

**Elevate Collegiate, Inc.**

Financial Statements  
and Independent Auditors' Report  
for the year ended June 30, 2023

# Elevate Collegiate, Inc.

## Table of Contents

---

	Page
Certificate of Board	
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statement of Financial Position as of June 30, 2023	4
Statement of Activities for the year ended June 30, 2023	5
Statement of Functional Expenses for the year ended June 30, 2023	6
Statement of Cash Flows for the year ended June 30, 2023	7
Notes to Financial Statements for the year ended June 30, 2023	8
<b>Supplementary Information Required by Texas Education Agency:</b>	
Supplemental Statement of Financial Position as of June 30, 2023	13
Supplemental Statement of Activities for the year ended June 30, 2023	14
Supplemental Statement of Cash Flows for the year ended June 30, 2023	15
Schedule of Expenses for the year ended June 30, 2023	16
Schedule of Assets as of June 30, 2023	17
Schedule of Related Party Transactions for the year ended June 30, 2023	18
Schedule of Related Party Compensation and Benefits for the year ended June 30, 2023	19
Use of Funds Report – Select State Allotment Programs for the year ended June 30, 2023	20
Budgetary Comparison Schedule for the year ended June 30, 2023	21
<b>Unaudited Supplementary Information Required by the Texas Education Agency:</b>	
Explanations for Budget Variances for the year ended June 30, 2023 (unaudited)	22
Schedule of Real Property Ownership Interest at June 30, 2023 (unaudited)	23
<b>Independent Auditors' 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></b>	24
Schedule of Findings and Responses for the year ended June 30, 2023	26

---

**Certificate of Board**

Elevate Collegiate, Inc.  
Name of Charter Holder

83-2848652  
Federal Employer ID Number

Elevate Collegiate  
Name of Charter School

Harris  
County

101-877  
Co. Dist. Number

We, the undersigned, certify that the attached financial and compliance report of Elevate Collegiate, Inc. was reviewed and (check one)  approved  disapproved for the year ended June 30, 2023, at a meeting of the governing body of the Charter Holder on the 16<sup>th</sup> day of November 2023.

  
Signature of Board Secretary

 11/16/2023  
Signature of Board/President

If the governing body of the Charter Holder does not approve the independent auditors' report, it must forward a written statement discussing the reason(s) for not approving the report.

## Independent Auditors' Report

To the Board of Directors of  
Elevate Collegiate, Inc.:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Elevate Collegiate, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, of functional expenses, and of 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 Elevate Collegiate, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Elevate Collegiate, Inc. 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 Elevate Collegiate, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 13 through 21 is presented for purposes of additional analysis as required by the Texas Education Agency 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.

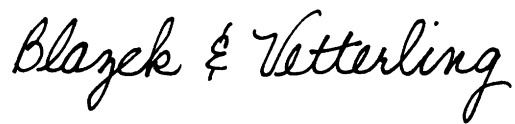
### ***Unaudited Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The explanations for budget variances on page 22 and the schedule of real property ownership interest on page 23 are presented for purposes of additional analysis as required by the Texas Education Agency and

are not a required part of the financial statements. The explanations for budget variances and the schedule of real property ownership interest have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Report Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 on our consideration of Elevate Collegiate, Inc.'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 Elevate Collegiate, Inc.'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 Elevate Collegiate, Inc.'s internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Blazek & Vetterling". The signature is written in a cursive, flowing style.

November 17, 2023

## Elevate Collegiate, Inc.

Statement of Financial Position as of June 30, 2023

---

### ASSETS

Current assets:	
Cash	\$ 537,471
Government grants receivable	195,153
Prepaid expenses and other assets	<u>57,901</u>
Total current assets	790,525
Right-of-use asset – operating ( <i>Note 3</i> )	104,640
Property ( <i>Note 4</i> )	<u>534,170</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,429,335</u></b>

### LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 101,214
Accrued payroll expenses	66,262
Construction payable	262,399
Lease liability – operating ( <i>Note 3</i> )	104,640
Current portion of note payable, net ( <i>Note 5</i> )	<u>39,573</u>
Total current liabilities	574,088
Note payable, net ( <i>Note 5</i> )	<u>229,865</u>
Total liabilities	<u>803,953</u>
Net assets:	
Without donor restrictions	426,431
With donor restrictions ( <i>Note 6</i> )	<u>198,951</u>
Total net assets	<u>625,382</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,429,335</u></b>

*See accompanying notes to financial statements.*

---

## Elevate Collegiate, Inc.

Statement of Activities for the year ended June 30, 2023

---

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Government grants <i>(Note 7)</i>		\$ 1,561,060	\$ 1,561,060
Contributions	\$ 256,121		256,121
Program service fees	<u>5,545</u>		<u>5,545</u>
Total revenue	261,666	1,561,060	1,822,726
Net assets released from restrictions:			
Program expenditures	<u>1,365,718</u>	<u>(1,365,718)</u>	
Total	<u>1,627,384</u>	<u>195,342</u>	<u>1,822,726</u>
EXPENSES:			
Program services:			
Instructional program	1,207,219		1,207,219
Auxiliary services	<u>364,640</u>		<u>364,640</u>
Total program services	1,571,859		1,571,859
General and administrative	<u>140,260</u>		<u>140,260</u>
Total expenses	<u>1,712,119</u>		<u>1,712,119</u>
CHANGES IN NET ASSETS	(84,735)	195,342	110,607
Net assets, beginning of year	<u>511,166</u>	<u>3,609</u>	<u>514,775</u>
Net assets, end of year	<u>\$ 426,431</u>	<u>\$ 198,951</u>	<u>\$ 625,382</u>

*See accompanying notes to financial statements.*

---



## Elevate Collegiate, Inc.

### Statement of Functional Expenses for the year ended June 30, 2023

---

	<u>INSTRUCTIONAL PROGRAM</u>	<u>AUXILIARY SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL</u>
Salaries and benefits	\$ 740,896		\$ 740,896	\$ 67,431	\$ 808,327
Professional and contract services	174,354	\$ 115,478	289,832	60,437	350,269
Rent and utilities	134,069	169,018	303,087		303,087
Materials and supplies	101,370	80,073	181,443	6,979	188,422
Professional development and travel	51,719		51,719	3,819	55,538
Interest and debt fees	56	71	127		127
Other	<u>4,755</u>	<u></u>	<u>4,755</u>	<u>1,594</u>	<u>6,349</u>
Total expenses	<u>\$ 1,207,219</u>	<u>\$ 364,640</u>	<u>\$ 1,571,859</u>	<u>\$ 140,260</u>	<u>\$ 1,712,119</u>

*See accompanying notes to financial statements.*

---

## Elevate Collegiate, Inc.

Statement of Cash Flows for the year ended June 30, 2023

---

### CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 110,607
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Amortization of right-of-use asset	200,653
Changes in operating assets and liabilities:	
Government grants receivable	16,511
Prepaid expenses and other assets	(34,840)
Accounts payable and accrued expenses	121,045
Lease liability – operating	(200,653)
Refundable advance	<u>(13,082)</u>
Net cash provided by operating activities	<u>200,241</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property	<u>(2,333)</u>
-----------------------	----------------

NET CHANGE IN CASH 197,908

Cash, beginning of year 339,563

Cash, end of year \$ 537,471

### *Supplemental disclosure of cash flow information:*

Property financed with note payable \$269,438

*See accompanying notes to financial statements.*

---

## Elevate Collegiate, Inc.

Notes to Financial Statements for the year ended June 30, 2023

---

### NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – Elevate Collegiate, Inc. (Elevate), is a Texas non-profit organization incorporated in the State of Texas on November 19, 2018. Elevate operates one Texas Open-Enrollment Charter School under a state charter granted on May 13, 2020 by the Texas State Board of Education. For the 2022-2023 school year, Elevate served approximately 120 students in pre-kindergarten through 3<sup>rd</sup> grade in Houston, Texas, with a mission to equip all students with the academic knowledge and character development necessary to set forth confidently on the path to college and a life filled with opportunity. The school's programs, services, activities and functions are governed by Elevate's Board of Directors.

Elevate receives the majority of its funding from the Texas Education Agency (TEA) based on average daily attendance in the school it operates. Since this includes funding from local, state, and federal government sources, Elevate must comply with the requirements of the entities providing those funds.

Federal income tax status – Elevate is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (the Code) and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(ii).

Cash includes bank deposits that exceed the Federal Deposit Insurance Corporation limit of \$250,000 per depositor per institution.

Government grants receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. At June 30, 2023, all government grants receivable are expected to be collected within one year.

Property is recorded at cost if purchased or at fair value at the date of gift if donated. Elevate recognizes depreciation using the straight-line method over the estimated useful lives of the assets. Elevate capitalizes additions and improvements that have a cost of more than \$5,000.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service, unless received from state or federal funding, in which case they are released as depreciated.

Grants and contributions are recognized at fair value when an unconditional commitment is received from the donor. Grants and contributions received with donor stipulations that limit their use are classified as *net assets with donor restrictions*. Conditional grants and contributions are subject to one or more barriers that must be overcome before Elevate is entitled to receive or retain funding. Conditional grants

and contributions are recognized as revenue at fair value when conditions have been met. Funding received before conditions are met is reported as refundable advances.

Donated materials and services – Donated materials are recognized at fair value when an unconditional commitment is received from the donor. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Program service fees are derived primarily from student fees. All fees are recognized at a point in time when the goods or services are provided. All performance obligations related to program service fees are satisfied within the academic year which is contained within the fiscal year. There are no contract assets or liabilities resulting from program service fees.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Information technology costs, interest, and facility costs are allocated based on estimated square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## **NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2023 comprise the following:

Financial assets:

Cash	\$ 537,471
Government grants receivable	<u>195,153</u>

Total financial assets available for general expenditure	<u>\$ 732,624</u>
--	-------------------

Elevate relies primarily on state and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Elevate considers all expenditures related to its ongoing activities of instructional program and supplemental services, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of Elevate's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due by maintaining a significant portion of its assets in cash.

### NOTE 3 – OPERATING LEASES

Elevate leases office space used in its operations under a lease that is classified as an operating lease. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

As of June 30, 2023, the right-of-use (ROU) asset and lease liability related to the operating lease are as follows:

Operating lease ROU asset	\$104,640
Operating lease liability	\$104,640

Lease costs associated with operating leases were \$212,737 in 2023.

Cash paid for amounts included in the measurement of lease liabilities was \$212,737 in 2023.

Future payments due under the operating lease as of June 30, 2023 are as follows:

2024	\$ 106,368
Less discount to present value	<u>(1,728)</u>
Total minimum lease payments	<u>\$ 104,640</u>

As of June 30, 2023, the remaining lease term for the operating lease is 6 months. The discount rate associated with the operating lease as of June 30, 2023 is 5.64%.

### NOTE 4 – PROPERTY

Property at June 30, 2023 is comprised of construction in progress in the amount of \$534,170 relating to construction and improvements at a new campus under lease as of July 1, 2023. At June 30, 2023, Elevate had outstanding commitments of approximately \$533,000 related to the construction of the new leased campus.

### NOTE 5 – NOTE PAYABLE

The note payable at June 30, 2023 consists of the following:

A \$2,000,000 loan agreement with a charter school facility financing organization, net of unamortized debt issuance costs of \$122,216 at June 30, 2023. The proceeds are being used to acquire, construct, and renovate the new leased school site. The loan bears interest at 2.5%. Interest only is due monthly beginning July 1, 2023. Principal and interest are due monthly beginning February 1, 2024, until maturity on June 30, 2027. The loan is secured by real property.

\$ 269,438

Maturities of the note payable at June 30, 2023 are as follows:

2024	\$ 39,573
2025	79,147
2026	79,147
2027	<u>193,787</u>
Total principal payments due	391,654
Unamortized debt issuance costs	<u>(122,216)</u>
Note payable, net	<u>\$ 269,438</u>

#### **NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2023 are restricted as follows:

Subject to expenditure for specified purpose:	
Foundation School Program – charter school activities	\$ <u>198,951</u>
Total net assets with donor restrictions	<u>\$ 198,951</u>

#### **NOTE 7 – GOVERNMENT GRANTS**

Elevate is a party to contracts with federal and state agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of significant government grants recognized at June 30, 2023 include the following:

Federal grants:	
U. S. Department of Education	\$ 456,454
U. S. Department of Agriculture	<u>61,810</u>
Total federal grants	518,264
State grants:	
Texas Education Agency Foundation School Program Act	1,042,628
Other state grants	<u>168</u>
Total state grants	<u>1,042,796</u>
Total government grants	<u>\$ 1,561,060</u>

Government funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by Elevate with the terms of the contracts. Management believes such disallowances, if any, would not be material to Elevate's financial position or changes in net assets.

## **NOTE 8 – MULTIEMPLOYER PENSION PLAN**

Elevate’s full-time employees participate in the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost-sharing, multiemployer, defined benefit pension plan. All risks and costs are not shared by Elevate but are the liability of the State of Texas. Plan members contributed 8.0% in 2023 of their annual covered salary. Elevate contributes 8.25% for new members during the first 90 days of employment, and the State of Texas contributes 8.25%. Additionally, Elevate makes a 1.8% non-OASDI payment for all TRS eligible employees. Elevate’s contributions do not represent more than 5% of TRS’ total contributions. For 2023, Elevate contributed \$36,762 to TRS.

The risks of participating in a multiemployer defined benefit plan are different from single-employer plans because (a) amounts contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

Total TRS plan assets as of August 31, 2022 were \$207.6 billion. Accumulated benefit obligations as of August 31, 2022 were \$243.6 billion. The plan was 79.0% funded at August 31, 2022.

## **NOTE 9 – SUBSEQUENT EVENTS**

In July 2023, Elevate entered into a lease for a new school location. The lease includes space that is in the process of being expanded at June 30, 2023. Elevate is responsible for the build-out costs of the expanded space. The new lease will have an annual base rent of approximately \$66,000 per year.

In October 2023, Elevate closed on a \$3,980,000 loan with a non-profit financing fund to finance improvements on its new leased campus. The loan matures June 30, 2027.

Management has evaluated subsequent events through November 17, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

---

## Elevate Collegiate, Inc.

Charter #101877

Supplemental Statement of Financial Position as of June 30, 2023

---

### ASSETS

Current assets:

Cash	\$ 537,471
Government grants receivable	195,153
Prepaid expenses and other assets	<u>57,901</u>
Total current assets	790,525

Right-of-use asset – operating	104,640
Property	<u>534,170</u>

TOTAL ASSETS \$ 1,429,335

### LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 101,214
Accrued payroll expenses	66,262
Construction payable	262,399
Lease liability – operating	104,640
Current portion of note payable, net	<u>39,573</u>
Total current liabilities	<u>574,088</u>

Note payable, net 229,865

Total liabilities 803,953

Net assets:

Without donor restrictions	426,431
With donor restrictions	<u>198,951</u>
Total net assets	<u>625,382</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,429,335

---



## Elevate Collegiate, Inc.

Charter #101877

Supplemental Statement of Activities for the year ended June 30, 2023

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Local program revenue:			
5740 Other revenue from local sources	\$ 260,549		\$ 260,549
5750 Revenue from co-curricular or enterprising services or activities	<u>1,117</u>		<u>1,117</u>
Total local program revenue	<u>261,666</u>		<u>261,666</u>
State program revenue:			
5810 Foundation School Program		\$ 1,042,628	1,042,628
5820 State program revenue distributed by Texas Education Agency		<u>168</u>	<u>168</u>
Total state program revenues		<u>1,042,796</u>	<u>1,042,796</u>
Federal program revenue:			
5920 Federal revenue distributed by Texas Education Agency		506,175	506,175
5930 Federal revenue distributed by other State of Texas government agencies		<u>12,089</u>	<u>12,089</u>
Total federal program revenues		<u>518,264</u>	<u>518,264</u>
Total revenue	<u>261,666</u>	<u>1,561,060</u>	<u>1,822,726</u>
Net assets released from restrictions:			
Program expenditures	<u>1,365,718</u>	<u>(1,365,718)</u>	<u></u>
Total	<u>1,627,384</u>	<u>195,342</u>	<u>1,822,726</u>
EXPENSES:			
11 Instruction	810,429		810,429
13 Curriculum development and instructional staff development	59,425		59,425
23 School leadership	200,264		200,264
31 Guidance counseling and evaluation services	25,075		25,075
33 Health services	234		234
34 Student transportation	1,805		1,805
35 Food services	84,880		84,880
41 General administration	140,260		140,260
51 Plant maintenance and operations	306,594		306,594
53 Data processing services	3,220		3,220
61 Community services	79,806		79,806
71 Debt service	<u>127</u>		<u>127</u>
Total expenses	<u>1,712,119</u>		<u>1,712,119</u>
CHANGES IN NET ASSETS	(84,735)	195,342	110,607
Net assets, beginning of year	<u>511,166</u>	<u>3,609</u>	<u>514,775</u>
Net assets, end of year	<u>\$ 426,431</u>	<u>\$ 198,951</u>	<u>\$ 625,382</u>

## Elevate Collegiate, Inc.

Charter #101877

Supplemental Statement of Cash Flows for the year ended June 30, 2023

---

### CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 110,607
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Amortization of right-of-use asset	200,653
Changes in operating assets and liabilities:	
Government grants receivable	16,511
Prepaid expenses and other assets	(34,840)
Accounts payable and accrued expenses	121,045
Lease liability – operating	(200,653)
Refundable advance	<u>(13,082)</u>
Net cash provided by operating activities	<u>200,241</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property	<u>(2,333)</u>
-----------------------	----------------

NET CHANGE IN CASH 197,908

Cash, beginning of year 339,563

Cash, end of year \$ 537,471

---

## **Elevate Collegiate, Inc.**

Charter #101877

Schedule of Expenses for the year ended June 30, 2023

---

6100	Payroll costs	\$	808,327
6200	Professional and contracted services		653,356
6300	Supplies and materials		188,422
6400	Other operating costs		61,887
6500	Interest expense		<u>127</u>
Total		\$	<u>1,712,119</u>

---

## Elevate Collegiate, Inc.

Charter #101877

Schedule of Assets as of June 30, 2023

---

	OWNERSHIP INTEREST		
	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>
1110 Cash	\$ 537,471		
1590 Construction in progress	<u>534,170</u>	<u>          </u>	<u>          </u>
Total Cash, Investments, and Capital Assets	<u>\$ 1,071,641</u>	<u>\$ 0</u>	<u>\$ 0</u>

---

**Elevate Collegiate, Inc.**

Charter #101877

Schedule of Related Party Transactions for the year ended June 30, 2023

---

<u>RELATED PARTY NAME</u>	<u>NAME OF RELATION TO THE RELATED PARTY</u>	<u>RELATIONSHIP</u>	<u>TYPE OF TRANSACTION</u>	<u>DESCRIPTION OF TERMS AND CONDITIONS</u>	<u>SOURCE OF FUNDS USED</u>	<u>PAYMENT FREQUENCY</u>	<u>TOTAL PAID DURING FISCAL YEAR</u>	<u>PRINCIPAL BALANCE DUE</u>
None								

---

## Elevate Collegiate, Inc.

Charter #101877

Schedule of Related Party Compensation and Benefits for the year ended June 30, 2023

---

<u>RELATED PARTY NAME</u>	<u>NAME OF RELATION TO THE RELATED PARTY</u>	<u>RELATIONSHIP</u>	<u>COMPENSATION OR BENEFIT</u>	<u>PAYMENT FREQUENCY</u>	<u>DESCRIPTION</u>	<u>SOURCE OF FUNDS USED</u>	<u>TOTAL PAID DURING FISCAL YEAR</u>
None							

---

**Elevate Collegiate, Inc.**

Charter #101877

Use of Funds Report – Select State Allotment Programs for the year ended June 30, 2023

---

<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
Did your LEA expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
Does the LEA have written policies and procedures for its state compensatory education program?	Yes
List the total state allotment funds received for state compensatory education programs during the district’s fiscal year.	\$166,317
List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$99,259
<b>Section B: Bilingual Education Programs</b>	<b>Responses</b>
Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	No
Does the LEA have written policies and procedures for its bilingual education program?	Yes
List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$0
List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PICs 25, 35)	\$0

---

## Elevate Collegiate, Inc.

Charter #101877

Budgetary Comparison Schedule for the year ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FROM FINAL BUDGET	
	ORIGINAL	FINAL			
<b>REVENUE:</b>					
Local program revenue:					
5740	Other revenue from local sources	\$ 340,000	\$ 205,000	\$ 260,549	\$ 55,549 (1)(14)
5750	Revenue from co-curricular or enterprising services or activities			1,117	1,117 (14)
	Total local program revenue	<u>340,000</u>	<u>205,000</u>	<u>261,666</u>	<u>56,666</u>
State program revenue:					
5810	Foundation School Program Act Revenue	880,892	1,042,394	1,042,628	234 (2)
5820	State revenue distributed by TEA			168	168 (15)
	Total state program revenues	<u>880,892</u>	<u>1,042,394</u>	<u>1,042,796</u>	<u>402</u>
Federal program revenue:					
5920	Federal revenue distributed by TEA	690,839	522,044	506,175	(15,869) (3)
5930	Federal revenue distributed by other State of Texas government agencies			12,089	12,089 (15)
	Total federal program revenues	<u>690,839</u>	<u>522,044</u>	<u>518,264</u>	<u>(3,780)</u>
	Total revenue	<u>1,911,731</u>	<u>1,769,438</u>	<u>1,822,726</u>	<u>53,288</u>
<b>EXPENSES:</b>					
11	Instruction	751,949	822,884	810,429	(12,455)
13	Curriculum development and instructional staff development	9,400	52,500	59,425	6,925 (4)(16)
23	School leadership	272,592	231,422	200,264	(31,158) (5)(17)
31	Guidance counseling and evaluation services		24,000	25,075	1,075 (6)
33	Health services		250	234	(16) (6)
34	Student transportation		1,925	1,805	(120) (6)
35	Food services	150,117	87,000	84,880	(2,120) (7)
41	General administration	139,226	166,735	140,260	(26,475) (8)(18)
51	Plant maintenance and operations	327,620	328,700	306,594	(22,106)
52	Security and monitoring services	10,000			(9)
53	Data processing services	5,000	3,250	3,220	(30) (10)
61	Community services	50,000	57,600	79,806	22,206 (11)(19)
71	Debt service	10,833		127	127 (12)(20)
81	Fundraising	<u>5,100</u>			(13)
	Total expenses	<u>1,731,837</u>	<u>1,776,266</u>	<u>1,712,119</u>	<u>(64,147)</u>
<b>CHANGES IN NET ASSETS</b>					
		179,894	(6,828)	110,607	117,435
	Net assets, beginning of year	<u>514,775</u>	<u>514,775</u>	<u>514,775</u>	<u>0</u>
	Net assets, end of year	<u>\$ 694,669</u>	<u>\$ 507,947</u>	<u>\$ 625,382</u>	<u>\$ 117,435</u>



## **Elevate Collegiate, Inc.**

Charter #101877

Explanations for Budget Variances for the year ended June 30, 2023 (unaudited)

---

The following is an explanation of the 10% variances from original budget to final budget on the Budgetary Comparison Schedule:

- (1) Decreased budget due to fewer donations and local revenues than expected.
- (2) Increased budget due to more students enrolled than originally budgeted.
- (3) Decreased budget due to a timing difference on when multi-year federal revenues were spent.
- (4) Increased budget due to higher-than-expected professional development costs.
- (5) Decreased budget due to lower-than-expected expenditures related to staff appreciation, supplies and technology.
- (6) Increases in budget due to originally not planning to have guidance counseling and evaluation services, health services costs and student transportation costs.
- (7) Decreased budget due to an over-estimate in calculating total food related costs for the year.
- (8) Increased budget due to expected administrative technology expenses.
- (9) Eliminated original budget line due to not having any security related expenses.
- (10) Decreased budget due to lower data processing costs than originally budgeted.
- (11) Increased budget due to increased student recruitment costs.
- (12) Decreased budget to zero reflect timing of school debt being issued later than expected.
- (13) Decreased budget to zero due to not having fundraising costs.

The following is an explanation of the 10% variances from final budget to actual revenue or expense reported on the Budgetary Comparison Schedule:

- (14) Local program revenue – This budget variance is due to more donations and local revenues than expected.
- (15) State revenue distributed by the TEA, Federal revenue distributed by other State of Texas government agencies – These revenues were unanticipated and therefore not budgeted.
- (16) Function 13 – Curriculum development and instructional staff development: This budget variance, though greater than 10%, has actual expenditures \$6,925 above the final budget and therefore, management believes the final amended budget is appropriate.
- (17) Function 23 – School leadership: This budget variance is due to lower-than-expected expenditures related to staff appreciation, supplies, and technology.
- (18) Function 41 – General administration: This budget variance is due to lower-than-expected expenditures related to administrative technology.
- (19) Function 61 – Community services: This budget variance is due to greater-than-expected student recruitment costs.
- (20) Function 71 – Debt service: School debt was issued in late June 2023 and incurred a small amount of interest expense.

**Elevate Collegiate, Inc.**

Charter #101877

Schedule of Real Property Ownership Interest at June 30, 2023 (unaudited)

---

<u>DESCRIPTION</u>	<u>PROPERTY ADDRESS</u>	TOTAL ASSESSED <u>VALUE</u>	<u>OWNERSHIP INTEREST</u>		
			<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>
None					

---

## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Board of Directors of  
Elevate Collegiate, Inc.:

We have audited, 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, the financial statements of Elevate Collegiate, Inc. (Elevate), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Elevate'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 Elevate's internal control. Accordingly, we do not express an opinion on the effectiveness of Elevate'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item #2023-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Elevate'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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item #2023-001.

## **Elevate's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Elevate's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Elevate's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blazek & Vetterling*

November 17, 2023

## Elevate Collegiate, Inc.

Schedule of Findings and Responses for the year ended June 30, 2023

---

### Section I – Summary of Auditors’ Results

#### *Financial Statements*

Type of auditors’ report issued:         unmodified    qualified    adverse    disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?                                         yes         no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?                                         yes         none reported

Noncompliance material to the financial statements noted?                                         yes         no

Other noncompliance noted?     yes         no

### Section II – Financial Statement Findings

#### **Finding #2023-001** – Significant Deficiency and Other Noncompliance

***Criteria:*** According to 19 Texas Administrative Code (TAC) §100.1207, a charter holder may only operate within its approved geographic boundaries as stated in its Open-enrollment Charter or subsequent Charter Amendment.

***Condition and context:*** During our testing of zip codes of students of Elevate, we noted that 2 students of the 25 tested lived outside the approved geographic boundaries of Elevate’s approved Open-enrollment Charter.

***Cause:*** Established procedures to approve zip codes of prospective students were inappropriately applied.

***Effect:*** Failure to properly apply procedures to identify students that fall outside of the approved geographic boundaries of the approved Open-enrollment Charter resulted in serving ineligible students and could impact state funding allotments.

***Recommendation:*** Establish additional review procedures to identify students that fall outside of the approved geographic boundaries of the approved Open-enrollment Charter.

***Views of responsible officials and planned corrective actions:*** Management agrees with the finding. We will implement a process to review student zip codes at least twice a year (October and April) to ensure the school is identifying students that fall outside of the approved geographic boundaries of the approved Open-enrollment Charter and will resolve identified issues timely. We will work with our Dean of Operations and our enrollment team to strengthen our process of determining student eligibility moving forward.