-
71 Debt	26,132	8,920	8,779	(17,212) (17)
Total expenses	<u>2,138,824</u>	<u>4,636,404</u>	<u>5,137,759</u>	<u>2,497,580</u>
CHANGE IN NET ASSETS	-	(10,326)	209,558	(10,326)
NET ASSETS - BEGINNING OF YEAR	<u>1,380,113</u>	<u>1,380,113</u>	<u>1,380,113</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 1,380,113</u>	<u>\$ 1,369,787</u>	<u>\$ 1,589,671</u>	<u>\$ (10,326)</u>

POR VIDA, INC.

**NOTE TO BUDGETARY COMPARISON SCHEDULE –
BUDGET VARIANCE ORIGINAL TO FINAL**

For the year ended August 31, 2021

Note 1: Variance between original and final budget

- (1) Object code 5729 Fund 167 was under budget by \$64,607. Object code 5729 Fund 174 was under budget by \$561,955. Object code 5729 Fund 190 payroll services was under budget \$1,436,638.
- (2) Object code 5744 Fund 161 was under budget by \$11. Object code 5749 Fund 161 was under budget by \$6,000. Object code 5742 Fund 420 bank interest \$450 was not included in original budget.
- (3) Object code 5751 Fund 161 staff cafeteria sales was not in original budget \$361.
- (4) Object code 5769 Fund 420 YES payroll services not in original budget \$100,000.
- (5) Object code 5829 Fund 410 was not in original budget by \$52,021. Fund 410 was awarded after 9/1/20.
- (6) Object code 5929 Fund 211 was over budget by \$8,785. Object code 5929 Fund 212 was not in original budget \$333. Object code 5929 Fund 244 was not in original budget \$2,254. Object code 5929 Fund 255 was over budget \$800. Object code 5929 Fund 263 was not in original budget \$167. Object code 5929 Fund 266 was not in original budget \$34,300. Object code 5929 Fund 289 was over budget by \$1,545. Object code 5929 Fund 420 was not in original budget, 2nd PPP loan \$848,500.
- (7) Function 11 Fund 161 payroll costs was not in original budget \$2,283. Function 11 Fund 161 was not in original budget \$4,088. Function 11 Fund 167 payroll was not in original budget \$33,835. Function 11 Fund 174 payroll was not in original budget by \$299,335. Function 11 Fund 190 payroll was not in original budget \$1,436,638. Function 11 Fund 211 was not in original budget in payroll costs \$104,750. Function 11 Fund 211 supplies and materials was not in original budget \$41,767. Function 11 Fund 255 was over budget \$9,117. Function 11 Fund 266 was not in original budget \$34,300. Function 11 Fund 410 was not in original budget \$52,021. Function 11 Fund 420 was under budget \$14,218. Function 11 Fund 420 was under budget \$35,846.
- (8) Function 23 Fund 174 professional & contracted services was under budget \$169,142. Function 23 Fund 420 payroll costs was over budget \$2,128. Function 23 Fund 420 professional and contracted services was not in original budget \$200. Function 23 Fund 420 supplies & materials was over budget \$1,231. Function 23 Fund 420 other operating costs was under budget \$1,564. Function 23 Fund 481 other operating expenses was not in original budget \$10,327.
- (9) Function 31 Fund 420 payroll costs was under budget \$872. Function 31 Fund 420 professional & contracted services were not in original budget \$200. Function 31 Fund 420 other operating costs was over budget \$11,681.
- (10) Function 32 Fund 211 payroll costs was not in the original budget \$48,356. Function 32 Fund 420 payroll costs was over budget \$2,274.
- (11) Function 33 Fund 420 professional & contracted services was over budget \$3,268.
- (12) Function 34 Fund 420 professional & contracted services was under budget \$15,337. Function 34 Fund 420 supplies & materials was over budget \$171. Function 34 Fund 420 other operating costs was not in original budget \$269.

POR VIDA, INC.

**NOTE TO BUDGETARY COMPARISON SCHEDULE –
BUDGET VARIANCE ORIGINAL TO FINAL**

For the year ended August 31, 2021

Note 1: Variance between original and final budget (continued)

- (13) Function 35 Fund 420 payroll costs was over budget \$27,890. Function 35 Fund 420 supplies & materials was not in original budget \$332. Function 35 Fund 420 other operating costs was not in original budget \$202.
- (14) Function 41 Fund 167 payroll costs was not in original budget \$30,772. Function 41 Fund 174 payroll costs was not in original budget \$89,770. Function 41 Fund 420 payroll cost was over budget \$9,141. Function 41 Fund 420 professional & contracted services was under budget \$1,031. Function 41 Fund 420 supplies & materials was under budget \$1,875. Function 41 Fund 420 other operating costs was under budget \$7,528.
- (15) Function 51 Fund 420 payroll costs was under budget \$10,771. Function 51 Fund 420 professional & contracted services was under budget \$101,044. Function 51 Fund 420 supplies & materials was under budget \$3,109. Function 51 Fund 420 other operating costs was over budget \$415.
- (16) Function 52 Fund 420 professional & contracted services was under budget \$3,587.
- (17) Function 71 Fund 420 was over budget \$17,212.

POR VIDA, INC.

**BUDGETARY COMPARISON SCHEDULE –
VARIANCE WITH FINAL BUDGET**

For the year ended August 31, 2021

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)	
	ORIGINAL	FINAL			
REVENUE					
Local support:					
5720 Local revenue from other school districts	\$ -	\$ 2,063,200	\$ 2,396,383	\$ 333,183	(1)
5740 Other revenues from local sources	-	6,461	6,011	(450)	
5750 Revenues from cocurricular, enterprising services or activities	-	361	361	-	
5760 Revenue from intermediate sources	-	100,000	110,886	10,886	(2)
State support:					
5810 Foundation school program act revenues	2,138,824	2,163,562	1,649,025	(514,537)	(3)
5820 State program revenues distributed by Texas Education Agency	-	52,021	32,794	(19,227)	(4)
Federal program revenues:					
5910 Federal revenues distributed by the Education Service Center, Region 20	-	-	2,754	2,754	(5)
5910 Federal revenues distributed by Southwest Preparatory Charter School	-	-	57,634	57,634	(6)
5920 Federal revenues distributed by the Texas Education Agency	-	240,473	242,969	2,496	
5940 Federal revenues distributed directly from the Federal Government	-	-	848,500	848,500	(7)
Total revenues	<u>2,138,824</u>	<u>4,626,078</u>	<u>5,347,317</u>	<u>721,239</u>	
EXPENSES					
11 Instruction	579,236	2,649,618	3,111,824	(462,206)	(8)
13 Curriculum development and instructional staff development	-	-	440	(440)	
21 Instructional leadership	101,845	103,820	105,350	(1,530)	
23 School leadership	308,764	494,602	479,874	14,728	
31 Guidance, counseling and evaluation services	110,310	99,702	127,465	(27,763)	(9)
32 Social work services	105,006	151,088	151,088	-	
33 Health services	10,310	7,042	7,042	-	
34 Student (pupil) transportation	2,700	18,135	18,135	-	
35 Food services	54,203	26,847	26,530	317	
41 General administration	387,707	509,542	514,159	(4,617)	
51 Plant maintenance and operations	405,044	519,554	537,081	(17,527)	
52 Security and monitoring services	3,206	6,793	6,793	-	
53 Data processing services	44,361	40,741	40,869	(128)	
61 Community services	-	-	2,330	(2,330)	
71 Debt	26,132	8,920	8,779	141	
Total expenses	<u>2,138,824</u>	<u>4,636,404</u>	<u>5,137,759</u>	<u>(501,355)</u>	
CHANGE IN NET ASSETS	-	(10,326)	209,558	(10,326)	
NET ASSETS - BEGINNING OF YEAR	<u>1,380,113</u>	<u>1,380,113</u>	<u>1,380,113</u>	<u>-</u>	
NET ASSETS - END OF YEAR	<u>\$ 1,380,113</u>	<u>\$ 1,369,787</u>	<u>\$ 1,589,671</u>	<u>\$ 219,884</u>	

POR VIDA, INC.

**NOTE TO BUDGETARY COMPARISON SCHEDULE –
VARIANCE WITH FINAL BUDGET**

For the year ended August 31, 2021

Note 1: Variance between actual and final budget

- (1) Object code 5929 Funds 167, 174 and 190 were revenues received that were not budgeted for \$333,183.
- (2) Object code 5769 Fund 420 was payroll revenue under budget \$10,886.
- (3) Object code 5811 per capita apportionment and Object code 5812 were over budget. Object code 5819 was not in original budget.
- (4) Object code 5829 was over budget \$19,227.
- (5) Revenue was not budgeted for the Region 20 shared service arrangements.
- (6) Revenue was not budgeted for the Southwest Preparatory Charter School shared service arrangement.
- (7) Revenue was not budgeted for the forgiveness of a Paycheck Protection Program (PPP) loan.
- (8) Function 11 Fund 161 was under budget \$219. Function 11 Fund 167 payroll costs was under budget \$61,327. Function 11 Fund 174 payroll costs was under budget \$233,408. Function 11 Fund 190 payroll costs was under budget \$36,814. Function 11 Fund 420 was over budget \$19,227.
- (9) Function 31 Fund 420 payroll costs was under budget \$872. Function 31 Fund 420 professional & contracted services was not in original budget \$200. Function 31 Fund 420 other operating costs was over budget \$11,681.

**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
Por Vida, Inc.
San Antonio, Texas

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 Por Vida, Inc. (a nonprofit organization) (Por Vida), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Por Vida'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Por Vida's internal control. Accordingly, we do not express an opinion on the effectiveness of Por Vida'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 or significant deficiencies. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Por Vida'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 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 Por Vida'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.

ABIP, PC

San Antonio, Texas
January 14, 2022

POR VIDA, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended August 31, 2021

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies(s) identified that are not considered to be material weaknesses? Yes X None

Noncompliance material to financial statements noted? Yes X No

SECTION II: FINANCIAL STATEMENT FINDINGS

None

SECTION III: SUMMARY OF PRIOR AUDIT FINDINGS

None