

# Charter FIRST Annual Financial Management Report

## Aristoi Classical Academy

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(q). Effective 8/1/2018. The template has been established to help the charter schools in gathering their data and presenting it at their School FIRST hearing. The template may not be all inclusive.

### Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract at the time of the School FIRST hearing is to be provided. In lieu of publication in the annual School FIRST financial management report, the charter school may choose to publish the superintendent's employment contract on the charter school's Internet site. If published on the Internet, the contract is to remain accessible for twelve months.

### Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period  
 Ended June 30 or August 31, 2020

| <u>Description of Reimbursements</u> | Superintendent | Board<br>Member 1 | Board<br>Member 2 | Board<br>Member 3 | Board<br>Member 4 | Board<br>Member 5 | Board<br>Member 6 | Board<br>Member 7 |
|--------------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Meals                                | \$             | \$ 52             | \$                | \$                | \$                | \$                | \$                | \$                |
| Lodging                              |                | \$ 127            |                   |                   |                   |                   |                   |                   |
| Transportation                       |                | \$ 187            |                   |                   |                   |                   |                   |                   |
| Motor Fuel                           |                |                   |                   |                   |                   |                   |                   |                   |
| Other                                |                |                   |                   |                   |                   |                   |                   |                   |
| <b>Total</b>                         | <b>\$ -</b>    | <b>\$ 366</b>     | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       |

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:  
 Meals – Meals consumed out of town, and in geographic-boundary meals at area restaurants (outside of board meetings, excludes catered board meeting)  
 Lodging – Hotel charges.  
 Transportation – Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).  
 Motor fuel – Gasoline.  
 Other: Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

**Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services**

For the Twelve-Month Period  
 Ended June 30 or August 31, 2020  
Name(s) of Entity(ies)

Amount Received  
 \$

Total \$ -

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to charter school business.

**Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)  
 (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period  
 Ended June 30 or August 31, 2020

|       | Superintendent | Board Member 1 | Board Member 2 | Board Member 3 | Board Member 4 | Board Member 5 | Board Member 6 | Board Member 7 |
|-------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total | \$             | \$             | \$             | \$             | \$             | \$             | \$             | \$             |

**Note** – An executive officer is defined as the superintendent, unless the board of trustees or the charter school administration names additional staff under this classification for local officials.

**Business Transactions Between Charter School and Board Members**

For the Twelve-Month Period  
 Ended June 30 or August 31, 2020

|         | Board Member 1 | Board Member 2 | Board Member 3 | Board Member 4 | Board Member 5 | Board Member 6 | Board Member 7 |
|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Amounts | \$             | \$             | \$             | \$             | \$             | \$             | \$             |

**Note** – The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.



Charter FIRST  
Financial Integrity Rating System of Texas

User: **anna.amboree**  
User Role: **District**

Rating Year: **2019-2020**

CDN:

Select An Option

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2019-2020 Ratings Based on Fiscal Year 2019 Data - Non-University Charter  
School Status Summary

| CDN           | Region | Name                      | Rating       | Status |
|---------------|--------|---------------------------|--------------|--------|
| <u>101803</u> | 4      | ARISTOI CLASSICAL ACADEMY | A - Superior | ✓      |

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User: **anna.amboree**

User Role: **District**

Rating Year: **2019-2020**

CDN: **101803**

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2019-2020 Ratings Based on Fiscal Year 2019 Data - Charter School Status Detail

Charter School Status Detail

Indicator Detail Summary

Determination of Ratings

Size-Dependent Indicators

A: Did The Charter School fail any of the critical indicators 1, 3, 4, 5 or 2A? If so, then the Charter School's rating is F for Substandard Achievement, regardless of points earned.

B: Determine rating by applicable range for summation of the indicator scores (INDICATORS 6-15).

| Rating                      | Points |
|-----------------------------|--------|
| Pass                        | 0-0    |
| Fail                        | 0-0    |
| Suspended                   | 0-0    |
| Undetermined                | 0-0    |
| A - Superior                | 90-100 |
| B - Above Standard          | 80-89  |
| C - Meets Standard          | 60-79  |
| F - Substandard Achievement | 0-59   |

Options

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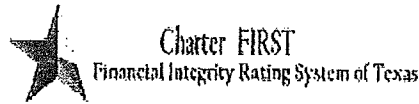
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User: **anna.amboree**  
User Role: **District**

|                        |             |                  |      |      |      |
|------------------------|-------------|------------------|------|------|------|
| Rating Year: 2019-2020 | CDN: 101803 | Select An Option | Help | Home | Exit |
|------------------------|-------------|------------------|------|------|------|

2019-2020 Ratings Based on Fiscal Year 2019 Data - Charter School Status Detail

Charter School Status Detail    Indicator Detail Summary    Determination of Ratings    Size-Dependent Indicators

**ARISTOI CLASSICAL ACADEMY(101803)**

| Status | Indicator Num | Indicator Description  | Updated              | Score |
|--------|---------------|--|----------------------|-------|
| P      | f1 1          | <u>Was the complete annual financial report (AFR) and charter school financial data submitted to TEA within 30 days of the November 27 or January 28 deadline depending on the charter school's fiscal year end date of June 30 or August 31, respectively?</u>  | 5/7/2020 11:17:52 AM | YES   |
| P      | f1 2A         | <u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>   | 5/7/2020 11:17:52 AM | YES   |
|        | 2B            | <u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>   | 5/7/2020 11:17:52 AM | -     |
| P      | f1 3          | <u>Was the charter school in compliance with the payment terms of all debt agreements at fiscal year end? (If the charter school was in default in a prior fiscal year, an exemption applies in following years if the charter school is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u> | 5/7/2020 11:17:52 AM | YES   |

|   |    |    |  |                      |     |
|---|----|----|--|----------------------|-----|
| P | t1 | 4  | <u>Did the charter school make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</u>   | 5/7/2020 11:17:52 AM | YES |
| P | t1 | 5  | <u>Was the total net asset balance in the Statement of Financial Position for the charter school greater than zero? (If the charter school's change of students in membership over 5 years was 7 percent or more, then the charter school passes this indicator.) (New charter schools that have a negative net asset balance will pass this indicator if they have an average of 7 percent growth in students year over year until it completes its fifth year of operations. After the fifth year of operations, the calculation changes to the 7 percent increase in 5 years.)</u>        | 5/7/2020 11:17:52 AM | YES |
|   |    | 6  | <u>Was the number of days of cash on hand and current investments for the charter school sufficient to cover operating expenses? The calculation will use expenses, excluding depreciation. For government charter schools, pension expense will be excluded.</u>  | 5/7/2020 11:17:52 AM | 10  |
|   |    | 7  | <u>Was the measure of current assets to current liabilities ratio for the charter school sufficient to cover short-term debt?</u>  | 5/7/2020 11:17:52 AM | 10  |
|   |    | 8  | <u>Was the ratio of long-term liabilities to total assets for the charter school sufficient to support long-term solvency? (If the charter school's change of students in membership over 5 years was 7 percent or more, then the charter school passes this indicator.) (New charter schools that have a negative net asset balance will pass this indicator if they have an average of 7 percent growth in students year over year until it completes its fifth year of operations. After the fifth year of operations, the calculation changes to the 7 percent increase in 5 years.)</u> | 5/7/2020 11:17:52 AM | 10  |
|   |    | 9  | <u>Did the charter school's revenues equal or exceed expenses, excluding depreciation? If not, was the charter school's number of days of cash on hand greater than or equal to 40 days? The calculation will use expenses, excluding depreciation. For government charter schools, pension expense will be excluded.</u>  | 5/7/2020 11:17:52 AM | 10  |
|   |    | 10 | <u>Was the debt service coverage ratio sufficient to meet the required debt service?</u>   | 5/7/2020 11:17:52 AM | 10  |
|   |    | 11 | <u>Was the charter school's administrative cost ratio equal to or less than the threshold ratio?</u>   | 5/7/2020 11:17:52 AM | 10  |
|   |    | 12 | <u>Did the charter school not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the charter school will automatically pass this indicator.)</u>  | 5/7/2020 11:17:52 AM | 10  |
|   |    | 13 | <u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the charter school's AFR result in a total variance of less than 3 percent of all expenses by function?</u>  | 5/7/2020 11:17:52 AM | 10  |
|   |    | 14 | <u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>  | 5/7/2020 11:17:52 AM | 10  |
|   |    | 15 | <u>Did the charter school not receive an adjusted repayment schedule for</u>   | 5/7/2020 11:17:52 AM | 10  |

more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds as a result of a financial hardship?

100 Weighted Sum  
1 Multiplier Sum  
100 Score

†1: must pass 1, 3, 4, 5 and 2A

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**ARISTOI CLASSICAL ACADEMY  
AT-WILL EMPLOYMENT AGREEMENT**

This Agreement is entered into by and between the Board of Directors of Aristoi Classical Academy, Inc. ("Board"), the charter holder for Aristoi Classical Academy, ("Employer") and **BRENDA DAVIDSON** ("Employee") under the following terms and conditions:

|                   |                                  |
|-------------------|----------------------------------|
| Initial Position: | <b>Superintendent/Headmaster</b> |
| Annualized Rate:  | <b>\$ 110,000.00</b>             |
| Stipend Amount:   | <b>N/A</b>                       |
| Adjusted Salary:  | <b>N/A</b>                       |

1. The term of this agreement, unless terminated earlier by either party, is from **September 1, 2020 to August 31, 2021**. This Agreement shall terminate on **August 31, 2021** if it has not been terminated prior to that time by either the Employer or Employee. The employment of the Employee shall be at the will and sole discretion of the Employer. Continued employment under this Agreement is within the discretion of the Employer and the Employer may terminate the employment of the Employee at any time for any reason or no reason, so long as the reason is not an illegal one. The Employee shall have no expectation of continued employment, either during the term of this Agreement or afterward, and this Agreement does not create any property interest or expectation of a property interest in the Employee's employment with the Employer. Additionally, the Employee shall have the right to resign his or her position at any time.
2. The Employer's chief administrative officer, the Administrator or Headmaster, ("Administrator") or his or her designated representative, shall have the right to assign such duties to the Employee at such locations as the Administrator may deem proper, and may from time to time assign or reassign the Employee to other or additional duties. The position indicated for the Employee in this Agreement is for initial placement and initial job description purposes only and creates no property interest in any particular position or duties. The Administrator has the authority and right to change any assignment or reassignment of the Employee at any time and the Employer has the right to change any assignment or reassignment decision made by the Administrator at any time. The Employee has no expectation of continuation in a particular position or assignment nor does this Agreement create any obligation for continued employment in a particular position.
3. Neither the Administrator nor any other employee of the Employer has the authority to alter the at-will nature of this Agreement or any provision of this Agreement without prior express written approval by the Board of Directors of the Employer, acting as a body corporate at a duly called meeting. Neither the Administrator nor any other employee or agent of the Employer has the authority to make any oral agreement or oral representations to the Employee or verbally commit to any term that alters any term of this Agreement. The Employer has no binding oral agreements or contracts with any of its Employees.
4. In addition to the parties ability to end the Employee's employment and this Agreement as set forth in paragraph 2 of this Agreement, the Employer may terminate the Employee or may reassign or assign duties to the Employee when such action is required by the needs of Aristoi

Classical Academy or results from a reorganization of the Employer's organizational structure or reduction in force as determined by the Employer in its sole discretion to meet the needs of Aristoi Classical Academy.

5. On a day-to-day basis, the Employee agrees to faithfully and fully perform the duties and shall perform to the Employer's satisfaction the duties (a) set forth in this Agreement; (b) contained in the Employee's job description; (c) as assigned by the Employee's supervisor; and (d) as otherwise required during the hours and dates set by the Employer, as they now exist or may hereafter be amended, and at any additional times that may be necessary for the Employee to perform his or her job duties. Among the Employee's responsibilities as an employee, the Employee agrees to perform the duties professionally and consistently in accordance with the Employer's stated philosophy and objectives and policies; to work cooperatively with the Employee's supervisor, other administrators, and others in Aristoi Classical Academy; to attend meetings, conferences, institutes, and in-service training as necessary and required; to abide by the established rules, regulations and policies of Aristoi Classical Academy as contained in the handbook, procedures and Board policies; and to comply with all laws and regulations applicable to charter schools and charter school employees.

6. The Employer will pay the Employee a salary according to a salary schedule adopted by the Employer for the position held by the Employee at any given time. The Employee's initial salary for the term (if not terminated prior to the expiration of the term) is the annualized amount shown on page one. The term "Annualized Salary" means the amount according to the salary schedule that an Employee could earn over a twelve (12) month period if the Employee were to continue employment with the Employer for that time period. The Annualized Salary is based on a monthly or daily rate. The Employee's salary on the salary schedule adopted by the Board is considered to include consideration for in-service days, any additional duties, responsibilities, tasks, and assignments. The Employee shall have no right to any additional or supplemental compensation or any stipend for work for additional duties, responsibilities, tasks, or assignments. Notwithstanding the foregoing, the Employer may elect to provide a stipend from time to time for other administrative or quasi-administrative responsibilities. If you have been assigned to such a position and allotted a stipend, it is reflected on the first page of this Agreement. However, there is no contractual right to a stipend and the Employer may elect to repeal or cancel stipends at any time.

7. The nature of the Employee's position may necessitate work on the weekends, in the evening, and at off-campus locations. If the Employee is considered an exempt employee under the Fair Labor Standards Act, the Employee may be required to work more than 40 hours in a workweek without being entitled to additional compensation, a stipend, supplement, or overtime. If the Employee's position with the Employer is considered to be non-exempt, the Employer has the right to restrict the Employee from working overtime. If a non-exempt Employee is to work any hours beyond the regular work week schedule, the Employee must request and receive written consent from the Employee's supervisor and if, applicable, the Administrator. Any and all overtime must be approved in advance in writing by the Administrator. In lieu of overtime, an Employee may receive compensatory time as long as such time is taken during the same week as the additional work time is performed.

8. The Employer pays all employees on a semi-monthly basis such that if the employment continues for a 12-month period, the Employee would receive 1/24<sup>th</sup> of the potential annualized salary amount for each of the semi-monthly salary payments. The Employee expressly agrees by signing this Agreement to receive a 1/24<sup>th</sup> portion of his or her potential annual salary (including any stipend) paid twice a month regardless of whether the duty days expected of the Employee's position occur over a period less than one calendar year or twelve (12) months. The salary received by an exempt employee shall be considered to include payment for any overtime performed by the employee. If the Employee is reassigned to duties or a position at a lower pay grade or level, the Employee shall be paid at that lower pay grade or level as of the effective date of the assignment. Only the Board is authorized to establish salaries, and no employee, officer, or agent of the Employer or Board is authorized to make any representation regarding salary inconsistent with that established by the Board. The Employee shall have no expectation of or a property interest in a particular salary amount. The expression of a salary amount does not create a contract for employment for that period of time, does not alter the at-will nature of this Agreement, does not create an obligation on the part of the Employer to pay the remainder of the salary should either the Employer or the Employee end the Employee's employment, and does not create a contract right or expectation of a continuation of that salary or stipend amount should the Employer reassign the Employee to another position.

9. The Employee agrees to the terms and conditions of the policies and procedures of the Employer in effect at the time the Agreement has been issued by the Employer or as may be amended or adopted by the Employer in the future. The Employer shall have the right to change its policies and procedures at any time. Because each employee is expected to be part of the team, it is the policy and procedure of the Employer that employees are required to attend meetings at their assigned location. The Employee's failure to comply with the Employer's policies and procedures, including, without limitation, regular attendance at meetings is grounds for disciplinary action up to and including termination.

10. If any policies or procedures of the Employer are in conflict with the Agreement or contrary to the Agreement, the terms of this Agreement shall prevail. The Employer's current policies and procedures or those to be adopted and any amendments to them, when not in conflict with or contrary to the Agreement, shall remain in force and apply to the Employee. Nothing within those policies, procedures, or handbooks as they currently exist or may be amended from time to time by the Board, creates a property right, contract right, or any obligation on the part of the Employer.

11. With regard to new employees, the offer of employment contained in this Agreement is withdrawn and this Agreement is not valid unless the new Employee accepts employment within fourteen (14) working days of delivery of this Agreement by the Employer to the new Employee. The new Employee evidences acceptance of employment by signing this Agreement and delivering it to the Employer. Delivery by the Employer shall be complete upon hand delivery or placing the Agreement in the United States mail by first-class mail to the Employee's last address listed in the Employer's personnel records. Delivery by the Employee to the Employer shall be complete upon actual receipt by hand delivery or via the United States mail by first class mail. With regard to current or existing Employees, the Employer will consider the current Employee as having rejected this offer of employment if the Agreement is not signed at the Agreement signing appointment date, in which case the current Employee will no longer be employed by the

Employer. This Agreement is void unless the Employee timely provides to the Employer any and all documents requested by the Employer.

12. The Employee understands that criminal history background checks are required for employment with the Employer. These criminal history checks are conducted by Aristoi Classical Academy on an annual basis. The Employee understands that when the Employee is first employed by Employer, one or more of these criminal history checks may be conducted after the Employee commences work for the Employer. Additionally, Aristoi Classical Academy intends to conduct a criminal history background check on each employee on an annual basis as long as the Employee is employed by the Employer. The Employee further understands that the findings of one or more of the criminal history background checks could result in the Employer terminating the Employee or placing the Employee on leave pending further investigation or a risk assessment analysis by one or more of the agencies conducting the criminal history checks. In the event that the Employee is placed on leave under these conditions, the Employee will not receive or accrue any remuneration from the Employer. Additionally, with regard to certified employees, the Employer shall comply with all applicable laws regarding reports of criminal convictions relating to certified employees.

13. Employee shall satisfactorily submit and account for all grades, reports, school equipment, or other required items at the end of the Agreement term. By signing this Agreement, Employee expressly and voluntarily consents to the Employer withholding funds from the Employee's paycheck at the end of the school year or term or withholding funds from the final paycheck or the final paycheck upon termination in the event that the Employee fails to satisfactorily submit and account for all Employer property, school equipment, or other required items at the end of the Agreement term.

14. Except as otherwise provided herein, the Employer may delegate to the Administrator or other employee any of the duties that the Employer has under this Agreement or the Employer's policies and procedures.

15. Upon execution of this Agreement by both parties, all previous contracts or agreements of employment with the Board, if any, are superseded and terminated and are of no force and effect. The Administrator or his or her designated representative, is authorized to sign this Agreement on behalf of the Employer.

16. This Agreement is governed by, construed by, and enforced in accordance with the laws of the State of Texas. Venue for any claim or dispute arising from this Agreement shall be in a court of competent jurisdiction located in Harris County, Texas.

17. Invalidity of any portion of this Agreement under the laws of the State of Texas or of the United States shall not affect the validity of the remaining portions of the Agreement.

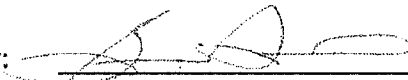
18. The parties have read this Agreement and agree to abide by its terms. The parties further agree that this Agreement constitutes the entire and exclusive agreement of the parties regarding the Employee's employment with the Employer. Any amendment to the Agreement must be in writing, must clearly identify its intent to amend this Agreement, and must be signed by both

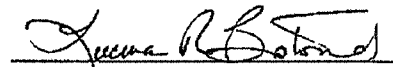
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parties. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration, or modification is sought.

19. The parties agree that this Agreement may be executed in identical counterparts, each of which shall be deemed an original for all purposes.

20. As part of its educational operations, the Employer develops certain materials that are used in the educational process and training. These materials include books or other written materials, as well as other original works of authorship in the various forms copyrightable under the copyright laws of the United States and International copyright conventions ("Work Product"). Any Work Product produced, created, or developed by the Employee during course and performance of or as a part of their employment duties or responsibilities, or in connection with information received by or provided to the Employer is considered a work-for-hire, regardless of whether or not such Work Product constitutes a "Work Made for Hire" as defined in 17 U.S.C. § 201(b). To this end, as a condition of employment, each employee, including the Employee, agrees and does hereby assign, grant, transfer, and convey to Aristoi Classical Academy, all right, title, interest, and ownership in and to such Work Product produced, created, or developed by the employee during course and performance of or as a part of their employment duties or responsibilities, or in connection with information received by or provided to Aristoi Classical Academy. The foregoing rights of Aristoi Classical Academy are subject to any prior copyrights to any such Work Product.

By:   
Employee

By:   
On Behalf of Aristoi Classical Academy, Inc.  
Charter holder for Aristoi Classical Academy

11-20-2020

Date Accepted

11-16-2020

Date