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**ARISTOI CLASSICAL ACADEMY, INC.  
(A NON PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended August 31, 2022  
with Comparative Totals for 2021**

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***CPAs and Professional Consultants***



**ARISTOI CLASSICAL ACADEMY, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
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ARISTOI  CLASSICAL  
ACADEMY

**Aristoi Classical Academy, Inc.**  
(Federal Employer Identification Number: 76-0495959)

**CERTIFICATE OF BOARD**

Aristoi Classical Academy, Inc.

Name of Charter Holder

76-0495959

Federal Employer ID Number

Aristoi Classical Academy

Name of Charter School

Harris

County

101-803

County District Number

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Aristoi Classical Academy was reviewed and  approved  disapproved for the year ended August 31, 2022, at a meeting of the governing body of said charter school on the 23 day of January 2023.



Signature of Board President



Signature of Board Secretary



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Aristoi Classical Academy Inc.  
Katy, Texas

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Aristoi Classical Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aristoi Classical Academy, Inc. (the "Academy") as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the Academy's ability to continue as a going concern for twelve months after the date that the financial statements are issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standard* will always detect a material misstatement

when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### ***Report on Summarized Comparative Information***

We have previously audited the Academy's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information identified in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *accompanying supplementary information* is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Board of Directors  
Aristoi Classical Academy, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
January 23, 2023



## **GENERAL PURPOSE FINANCIAL STATEMENTS**



**ARISTOI CLASSICAL ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	August 31,	
	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 3,820,695	\$ 4,958,256
Due from Texas Education Agency	1,890,452	894,974
Other Receivables	-	5,300
Other Assets	-	9,700
Restricted Cash	1,544,208	1,537,292
<b>Total Current Assets</b>	<u>7,255,355</u>	<u>7,405,522</u>
<b>Noncurrent Assets:</b>		
Property and Equipment, net	11,405,516	11,137,154
Right-to-Use Asset, net	1,859,079	2,119,363
<b>Total Noncurrent Assets</b>	<u>13,264,595</u>	<u>13,256,517</u>
<b>Total Assets</b>	<u>\$ 20,519,950</u>	<u>\$ 20,662,039</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 223,675	\$ 93,723
Accrued interest payable	402,000	407,063
Payroll deductions and withholdings	123,341	132,023
Accrued salaries payable	241,484	192,139
Due to State	-	117,538
Current portion of finance lease liability	202,353	1,254,934
Current portion of bonds payable	145,000	135,000
<b>Total Current Liabilities</b>	<u>1,337,853</u>	<u>2,332,420</u>
Bonds net of discount, issue costs and finance lease liability	11,897,103	11,898,928
<b>Total Liabilities</b>	<u>13,234,956</u>	<u>14,231,348</u>
<b>Net Assets:</b>		
Without donor restrictions	3,475,763	3,016,403
With donor restrictions	3,809,231	3,414,288
<b>Total Net Assets</b>	<u>7,284,994</u>	<u>6,430,691</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 20,519,950</u>	<u>\$ 20,662,039</u>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**STATEMENTS OF ACTIVITIES**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>August 31,</u>	
			<u>2022</u>	<u>2021</u>
<b>Revenues</b>				
Local Support:				
Earnings from deposits and investments	\$ 13,405	\$ -	\$ 13,405	\$ 11,861
Gifts and bequests	300,108	-	300,108	85,022
Other revenues from local sources	145,835	-	145,835	100,231
Food Service Activity		38,325	38,325	120,267
<b>Total Local Support</b>	<u>459,348</u>	<u>38,325</u>	<u>497,673</u>	<u>317,381</u>
<b>State Program Revenues:</b>				
Per Capita and Foundation School				
Program Act Revenues	-	11,108,905	11,108,905	10,199,486
State Program Revenues Distributed by Texas Education				
Agency	-	166,764	166,764	164,691
<b>Total State Program Revenues</b>	<u>-</u>	<u>11,275,669</u>	<u>11,275,669</u>	<u>10,364,177</u>
<b>Federal Program Revenues:</b>				
ESEA Title I, Part A	-	64,053	64,053	91,116
ESEA Title II, Part A	-	2,404	2,404	15,426
National School Breakfast and Lunch	-	567,700	567,700	114,345
ESEA Title III, Part A	-	1,180	1,180	836
IDEA Part B, Formula	-	174,160	174,160	133,829
IDEA Part B, Pre-School	-	891	891	1,483
Public Charter Schools	-	-	-	530,287
CARES Act, Section 18003 - Emergency and Secondary				
School Emergency Relief Fund (ESSER) Grant (COVID-	-	12,665	12,665	22,850
Instructional Continuity	-	-	-	7,869
CRRSAA, ESSER II Prior Purchase Reimbursement				
Program (PPRP) (COVID-19)	-	60,930	60,930	63,000
ARP, ESSER III (COVID-19)	-	398,009	398,009	15,397
ARP IDEA Part B Formula (COVID-19)		43,990	43,990	-
ARP IDEA Part B Preschool (COVID-19)		1,978	1,978	-
Supplemental ESSER ARPA (COVID-19)		239,666	239,666	
Texas COVID Learning Acceleration Supports				
(TCLAS) ESSER III (COVID-19)		453,784	453,784	-
Title IV, Part A, Subpart 1	-	83,608	83,608	2,925
Paycheck Protection Program Loan Forgiveness	-	-	-	1,034,348
<b>Total Federal Program Revenues</b>	<u>-</u>	<u>2,105,018</u>	<u>2,105,018</u>	<u>2,033,711</u>
<b>Net Assets Released from Restrictions:</b>				
Restrictions satisfied by payments	13,804,515	(13,804,515)	-	-
<b>Total Revenues</b>	<u>14,263,863</u>	<u>(385,503)</u>	<u>13,878,360</u>	<u>12,715,269</u>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**STATEMENTS OF ACTIVITIES**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>August 31,</u>	
			<u>2022</u>	<u>2021</u>
<b>Expenses</b>				
Instruction	\$ 7,241,093	\$ -	\$ 7,241,093	\$ 5,788,248
Instructional Resources and Media Services	37,309	-	37,309	24,645
Curriculum Development and Instructional Staff Development	91,736	-	91,736	129,197
Instructional Leadership	64,676	-	64,676	65,279
School Leadership	1,392,302	-	1,392,302	985,023
Guidance, Counseling & Evaluation Services	161,335	-	161,335	108,728
Health Services	155,657	-	155,657	117,899
Food Services	465,687	-	465,687	326,537
Extracurricular Activities	106,160	-	106,160	42,186
General Administration	844,997	-	844,997	543,035
Facilities Maintenance and Operations	1,767,749	-	1,767,749	1,875,824
Security and Monitoring Services	54,222	-	54,222	71,800
Data Processing Services	263,565	-	263,565	307,548
Debt Services	913,936	-	913,936	954,033
Fund Raising	244,091	-	244,091	148,133
<b>Total Expenses</b>	<u>13,804,515</u>	<u>-</u>	<u>13,804,515</u>	<u>11,488,115</u>
Change in Net Assets from operations	459,348	(385,503)	73,845	1,227,154
<b>Net Operating Assets, beginning of year</b>	<u>3,016,403</u>	<u>3,414,288</u>	<u>6,430,691</u>	<u>5,203,312</u>
<b>Net Operating Assets, end of year</b>	<u>3,475,751</u>	<u>3,028,785</u>	<u>6,504,536</u>	<u>6,430,466</u>
<b>Non-Operating Revenues (Expenses)</b>				
Gain (loss) on sale of real and personal property	12	780,446	780,458	225
<b>Non-Operating Revenues (Expenses)</b>	<u>12</u>	<u>780,446</u>	<u>780,458</u>	<u>225</u>
<b>Total Change in Net Assets</b>	459,360	394,943	854,303	1,227,379
<b>Net Assets, beginning of year</b>	3,016,403	3,414,288	6,430,691	5,801,064
<b>Prior Period Adjustments</b>	-	-	-	(597,752)
<b>Net Assets, end of year</b>	<u>\$ 3,475,763</u>	<u>\$ 3,809,231</u>	<u>\$ 7,284,994</u>	<u>\$ 6,430,691</u>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>August 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Foundation school program payments	\$ 10,991,367	\$ 10,185,608
Grant payments	1,114,840	1,155,218
Other state and local revenue payments	664,437	485,247
Payments to vendors for goods and services rendered	(3,371,580)	(2,768,169)
Payments to charter school personnel for services rendered	(8,712,381)	(6,722,429)
Interest payments	(897,928)	(937,649)
<b>Net cash provided for (used by) operating activities</b>	<u>(211,245)</u>	<u>1,397,826</u>
<b>Cash flows from investing activities:</b>		
Purchase of Land	(3,800)	
Building and Leasehold Improvements	(644,224)	(495,556)
<b>Net cash provided (used) by investing activities</b>	<u>(648,024)</u>	<u>(495,556)</u>
<b>Cash flows from financing activities:</b>		
Reduction of Finance Lease Liability	(136,376)	(355,479)
Principal payments on bonds	(135,000)	(125,000)
<b>Net cash provided (used) by financing activities</b>	<u>(271,376)</u>	<u>(480,479)</u>
Net Change in cash and cash equivalents	(1,130,645)	421,791
Beginning cash and cash equivalents	6,495,548	6,073,757
<b>Ending cash and cash equivalents</b>	<u>\$ 5,364,903</u>	<u>\$ 6,495,548</u>
<b>Unrestricted cash and cash equivalents</b>	<u>\$ 3,820,695</u>	<u>\$ 4,958,256</u>
<b>Restricted cash and cash equivalents</b>	<u>1,544,208</u>	<u>1,537,292</u>
	<u>\$ 5,364,903</u>	<u>\$ 6,495,548</u>
<b>Reconciliation of change in net assets to net cash provided (used) by operating activities:</b>		
Increase (decrease) in net assets	\$ 73,845	\$ 1,227,154
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	379,673	635,709
Amortization	267,701	(1,034,348)
(Increase) decrease in:		
Due from Texas Education Agency	(995,478)	32,914
Other receivables	5,300	(5,300)
Other assets	9,700	
Increase (decrease) in operating liabilities:		
Accounts payable	129,952	34,809
Accrued interest payable	(5,063)	(4,687)
Accrued salaries payable and related liabilities	40,663	38,164
Due to state	(117,538)	117,538
<b>Net cash provided by operating activities</b>	<u>\$ (211,245)</u>	<u>\$ 1,397,826</u>
<b>Noncash Investing and financing activities:</b>		
Obtaining a right-of-use asset in exchange for a lease liability	<u>\$ 1,750,183</u>	<u>\$ 2,027,915</u>



**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies**

The general-purpose financial statements of Aristoi Classical Academy, Inc. (the "Academy") were prepared in conformity with accounting principles generally accepted in the United States. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

***Reporting Entity***

The Academy is a not-for-profit organization incorporated in the State of Delaware in 1996 and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Academy is governed by a Board of Directors comprised of seven members. The members of the Board of Directors are appointed in accordance with provisions contained in the bylaws of the Academy. The Board of Directors has the authority to make decisions, appoint the administrator of the Academy, and significantly influence operations. The Board of Directors has primary accountability for the fiscal affairs of the Academy.

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

***Corporate Operations***

The Academy provides educational services in the City of Katy to students in grades Kindergarten through the 12th grade. In 2013, the Commissioner of Education approved the addition of grade 9 and in 2014 approved the addition of grades 10-12. The programs, services, activities, and functions are governed by the Charter Holder's Board of Directors. In 1996, the Texas State Board of Education granted the Charter Holder an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable contract for charter. The Academy is part of the public school system of the State of Texas and is, therefore, entitled to distributions from the State's available school fund. The Academy does not have the authority to impose ad valorem taxes on its district or to charge tuition.

The Academy's charter was approved for renewal on July 31, 2021 and will expire on July 31, 2031.

Effective July 1, 2019, a charter amendment for purposes of High-Quality Campus Designation was approved. A new charter school campus under its existing open-enrollment charter is called Aristoi Classical Academy-Cypress is approved to serve kindergarten through 12<sup>th</sup> grade, but is currently services kindergarten through 7<sup>th</sup> grade.

On July 1, 2020, a charter amendment to increase the maximum student enrollment from 1128 to 2,256 was approved.

On April 13, 2021 the Commissioner approved to add two additional campuses under the existing open-enrollment charter in greater Houston and in Southwest Houston. Each campus will serve students in kindergarten through 12th grade. Additionally, the maximum student enrollment was increased from 2,256 to 3,384.

***Basis of Accounting and Presentation***

The accompanying general purpose financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimate affecting the Academy's financial statements was the depreciation of capital assets and functional allocation of expenses.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

***Contributions***

The Academy accounts for contributions in accordance with FASB ASC Topic 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC Topic 958-605, contributions are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

***Cash and Cash Equivalents***

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

***Revenue Recognition***

State Foundation School Program revenues are recognized based on the reported student attendance. State and Federal grant revenues are recognized when services are rendered. Contributions and other revenues are recognized when received or unconditionally promised by a third party.

***Capital Assets***

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Academy as assets with an individual cost of more than \$5,000 and a useful life over one year. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty-nine years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expenses as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost. The Academy had no donated capital assets at August 31, 2022.

***Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Net Assets**

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

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As of August 31, 2022, net assets without donor restrictions totaled \$3,475,763.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of August 31, 2021, net assets with donor restrictions totaled - .

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

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

As described in Note 11, the majority of Academy's revenue is comprised of state aid from the Texas Education Agency.

**Functional Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the notes to the financial statements. The Texas Education Agency mandates a specific account coding that requires open enrollment charter schools to record expenses to a unique combination of function and object. Generally, the Academy records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage. See Note 13 for more information.

**Income Taxes**

The Academy is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("the Code") and comparable State of Texas law. The Academy did not conduct any unrelated business activities in the current fiscal year. Therefore, the Academy has made no provision for federal income taxes in the accompanying financial statements. The Academy has also been classified as a publicly supported Academy, which is not a private foundation under Section 509(a) of the Code. Accordingly, contributions to the Academy are tax deductible within the limitations prescribed by the Code.

The Academy applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Academy believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

***New Accounting Pronouncement***

On February 25, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The Academy adopted the ASU on September 1, 2020 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Note 2 - Capital Assets**

Capital assets at August 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 3,809,556	\$ 3,805,755
Building and leasehold improvements	10,259,804	9,615,570
Furniture and playground equipment	250,193	250,193
Vehicles	17,282	17,282
Right-to-Use Asset	2,351,955	3,869,877
<b>Total Property and Equipment</b>	<u>16,688,790</u>	<u>17,558,677</u>
Less Accumulated Depreciation and Amortization	<u>(3,424,195)</u>	<u>(4,302,160)</u>
Property and Equipment, Net	<u>\$ 13,264,595</u>	<u>\$ 13,256,517</u>

Depreciation expense for the fiscal years ended August 31, 2022 and August 31, 2021, was \$379,673 and \$355,873, respectively.

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

**Note 3 - Concentration of Credit and Business Risk**

The Academy maintains demand deposits with a U.S. local banking institution. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Academy will not be able to recover its deposits. The Academy maintains deposits at a federally insured bank and strives to minimize its exposure to custodial credit risk. At August 31, 2022, the carrying amount of the Academy’s cash deposits was \$5,364,619 and the bank’s balance was \$5,558,480. In addition, the carrying amount and the bank balance of the Academy’s restricted cash was \$1,544,208. All deposits at the banking institution were fully insured by the Federal Deposit Insurance Corporation’s (FDIC) or secured by a collateral from the financial institution as of August 31, 2022.

Approximately 80% of the Academy’s total revenue for fiscal year 2022 was provided by the State funding for the Per Capita and State Foundation Aid.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Benefit Pension Plans**

**A. Plan Description**

The Academy 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 the 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, 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.

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS Documents/acfr-2021.pdf> or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Annual Comprehensive Financial Report available dated August 31, 2019 and August 31, 2020 indicated the following:

TRS Pension Fund	TRS Plan Fiduciary		Percent		
	Total Plan Assets	Net Position	Total Pension Liability	Net Pension Liability	Funded
2021	\$ 223,172,755,137	\$ 201,807,002,496	\$ 227,273,463,630	\$ 25,466,461,134	88.79%
2020	184,361,870,581	165,416,245,243	218,974,205,084	53,557,959,841	75.54%
2019	181,800,159,205	157,978,199,075	209,961,325,288	51,983,126,213	75.24%
2018	176,942,453,923	154,568,901,833	209,611,328,793	55,042,426,960	73.74%
2017	165,379,342,000	147,361,922,120	179,336,534,819	31,974,612,699	82.17%
2016	152,925,647,000	134,008,637,473	171,797,150,487	37,788,513,014	78.00%

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Benefit Pension Plans (continued)**

**B. Funding Policy**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System’s actuary. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. The member contribution rate for 2021 and 2020 was 7.70%. Employer and state contributions were both 7.50% for 2021 and 2020.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<u>2021</u>	<u>2022</u>
Member	7.70%	7.70%
Employer	7.50%	7.50%
Non-Employer Contributing Entity (State)	7.50%	7.50%

The Academy’s employee contributions, covered payroll, and Non-OASDI payments for 2021 (the measurement year) and the current fiscal year (2022) are shown below.

	<b>Contributions Required and Made During the Measurement Year</b>	<b>TRS Contributions Made During the Fiscal Year</b>
Total Covered Payroll	\$6,131,866	\$7,440,564
Member (Employee)	468,967	594,874
Charter School	32,926	109,647
Non-OASDI Surcharge	84,931	126,418

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Defined Other Post-Employment Benefit Plan**

**A. Plan Description**

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

Similar to the TRS Pension Plan discussed in Note C, 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 OPEB plans. Assets contributed to a multi-employer OPEB plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Annual Comprehensive Financial Report available dated August 31, 2021.

TRS Care Other Post- Employment Benefits (OPEB)	Total Plan Assets	TRS-Care Plan Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2021	\$ 2,733,911,371	\$ 2,539,242,470	\$ 41,113,711,083	\$ 38,574,468,613	6.18%
2020	2,146,681,144	1,996,317,932	40,010,833,815	38,014,515,883	4.99%
2019	1,475,508,564	1,292,022,349	48,583,247,239	47,291,224,890	2.66%
2018	1,001,649,953	798,574,633	50,729,490,103	49,930,915,470	1.57%
2017	526,397,969	399,535,986	43,885,784,621	43,486,248,635	0.91%

**OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at [https://www.trs.texas.gov/TRS Documents/acfr-2021.pdf](https://www.trs.texas.gov/TRS_Documents/acfr-2021.pdf), or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Defined Other Post-Employment Benefit Plan (continued)**

**B. Benefits Provided**

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

<b>TRS-Care Monthly for Retirees</b>		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

**C. Contributions**

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

In fiscal year 2022, the Academy contributed a total of \$60,925 of which, \$5,155 was for federally funded employees. Employees contributed a total of \$48,337 and covered payroll for TRS-Care was \$7,440,564. In fiscal year 2021, the Academy contributed a total of \$46,551 of which, \$1,194 was for federally funded employees. Employees contributed a total of \$36,247. Covered payroll for TRS-Care for fiscal year 2021 was \$6,131,866.

**Note 6 - Health Care Coverage**

During the years ended August 31, 2022 and August 31, 2021, employees of the charter school were covered by a Health Insurance Plan (the Plan). The Academy contributed \$225 per month per employee to the Plan from September 2013 to August 2022. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.



**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 - Bonds Payable**

During the 2022 fiscal year, long-term debt consisted of the following revenue bonds payable:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Education Revenue Bonds, Series 2016 A	\$ 10,855,000	\$ -	\$ (135,000)	\$ 10,720,000	\$ 145,000
Bond issuance costs	(383,375)	-	14,850	(368,525)	-
Bond discount	(158,811)	-	6,222	(152,589)	-
	<u>\$ 10,312,814</u>	<u>\$ -</u>	<u>\$ (113,928)</u>	<u>\$ 10,198,886</u>	<u>\$ 145,000</u>

In February 2016, the Aristoi Classical Academy entered into a bond agreement with Pottsboro Higher Education Finance Corporation (the "Issuer") and secured bond financing pursuant to Chapter 53 of the Texas Education Code to authorize the issuance of "Qualified Tax Exempt" Education Revenue Bonds Series 2016A not to exceed \$11,130,000. In fiscal year 2016, the total amount of \$4,750,000 was drawn down in Series 2016A bonds and \$100,000 of Taxable Education Revenue Bonds Series 2016B. In fiscal year 2017, \$1,095,000 and \$2,355,000 for a total amount of \$3,450,000 were drawn down in Series 2016A bonds. In fiscal year 2018, \$2,780,000 was drawn down in Series 2016A bonds. No draws were made during fiscal year end August 31, 2021 or 2022. The total revenue bonds payable as of fiscal year 2022 was \$10,720,000. Taxable Education Revenue Bond Series 2016B was paid off in fiscal year 2018.

<b>Series</b>	<b>Original Issue</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
Education Revenue Bond Series 2016 A	<u>\$ 10,980,000</u>	7.50%	September 1, 2047	<u>\$ 10,720,000</u>
	<u>\$ 10,980,000</u>			<u>\$ 10,720,000</u>

The Bond Series 2016A listed above was issued in prior year at a discount and the Academy incurred bond issuance costs. In fiscal year 2022, the bond issuance costs and bond discount balances were \$368,526 and \$152,590, respectively. The discount and the bond issuance costs are amortized over the life of the bond.

Proceeds from the issuance of Bonds during fiscal year 2016 were used to purchase land in Katy, Texas, and pay related bond issuance costs. The Bonds were secured by a first lien on the land and buildings of the Charter Holder.

Monthly payments for the bond are held by the U.S. Bank (Trustee). The Trustee pays interest due each March 1<sup>st</sup> and September 1<sup>st</sup> to the Issuer.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 - Bonds Payable (continued)**

Bond payment requirements to maturity are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 145,000	\$ 798,563	\$ 943,563
2024	155,000	787,313	942,313
2025	165,000	775,313	940,313
2026	180,000	762,375	942,375
2027	195,000	748,316	943,316
2028-2032	1,210,000	3,490,500	4,700,500
2033-2037	1,735,000	2,944,688	4,679,688
2038-2042	2,485,000	2,160,937	4,645,937
2043-2047	4,450,000	1,071,000	5,521,000
	<u>\$ 10,720,000</u>	<u>\$ 13,539,005</u>	<u>\$ 24,259,005</u>

During the 2022 fiscal year, the Academy did not have any draws. The projected draw down schedule which included draws from prior year is as follows:

<u>Draw Date</u>	<u>Series A Draw</u>	<u>Series B Draw</u>	<u>Tax-Exempt Series A Balance</u>
3/17/2016	\$ 4,750,000	\$ 100,000	\$ 4,750,000
11/18/2016	1,095,000	-	5,845,000
5/26/2017	2,355,000	-	8,200,000
9/8/2017	2,780,000	-	10,980,000

**Bond Covenants**

During the fiscal year 2022, the Academy was in compliance with the required Bond Covenants. The Academy is subject to the following covenants resulting from the bond issue:

*Debt Service Coverage Ratio:* Available Revenues for each Fiscal Year must be equal to at least 120% of the Annual Debt Service Requirements of the Company as of the Fiscal Year ending August 31, 2022 and annually thereafter until the Bonds have been paid in full.

*Liquidity Requirement:* For so long as the Bonds are Outstanding, the Academy shall budget and maintain operating reserves for each Fiscal Year beginning with the Fiscal Year ended August 31, 2022, in an amount equal to the required number of Days' Cash on Hand for the period set forth below:

<u>For the Fiscal Year Ending</u>	<u>Days' Cash on Hand Required</u>
August 31, 2018	85
August 31, 2019 and thereafter	90

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 - Due from State and Other Governments and Due to State**

Amounts due from the Texas Education Agency at August 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
State Foundation Aid	\$ 1,111,469	\$ 699,264
Title I, Part A	31,631	14,788
IDEA, Part B Formula	77,858	49,885
Title II, Part A	868	14,386
Title III, Part A	-	-
Child Nutrition	12,695	7,872
Emergency and Secondary School		
Emergency Relief Fund II (ESSER II) COVID-19	12,585	1,243
ARP ESSER III COVID-19	46,856	15,397
ARPA ESSER III Supp COVID-19	239,666	-
ARPA TCLAS	276,222	-
Other federal funds	3,600	-
Title IV, Part A, Subpart 1	-	150
Blended Learning	53,979	23,385
Instructional Materials Allotment	23,023	68,604
	<u>\$ 1,890,452</u>	<u>\$ 894,974</u>

Amount due to the Texas Education Agency at August 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
State Foundation Aid	\$ -	\$ 117,538

**Note 9 - Financing Leases**

The Academy leases property, modular portable classrooms and office equipment. Lease agreements are renewed and will expire in 2030, 2022, and 2023 respectively. The discount rate used to calculate the interest is 5%, the Academy's incremental borrowing rate. The future principal and interest payments due are shown below.

<u>Fiscal Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 202,353	\$ 111,483
2024	211,791	93,576
2025	410,473	64,233
2026	208,375	56,361
2027	232,579	45,395
Thereafter	780,001	57,689
Total	<u>\$ 2,045,572</u>	<u>\$ 428,737</u>

The total principal and interest paid for the current year totaled \$222,138 for the current year. The Academy entered into three new leases: two modular buildings and one copier. The right-to-use assets related to these new leases totaled \$324,040.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 10 - Commitments and Contingencies**

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

**Note 11 - State Aid**

Charter schools in the State of Texas participate in the State foundation program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period, and at the close of the year, actual attendance is calculated by the TEA and the attendance reports are subject to audit by the TEA and final State foundation program earnings may be adjusted as a result of any such audit. During the period ended August 31, 2022, and August 31, 2021, the Charter Holder earned \$10,986,503 and \$10,199,486, respectively, of Per Capita and State Foundation Aid funds (before any possible TEA enrollment and attendance audit).

**Note 12 - Net Assets With Donor Restrictions**

Net assets with donor restrictions as of August 31, 2022 and 2021 are as follows:

	<u>As of August 31, 2022</u>	<u>As of August 31, 2021</u>
Federal Funds	\$ 191,484	\$ 2,691
State Funds	<u>3,617,747</u>	<u>3,411,597</u>
Total With Donor Restrictions	<u>\$ 3,809,231</u>	<u>\$ 3,414,288</u>

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

	<u>For the Year Ended August 31, 2022</u>	<u>For the Year Ended August 31, 2021</u>
State Funds	\$ 11,836,526	\$ 10,328,293
Federal Funds	<u>1,967,989</u>	<u>1,159,822</u>
Total Restrictions released	<u>\$ 13,804,515</u>	<u>\$ 11,488,115</u>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 13 - Functional Expenses**

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

Expense by Functional Category		Expenses by Object Class					August 31,	
		Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)	2022	2021
11	Instruction	\$ 5,838,464	\$ 778,005	\$ 572,336	\$ 52,288	\$ -	\$ 7,241,093	\$ 5,788,248
12	Instructional resources and media services	-	-	37,309	-	-	37,309	24,645
13	Curriculum development and instructional staff development	41,242	14,724	2,353	33,417	-	91,736	129,197
21	Instructional leadership	64,676	-	-	-	-	64,676	65,279
23	School leadership	1,318,451	50,017	21,008	2,826	-	1,392,302	985,023
31	Guidance, counseling and evaluation services	136,638	20,411	3,401	885	-	161,335	108,728
33	Health services	111,813	33,648	10,196	-	-	155,657	117,899
34	Student Transportation	-	-	-	-	-	-	0
35	Food service	227,218	-	237,855	614	-	465,687	326,537
36	Cocurricular/Extracurricular activities	52,565	18,318	33,431	1,846	-	106,160	42,186
41	General administration	520,086	255,232	14,514	55,165	-	844,997	543,035
51	Plant maintenance and operations	148,421	833,289	84,824	700,718	-	1,767,252	1,875,824
52	Security and monitoring services	-	23,717	30,505	-	-	54,222	71,800
53	Data processing services	122,832	81,325	59,408	-	-	263,565	307,548
71	Debt service	-	-	-	-	913,936	913,936	954,033
81	Fund Raising	153,880	45,721	22,667	22,320	-	244,588	148,133
		<u>\$ 8,736,286</u>	<u>\$ 2,154,407</u>	<u>\$ 1,129,807</u>	<u>\$ 870,079</u>	<u>\$ 913,936</u>	<u>\$ 13,804,515</u>	<u>\$ 11,488,115</u>

**Note 14 - Liquidity and Availability**

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

Cash and cash equivalents	\$ 5,949,194
Receivables	<u>1,111,469</u>
Total	<u>\$ 7,060,663</u>

Per the Texas Education Agency, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have a time restriction, but must be used for education purposes in accordance with State law. As such, there are cash and receivables that are due from the State and are available for use for educational purposes.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 15 - Charter Holder Operations**

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

**Note 16 - Related Party**

One of the Academy teachers served as a Board member of the Academy until April 2021. The board member has signed a conflict of interest affidavit and has indicated abstinence from voting on any items related to teacher salaries and financial benefits. There were no related parties to report for fiscal year 2022.

**Note 17 - Management's Review of Subsequent Events**

There were no subsequent events to be reported after the date of this report.

## **SUPPLEMENTARY INFORMATION**

**ARISTOI CLASSICAL ACADEMY, INC.**  
**SCHEDULES OF EXPENSES**

		<b>August 31,</b>	
		<b>2022</b>	<b>2021</b>
	<b>Expenses</b>		
6100	Payroll Costs	\$ 8,753,044	\$ 6,760,593
6200	Professional and Contract Services	2,154,407	1,300,733
6300	Supplies and Materials	1,130,304	1,267,226
6400	Other Operating Costs	852,824	1,205,530
6500	Debt	913,936	954,033
	<b>Total Expenses</b>	<b>\$ 13,804,515</b>	<b>\$ 11,488,115</b>



**ARISTOI CLASSICAL ACADEMY, INC.**  
**SCHEDULES OF CAPITAL ASSETS**  
*For the Year Ended August 31, 2022*

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1510	Land and improvements	\$ -	\$ 3,809,555	\$ -
1520	Building & leasehold improvements	-	10,259,805	-
1531	Vehicles	-	17,282	-
1539	Furniture and equipment	-	250,193	-
1550	Right-to-Use Asset		3,869,877	
<b>Total Property &amp; equipment</b>		<b>\$ -</b>	<b>\$ 18,206,712</b>	<b>\$ -</b>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended August 31, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>	
<b>Revenues</b>					
Local Support:					
5700	Local and intermediate sources	\$ 705,000	\$ 669,000	\$ 497,673	\$ (171,327)
5800	State program revenue	10,890,563	11,105,563	11,275,669	170,106
5900	Federal Program Revenues:	72,000	1,755,636	2,105,018	349,382
	<b>Total Revenues</b>	<u>11,667,563</u>	<u>13,530,199</u>	<u>13,878,360</u>	<u>348,161</u>
<b>Expenses</b>					
11	Instruction	6,891,664	7,051,664	7,241,093	(189,429)
12	Instructional Resources and Media Services	61,080	54,972	37,309	17,663
Curriculum Development and Instructional					
13	Staff Development	150,885	145,513	91,736	53,777
21	Instructional Leadership	62,843	62,843	64,676	(1,833)
23	School Leadership	1,290,685	1,290,685	1,392,302	(101,617)
31	Guidance, Counseling and Evaluation Services	207,001	190,801	161,335	29,466
33	Health Services	122,346	122,346	155,657	(33,311)
35	Food Service	287,873	316,660	465,687	(149,027)
36	Cocurricular/Extracurricular Activities	114,461	114,461	106,160	8,301
41	General Administration	662,914	726,914	844,997	(118,083)
51	Facilities Maintenance and Operations	1,579,119	1,724,119	1,767,749	(43,630)
52	Security and Monitoring Services	49,000	49,000	54,222	(5,222)
53	Data Processing Services	338,686	338,686	263,565	75,121
71	Debt Service	969,500	969,500	913,936	55,564
81	Fund Raising	193,883	211,332	244,091	(32,759)
	<b>Total Expenses</b>	<u>12,981,940</u>	<u>13,369,496</u>	<u>13,804,515</u>	<u>(435,019)</u>
7951	Gain (loss) on sale of real and personal property	-	-	780,446	780,446
	Change in net assets	(1,314,377)	160,703	854,291	693,588
	<b>Beginning net assets</b>	<u>6,430,691</u>	<u>6,430,691</u>	<u>6,430,691</u>	<u>-</u>
	<b>Ending net assets</b>	<u>\$ 5,116,314</u>	<u>\$ 6,591,394</u>	<u>\$ 7,284,982</u>	<u>\$ 693,588</u>

**Budget Variances**

In accordance with Module 10, Section 1.7.2.8 of the Financial Accountability System Resource Guide, if the original and final budgeted amounts vary by more than 10 percent of the original budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The variance explanations below describe the variances noted.

If the actual and final budgeted amounts vary by more than 10 percent of the final budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The Academy provides the following explanations for each of the variances noted:

Object 5700	There was a reduction of revenue from child nutrition as meals were offered at no charge to all students.
Function 12	Decrease due to the school was unsuccessful in hiring a library assistant.
Function 13	Reduction in travel expenses due to some of the professional development training was held on site and online.
Function 31	Decrease due to the school was unsuccessful in hiring a counselor at the beginning of school year.
Function 33	The school received a COVID 19 Health Grant and hired a public health coordinator.
Function 35	Large increase in food costs and students served. Schools offered meals at no cost to all students.
Function 41	Increase in attorney fees.
Function 52	The school received a safety and security grant of \$25,000 and used it to purchase needed safety and security equipment.
Function 53	Decrease due to less supplies requested.
Function 81	A federal grant was used towards supplies and personnel.

**Corrective Action Plan**

The school will carefully review each function category to adhere to the requirements.

**ARISTOI CLASSICAL ACADEMY, INC.**  
**SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST**  
*For the Year Ended August 31, 2022*

<b>Description (list each parcel separately)</b>	<b>Property Address</b>	<b>Total Assessed Value</b>	<b>Ownership Interest - Local</b>	<b>Ownership Interest - State</b>	<b>Ownership Interest - Federal</b>
Lower Campus	5618 Eleventh St., Katy, TX 77493	\$ 2,711,474	\$ -	\$ 101,460	\$ -
Upper Campus	5610 Morton Rd., Katy, TX 77493	365,551	-	3,708,096	-
<b>Total</b>		<b>\$ 3,077,025</b>	<b>\$ -</b>	<b>\$ 3,809,556</b>	<b>\$ -</b>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**SCHEDULE OF RELATED PARTY TRANSACTIONS**  
*For the Year Ended August 31, 2022*

<u>Related Party Name</u>	<u>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>
N/A	N/A	N/A	Nonfinancial		N/A	N/A	\$ -	N/A

**ARISTOI CLASSICAL ACADEMY, INC.**  
**SCHEDULE OF COMPENSATION AND BENEFITS**  
*For the Year Ended August 31, 2022*

<b>Related Party Name</b>	<b>Name of Relation of the Related Party</b>	<b>Relationship</b>	<b>Compensation or Benefit</b>	<b>Payment Frequency</b>	<b>Description</b>	<b>Source of Funds Used</b>	<b>Total Paid During FY</b>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**ARISTOI CLASSICAL ACADEMY, INC.****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES***For the Year Ended August 31, 2022*

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 110,802
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 626,151
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 25,699
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 24,885





## **COMPLIANCE AND INTERNAL CONTROLS**



**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  
Aristoi Classical Academy, Inc.  
Katy, 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 Aristoi Classical Academy, Inc. (the “Academy”), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2023.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

To the Board of Directors  
Aristoi Classical Academy, Inc.

**Purpose of this Report**

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

*Whitley Penn LLP*

Houston, Texas  
January 23, 2023

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

To the Board of Directors  
Aristoi Classical Academy, Inc.  
Katy, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Program***

We have audited Aristoi Classical Academy, Inc.'s (the "Academy") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended August 31, 2022. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

***Responsibilities of Management for Compliance***

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

To the Board of Directors  
Aristoi Classical Academy, Inc.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

To the Board of Directors  
Aristoi Classical Academy, Inc.

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.

*Whitley Penn LLP*

Houston, Texas  
January 23, 2023

**ARISTOI CLASSICAL ACADEMY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2022**

**I. Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
<b>US Department of Education</b>	
<i>CARES, ESSER (COVID-19)</i>	84.425D
<i>ARPA, TCLASS ESSER III (COVID-19)</i>	84.425U
<i>ESSER Supplemental (COVID-19)</i>	84.425X
<i>CRRSAA, ESSER II (COVID-19)</i>	84.425D
<i>ARP, ESSER III Grant (COVID-19)</i>	84.425U

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	No



**ARISTOI CLASSICAL ACADEMY, INC.**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended August 31, 2022***

**II. Financial Statement Findings**

None Reported

**III. Federal Awards Findings And Questioned Costs**

None Reported

**ARISTOI CLASSICAL ACADEMY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2022**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U. S. Department of Education</b>				
<b>Passed Through Texas Education Agency:</b>				
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	22610101101803	\$ 64,053
<i>IDEA-B Formula</i>	224	84.027A	226600011018036600	174,160
<i>IDEA-B Formula ARP</i>	224	84.027A	225350011018035350	43,990
<i>IDEA-B Preschool</i>	225	84.173A	226610011018036610	891
<i>IDEA-B Preschool ARP</i>	225	84.173A	225360011018035360	1,978
<i>Total Special Education Cluster (ALN 84.027, 84.173)</i>				<u>221,019</u>
<i>ESEA, Title II, Part A, Supporting Effective Instruction</i>	255	84.367A	22694501101803	1,873
<i>Educator Assessment</i>	255	84.367A	69452271	531
<i>Total ALN 84.267</i>				<u>2,404</u>
<i>CARES, ESSER (COVID-19)</i>	266	84.425D	20521001101803	12,665
<i>ARPA, TCLASS ESSER III (COVID-19)</i>	279	84.425U	21528042101803	453,784
<i>ESSER Supplemental (COVID-19)</i>	283	84.425U	21528043101803	239,666
<i>CRRSAA, ESSER II (COVID-19)</i>	281	84.425D	21521001101803	60,930
<i>ARP, ESSER III Grant (COVID-19)</i>	282	84.425U	21528001101803	398,009
<i>Total ALN 84.425</i>				<u>1,165,054</u>
<i>Restart for 2019 Flooding</i>	276	84.377A	20511703101803	2,419
<i>Title IV, Part A</i>	289	84.424A	22680101101803	20,642
<b>Passed Through Region IV:</b>				
<i>Title III, Part A - English Language Acquisition</i>	263	84.365A	22671001101950	1,180
<b>Total U. S. Department of Education</b>				<u><b>1,476,771</b></u>
<b>U. S. Department of Health and Human Services</b>				
<b>Passed Through Texas Education Agency:</b>				
<i>ELC Reopening Schools</i>	289	93.323	39352201	41,347
<i>COVID-19 Public Health Workforce Supplemental</i>	288	93.354	223934017110004	19,200
<b>Total U. S. Department of Health and Human Services</b>				<u><b>60,547</b></u>
<b>U. S. Department of Agriculture</b>				
<b>Passed Through Texas Department of Agriculture:</b>				
<i>Noncash Assistance</i>				
<i>Commodities</i>	240	10.555	00473	15,492
<i>Supply Chain</i>	240	10.555	00473	614
<b>Passed Through Texas Education Agency:</b>				
<i>Cash assistance:</i>				
<i>School Breakfast Program</i>	240	10.553	71402201	105,946
<i>National School Lunch Program</i>	240	10.555	71302201	445,648
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555)</i>				<u>567,700</u>
<b>Total U. S. Department of Agriculture</b>				<u><b>567,700</b></u>
<b>Total Expenditures of Federal Awards</b>				<u><b>\$ 2,105,018</b></u>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 - Basis of Presentation**

The schedule of expenditures of federal awards (“SEFA”) presents federal grant activity of the Academy for the fiscal year ended August 31, 2022, and is reported on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the Academy’s financial statements.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented when available. The Academy has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3 - Relationship to Financial Report Submitted to Grantor Agencies**

Amounts reflected in the financial reports filed with grantor agencies for the program may not agree with the amounts in the SEFA because of accruals made to present the SEFA on the accrual basis (which would be included in the next report filed with the agencies), as well as matching requirements not included in the SEFA and differences in programs’ year-ends.

**Note 4 - Reconciliation of Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards and revenues on Statement of Activities:

Total shown on Schedule of Expenditures of Federal Awards	\$ 2,105,018
Federal revenue accounted for in the general fund	-
<b>Total Federal Revenue - Statement of Activities</b>	<u>\$ 2,105,018</u>

**ARISTOI CLASSICAL ACADEMY, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
***For the Year Ended August 31, 2022***

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

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

**I. Prior Audit Findings**

None Noted

**ARISTOI CLASSICAL ACADEMY, INC.**

***CORRECTIVE ACTION PLAN***

***For the Year Ended August 31, 2022***

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

**I. Corrective Action Plan**

Not Applicable

