

LA ACADEMIA DE ESTRELLAS

Financial Statements

August 31, 2015

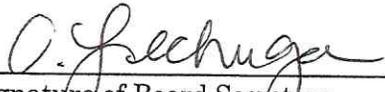
TABLE OF CONTENTS

Certificate of Board	1
Independent Auditor’s Report.....	3
Financial Statements:	
Statement of Financial Position.....	6
Statement of Activities	7
Statement of Cash Flows.....	9
Notes to Financial Statements.....	10
T. E. A. Required Schedules:	
Schedule of Expenses.....	22
Schedule of Capital Assets	23
Budgetary Comparison Schedule.....	24
Compliance and Internal Controls Section:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	29
Schedule of Findings and Questioned Costs	31
Schedule of Status of Prior Findings	32
Schedule of Expenditure of Federal Awards	33

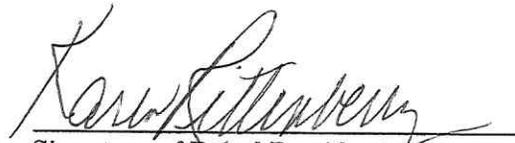
LA ACADEMIA DE ESTRELLAS (Charter Holder)
(Federal Employer Identification Number 20-0733852)

CERTIFICATE OF BOARD

We, the undersigned, certify that the attached annual Financial and Compliance Report of the above La Academia de Estrellas (Charter Holder) was reviewed and () approved () disapproved for the year ended August 31, 2015, at a meeting of the governing body of the charter holder on the 14 day of December, 2015.



Signature of Board Secretary



Signature of Board President

This page left blank intentionally.

EVANS, PINGLETON and HOWARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
8950 GARY BURNS DRIVE, SUITE D
FRISCO, TEXAS 75034
972-335-9754/FAX 972-335-9758

INDEPENDENT AUDITOR'S REPORT

Board of Directors
La Academia de Estrellas
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of La Academia de Estrellas (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Academia de Estrellas as of August 31, 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2015, on our consideration of La Academia de Estrellas' 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 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 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 La Academia de Estrellas' internal control over financial reporting and compliance.

Evans, Pingleton and Howard, PLLC

Evans, Pingleton and Howard, PLLC
December 2, 2015

FINANCIAL STATEMENTS

LA ACADEMIA DE ESTRELLAS
Statement of Financial Position
As of August 31, 2015
(With Comparative Totals as of August 31, 2014)

	Unrestricted	Temporarily Restricted	Total	
			<u>2015</u>	<u>2014</u>
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 1,407,047	2,692,212	4,099,259	3,451,875
Due from State	-	585,728	585,728	712,350
Other Receivables	-	-	-	1,000
Prepaid Expenses	43,645	-	43,645	92,163
Total Current Assets	<u>1,450,692</u>	<u>3,277,940</u>	<u>4,728,632</u>	<u>4,257,388</u>
Capital Assets, Net	-	13,276,493	13,276,493	6,874,934
Total Assets	<u>\$ 1,450,692</u>	<u>16,554,433</u>	<u>18,005,125</u>	<u>11,132,322</u>
LIABILITIES & NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 78,791	-	78,791	101,462
Accrued Liabilities	-	376,412	376,412	396,856
Student Activity Accounts	11,509	-	11,509	2,822
Current Portion of Long-Term Debt	-	488,776	488,776	260,770
Total Current Liabilities	<u>90,300</u>	<u>865,188</u>	<u>955,488</u>	<u>761,910</u>
Long-Term Liabilities:				
Long-Term Portion of Note Payable	-	10,923,004	10,923,004	5,089,693
Total Long Term Liabilities	<u>-</u>	<u>10,923,004</u>	<u>10,923,004</u>	<u>5,089,693</u>
Total Liabilities	<u>90,300</u>	<u>11,788,192</u>	<u>11,878,492</u>	<u>5,851,603</u>
Net Assets:				
Unrestricted	1,360,392	-	1,360,392	1,264,364
Temporarily Restricted	-	4,766,241	4,766,241	4,016,355
Total Net Assets	<u>1,360,392</u>	<u>4,766,241</u>	<u>6,126,633</u>	<u>5,280,719</u>
Total Liabilities & Net Assets	<u>\$ 1,450,692</u>	<u>16,554,433</u>	<u>18,005,125</u>	<u>11,132,322</u>

The notes to the financial statements are an integral part of this statement.

LA ACADEMIA DE ESTRELLAS
Statement of Activities
For the Year Ended August 31, 2015
(With Comparative Totals for the Year Ended August 31, 2014)

	Unrestricted	Temporarily Restricted	Totals	
			2015	2014
REVENUES				
Local Support (5720):				
Contributions	\$ 43,719	-	43,719	150
Cocurricular Activities	27,058	-	27,058	19,585
Other Income	7,798	-	7,798	34,387
Total Local Support	<u>78,575</u>	<u>-</u>	<u>78,575</u>	<u>54,122</u>
State Program Revenues (5820):				
Foundation School Program	-	8,317,674	8,317,674	8,471,517
Other State Aid	132,988	-	132,988	89,367
Total State Program Revenues	<u>132,988</u>	<u>8,317,674</u>	<u>8,450,662</u>	<u>8,560,884</u>
Federal Program Revenues (5920):				
ESEA, Title I, Part A, IBP	-	371,651	371,651	322,515
ESEA Title II, Part A	-	51,487	51,487	58,356
ESEA Title III, Part A	-	40,363	40,363	67,804
IDEA, Part B, Formula	-	126,520	126,520	131,407
IDEA Part B Preschool	-	1,324	1,324	-
National School Lunch/Breakfast Program	-	504,929	504,929	533,208
Total Federal Program Revenues	<u>-</u>	<u>1,096,274</u>	<u>1,096,274</u>	<u>1,113,290</u>
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	<u>8,665,852</u>	<u>(8,665,852)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 8,877,415</u>	<u>748,096</u>	<u>9,625,511</u>	<u>9,728,296</u>

LA ACADEMIA DE ESTRELLAS
Statement of Activities
For the Year Ended August 31, 2015
(With Comparative Totals for the Year Ended August 31, 2014)
continued

	Unrestricted	Temporarily Restricted	Totals	
			2015	2014
EXPENSES				
Program Services:				
11 Instruction	\$ 4,911,042	-	4,911,042	4,571,287
12 Instruction Resources & Media Services	98,516	-	98,516	78,517
13 Curriculum Development & Instructional Staff Development	289,114	-	289,114	291,461
21 Instructional Leadership	67,350	-	67,350	122,879
23 School Leadership	556,423	-	556,423	578,611
31 Guidance, Counseling & Evaluation Services	199,669	-	199,669	187,036
33 Health Services	65,223	-	65,223	64,462
35 Food Services	580,204	-	580,204	566,843
36 Extra Curricular Activities	68,303	-	68,303	63,972
Total Program Services	<u>6,835,844</u>	<u>-</u>	<u>6,835,844</u>	<u>6,525,068</u>
Support Services:				
41 General Administration	429,142	-	429,142	318,506
51 Facilities Maintenance & Operations	1,045,562	-	1,045,562	927,439
52 Security & Monitoring Service	4,726	-	4,726	10,835
53 Data Processing	56,900	-	56,900	55,178
61 Community Services	49,819	-	49,819	50,418
71 Debt Service	357,603	-	357,603	91,928
Total Support Services	<u>1,943,752</u>	<u>-</u>	<u>1,943,752</u>	<u>1,454,304</u>
Total Expenses	<u>8,779,596</u>	<u>-</u>	<u>8,779,596</u>	<u>7,979,372</u>
Change in Net Assets	97,819	748,096	845,915	1,748,924
Net Assets Beginning of Year, as Restated	<u>1,262,573</u>	<u>4,018,145</u>	<u>5,280,718</u>	<u>3,531,795</u>
Net Assets, End of Year	<u>\$ 1,360,392</u>	<u>4,766,241</u>	<u>6,126,633</u>	<u>5,280,719</u>

The notes to the financial statements are an integral part of this statement.

LA ACADEMIA DE ESTRELLAS
Statement of Cash Flows
For the Year Ended August 31 ,2015
(With Comparative Totals for the Year Ended August 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Foundation School Program Payments	\$ 8,496,876	8,219,729
Other State Aid	132,988	21,626
Federal Program Revenues	1,043,694	1,001,650
Other Income	79,575	34,387
Payments to Vendors	(1,960,026)	(2,357,922)
Payments to Employees	(6,260,945)	(5,374,743)
Interest Payments	(339,134)	(88,110)
Net Cash Provided by Operating Activities	<u>1,193,028</u>	<u>1,456,617</u>
Cash Flows from Investing Activities:		
Purchase of Capital Assets	<u>(6,615,647)</u>	<u>(4,291,271)</u>
Net Cash Provided by Investing Activities	<u>(6,615,647)</u>	<u>(4,291,271)</u>
Cash Flows from Financing Activities:		
Proceeds from Long-Term Debt	6,311,674	3,635,201
Payment on Long-Term Debt	(250,358)	(257,076)
Funds Held for Student Groups	<u>8,687</u>	<u>(399)</u>
Net Cash Provided by Financing Activities	<u>6,070,003</u>	<u>3,377,726</u>
Net Increase/Decrease in Cash	647,384	543,072
Cash at Beginning of Year	<u>3,451,875</u>	<u>2,908,803</u>
Cash at End of Year	<u><u>\$ 4,099,259</u></u>	<u><u>3,451,875</u></u>

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

Change in Net Assets	\$ 845,915	1,748,924
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	214,088	25,506
(Increase)/Decrease in Assets:		
Due from State	126,622	(220,658)
Prepaid Expenses	48,518	(28,126)
Other Receivables	1,000	1,972
Increase/(Decrease) in Liabilities:		
Accounts Payable	(22,671)	(61,480)
Accrued Liabilities	(17,074)	23,785
Other Adjustment	<u>(3,370)</u>	<u>(33,306)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,193,028</u></u>	<u><u>1,456,617</u></u>

The notes to the financial statements are an integral part of this statement.

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(A) BACKGROUND

La Academia de Estrellas (Charter Holder) is a non-profit Texas corporation formed in 2003. The Charter Holder was granted a charter in 2005 and began school operations in 2006. The Charter Holder operated a single charter school and did not conduct any other charter or non-charter activities. The School was established to provide innovative learning opportunities for students, by honoring diverse cultures, languages, backgrounds and academic abilities. The School accepts students in grades pre-kindergarten through eighth and is located at 4680 W. Kiest Blvd., Dallas, Texas.

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies.

Basis of Accounting

The financial statements of the School were prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Encumbrances representing outstanding purchase orders and other commitments for materials or services not yet received are not liabilities as of the reporting date.

Basis of Presentation

In order to comply with accounting principles generally accepted in the United States of America, the School must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standard Board as described in the AICPA Audit and Accounting Guide for not for profit organizations.

The Audit Guide requires classification of the School's net assets and its revenues, expenses, gains, and losses based on the existence or absences of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Unrestricted – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the corporation, the charter school and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted – Net assets required to be maintained in perpetuity with only the income to be used for the charter school's activities due to donor-imposed restrictions. The School has no permanently restricted funds.

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Estimates

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

Cash & Cash Equivalents

For the purposes of reporting cash flows, cash and equivalents include cash on hand and short term investments with original maturities of three months or less.

Income Tax Status

The School is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted assets.

Donated Services & Property

During the year ended August 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, a substantial number of individuals have donated significant amounts of their time in La Academia de Estrellas' programs and supporting services. There was however \$41,500 of donated playground that was capitalized along with other hard costs. Donations of property and equipment are recorded at the estimated fair value as of the date the contribution is received.

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are defined by the School as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to twenty years, using the straight-line method of depreciation.

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense 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.

Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the period ended August 31, 2014, from which the summarized information was derived.

(C) TEMPORARILY RESTRICTED ASSETS

The School reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The School reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

State Funded Educational Programs	\$ 7,569,578
Federally Funded Educational Programs	<u>1,096,274</u>
Total	<u><u>\$ 8,665,852</u></u>

Temporarily restricted assets, as of August 31, 2015, consisted of the following:

State Funded Educational Programs	<u>\$ 4,766,241</u>
Total	<u><u>\$ 4,766,241</u></u>

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(D) DUE FROM STATE

Amounts due from State consist of:

	2015
Revenue Accrued for Students Starting Prior to August 31, 2015	\$ 293,689
National School Lunch/Breakfast Program	18,308
Federal Grant Revenue Earned	273,731
Total	\$ 585,728

(E) CAPITAL ASSETS

Capital assets are stated at cost or, if donated, at fair value on the date received. Assets with a cost of \$5,000 or more and a life expectancy of greater than three years are capitalized. Capital assets acquired with public funds constitute public property pursuant to Chapter 12 of the Texas Education Code.

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Disposals and Transfers	Ending Balance	Accumulated Depreciation	Net Capital Assets
Land	\$ 1,534,880	-	-	1,534,880	-	1,534,880
Building & Improvements	5,387,360	6,356,351	-	11,743,711	269,992	11,473,719
Vehicles	9,400	-	-	9,400	4,029	5,371
Furniture & Equipment	18,399	259,296	-	277,695	15,172	262,523
Total	\$ 6,950,039	6,615,647	-	13,565,686	289,193	13,276,493

Assets are depreciated on the straight-line basis as follows:

Building & Improvements	15 - 40 years
Vehicles	7 years

For the period ended August 31, 2015, \$214,088 was charged to depreciation expense.

(F) LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Bank of America Note	\$ 426,384	-	(65,131)	361,253	68,634
Regions Equipment Financing Corp.	-	185,048	(11,242)	173,806	34,557
Regions Equipment Financing Corp.	4,924,080	6,126,626	(173,985)	10,876,721	385,585
	\$ 5,350,464	6,311,674	(250,358)	11,411,780	488,776

Interest expense was \$352,384 and \$88,110 for fiscal years ended 2015 and 2014, respectively.

LA ACADEMIA DE ESTRELLAS

Notes to Financial Statements

For the Year Ended August 31, 2015

(F) LONG-TERM DEBT (continued)

Long-term debt at August 31, 2015 consists of the following:

Note payable to Bank of America, 5.25 percent interest, principal and interest due monthly in installments of \$7,188. The final payment is due in May, 2020. The note is secured by a first lien on the School's Hampton Property.

Fiscal Year End	Principal	Interest	Totals
08/31/16	\$ 68,633	17,621	86,254
08/31/17	72,427	13,827	86,254
08/31/18	76,377	9,877	86,254
08/31/19	80,543	5,711	86,254
08/31/20	63,273	1,417	64,690
	<u>\$ 361,253</u>	<u>48,453</u>	<u>409,706</u>

Financing and loan agreements with Oglesby and Riesel Education Facilities Corporation as issuer and Regions Equipment Finance Corporation as lender, dated August 1, 2013. The loan agreements are to finance real property acquisition and construction which will be collateralized. Interest, at a variable rate of approximately 4.63 percent, and principal payments are due each month starting March, 2015. The note must be paid in full or refinanced in February, 2025.

The estimated note amortization is as follows:

Fiscal Year End	Principal	Interest	Totals
08/31/16	\$ 385,586	489,247	874,833
08/31/17	399,445	477,346	876,791
08/31/18	413,960	458,546	872,506
08/31/19	429,163	439,062	868,225
08/31/20	445,083	418,859	863,942
Thereafter	8,803,484	3,267,287	12,070,771
	<u>\$ 10,876,721</u>	<u>5,550,347</u>	<u>16,427,068</u>

Financing and loan agreement with Regions Equipment Finance Corporation as lender, dated September 10, 2014. This loan agreement is to finance acquisition of furniture and equipment which will be collateralized. Interest, at a variable rate of approximately 3.85 percent, and principal payments are due each month starting May, 2015.

The estimated note amortization is as follows:

Fiscal Year End	Principal	Interest	Totals
08/31/16	\$ 34,618	6,186	40,804
08/31/17	36,010	4,794	40,804
08/31/18	37,442	3,362	40,804
08/31/19	38,929	1,875	40,804
08/31/20	26,807	396	27,203
	<u>\$ 173,806</u>	<u>16,613</u>	<u>190,419</u>

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(G) DEFINED BENEFIT PENSION PLAN

Plan Description

The School participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. There is not a collective-bargaining agreement.

Funding Policy

Under provisions of State law, plan members are required to contribute 6.7% of their annual covered salary and the State of Texas contributes an amount equal to 6.8% of the Schools covered payroll. The School's employee contributions to the System for the year ending August 31, 2015 were \$361,842 and were equal to the required State of Texas' contributions for the year.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Charter Schools are legally separate entities from the State and each other. Assets contributed by one Charter School may be used for the benefit of another Charter School. Unfunded pension obligations get passed along to other plan participants. There is no penalty for leaving the TRS system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan:

Total Plan Assets	\$ 157,261,707,241
Accumulated Benefit Obligations	\$ 159,496,075,886
Percentage of the Plan that is funded	83.25%

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(G) DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

Contributions

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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer Contributions	\$ 74,659	\$ 150,237

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(G) DEFINED BENEFIT PENSION PLAN (continued)

Contributions (continued)

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8.00%
Long-Term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

* Includes Inflation of 3%

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(G) DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions (continued)

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(G) DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha	-	-	1.0%
Total	100%		8.7%

* *The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

Employer Contributions

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 9/1/2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

The charter's contributions to the plan did not represent more than 5% of the total contributions to the plan.

LA ACADEMIA DE ESTRELLAS
Notes to Financial Statements
For the Year Ended August 31, 2015

(H) COMMITMENTS & CONTINGENCIES

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

(I) HEALTH CARE COVERAGE

During the year ended August 31, 2015, employees of the School were covered by a Health Insurance Plan. The School provides \$300 per month per employee for employee insurance or as a contribution to a flexible spending account. Employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

(J) PRIOR PERIOD ADJUSTMENT

An adjustment has been made to net assets as of August 31, 2014, to reverse a prior period adjustment.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net Assets as Previously Reported at August 31, 2013	\$ 1,208,165	2,323,629	3,531,794
Adjustment	<u>5,160</u>	<u>(1,790)</u>	<u>3,370</u>
	<u>\$ 1,213,325</u>	<u>2,321,839</u>	<u>3,535,164</u>

(K) EVALUATION OF SUBSEQUENT EVENTS

The School has evaluated subsequent events through December 2, 2015 the date which the financial statements were available to be issued.

T. E. A. REQUIRED SCHEDULES

LA ACADEMIA DE ESTRELLAS
Schedule of Expenses
For the Years Ended August 31, 2015 and 2014

	2015	2014
EXPENSES		
6100 Payroll Costs	\$ 6,211,377	5,992,538
6200 Professional and Contracted Services	692,328	847,775
6300 Supplies and Materials	1,093,446	839,458
6400 Other Operating Costs	430,061	211,491
6500 Debt Service	352,384	88,110
Total Expenses	\$ 8,779,596	7,979,372

LA ACADEMIA DE ESTRELLAS
Schedule of Capital Assets
As of August 31, 2015

<u>Description</u>	<u>Ownership Interest</u>		
	<u>Local</u>	<u>State</u>	<u>Federal</u>
1110 Cash	\$ 1,407,047	2,692,212	
1510 Land		1,534,880	
1520 Buildings & Improvements		11,743,711	
1531 Vehicles		9,400	
1539 Furniture & Equipment		277,695	
Total	<u>\$ 1,407,047</u>	<u>16,257,898</u>	<u>-</u>

LA ACADEMIA DE ESTRELLAS
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2015

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
REVENUE & OTHER SUPPORT:			
Local Support:			
5740 Other Revenues from Local Sources	\$ 7,971	51,517	43,546
5750 Cocurricular Activities	<u>27,606</u>	<u>27,058</u>	<u>(548)</u>
Total Local Support	<u>35,577</u>	<u>78,575</u>	<u>42,998</u>
State Program Revenues:			
5810 Foundation School Program Act Revenues	8,297,936	8,317,674	19,738
5820 State Program Revenue Distributed by the Texas Education Agency	<u>105,851</u>	<u>132,988</u>	<u>27,137</u>
Total State Program Revenues	<u>8,403,787</u>	<u>8,450,662</u>	<u>46,875</u>
Federal Program Revenues:			
5920 Federal Revenue Distributed by Texas Education Agency	<u>1,182,710</u>	<u>1,096,274</u>	<u>(86,436)</u>
Total Federal Program Revenues	<u>1,182,710</u>	<u>1,096,274</u>	<u>(86,436)</u>
Total Revenues	<u>9,622,074</u>	<u>9,625,511</u>	<u>3,437</u>
EXPENSES:			
Program Services:			
11 Instruction	4,983,386	4,911,042	72,344
12 Instructional Resources & Media Services	97,694	98,516	(822)
13 Curriculum Development & Instructional Staff Development	293,759	289,114	4,645
21 Instructional Leadership	68,832	67,350	1,482
23 School Leadership	573,003	556,423	16,580
31 Guidance, Counseling & Evaluation Services	208,915	199,669	9,246
33 Health Services	72,055	65,223	6,832
35 Food Services	586,534	580,204	6,330
36 Extracurricular Activities	<u>86,446</u>	<u>68,303</u>	<u>18,143</u>
Total Program Services	<u>6,970,624</u>	<u>6,835,844</u>	<u>134,780</u>
Support Services:			
41 General Administration	425,648	429,142	(3,494)
51 Facilities Maintenance & Operations	1,235,956	1,045,562	190,394
52 Security & Monitoring Services	7,000	4,726	2,274
53 Data Processing	58,559	56,900	1,659
61 Community Services	57,515	49,819	7,696
71 Debt Service	<u>388,467</u>	<u>357,603</u>	<u>30,864</u>
Total Support Services	<u>2,173,145</u>	<u>1,943,752</u>	<u>229,393</u>
Total Expenses	<u>9,143,769</u>	<u>8,779,596</u>	<u>364,173</u>
Change in Net Assets	478,305	845,915	367,610
Net Assets - Beginning	<u>5,280,718</u>	<u>5,280,718</u>	<u>-</u>
Net Assets - Ending	<u>\$ 5,759,023</u>	<u>6,126,633</u>	<u>367,610</u>

COMPLIANCE & INTERNAL CONTROLS SECTION

This page left blank intentionally.

EVANS, PINGLETON and HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

8950 Gary Burns Drive, Suite D

Frisco, Texas 75034

PH 972-335-9754

FAX 972-335-9758

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors

La Academia de Estrellas (Charter Holder)

Dallas, 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 La Academia de Estrellas (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, 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 December 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered La Academia de Estrellas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Academia de Estrellas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 & Other Matters

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

Purpose of this Report

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

Evans, Pingleton and Howard, PLLC

Evans, Pingleton and Howard, PLLC
December 2, 2015

EVANS, PINGLETON and HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
8950 Gary Burns Drive, Suite D
Frisco, Texas 75034
PH 972-335-9754
FAX 972-335-9758

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors

La Academia de Estrellas (Charter Holder)
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited La Academia De Estrellas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of La Academia De Estrellas' major federal programs for the year ended August 31, 2015. La Academia De Estrellas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of La Academia De Estrellas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about La Academia De Estrellas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of La Academia De Estrellas' compliance.

Opinion on Each Major Federal Program

In our opinion, La Academia De Estrellas 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, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of La Academia De Estrellas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered La Academia De Estrellas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of La Academia De Estrellas' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Evans, Pingleton and Howard, PLLC

Evans, Pingleton and Howard, PLLC
December 2, 2015

LA ACADEMIA DE ESTRELLAS
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2015

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements of the auditee	Unmodified
2. Significant deficiencies in internal controls disclosed by the audit of the financial statements	None
a. Significant deficiencies that were material weaknesses	None
3. Noncompliance material to the financial statements of the auditee disclosed by the audit of the financial statements	None
4. Significant deficiencies in internal controls over major programs disclosed by the audit of the financial statements	None
a. Significant deficiencies that were material weaknesses	None
5. Type of auditor's report issued on compliance for major programs	Unmodified
6. Findings disclosed by the audit of the financial statements which the auditor is required to report	None
7. Major Programs: (as tested) ESEA, Title 1, Part A, IBP (CFDA 84.010A)	
8. The dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
9. Auditee qualified as a low- risk auditee	Yes

II. Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards

None identified.

III. Findings and questioned costs for state and federal awards

None identified.

LA ACADEMIA DE ESTRELLAS
Schedule of Status of Prior Findings
For the Year Ended August 31, 2015

Status of Prior Year's Finding

Program	Noncompliance
---------	---------------

-NONE-

LA ACADEMIA DE ESTRELLAS
Schedule of Expenditure of Federal Awards
For the Year Ended August 31, 2015

Grantor/Program Title

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identification Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Education</u>			
<u>Passed Through Region X ESC:</u>			
ESEA, Title II, Part A, Discr.	84.367A	15694501057839	\$ 51,487
ESEA, Title III, Part A, LEP	84.365A	15671001057839	40,363
Total Passed Through Region X ESC			<u>91,850</u>
<u>Passed Through State Department of Education:</u>			
ESEA, Title I, Part A, IBP	84.010A	13610101057839	371,651
IDEA, Part B, Formula	84.027A	156600010578396000	126,520
IDEA, Part B, Preschool	84.173A		1,324
Total Passed Through State Dept. of Education			<u>499,495</u>
Total United States Department of Education			<u>591,345</u>
<u>United States Department of Agriculture</u>			
<u>Passed Through State Department of Agriculture</u>			
National School Lunch	10.555	71301501	357,170
School Breakfast Program	10.553	71401501	129,112
Total Passed Through State Dept. of Agriculture			<u>486,282</u>
<u>Passed Through Texas Department of Human Resources</u>			
Donated Commodities	10.550	N/A	18,647
Total Passed Through Texas Dept. of Human Resources			<u>18,647</u>
Total United States Dept. of Agriculture			<u>504,929</u>
Total Expenditures of Federal Awards			<u>\$ 1,096,274</u>

LA ACADEMIA DE ESTRELLAS
Notes to Schedule of Expenditures of Federal Awards
For Year Ended August 31, 2015

Note 1: Standard Financial Accounting System

For all federal programs, the School used the net asset classes and codes specified by the Texas Education Agency in the *Special Supplement to Financial Accounting and Reposting, Nonprofit Charter School Chart of Accounts*. Temporarily restricted net asset codes are used to account for resources restricted or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted net asset codes.