

# EXCELLENCE IN LEADERSHIP ACADEMY



## Annual Financial Report For the Fiscal Year ended August 31, 2016

**Raul Hernandez & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

5422 Holly Rd. Holly-Staples Square Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

EXCELLENCE IN LEADERSHIP ACADEMY  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016



EXCELLENCE IN LEADERSHIP ACADEMY

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**Excellence in Leadership Academy  
Certificate of Board**

Excellence in Leadership Academy  
Name of Charter School

Hidalgo County  
County

108-809  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named association were reviewed and (check one)  approved  disapproved for the year ended August 31, 2016 at a meeting of the Board of Directors on the 23rd day of January, 2017.

  
Signature of Board Secretary

  
Signature of Board President

If the Board of Directors disapproved the auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

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## **Raul Hernandez & Company, P. C.**

Certified Public Accountants  
5422 Holly Rd  
Holly-Staples Square  
Corpus Christi, Texas 78411  
Office (361)980-0428 Fax (361)980-1002

### **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Excellence in Leadership Academy  
Mission, Texas

Members of the Board of Directors:

We have audited the accompanying financial statements of Excellence in Leadership Academy (a non-profit organization) which comprise the statement of financial position as of August 31, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Excellence in Leadership Academy as of August 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2017 on our consideration of Excellence in Leadership Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements of Excellence in Leadership Academy, taken as a whole. The other supplementary information is likewise presented for purposes of additional analysis and is not a required part of the basic 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. Such 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 taken as a whole.

*Raul Hernandez & Company, P.C.*

Corpus Christi, TX

January 23, 2017

FINANCIAL SECTION

**Excellence in Leadership Academy  
Statement of Financial Position  
August 31, 2016**

**Assets**

Current assets:

Cash in bank	\$ 305,695
Due from state	17,377
Total Current Assets	323,072

Fixed Assets:

Building and Improvements	10,400
Furniture and Equipment	25,070
Less: Accumulated Depreciation	(13,499)
Property and Equipment, net	21,971

**Total Assets**

**\$ 345,043**

**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$ 4,075
Accrued wages payable	4,290
Payroll liabilities payable	-
Deferred Revenue	-

Total Current Liabilities	8,365
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Total Liabilities	8,365
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Net assets:

Unrestricted	145,415
Temporarily restricted	191,263
Total net assets	336,678

**Total Liabilities and Net Assets**

**\$ 345,043**

See the accompanying notes to the financial statements.

**Excellence in Leadership Academy**  
**Statement of Activities**  
**For the Fiscal Year Ended August 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Local Support			
5740 Tuition and Afterschool	\$ -	\$ -	\$ -
5744 Contributions	-	-	-
5749 Other Revenues from Local Sources	18,105	-	18,105
5750 Food Sales	-	-	-
5755 Campus Activity	-	-	-
Total local support	<u>18,105</u>	<u>-</u>	<u>18,105</u>
State Program Revenues			
5810 Foundation School Program	-	1,655,758	1,655,758
5820 State Program Revenues Distributed by the Texas Education Agency	-	6,421	6,421
5830 Revenues from Texas Government Agencies	-	-	-
Total State Program Revenue	<u>-</u>	<u>1,662,179</u>	<u>1,662,179</u>
Federal program revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	219,983	219,983
5930 Federal Revenues Distributed by Government Other than TEA	-	11,911	11,911
Total Federal Program Revenue	<u>-</u>	<u>231,894</u>	<u>231,894</u>
Net assets released from restrictions: Restrictions satisfied by payments	<u>1,748,042</u>	<u>(1,748,042)</u>	<u>-</u>
Total Revenue and Other Support	<u>1,766,147</u>	<u>146,031</u>	<u>1,912,178</u>
<b>EXPENSES</b>			
11 Instruction	969,618	-	969,618
12 Instructional Resources and Media Services	4,313	-	4,313
13 Curriculum Development and Instructional Staff Development	1,050	-	1,050
21 Instructional Leadership	-	-	-
23 School Leadership	152,366	-	152,366
31 Guidance, Counseling, and Evaluation	1,500	-	1,500
33 Health Services	596	-	596
35 Food Services	127,981	-	127,981
36 Cocurricular/Extracurricular Activities	10,591	-	10,591
41 General Administration	180,157	-	180,157
51 Plant Maintenance and Operations	261,649	-	261,649
52 Security and Monitoring Services	16,541	-	16,541
53 Data Processing	21,680	-	21,680
61 Community Services	-	-	-
71 Debt	-	-	-
81 Fund Raising	-	-	-
Total Expenses	<u>1,748,042</u>	<u>-</u>	<u>1,748,042</u>
<b>CHANGE IN NET ASSETS</b>	18,105	146,031	164,136
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>127,310</u>	<u>45,232</u>	<u>172,542</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 145,415</u>	<u>\$ 191,263</u>	<u>\$ 336,678</u>

**Excellence in Leadership Academy  
Statement of Cash Flows  
For the Twelve Months Ended August 31, 2016**

<b>Cash Flows From Operating Activities</b>	\$ 164,136
Change in Net Assets	
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	3,506
(Increase) Decrease in:	
Due from State	(10,104)
Increase (Decrease) in:	
Accounts Payable	1,793
Accrued Wages Payable	504
Payroll Liabilities Payable	-
Accrued Expenses	-
<b>Cash Flows From Operating Activities</b>	<u>159,835</u>
<b>Cash Flows From Investing Activities</b>	
Purchase of fixed assets	<u>(12,152)</u>
	<u>(12,152)</u>
<b>Cash Flows From Financing Activities</b>	
Accrued Interest Payable	-
Bond Issuance Cost	-
Loan Payments	<u>-</u>
	<u>-</u>
Net Increase (Decrease) in Cash	147,683
<b>Cash at Beginning of Year</b>	<u>158,012</u>
<b>Cash at End of Year</b>	<u>\$ 305,695</u>
Summary of Cash:	
Cash in Bank	305,695
Certificates of Deposit	-
Total Cash	<u>\$ 305,695</u>

See the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Academy

The Excellence in Leadership Academy (ELA) is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy is governed by the Board of Directors. The Board of Directors is selected pursuant to the bylaws of the Academy and has the authority to make decisions, appoint the officers of the Foundation and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Academy.

The Academy operates under an open enrollment charter granted by the Texas State Board of Education. The charter was initially issued for a period of five years. The school is part of the public school system of the state and is entitled to distribution from the State's available school fund. However, the School does not have the authority to impose taxes or charge tuition.

Excellence in Leadership Academy currently services Pre-K to 6<sup>th</sup> grade students. Highlights of their services to their students and community include highly qualified and committed staff, state of the art technology, and family and community involvement. The Academy offers dual language programs, smaller learning communities, and integration of college and career readiness standard.

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

B. Accounting Policies

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are as follows:

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified for accounting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and of activities focuses on the Academy as a whole and reports the amounts of its total assets, liabilities, net assets and changes in net assets in accordance with Financial Accounting Standards Board Statement No. 117.

The statement of financial position reports the amounts of each of two classes of net assets: temporary restricted, and unrestricted net assets.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unrestricted net assets are the remaining part of the Academy's net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Property and equipment are included in unrestricted net assets.

**C. Basis of Presentation**

The combined general-purpose financial statements include the accounts of Excellence in Leadership Academy. All significant intercompany accounts and transactions have been eliminated in the combined general-purpose financial statements.

**D. Fixed Assets and Depreciation**

All purchased fixed assets are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition. Fixed assets are defined by the Academy as capital assets with an individual cost of more than \$1,000. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

**E. Revenues**

Revenues from the state's available school fund are based on reported attendance. State foundations revenues are public funds held in trust by the charter holder for the benefit of the students of the charter school and as such are reported as temporarily restricted revenues.

Contributions with donor-imposed restrictions are reported as restricted support. Restricted support increases temporarily restricted net assets.

Contributions without donor-imposed restrictions are reported as unrestricted support. Unrestricted support increases unrestricted net assets.



**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Governmental grant contracts that are entered into by the School are recognized as revenue when services are rendered or when the expenses in connection with those services are incurred.

**F. Donated Goods and Services**

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

**G. Cash and Cash Equivalents**

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

**H. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In preparation of the financial statements in conformity with generally accepted accounting principles, management's estimates were considered for depreciation.

When available, the Academy measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Academy is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

**2. CONCENTRATIONS**

**A. Cash in Bank**

The Academy maintains bank accounts with Chase Bank. Federal deposit insurance on the Chase Bank accounts totaled \$250,000 on accounts. The book balance totaled \$305,695 and the bank balance totaled \$343,296 on August 31, 2016. The Academy has balances in banks which are federally insured.

**B. Revenues**

The principal source of revenue for the Academy is its receipt of state program revenues received from the Texas Education Agency.

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2016

**4. PENSION DISCLOSURE**

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

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

Name of Plan: Teacher Retirement System of Texas  
Plan Number: N/A  
Zone Status: Unknown

1. Total Plan Assets	\$ 149,780,061,824
2. Accumulated Benefit Obligations	163,887,375,172
3. The plan is 78.34% funded	

**Benefits Provided**

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

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2016

**4. PENSION DISCLOSURE (continued)**

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2015.

<b>Contribution Rates</b>		
	<b>2015</b>	<b>2016</b>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2016 Employer Contributions		\$ 32,172
2016 Member Contributions		\$ 61,701
2015 NECE On-Behalf Contributions		\$ 43,962

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

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

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2016

**4. PENSION DISCLOSURE (continued)**

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

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

There have been no changes that would affect the comparison of employer contributions from year to year.

**4. FIXED ASSETS**

The Excellence in Leadership Academy received donated property in the amount of \$23,318 from Luz para Las Naciones, Inc. These assets were valued at fair value at the time of acquisition.

Fixed Assets at August 31, 2016 were as follows:

Building and Improvements	\$ 10,400
Furniture, Fixtures and Equipment	25,070
Total	<u>35,470</u>
Less: Accumulated Depreciation	(13,499)
Property and Equipment, net	<u>\$ 21,971</u>

**5. OWNERSHIP IN PROPERTY AND EQUIPMENT**

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

**6. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at August 31, 2016 were as follows:

General Fund	\$ 170,262
Textbook Fund	12,237
Campus Activity Fund	<u>8,764</u>
Total	<u>\$ 191,263</u>

**EXCELLENCE IN LEADERSHIP ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Fiscal Year Ended August 31, 2016

**7. OPERATING LEASES**

The Academy entered into a lease agreement with Luz Para Las Naciones, Inc. Mission, Texas for 12,000 square feet of classroom and office space for its school operation. The lease covers the use of the parking lot and the back yard area. The base rent of \$10,323 is due on the 26<sup>th</sup> of each month. The lease agreement is for five (5) years and commenced on July 1, 2012. Luz Para Las Naciones, Inc. has donated the first and second year's rent to the Academy as part of its start up budget.

This lease was replaced in December, 2015 with the lease payment of \$13,092 due by the 30<sup>th</sup> of each month. This lease agreement is for one year and will expire on December 31, 2016. The total lease payments as of August 31, 2016 were \$151,566.

The annual rents for the next year are as follows:

2017	<u>\$52,368</u>
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**8. COMMITMENTS AND CONTINGENCIES**

The Academy receives federal and state funds which are governed by various rules and regulations by the grantor. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants other than as reflected in the financial statements.

**9. RECONCILIATION OF REVENUES FROM FEDERAL PROGRAMS**

The Academy received revenues from federal programs for the year August 31, 2016 as follows:

Federal Monies Received	\$ 221,790
Per Audited Financial Statements	<u>231,894</u>
Difference	10,704
Grants Receivable 2016	17,377
Grants Receivable 2015	<u>( 7,273)</u>
Balance	<u>\$ -0-</u>

**10. EVALUATION OF SUBSEQUENT EVENTS**

The Academy has evaluated subsequent events through January 23, 2017, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

**Excellence in Leadership Academy  
Schedule of Expenses  
August 31, 2016**

Exhibit C-1

<b>Expenses</b>	
6100 Payroll Costs	\$ 1,073,901
6200 Professional and Contract Services	474,907
6300 Supplies and Materials	112,969
6400 Other Operating Costs	86,265
6500 Interest Expense	-
Total Expenses	<u>\$ 1,748,042</u>

**Excellence in Leadership Academy  
Schedule of Capital Assets  
August 31, 2016**

Exhibit D-1

	Ownership Interest			Total
	Local	State	Federal	
1510 Land and Improvements	\$ -	\$ -	\$ -	-
1520 Buildings and Improvements	-	-	-	-
1531 Vehicles		10,400	-	10,400
1539 Furniture, Fixtures and Equipment	23,318	1,752	-	25,070
1581 Construction in Progress		-		-
<b>Total Property and Equipment</b>	<b>\$ 23,318</b>	<b>\$ 12,152</b>	<b>\$ -</b>	<b>\$ 35,470</b>



**Excellence in Leadership Academy  
Budgetary Comparison Schedule  
For the Fiscal Year Ended August 31, 2016**

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>REVENUE AND OTHER SUPPORT</b>				
Local Support				
5744 Contributions	-	-	-	-
5749 Other Revenues from Local Sources	4,000	18,500	18,105	(395)
5750 Food Sales	-	4,000	-	(4,000)
5755 Campus Activity	-	-	-	-
Total local support	<u>4,000</u>	<u>22,500</u>	<u>18,105</u>	<u>(4,395)</u>
State Program Revenues				
5810 Foundation School Program	1,454,660	1,655,758	1,655,758	-
5820 State Program Revenues Distributed by the Texas Education Agency	-	5,704	6,421	717
5830 Revenues from Texas Government Agencies	-	-	-	-
Total State Program Revenue	<u>1,454,660</u>	<u>1,661,462</u>	<u>1,662,179</u>	<u>717</u>
Federal program revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	208,074	222,544	219,983	(2,561)
5930 Federal Revenues Distributed by Government Other than TEA	-	13,352	11,911	(1,441)
Total Federal Program Revenue	<u>208,074</u>	<u>222,544</u>	<u>231,894</u>	<u>(2,561)</u>
Total Revenue and Other Support	<u>1,666,734</u>	<u>1,906,506</u>	<u>1,912,178</u>	<u>(6,239)</u>
<b>EXPENSES</b>				
11 Instruction	898,598	1,000,006	969,618	30,388
12 Instructional Resources and Media Services	2,000	4,400	4,313	87
13 Curriculum Development and Instructional Staff Development	-	1,050	1,050	-
21 Instructional Leadership	-	-	-	-
23 School Leadership	112,880	153,830	152,366	1,464
31 Guidance, Counseling, and Evaluation Services	-	1,500	1,500	-
33 Health Services	500	600	596	4
35 Food Services	120,000	121,680	127,981	(6,301)
36 Cocurricular/Extracurricular Activities	17,000	12,460	10,591	1,869
41 General Administration	199,460	183,679	180,157	3,522
51 Plant Maintenance and Operations	180,803	258,273	261,649	(3,376)
52 Security and Monitoring Services	25,700	16,700	16,541	159
53 Data Processing	27,000	23,200	21,680	1,520
61 Community Services	-	-	-	-
71 Interest on Debt Service	-	-	-	-
81 Fundraising	-	-	-	-
Total Expenses	<u>1,583,941</u>	<u>1,777,378</u>	<u>1,748,042</u>	<u>29,336</u>
<b>CHANGE IN NET ASSETS</b>	82,793	129,128	164,136	35,008
<b>NET ASSETS BEGINNING OF PERIOD</b>	<u>14,999</u>	<u>123,121</u>	<u>172,542</u>	<u>49,421</u>
<b>NET ASSETS END OF PERIOD</b>	<u>\$ 97,792</u>	<u>\$ 252,249</u>	<u>\$ 336,678</u>	<u>\$ 84,429</u>

**Raul Hernandez & Company, P. C.**

Certified Public Accountants  
5422 Holly Rd.  
Holly-Staples Square  
Corpus Christi, Texas 78411  
(361)980-0428 Fax (361)980-1002

**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**

Board of Directors  
Excellence in Leadership Academy

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 Excellence in Leadership Academy (a non-profit organization), which comprise the statement of financial position as of August 31, 2016, and related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Excellence in Leadership Academy'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 Excellence in Leadership Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Excellence in Leadership Academy's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Raul Hernandez & Company, P.C.*

Corpus Christi, TX

January 23, 2017

EXCELLENCE IN LEADERSHIP ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016

**A. Summary of the Auditors' Results:**

1. Financial statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? \_\_\_\_\_ Yes      X   No

One or more significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

2. Federal Awards N/A

B. Financial Statement Findings N/A

EXCELLENCE IN LEADERSHIP ACADEMY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2016

N/A