

POR VIDA, INC.

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEARS ENDED
AUGUST 31, 2022 AND 2021

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CPAs | ADVISORS

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



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

TABLE OF CONTENTS

August 31, 2022 and 2021

	<u>PAGE</u>	<u>EXHIBIT</u>
CERTIFICATE OF BOARD	i	
INDEPENDENT AUDITOR'S REPORT	1-2	
FINANCIAL STATEMENTS:		
Statements of Financial Position	5	
Statements of Activities	6-9	
Statements of Functional Expenses	10-11	
Statements of Cash Flows	12	
Notes to Financial Statements	13-23	
SUPPLEMENTAL INFORMATION FOR CHARTER SCHOOL OPERATIONS:		
Statement of Activities – Revenue and Other Support by Object Code	27	
Schedule of Expenses	28	
Schedule of Assets	29	
Schedule of Capital Assets	30	
Schedule of Real Property Ownership Interest	31	
Schedule of Related Party Transactions	32	
Schedule of Related Party Compensation and Benefits	33	
Budgetary Comparison Schedule – Variance with Final Budget	34	
COMPLIANCE AND INTERNAL CONTROL:		
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 <i>Government Auditing Standards</i>	35-36	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	37-39	
Schedule of Expenditures of Federal Awards	41	
Notes to the Schedule of Expenditures of Federal Awards	42	
Schedule of Findings and Questioned Costs	43	
Schedule of Prior Year Fundings and Questioned Costs	44	
Use of Funds – Select State Allotment Programs	45	J-4



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

CERTIFICATE OF BOARD

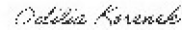
August 31, 2022

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, 2022, at a meeting of the governing body of said charter school on the 10th day of January 2023.



Armanda Isai Melgoza | Jan 24, 2023 09:20 CST

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

Opinion

We have audited the accompanying financial statements of Por Vida, Inc. (a nonprofit organization) (Por Vida), which comprise the statement of financial position as of August 31, 2022 and 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Por Vida, as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Por Vida 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Por Vida'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 Por Vida'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 accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2023, 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 10, 2023

FINANCIAL STATEMENTS



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

STATEMENTS OF FINANCIAL POSITION

As of August 31,

	<u>ASSETS</u>	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 561,268	\$ 577,543
Receivables:		
Due from governments	151,722	329,544
Other receivables	2,849	163,770
Prepayments and deposits	9,000	9,000
Total current assets	724,839	1,079,857
Capital assets (net of accumulated depreciation)	812,094	860,379
Total assets	\$ 1,536,933	\$ 1,940,236
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 2,605	\$ 87,326
Payroll deductions and withholdings payable	43,022	122,801
Deferred revenue	-	-
Loan payable	19,976	18,911
Total current liabilities	65,603	229,038
NON-CURRENT LIABILITIES - loan payable	101,939	121,527
Total liabilities	167,542	350,565
 NET ASSETS		
Without donor restrictions	(3,512)	6,799
With donor restrictions:		
Net invested in capital assets	690,179	719,941
Program activities	682,724	862,931
Total net assets	1,369,391	1,589,671
Total liabilities and net assets	\$ 1,536,933	\$ 1,940,236

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

For the year ended August 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Local support:			
Contributions	\$ 1,763,282	\$ -	\$ 1,763,282
Food service activity	5,880	-	5,880
Charges for services	101,166	-	101,166
Total local support	1,870,328	-	1,870,328
State program revenues:			
Foundation School Program	-	1,363,548	1,363,548
Other state aids	-	98,538	98,538
Total state program revenues	-	1,462,086	1,462,086
Federal program revenues:			
Title I, Part A-Improving Basic Programs	-	104,969	104,969
Title II, Part A-TPTR	-	12,571	12,571
IDEA, Part B	-	61,130	61,130
Carl Perkins Grant	-	1,575	1,575
Title I, Part C-Migrant	-	2	2
Title III, Part A-ELA	-	395	395
Title IV, Part A-Subpart 1	-	9,606	9,606
Payroll Protection Program	-	-	-
ESSER Grant II	-	322,311	322,311
ESSER Grant III	-	503,234	503,234
Covid-19 School Health Support Grant	-	5,053	5,053
Federal E-rate Revenue	-	122,023	122,023
Total federal program revenues	-	1,142,869	1,142,869
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	2,814,924	(2,814,924)	-
Total revenues and other support	4,685,252	(209,969)	4,475,283

(continued)

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

POR VIDA, INC.

STATEMENT OF ACTIVITIES

For the year ended August 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
EXPENSES			
Program services:			
11 Instruction	\$ 2,891,711	\$ -	\$ 2,891,711
13 Curriculum development and instructional staff development	1,390	-	1,390
21 Instructional leadership	27,262	-	27,262
23 School leadership	386,638	-	386,638
31 Guidance, counseling, and evaluation services	162,291	-	162,291
32 Social work services	75,210	-	75,210
33 Health services	7,748	-	7,748
34 Student (pupil) transportation	5,408	-	5,408
35 Food service	33,631	-	33,631
36 Cocurricular/extracurricular activities	5,322	-	5,322
41 General administration	384,706	-	384,706
51 Plant maintenance and operations	593,065	-	593,065
52 Security and monitoring services	50,505	-	50,505
53 Data processing services	62,604	-	62,604
61 Community services	463	-	463
71 Debt service	<u>7,609</u>	<u>-</u>	<u>7,609</u>
Total expenses	<u>4,695,563</u>	<u>-</u>	<u>4,695,563</u>
OTHER FINANCING SOURCES (USES)			
8949 Payment to agency	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(10,311)	(209,969)	(220,280)
NET ASSETS - BEGINNING OF YEAR	<u>6,799</u>	<u>1,582,872</u>	<u>1,589,671</u>
NET ASSETS - END OF YEAR	<u>\$ (3,512)</u>	<u>\$ 1,372,903</u>	<u>\$ 1,369,391</u>

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 I, Priority School Improvement Grants	-	1,300	1,300
Child Nutrition	-	57,634	57,634
Title II, Part A-TPTR	-	-	-
IDEA, Part B	-	-	-
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

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
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
36 Cocurricular/extracurricular activities	-	-	-
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>
OTHER FINANCING SOURCES (USES)			
8949 Payment to agency	<u>-</u>	<u>-</u>	<u>-</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.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended August 31, 2022

	PROGRAM ACTIVITIES			SUPPORTING ACTIVITIES	TOTALS
	INSTRUCTION SERVICES	SCHOOL LEADERSHIP	STUDENT SUPPORT	GENERAL AND ADMINISTRATIVE	2022
EXPENSES					
Salaries and wages	\$ 2,359,165	\$ 292,800	\$ 199,553	\$ 359,605	\$ 3,211,123
Benefits	214,952	33,921	28,919	32,801	310,593
Payroll taxes	<u>33,550</u>	<u>3,729</u>	<u>2,695</u>	<u>4,887</u>	<u>44,861</u>
Total payroll expenses	<u>2,607,667</u>	<u>330,450</u>	<u>231,167</u>	<u>397,293</u>	<u>3,566,577</u>
Professional services	33,187	-	-	135,749	168,936
Maintenance and repairs	-	-	3,265	85,491	88,756
Utilities	-	-	-	133,227	133,227
Rental expense	144	-	142	153,081	153,367
Consulting	-	-	-	13	13
Miscellaneous contracted services	19,727	65,259	7,748	14,271	107,005
Supplies	109,393	34	26,306	31,314	167,047
Food	-	-	7,334	-	7,334
Travel	1,546	808	56	7,170	9,580
Insurance and bonding costs	-	-	-	69,915	69,915
Depreciation	-	-	-	48,285	48,285
Other	121,438	17,349	13,591	15,534	167,912
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,609</u>	<u>7,609</u>
Total non-payroll expenses	<u>285,435</u>	<u>83,450</u>	<u>58,442</u>	<u>701,659</u>	<u>1,128,986</u>
Total expenses	<u>\$ 2,893,102</u>	<u>\$ 413,900</u>	<u>\$ 289,609</u>	<u>\$ 1,098,952</u>	<u>\$ 4,695,563</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, 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
Consulting	-	-	-	-	-
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 CASH FLOWS

For the years ended August 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Foundation School Program	\$ 1,363,548	\$ 1,649,025
Cash received from grantors	1,419,229	902,280
Cash received from contributors	1,924,203	2,231,108
Cash received from food service activity	5,880	361
Cash received from other sources	101,166	110,886
Cash paid to suppliers for goods and services	(1,157,814)	(922,335)
Cash paid to employees for services	(3,646,355)	(4,057,034)
Interest payments	(7,609)	(8,779)
Net cash provided in (used by) operating activities	2,248	(94,488)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from loan proceeds	-	-
Loan payments	(18,523)	(89,754)
Net cash provided in (used by) financing activities	(18,523)	(89,754)
Net increase (decrease) in cash and cash equivalents	(16,275)	(184,242)
CASH AND CASH EQUIVALENTS - BEGINNING	577,543	761,785
CASH AND CASH EQUIVALENTS - ENDING	\$ 561,268	\$ 577,543
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (220,280)	\$ 209,558
Adjustments to reconcile change in net assets to net cash provided for operating activities		
Depreciation	48,285	49,966
Decrease (increase) in assets		
Receivables	338,743	(445,941)
Increase (decrease) in liabilities		
Accounts payable	(84,721)	20,638
Deferred revenue	-	(7,716)
Payroll deductions and withholdings payable	(79,779)	79,007
NET CASH PROVIDED IN (USED BY) OPERATING ACTIVITIES	\$ 2,248	\$ (94,488)

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

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(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, 2022 and 2021

(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.

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, 2022 and 2021

(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, 2022 and 2021, Por Vida, Inc. had uninsured cash balances of \$361,697 and \$393,134, 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, 2022 and 2021.

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 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 that 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 the fair value as follows:

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(1) Summary of significant accounting policies (continued)

Fair value of financial instruments (continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets for liabilities that the charter holder can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability.

(2) Capital assets

An analysis of capital assets as of August 31, 2022, is presented as follows:

	OBJECT CODE	COST	ACCUMULATED DEPRECIATION	NET
Leasehold improvements	1520	\$ 2,025,635	\$ 1,213,541	\$ 812,094
Furniture and equipment	1540	126,483	126,483	-
Vehicles	1531	119,641	119,641	-
Totals		\$ 2,271,759	\$ 1,459,665	\$ 812,094

Depreciation expense for the current year was \$48,284.

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	119,641	119,641	-
Totals		\$ 2,271,759	\$ 1,411,380	\$ 860,379

Depreciation expense for 2021 was \$49,967.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(3) Ownership in property and equipment

As of August 31, 2022, 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, 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>

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(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. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

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% 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 1 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2009, 2008 and 2007, and a state contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007. The charter school's employees' contributions to the system for the years ending August 31, 2022 and 2021 were \$252,069 and \$276,994, respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum for the years ending August 31, 2022 and 2021 were \$180,980 and \$272,703, respectively, equal to the required contributions for each year.

(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, 2022 and 2021, 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 2022 and 2021, Por Vida contributed \$103,463 and \$117,409 respectively, for charter employees.

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(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, 2022 and 2021 are summarized below. All federal grants shown below are passed through the TEA or other agencies.

PROGRAM	2022 AMOUNT	2021 AMOUNT
Federal and state programs	\$ 151,722	\$ 329,544
Total due from governments	\$ 151,722	\$ 329,544

(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, 2022 are as follows:

YEARS ENDING AUGUST 31,	AMOUNT
2023	\$ 89,338
2024	84,140
Total	\$ 173,478

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

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(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, 2022 and 2021 was \$121,915 and \$140,438, respectively. Interest expense related to this note was \$7,608 and \$8,229 for 2022 and 2021, respectively.

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, 2022 are as follows:

	ORIGINAL PROCEEDS	INTEREST RATE	BALANCE 8/31/2021	ADDITIONS	REDUCTIONS	BALANCE 8/31/2022	DUE WITHIN ONE YEAR
Frost Bank							
Frost Bank school building loan	\$ 200,000	5.549%	\$ 140,438	\$ -	\$ 18,523	\$ 121,915	\$ 19,976

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>

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(9) Loans (continued)

As of August 31, 2022, summary information for future note payments through 2027 and thereafter were as follows:

<u>YEARS ENDING</u> <u>AUGUST 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
2027	24,869	1,263	26,132
Thereafter	<u>10,138</u>	<u>122</u>	<u>10,260</u>
Totals	<u>\$ 121,914</u>	<u>\$ 19,006</u>	<u>\$ 140,920</u>

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

<u>YEARS ENDING</u> <u>AUGUST 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>

(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 for 2022 and 2021. 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, 2022 and 2021

(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 2022 and 2021, 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 \$61,121 and \$57,635 in 2022 and 2021 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 \$1,575 and \$2,254 in 2022 and 2021 respectively in Carl Perkins grant; \$0 and \$333 in 2022 and 2021 respectively in Title I Part C-Migrant; and \$395 and \$167 in 2022 and 2021 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>2022</u>	<u>2021</u>
Capital assets (net) purchased with state and federal funds	\$ 690,179	\$ 719,941
Federal and state program activities	<u>682,724</u>	<u>862,931</u>
Total donor restricted assets	<u>\$ 1,372,903</u>	<u>\$ 1,582,872</u>

POR VIDA, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

(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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 561,268	\$ 577,543
Grants and other receivables	<u>154,571</u>	<u>493,314</u>
Total financial assets	<u>715,839</u>	<u>1,070,857</u>
Less current liabilities	<u>(65,603)</u>	<u>(229,038)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 650,236</u>	<u>\$ 841,819</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 10, 2023, the date which the financial statements were available to be issued. There are no subsequent events for disclosure.



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

**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, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Local support:			
5720 Local revenue from other school districts	\$ 1,762,347	\$ -	\$ 1,762,347
5740 Other revenues from local sources	935	-	935
5750 Revenues from cocurricular, enterprising	5,880	-	5,880
5760 Revenue from intermediate sources	<u>101,166</u>	<u>-</u>	<u>101,166</u>
Total local support	<u>1,870,328</u>	<u>-</u>	<u>1,870,328</u>
State program revenues:			
5810 Foundation school program revenues	-	1,363,548	1,363,548
5820 State program revenues distributed by Texas Education Agency	<u>-</u>	<u>98,538</u>	<u>98,538</u>
Total state program revenues	<u>-</u>	<u>1,462,086</u>	<u>1,462,086</u>
Federal program revenues:			
5910 Federal revenues distributed by the Education Service Center, Region 20	-	1,972	1,972
5910 Federal revenues distributed by Southwest Preparatory Charter School	-	61,130	61,130
5920 Federal revenues distributed by the Texas Education Agency	-	952,691	952,691
5930 Federal revenues distributed by other Texas Agencies	-	127,076	127,076
5940 Federal revenues distributed directly from the Federal Government	<u>-</u>	<u>-</u>	<u>-</u>
Total federal program revenues	<u>-</u>	<u>1,142,869</u>	<u>1,142,869</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	<u>2,814,924</u>	<u>(2,814,924)</u>	<u>-</u>
Total revenues and other support	<u>4,685,252</u>	<u>(209,969)</u>	<u>4,475,283</u>
EXPENSES			
11 Instruction	2,891,711	-	2,891,711
13 Curriculum development and instructional staff development	1,390	-	1,390
21 Instructional leadership	27,262	-	27,262
23 School leadership	386,638	-	386,638
31 Guidance, counseling, and evaluation services	162,291	-	162,291
32 Social work services	75,210	-	75,210
33 Health services	7,748	-	7,748
34 Student (pupil) transportation	5,408	-	5,408
35 Food services	33,631	-	33,631
36 Cocurricular/extracurricular activities	5,322	-	5,322
41 General administration	384,706	-	384,706
51 Plant maintenance and operations	593,065	-	593,065
52 Security and monitoring services	50,505	-	50,505
53 Data processing services	62,604	-	62,604
61 Community services	463	-	463
71 Debt service	<u>7,609</u>	<u>-</u>	<u>7,609</u>
Total expenses	<u>4,695,563</u>	<u>-</u>	<u>4,695,563</u>
CHANGE IN NET ASSETS	(10,311)	(209,969)	(220,280)
NET ASSETS - BEGINNING OF YEAR	<u>6,799</u>	<u>1,582,872</u>	<u>1,589,671</u>
NET ASSETS - END OF YEAR	<u>\$ (3,512)</u>	<u>\$ 1,372,903</u>	<u>\$ 1,369,391</u>

POR VIDA, INC.

SCHEDULE OF EXPENSES

For the year ended August 31, 2022

	<u>TOTAL</u>
EXPENSES	
6100 Payroll costs	\$ 3,566,576
6200 Professional and contracted services	651,304
6300 Supplies and materials	174,381
6400 Other operating costs	295,693
6500 Debt	<u>7,609</u>
	<u>\$ 4,695,563</u>

POR VIDA, INC.

SCHEDULE OF ASSETS

For the year ended August 31, 2022

	OBJECT CODE	OWNERSHIP INTEREST		
		LOCAL	STATE	FEDERAL
Cash and cash equivalents	1110	\$ 9,181	\$ 565,425	\$ (13,338)
Due from other governments	1240	-	108,894	42,827
Other receivables	1290	2,850	-	-
Buildings and improvements	1520	-	343,296	468,798
Other assets	1990	-	9,000	-
		<u>-</u>	<u>9,000</u>	<u>-</u>
Total property and equipment		<u>\$ 12,031</u>	<u>\$ 1,026,615</u>	<u>\$ 498,287</u>

POR VIDA, INC.

SCHEDULE OF CAPITAL ASSETS

For the year ended August 31, 2022

	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>

POR VIDA, INC.

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

For the year ended August 31, 2022

<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>
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None

POR VIDA, INC.

SCHEDULE OF RELATED PARTY TRANSACTIONS

For the year ended August 31, 2022

<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, 2022

<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 –
VARIANCE WITH FINAL BUDGET**

For the year ended August 31, 2022

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)
	ORIGINAL	FINAL		OR (NEGATIVE)
REVENUE				
Local support:				
5720 Local revenue from other school districts	\$ -	\$ -	\$ 1,762,347	\$ 1,762,347
5740 Other revenues from local sources	-	900	935	35
5750 Revenues from cocurricular, enterprising services or activities	-	-	5,880	5,880
5760 Revenue from intermediate sources	-	100,000	101,166	1,166
State support:				
5810 Foundation school program act revenues	1,762,449	1,695,741	1,363,548	(332,193)
5820 State program revenues distributed by Texas Education Agency	-	-	98,538	98,538
Federal program revenues:				
5910 Federal revenues distributed by the Education Service Center, Region 20	-	-	1,972	1,972
5910 Federal revenues distributed by Southwest Preparatory Charter School	-	-	61,130	61,130
5920 Federal revenues distributed by the Texas Education Agency	-	-	952,691	952,691
5930 Federal revenues distributed by other Texas Agencies	-	-	127,076	127,076
Total revenues	<u>1,762,449</u>	<u>1,796,641</u>	<u>4,475,283</u>	<u>2,678,642</u>
EXPENSES				
11 Instruction	402,260	423,403	2,891,711	(2,468,308)
13 Curriculum development and instructional staff development	-	-	1,390	(1,390)
21 Instructional leadership	30,272	27,358	27,262	96
23 School leadership	345,924	311,518	386,638	(75,120)
31 Guidance, counseling and evaluation services	630	630	162,291	(161,661)
32 Social work services	-	-	75,210	(75,210)
33 Health services	10,310	8,316	7,748	568
34 Student (pupil) transportation	4,200	6,153	5,408	745
35 Food services	34,436	34,044	33,631	413
36 Cocurricular/extracurricular activities	5,252	5,547	5,322	225
41 General administration	372,883	319,445	384,706	(65,261)
51 Plant maintenance and operations	439,395	538,280	593,065	(54,785)
52 Security and monitoring services	64,296	52,509	50,505	2,004
53 Data processing services	44,363	61,208	62,604	(1,396)
61 Community services	-	-	463	(463)
71 Debt	8,229	8,229	7,609	620
Total expenses	<u>1,762,449</u>	<u>1,796,641</u>	<u>4,695,563</u>	<u>(2,898,922)</u>
CHANGE IN NET ASSETS	(0)	0	(220,280)	(220,280)
NET ASSETS - BEGINNING OF YEAR	<u>1,589,671</u>	<u>1,589,671</u>	<u>1,589,671</u>	-
NET ASSETS - END OF YEAR	<u>\$ 1,589,671</u>	<u>\$ 1,589,671</u>	<u>\$ 1,369,391</u>	<u>\$ (220,280)</u>

**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, 2022, 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 10, 2023.

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 10, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Por Vida, Inc. (a nonprofit organization) (Por Vida) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Por Vida's major federal programs for the year ended August 31, 2022. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Por Vida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

ABIP, PC

San Antonio, Texas

January 10, 2023



POR VIDA ACADEMY
CHARTER DISTRICT
FOR LIFE

POR VIDA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2022

GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NO.	PROJECT NUMBER	FEDERAL EXPENDITURES
U. S. DEPARTMENT OF EDUCATION			
Passed through State Department of Education			
Title I, Part A - Improving Basis Programs	84.010A	S010A210043	\$ 89,960
Title I 1003 School Improvement	84.010A	S010A210043	<u>15,009</u>
Total Federal Assistance Listing Number 84.010A			<u>104,969</u>
Title II, Part A - Supporting Effective Instructions	84.367A	S367A210041	12,572
COVID-19 School Health Support	93.323	6 NU50CK000501 - 02 - 06	5,053
CRRSA Esser II	84.425D	S425D210042	322,311
ARP Esser III	84.425U	S425U210042	390,852
TCLAS High-Quality After-School	84.425U	S425U210042	<u>112,382</u>
Total Federal Assistance Listing Number 84.425U			<u>503,234</u>
Title IV, Part A Subpart I	84.424A	22680101015801	9,606
Passed through Southwest Preparatory School			
IDEA, Part B - Formula	84.027A	226600010158076600	61,121
ARP- IDEA B	84.027A	226600010158076600	<u>8</u>
Total Federal Assistance Listing Number 84.027A			<u>61,129</u>
Passed through Education Service Center Region 20			
Carl Perkins Grant - SSA	84.048	22420006015950	1,972
Total U.S. Department of Education			<u>1,020,846</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			<u>\$ 1,020,846</u>

POR VIDA, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2022

1. For all federal programs, Por Vida, Inc. used the net asset classes and codes specified by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. Temporarily restricted net asset codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted net asset codes.
2. Expenditures for the National School Lunch and Breakfast Program are not specifically attributable to the federal revenue source and are on the schedule in an amount equal to federal revenue.
3. The United States Department of Education has given the Texas Education Agency (TEA) authority to issue indirect cost rates for the Texas School Districts and Charter Schools. To recover any indirect costs, the School must request and receive new indirect cost rates for every school year allowed by the Uniform Guidance Part 200.57. The School has elected not to use the 10% de minimis indirect cost rate.
4. There were no awards passed through to subrecipients.

POR VIDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended August 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

<i>Financial Statements</i>		
Type of auditor's report issued:	Unmodified	
Internal control over financial reporting: • Material weakness(es) identified?	Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified not considered to be material weaknesses?	Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	Yes	<input checked="" type="checkbox"/> No

<i>Federal Awards</i>		
Internal control over major programs: • Material weakness(es) identified?	Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified not considered to be material weaknesses?	Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes	<input checked="" type="checkbox"/> No

<i>Identification of Major Programs</i>		
Federal Assistance Listing Numbers(s)	Name of Federal Program or Cluster	
84.425D, 84.425U	COVID-19 Elementary & Secondary School Emergency Relief Funds I & II	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	Yes	<input checked="" type="checkbox"/> No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

POR VIDA, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the year ended August 31, 2022

There were no prior audit findings reported.

POR VIDA, INC.

USE OF FUNDS – SELECT STATE ALLOTMENT PROGRAMS

For the year ended August 31, 2022

EXHIBIT J-4

**Data
Codes**

Responses

Section A: Compensatory Education Programs

Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.104.		
AP1	Did your district expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$184,130
AP4	List the actual direct program expenditures for state compensatory education programs during the district’s fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$110,029

Section B: Bilingual Education Programs

Districts are required to spend at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.105.		
AP5	Did your district expend any bilingual education program state allotment funds during the district’s fiscal year?	No
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the district’s fiscal year.	\$ -
AP8	List the actual direct program expenditures for bilingual education programs during the district’s fiscal year. (PICs 25, 35)	\$1,567