

SER-NINOS, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2022**

SER-NINOS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local Support:			
Other revenues from local sources	\$ 343,055	\$ -	\$ 343,055
Interest Income	-	-	-
Total Local Support	<u>343,055</u>	<u>-</u>	<u>343,055</u>
State Program Revenues	-	12,375,017	12,375,017
Total State Program Revenues	<u>-</u>	<u>12,375,017</u>	<u>12,375,017</u>
Federal Program Revenues	-	2,050,064	2,050,064
Total Federal Program Revenues	<u>-</u>	<u>2,050,064</u>	<u>2,050,064</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	12,550,969	(12,550,969)	-
Total Revenues	<u>12,894,024</u>	<u>1,874,112</u>	<u>14,768,136</u>
Expenses			
Program Services			
Instruction and Instructional-Related Services	6,821,118	-	6,821,118
Instructional and School Leadership	541,727	-	541,727
Ancillary Services	60,866	-	60,866
Support Services- Student (Pupil)	926,891	-	926,891
Total Program Services	<u>8,350,602</u>	<u>-</u>	<u>8,350,602</u>
Support Services			
Administrative Support Services	663,165	-	663,165
Support Services- Non-Student Based	2,451,717	-	2,451,717
Debt Service	1,424,460	-	1,424,460
Fundraising	4,080	-	4,080
Total Support Services	<u>4,543,422</u>	<u>-</u>	<u>4,543,422</u>
Total Expenses	<u>12,894,024</u>	<u>-</u>	<u>12,894,024</u>
Change in Net Assets	<u>-</u>	<u>1,874,112</u>	<u>1,874,112</u>
Net Assets, beginning of year	<u>4,091,418</u>	<u>18,190,871</u>	<u>22,282,289</u>
Net Assets, end of year	<u>\$ 4,091,418</u>	<u>\$ 20,064,983</u>	<u>\$ 24,156,401</u>

See accompanying notes to financial statements.

SER-NINOS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total</u>
	Program Expense	Management and General	Fundraising	Supporting Services	Total	
Expenses						
Salaries	\$ 5,929,399	\$ 336,437	-	\$ 336,437	\$ 6,265,836	
Employee benefits	714,788	31,708	-	31,708	746,496	
Payroll taxes	92,174	21,691	-	21,691	113,865	
Professional fees	909,006	489,478	-	489,478	1,398,484	
Utilities	-	385,814	-	385,814	385,814	
Travel	22,118	-	-	-	22,118	
Interest expense	-	1,204,019	-	1,204,019	1,204,019	
Insurance	-	245,915	-	245,915	245,915	
Depreciation	-	791,314	-	791,314	791,314	
Amortization	-	220,440	-	220,440	220,440	
Supplies	588,358	122,142	4,080	126,222	714,580	
Rental and maintenance of equipment	-	44,549	-	44,549	44,549	
Miscellaneous expenses	17,219	132,258	-	132,258	149,477	
Food	77,540	-	-	-	77,540	
Repairs and Maintenance	-	513,577	-	513,577	513,577	
Total Expenses	\$ 8,350,602	\$ 4,539,342	\$ 4,080	\$ 4,543,422	\$ 12,894,024	

See accompanying notes to financial statements.

SER-NINOS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,874,112
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	791,314
Amortization of bond issuance costs	220,440
Amortization of bond premium	(131,555)
(Increase) decrease in Grants Receivable	(160,018)
(Increase) decrease in Prepaid	20,496
Increase (decrease) in Accounts Payable	1,485,514
Increase (decrease) in Accrued Liabilities	(17,225)
Increase (decrease) in Wages Payable	50,990
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,134,068</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(5,335,404)
Interest Reinvestment on Certificate of Deposit	(26)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	<u>(5,335,430)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of loans	(642,668)
Principal payments on bonds payable	(500,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(1,142,668)</u>

NET INCREASE (DECREASE) IN CASH	(2,344,030)
CASH AT BEGINNING OF YEAR	<u>36,121,781</u>
CASH AT END OF YEAR	<u>\$ 33,777,751</u>

SUPPLEMENTAL DISCLOSURES

CASH PAID DURING THE YEAR FOR:

INTEREST	<u>\$ 1,204,019</u>
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See accompanying notes to financial statements.

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

A. Organization:

SER-Ninos, Inc. (Corporation), a nonprofit organization, was incorporated in the State of Texas in 1996, under the Texas Non-Profit Corporation Act. The Internal Revenue Service determined that the organization was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

Pursuant to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, the organization operates as part of the state public school system subject to all federal and state laws and rules governing public schools. The organization is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

The organization provides elementary education to approximately 1,146 children with half-day programs for three year old students and full day programs for pre-kindergarten through eighth grade. It is managed by an eight member Board of Directors that has the exclusive power and duty to direct the supervision, management, and administration of the organization's activities.

The charter holder, SER-Ninos, Inc., only operates a single charter school and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. SER-Ninos, Inc. reports its financial information based on the Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-205 Presentation of Financial Statements. Under FASB ASC 958-205, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS—

Net assets of SER-Ninos, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions— Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use.

Restrictions may be met by the passage of time or by actions of the SER-Ninos, Inc. Certain restrictions may need to be maintained in perpetuity. Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law. On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the organization.

CONTRIBUTIONS

In accordance with Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-605 Revenue Recognition, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

B. Summary of Significant Accounting Policies: (Continued)

PROPERTY AND EQUIPMENT

Property and equipment purchased by SER-Ninos, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All purchases and donations in excess of \$5,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture, fifteen years for building and land improvements, and thirty years for buildings. Gains or losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give a contribution to SER-Ninos, Inc. that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the organization's multiple function expenditures.

INCOME TAXES

SER-Ninos, Inc. qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

B. Summary of Significant Accounting Policies: (Continued)

CASH AND CASH EQUIVALENTS

SER-Ninos, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts at a bank. The accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The bank accounts, at times, exceeded federally insured limits. Even though the organization has not experienced any losses on such accounts, arrangements should be made to avoid potential, future losses.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets.

ESTIMATES

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

NEW ACCOUNTING STANDARD AFFECTING LEASE ACCOUNTING

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (topic 815), and Leases (topic 842): Effective Dates*; ASU 2020-02, *Financial Instruments – Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)*; and ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

SER-Ninos, Inc. elected to adopt these ASUs using the modified retrospective approach required by the standards and implementing the standards using the effective date method, which established September 1, 2020 as both the effective date and date of initial application. The Academy elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Academy to carry forward the historical lease classification. In addition, the Academy made the following elections: to use hindsight in determining the lease term for existing leases; to apply the short-term lease exception to all leases with a term of one year or less; and to use a risk-free discount rate for all operating leases, determined using a period comparable with that of the lease term.

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

C. Pension Plan:

Plan Description

The charter school contributes to the Teacher Retirement System of Texas (“TRS”), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers the retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas.

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800- 223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (“ISD”) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2022 provided the following information (ABO refers to the accumulated benefit obligation):

Pension Fund	Total Plan Assets 2022	ABO 2022	Percent Funded
TRS	\$ 207,621,898,000	\$ 243,553,045,455	75.62%

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

C. Pension Plan: (Continued)

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action. State law provides for a member contribution rate of 8.0% for fiscal year 2022, and a state contribution rate of 7.75% for fiscal year 2022.

The charter school's employee contributions to the system for the year ended August 31, 2022 were \$498,804, equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 7.5% totaling \$56,479 for the year ended August 31, 2022. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was assessed a surcharge of \$4,669.

D. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

E. Liquidity and Availability of Financial Assets:

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end		
Cash and Cash Equivalents	\$	34,041,159
Accounts Receivable		1,813,721
Total Financial assets at year-end		<u>35,854,880</u>
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted imposed restrictions as to use:		61,028
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>35,793,852</u>

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization.

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

F. Operating Lease Commitment:

SER-Ninos, Inc. is currently leasing its copy machines on a non-cancellable operating lease agreement.

The organization's minimum annual lease commitment is as follows:

<u>Twelve months ending August 31,</u>	<u>Amount</u>
2023	\$ 16,353
Total Operating Lease Payments	\$ 16,353
Less: Present Value Discount	(1,261)
Total Operating Lease Liabilities	<u>\$ 15,092</u>

Right-of-use assets under operating leases were as follows:

Copy Machines \$ 15,092

G. Health Care Coverage:

During the year ended August 31, 2022, employees of the organization were covered by a Health Insurance Plan (the Plan). The organization contributed \$369 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

H. Commitments and Contingencies:

The charter 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 it is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency. The school is economically dependent on these charter school funds.

I. Restricted Cash:

Restricted cash of \$61,028 at August 31, 2022 consisted of debt service reserve fund bond and capital campaign cash accounts. These funds are to be solely used in the repayment of bond liabilities, capital improvements and cannot be used for normal operating expenditures.

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

J. Bonds Payable:

Bonds payable at August 31, 2022 consist of the following:

2012Q Bonds, 6.75% interest; principle and interest due in semi-annual installments, commencing August 15, 2012; Maturity dates range from 2013 to 2030.	\$ 2,520,000
2020A Bonds, 4.00% interest; principle and interest due in semi-annual installments, commencing August 15, 2020; Maturity dates range from 2022 to 2041.	6,660,000
2021A Bonds, 2.38% interest; principle and interest due in semi-annual installments, commencing February 15, 2022; Maturity dates range from 2031 to 2041.	29,440,000
2021B Bonds, 1.45% interest; principle and interest due in semi-annual installments, commencing February 15, 2022; Maturity date is August 31, 2027	<u>455,000</u>
Total	<u>39,075,000</u>
Plus Premium on bond payable	2,190,456
Less current portion of bonds payable	(510,000)
Less unamortized cost of issuance	<u>(1,775,790)</u>
Long-term portion of bonds payable net of discount	<u>\$ 38,979,666</u>

Future maturities of long-term debt at August 31, 2022 are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 510,000	\$ 1,330,848	\$ 1,840,848
2024	620,000	1,301,785	1,921,785
2025	620,000	1,271,673	1,891,673
2026	625,000	1,241,210	1,866,210
2027	785,000	1,210,398	1,995,398
Thereafter	<u>35,915,000</u>	<u>14,537,791</u>	<u>50,452,791</u>
Total	<u>\$ 39,075,000</u>	<u>\$ 20,893,705</u>	<u>\$ 59,968,705</u>

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

J. Bonds Payable: (Continued)

SER-Ninos, Inc. closed on August 31, 2021, \$29,440,000 of Arlington Higher Education Finance Corporation Education Revenue Bonds Series 2021A and \$455,000 in Taxable Education Revenue Bonds, Series 2020B bonds. The 2020A series bonds had a premium of \$1,729,345. Debt and reserve fund proceeds were employed as follows: wire transfer to Project Fund account \$29,454,861, transfer to debt service account \$307,758 and the remaining balance of \$1,861,726 were used for payment of issuance costs. The stated interest rates for Series 2020A range from 0.65% to 4% with an effective yield of 1.45% and 2.71% for respective maturities of the bonds. The stated interest rate for Series 2020B is 2.38% with an effective yield of 2.38%. Principal and interest is paid semi-annually on February 15th and August 15th for both bond issues. SER-Ninos, Inc. has applied for and has been granted conditional approval for participation in the Permanent School Fund Guarantee Program by the Texas Education Agency ("TEA"), guaranteeing payment of the bonds by the corpus of the state's Permanent School Fund.

K. Debt Covenants:

SER-Ninos, Inc. is required to maintain a debt service coverage Ratio of not less than 1.10 to 1.00 for Series 2020A, 2021A & 2021B Bonds and 1.25 to 1.00 for Series 2012Q Bonds at the end of the fiscal year. At August 31, 2021, the Organization was in compliance with debt covenants with a debt service coverage ratio of 2.39.

L. Net Assets with Donor Restrictions:

Net assets with Donor Restrictions at August 31, 2022, are available for the following periods:

Periods after August 31, 2022	
State TEA funds	\$ 20,003,956
Capital Campaign funds	<u>61,027</u>
Total restricted funds	<u>\$ 20,064,983</u>

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

State Funds	\$ 10,500,905
Federal Funds	<u>2,050,064</u>
Total restrictions released	<u>\$ 12,550,969</u>

SER-NINOS, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

M. SER-Ninos, Inc. Houston Special Education Cooperative:

SER-Ninos, Inc. Houston Special Education Cooperative received \$526,504 in IDEA-B Formula funds for the year ended August 31, 2022. The cooperative has a TEA approved Shared Services Arrangement (SSA) with the following member schools/ entities, member revenue and member expense for the year ended August 31, 2022:

<u>Member/ Entity</u>	<u>Revenue</u>	<u>Expense</u>
Alief Montessori	\$ 46,136	\$ 46,136
GIS Houston	162,728	162,728
Heights Charter	40,977	40,977
SER Ninos	195,369	195,369
Two Dimensions Charter	45,950	45,950
Total IDEA-B Formula Funds	<u>\$ 491,160</u>	<u>\$ 491,160</u>

N. Certificate of Deposits:

SER-Ninos, Inc. has renewed a \$263,382 six-month certificate of deposit with an interest rate of .035%. The certificate of deposit has a maturity date of December 14, 2022 and will automatically renew for a six month period.

O. Evaluation of Subsequent Events:

SER-Ninos, Inc. has evaluated subsequent events through January 27, 2022 the date which the financial statements were available to be issued.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Directors of
SER-Ninos, Inc.
Houston, Texas

We have audited the financial statements of SER-Ninos, Inc. as of and for the year ended August 31, 2022, and our report thereon dated January 27, 2023, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School dated August 31, 2022, and appearing on pages 18 to 23 and on pages 33 to 35, are presented for purposes of additional analysis and are 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.



Houston, Texas
January 27, 2023

SER-NINOS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Local Support:			
5740 Other Revenues from Local Sources	\$ 324,154	\$ -	\$ 324,154
5750 Revenue from Cocurricular Activities	18,901	-	18,901
Total Local Support	<u>343,055</u>		<u>343,055</u>
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	12,321,123	12,321,123
5820 State Program Revenues Distributed by Texas Education Agency	-	46,218	46,218
5830 State Program Revenues Distributed by Other State Agencies	-	<u>7,676</u>	<u>7,676</u>
Total State Program Revenues	-	<u>12,375,017</u>	<u>12,375,017</u>
Federal Program Revenues:			
5920 Federal Revenues Distributed by Texas Education Agency	-	1,883,140	1,883,140
5930 Federal Revenues Distributed by Other State of Texas Govt Agencies	-	37,531	37,531
5940 Federal Revenues Distributed Directly From the Federal Government	-	<u>129,393</u>	<u>129,393</u>
Total Federal Program Revenues	-	<u>2,050,064</u>	<u>2,050,064</u>
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>12,550,969</u>	<u>(12,550,969)</u>	<u>-</u>
Total Revenues	<u>12,894,024</u>	<u>1,874,112</u>	<u>14,768,136</u>
Expenses			
11 Instruction	6,798,545		6,798,545
12 Instructional Resources and Media Services	6,455		6,455
13 Curriculum Development and Instructional Staff Development	16,119		16,119
23 School Leadership	541,727		541,727
31 Guidance, Counseling and Evaluating Services	11,475		11,475
33 Health Services	113,278		113,278
35 Food Services	778,620		778,620
36 Cocurricular/Extracurricular Activities	23,518		23,518
41 General Administration	663,164		663,164
51 Plant Maintenance and Operations	2,082,295		2,082,295
52 Security and Monitoring Services	249,165		249,165
53 Data Processing Services	120,257		120,257
61 Community Services	60,866		60,866
71 Debt Service	1,424,460		1,424,460
81 Fund Raising	<u>4,080</u>		<u>4,080</u>
Total Expenses	<u>12,894,024</u>	<u>-</u>	<u>12,894,024</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>1,874,112</u>	<u>1,874,112</u>
NET ASSETS, beginning of year	<u>4,091,418</u>	<u>18,190,871</u>	<u>22,282,289</u>
NET ASSETS, end of year	<u>\$ 4,091,418</u>	<u>\$ 20,064,983</u>	<u>\$ 24,156,401</u>

See accompanying notes to financial statements.

SER-NINOS, INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

EXPENSES

6100 Payroll Costs	\$ 7,126,197
6200 Professional and Contracted Services	2,342,424
6300 Supplies and Materials	792,120
6400 Other Operating Costs	1,208,823
6500 Debt	1,424,460
Total Expenses	<u>\$ 12,894,024</u>

SER-NINOS, INC.
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED AUGUST 31, 2022

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 428,078	\$ 33,613,081	\$ -
1510 Land and Improvements	1,522,192	8,377,837	-
1520 Building and Improvements	20,623,072	6,432,022	2,000,000
1532 Right-of-Use Assets	-	15,092	-
1539 Furniture and Equipment	31,953	645,981	-
Total Capital Assets	\$ 22,605,295	\$ 49,084,013	\$ 2,000,000

See accompanying notes to financial statements.

SER-NINOS, INC.
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES, GAINS AND OTHER SUPPORT				
Local Support:				
5740 Other Revenues from Local Sources	\$ 127,695	\$ 62,032	\$ 324,154	\$ 262,122
5750 Revenue from Cocurricular Activities	26,500	6,891	18,901	12,010
Total Local Support	<u>154,195</u>	<u>68,923</u>	<u>343,055</u>	<u>274,132</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	11,293,802	10,492,886	12,321,123	1,828,237
5820 State Program Revenues Distributed by Texas Education Agency	4,826	4,826	46,218	41,392
5830 State Program Revenues Distributed by Other State Agencies	-	-	7,675	7,675
Total State Program Revenues	<u>11,298,628</u>	<u>10,497,712</u>	<u>12,375,016</u>	<u>1,877,304</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	1,895,269	1,852,241	1,883,140	30,899
5930 Federal Revenues Distributed by Other State of Texas Govt Agencies	-	-	37,531.00	37,531.00
5940 Federal Revenues Distributed Directly From the Federal Government	159,155	64,696	129,393	64,697
Total Federal Program Revenues	<u>2,054,424</u>	<u>1,916,937</u>	<u>2,050,064</u>	<u>133,127</u>
Total Revenues	<u>13,507,247</u>	<u>12,483,572</u>	<u>14,768,135</u>	<u>2,284,563</u>
Expenses				
11 Instruction	7,303,165	6,431,414	6,798,545	(367,131)
12 Instructional Resources and Media Services	85,501	62,979	6,455	56,524
13 Curriculum Development and Instructional Staff Development	21,688	10,729	16,119	(5,390)
23 School Leadership	597,758	572,399	541,727	30,672
31 Guidance, Counseling and Evaluating Services	7,950	11,475	11,475	-
33 Health Services	115,151	112,360	113,278	(918)
35 Food Services	799,097	493,949	778,620	(284,671)
36 Cocurricular/Extracurricular Activities	25,000	23,519	23,518	1
41 General Administration	700,385	574,737	663,164	(88,427)
51 Plant Maintenance and Operations	2,206,985	2,206,985	2,082,295	124,690
52 Security and Monitoring Services	223,785	223,785	249,165	(25,380)
53 Data Processing Services	87,540	107,206	120,257	(13,051)
61 Community Services	70,006	60,951	60,866	85
71 Debt Service	766,884	743,884	1,424,460	(680,576)
81 Fund Raising	5,000	4,080	4,080	-
Total Expenses	<u>13,015,895</u>	<u>11,640,452</u>	<u>12,894,024</u>	<u>(1,253,572)</u>
TOTAL CHANGE IN NET ASSETS AFTER LOSS	<u>491,352</u>	<u>843,120</u>	<u>1,874,111</u>	<u>1,030,991</u>
NET ASSETS, beginning of year	<u>22,282,289</u>	<u>22,282,289</u>	<u>22,282,289</u>	
NET ASSETS, end of year	<u>\$ 22,773,641</u>	<u>\$ 23,125,409</u>	<u>\$ 24,156,400</u>	<u>\$ 1,030,991</u>

See accompanying notes to financial statements.

SER-NINOS, INC.

BUDGETARY VARIANCE EXPLANATION

FOR THE YEAR ENDED AUGUST 31, 2022

MATERIAL BUDGET VARIANCE REVENUE

(1) The following is an explanation of the 10% variances from original budget to final budget reported on the Budgetary Comparison Schedule for the year ending August 31, 2022.

5740 The amount of the variance was due to an anticipated decrease in revenue due to COVID restrictions.

5750 The amount of the variance was due to an anticipated decrease in revenue due to COVID restrictions.

5940 The amount of the variance was due to an anticipated decrease in revenue.

(2) The following is an explanation of the 10% variances from final budget to actual revenue reported on the Budgetary Comparison Schedule for the year ending August 31, 2022.

5740 The amount of the variance was due to an increase in donations.

5750 The amount of the variance in revenue was attributed to a increase in student activities.

5810 The amount of the variance is due to funding increase.

5820 The amount of the variance is due to funding increase.

5920 The amount of the variance in revenue is attributed to an increase in funding due to COVID.

5930 The amount of the variance is due to funding increase due to COVID.

SER-NINOS, INC.

BUDGETARY VARIANCE EXPLANATION

FOR THE YEAR ENDED AUGUST 31, 2022

MATERIAL BUDGET VARIANCE EXPENDITURES

(1) The following is an explanation of the 10% variances from original budget to final budget reported on the Budgetary Comparison Schedule for the year ending August 31, 2022.

- 12 The amount of the variance of expenses was due to an anticipated decrease due to staffing.
- 13 The amount of the variance was due to an anticipated decrease in staff development due to COVID.
- 35 The amount of the variance was due to an anticipated decrease in the number of students receiving meals at school.
- 36 The amount of the variance is due to a decrease in extra-curricular activities due to COVID.
- 41 The amount of the variance was due to an anticipated decrease in administrative cost due to COVID.
- 51 The amount of the variance was due to an anticipated decrease in expenditure due to COVID school closure.

(2) The following is an explanation of the 10% variances from final budget to actual revenue reported on the Budgetary Comparison Schedule for the year ending August 31, 2022.

- 12 The amount of the variance was due to an increase in staffing due to COVID.
- 13 The amount of the variance was due to an increase in additional Professional Development due to COVID.
- 23 The amount of the variance was due to a decrease in staffing due to COVID.
- 33 The amount of the variance was due to an increase in expenses due to COVID.
- 35 The amount of the variance was due to an increase in expenses due to COVID.
- 41 The amount of the variance was due to an increase expenses staffing.
- 71 The amount of the variance was due to a increase in interest related activities.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Board of Directors of
SER-Ninos, Inc.
Houston, 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 SER-Ninos, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SER-Ninos, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SER-Ninos, Inc.'s 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.

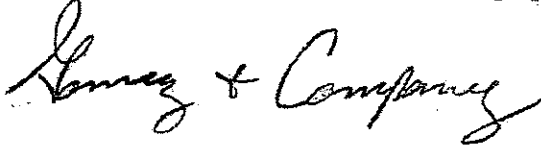
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether SER-Ninos, Inc.'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 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.

A handwritten signature in cursive script that reads "Gomez & Company".

Houston, TX
January 27, 2023

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Board of Directors of
SER-Ninos, Inc.
Houston, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

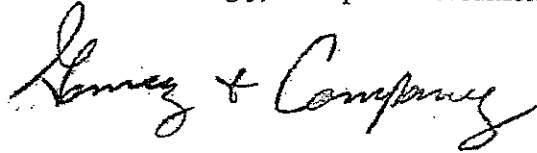
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit Compliance section above 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.

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

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

A handwritten signature in cursive script that reads "Ramsey & Company". The signature is written in dark ink and is positioned above the typed name and date.

Houston, TX
January 27, 2023

SER-NINOS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses on internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. Major programs:
 - U.S. Department of Education
 - Passed – Through Texas Education Agency
 - Education Stabilization Fund
 - CFDA Number 84.425
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. SER-Ninos, Inc. qualifies as a low-risk auditee.

Current Year Findings

No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516(a).

	Questioned Costs
	\$ -0-

SER-NINOS, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2022

No findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a) for the year ended August 31, 2021.

\$ -0-

SER NINOS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Federal Expenditures	Amount Relating to Subrecipients
<u>U.S. Department of Education</u>				
Passed - Through Texas Education Agency:				
ESEA, Title I, Part A	84.010A	22610101101802	\$ 453,719	\$ -
ESEA, Title II, Part A Teacher and Principal	84.367A	22694501101802	18,926	
ESEA, Title III, Part A - LEP	84.365A	22671001101802	30,157	
IDEA-B, Formula	84.027A	226600011018026000	195,369	295,791
ESEA, Title IV, Part A, Subpart 1	84.424A	22680101101802	37,809	
LEP Summer School	84.369A	69552002	8,847	
Total U.S. Department of Education, non-COVID-19 Assistance			<u>744,827</u>	<u>295,791</u>
<i>COVID-19</i> - Education Stabilization Fund (ESSER)	84.425D	20521001101802	216,405	-
<i>COVID-19</i> - Education Stabilization Fund (ARP ESSER)	84.425D	21528001101802	206,598	-
Total U.S. Department of Education, COVID-19 Assistance			<u>423,003</u>	<u>-</u>
Total U.S. Department of Education			<u>1,167,830</u>	<u>295,791</u>
<u>U.S. Department of Agriculture</u>				
Passed - Through Texas Education Agency				
Federal Food Service Reimbursement				
Breakfast	10.553	71402101	15,585	
Breakfast	10.553	71402201	112,712	
Lunch	10.555	71302101	52,815	
Lunch	10.555	71302201	456,657	
			<u>637,769</u>	<u>-</u>
Passed - Through Texas Department of Human Services				
USDA Commodity Food Distribution	10.555	101201A	77,540	
Supply Chain Assistance	10.555		34,468	
			<u>112,008</u>	<u>-</u>
Total U.S. Department of Agriculture, non-COVID-19 Assistance			<u>749,777</u>	<u>-</u>
Passed - Through Texas Department of Agriculture				
<i>COVID-19</i> - Pandemic Electronic Benefit Transfer (P-EBT)	10.649		3,063	-
Total U.S. Department of Agriculture, COVID-19 Assistance			<u>3,063</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>752,840</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,920,670</u>	<u>\$ 295,791</u>

SER-NINOS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

NOTE 1- SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of SER-Ninos, Inc. under programs of the federal government for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of SER-Ninos, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of SER-Ninos, Inc.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

SER-Ninos, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 – OTHER SOURCES OF FEDERAL REVENUES

Other sources of federal revenues are \$129,394 in tax credits for qualifying bonds, which are not includible in the current Schedule of Expenditures of Federal Awards (SEFA).

Reconciliation of Federal Revenues and (SEFA):

Total expenditure of federal awards per the SEFA	\$ 1,920,670
Q-Series Bond Subsidy Revenue / Expenditure	<u>129,394</u>
Total federal revenues per the Statement of Activities	<u>\$ 2,050,064</u>

SER-NINOS, INC
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
FOR THE YEAR ENDED AUGUST 31, 2022

Description (List each parcel separately)	Property Address	Total Assessed	Ownership Interest-Local	Ownership Interest-State	Ownership Interest-Federal
RES A BLK 1 SER NINOS CHARTER PLAZ	5919 DASHWOOD DR HOUSTON TX 77081	4,014,112	3,081,928	95,548	836,636
RES A2 BLK 1 CHIMNEY ROCK CENTRAL SEC 2	5815 ALDER DRIVE HOUSTON TX 77081	4,372,056	3,938,179	51,957	381,920
RES A BLK 1 SER NINOS CHARTER SCHOOL	5610 GULFTON ST HOUSTON TX 77081	8,335,792	6,423,479	185,444	1,726,869
RES A BLK 1 SER-NINOS CHARTER HIGH SCHOOL	5803 GLENMONT ST HOUSTON TX 77081	9,465,379	9,465,379	-	-

SER-NINOS, INC
 SCHEDULE OF RELATED PARTY TRANSACTIONS
 FOR THE YEAR ENDED AUGUST 31, 2022

Related Party Name	Name of Relation to the Related Party	Relationship	Types of Transactions	Description of Terms and Conditions	Source of Fund Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

See accompanying notes to financial statements.

SER-NINOS, INC.
 SPECIAL PROGRAM COMPLIANCE SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Program</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 1,640,323
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 882,667
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	No
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,202,543
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 514,898