

Sherry Walker

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Sent: Tuesday, January 27, 2015 5:33 PM
To: Sherry Walker
Subject: File Submission - COID# 227817

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for District 227817 for Year 2014 at 1/27/2015 5:32:39 PM Central Time

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December 3, 2014

Belt Harris Pechacek, LLLP
3210 Bingle Road, Suite 300
Houston, TX 77055

This representation letter is provided in connection with your audit of the financial statements of Cedars Academy (the "Charter Holder") dba Cedars International Academy (a nonprofit organization), which comprise the statement of financial position as of August 31, 2014, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.

We understand that as part of your audit, you prepared the adjusting journal entries and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letters dated December 12, 2013 and November 7, 2014.
2. The financial statements are fairly presented in conformity with U.S. generally accepted accounting principles.
3. We have participated in an exit conference conducted at the conclusion of the performance of the audit at either a designated meeting with management or at the presentation of the final audit report, whereby we have reviewed and approved all recommended audit adjustments by the auditor for the financial statements. Additionally, while at this exit conference, we have reviewed and approved the financial report as a whole.
4. We acknowledge our responsibility 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.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

6. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
8. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the Charter Holder is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

10. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the Charter Holder and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Charter Holder's financial statements communicated by employees, former employees, grantors, regulators, or others.
15. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
17. The Charter Holder has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
18. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

19. As part of your audit, you prepared the draft financial statements and related notes and attached adjusting journal entries and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and attached adjusting journal entries and schedule of expenditures of federal awards.
20. Cedars Academy is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Charter Holder's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
21. We acknowledge our responsibility for presenting the supplementary schedules presented on the table of contents as exhibits C-1, D-1, and E-1 in accordance with U.S. GAAP, and we believe the exhibits C-1, D-1, and E-1, including their form and content, are fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the exhibits C-1, D-1, and E-1 have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
22. With respect to federal award programs:
 - a) We are responsible for understanding and complying with, and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
 - c) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - d) We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
 - e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
 - f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
 - g) We have received no requests from a federal agency to audit one or more specific programs as a major program.

- h) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
 - i) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
 - j) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
 - k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, and Subpart C, *Cost Sharing and Matching*, of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*.
 - l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - m) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
 - p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
 - q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
 - r) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - s) We have charged costs to federal awards in accordance with applicable cost principles.
 - t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - u) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
 - v) We are responsible for preparing and implementing a corrective action plan for each audit finding.
23. We have a process to track the status of audit findings and recommendations.

24. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
25. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

Mark Diaz, Superintendent

DRAFT

ANNUAL FINANCIAL REPORT

of

CEDARS ACADEMY

DBA

*CEDARS INTERNATIONAL
ACADEMY*

For the Years Ended
August 31, 2014 and 2013

CEDARS ACADEMY

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CEDARS ACADEMY
CERTIFICATE OF BOARD

Cedars Academy
Name of Charter Holder

74-2960628
Federal Employer ID Number

Cedars International Academy
Name of Charter School

Travis
County

227-817
Co. Dist. Number

We, the undersigned, certify that the attached financial and compliance reports of the above named Charter Holder were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2014, at a meeting of the governing body of the Charter Holder on the _____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

NOTE: 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
Cedars Academy:

Report on the Financial Statements

We have audited the accompanying financial statements of Cedars Academy (the "Charter Holder") dba Cedars International Academy (a nonprofit organization), which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter Holder's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter Holder'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 the Charter Holder as of August 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014 on our consideration of the Charter Holder'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Holder's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLP
Certified Public Accountants
Houston, Texas
December 3, 2014
DRAFT

FINANCIAL STATEMENTS

CEDARS ACADEMY
STATEMENTS OF FINANCIAL POSITION - EXHIBIT A-1
August 31, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 661,365	\$ 463,397
Due from Texas Education Agency	65,428	21,548
Due from others	12,612	17,921
Prepaid expenses	-	9,342
Total current assets	739,405	512,208
Non-current assets:		
Long term investments	239,725	228,429
Property and equipment, net	2,181,875	1,931,516
Total non-current assets	2,421,600	2,159,945
Total Assets	\$ 3,161,005	\$ 2,672,153
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 63,446	\$ 21,824
Deferred revenue	3,093	-
Current portion of long-term debt	138,434	79,567
Total current liabilities	204,973	101,391
Long-term liabilities:		
Bonds payable	1,166,567	1,171,758
Total long-term liabilities	1,166,567	1,171,758
Total Liabilities	1,371,540	1,273,149
Net assets:		
Unrestricted	693,409	597,872
Temporarily restricted	1,096,056	801,132
Total Net Assets	1,789,465	1,399,004
Total Liabilities and Net Assets	\$ 3,161,005	\$ 2,672,153

See Notes to Financial Statements.

Balance Sheet by Object (Rollup)
 Effective 8/31/14

No Account Code Filter Applied

District Filter: Cedars Int'l Academy
 County/District: 227817

CODE	ASSETS	AMOUNT
1104	IBC Cash	\$138,363.59
1106	Amegy Gen Op - Cash	\$501,737.28
1108	Petty Cash	\$200.00
1241	Due from State	\$65,427.43 ✓
1243	Due from Other Governments	\$12,612.48 ✓
1290	Other Receivables	\$0.00
1410	Deferred Expenditures/Expenses	\$0.00
1520	Buildings and Improvements	\$3,246,077.75
1539	Furniture and Equipment	\$33,097.00
1549	Furniture and Equipment	\$47,977.22
1571	Accumulated Depreciation - Buildings	(\$1,103,863.38)
1573	Accumulated Depreciation - Furniture and Equipment	(\$41,414.00)
1580	Construction in Progress	\$0.00
1910	Long-Term Investments	\$260,788.52
	TOTAL ASSETS	\$3,161,003.89 ✓

Audit 661,365
640,301
21,064
640,300.87

Audit 239,725
260,788.52
- 21,064

2,181,874.09

CODE	LIABILITIES	AMOUNT
2110	Accounts Payable	(\$62,328.67)
2121	Bonds Payable - Current Year	(\$79,566.76)
2151	Federal Withholding	\$0.00
2152	FICA /Medicare Taxes	\$0.00
2153	Group Health & Life	\$0.00
2155	TRS	\$0.00
2159	Other	\$0.00
2190	Due to Student Groups	(\$1,117.78)
2310	Deferred Revenue	(\$3,093.31) ✓
2510	Bonds Payable - Long-Term	(\$984,318.13)
2520	Loans Payable - Long-Term	(\$241,116.01)
	TOTAL LIABILITIES	(\$1,371,540.66)

63,446.45

CODE	FUND EQUITY	AMOUNT
3600	Unrestricted Net Assets	(\$1,399,003.01)
xxxx	Revenue / Expenses	(\$390,460.22)
	TOTAL FUND EQUITY	(\$1,789,463.23)
	TOTAL LIABILITIES AND FUND EQUITY	(\$3,161,003.89)

CEDARS ACADEMY
STATEMENTS OF ACTIVITIES - EXHIBIT A-2
For the Years Ended August 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	Totals	
			2014	2013
Revenues				
Local support:				
5740 Other revenues from local sources	\$ 75,303	\$ -	\$ 75,303 ✓	\$ 85,351
5750 Revenue from cocurricular or enterprising	3,324	39,201	42,525 ✓	40,148
5760 Revenue from intermediate sources	17,500	-	17,500 ✓	-
Total local support	96,127	39,201	135,328 ✓	125,499
State program revenues				
5810 Foundation school program act revenues	-	2,789,359	2,789,359 ✓	2,348,966
5820 State program revenues distributed by Texas Education Agency	-	24,672	24,672 ✓	24,744
Total state program revenue	-	2,814,031	2,814,031 ✓	2,373,710
Federal program revenues:				
5910 Federal revenues distributed by non-state or federal agency	-	162,824	162,824 ✓	-
5920 Federal revenues distributed by Texas Education Agency	-	364,397	364,397 ✓	479,781
Net assets released from restrictions:				
Restricted satisfied by payments	3,085,529	(3,085,529)	-	-
Total Revenues	3,181,656	294,924	3,476,580 ✓	2,978,990
Expenses				
11 Instruction	1,779,940	-	1,779,940 ^{+2.00} ✓	1,668,707
12 Instructional resources and media services	539	-	539 ✓	-
13 Curriculum development and instructional staff development	96,519	-	96,519 ^{+1.00} ✓	11,857
21 Instructional leadership	50,028	-	50,028 ^{+1.00} ✓	51,399
23 School leadership	182,633	-	182,633 ⁺¹ ✓	121,344
31 Guidance, counseling and evaluation services	39,209	-	39,209 ✓	45,692
33 Health services	531	-	531 ✓	300
35 Food services	234,233	-	234,233 ✓	192,438
36 Cocurricular/extracurricular activities	37,000	-	37,000 ⁻¹ ✓	30,921
41 General administration	173,478	-	173,478 ⁻¹ ✓	170,464
51 Plant maintenance and operations	384,760	-	384,760 ⁺¹ ✓	307,924
52 Security and monitoring services	2,144	-	2,144 ✓	1,787
53 Data processing services	29,464	-	29,464 ⁺¹ ✓	29,208
61 Community services	30,442	-	30,442 ⁺¹ ✓	31,131
71 Debt service	44,460	-	44,460 ✓	32,294
81 Facilities acquisition and construction	739	-	739 ✓	-
Total Expenses	3,086,119	-	3,086,119	2,695,466
Change in Net Assets	95,537	294,924	390,461	283,524
Beginning net assets	597,872	801,132	1,399,004	1,115,480
Ending Net Assets	\$ 693,409	\$ 1,096,056	\$ 1,789,465	\$ 1,399,004

See Notes to Financial Statements.

Income Statement
Last Fiscal Year
09/01/2013 - 08/31/2014
Without Encumbrances

No Account Code Filter Applied

District Filter: Cedars Int'l Academy
County/District: 227817

	Budget	Actual		Percent
		09/01 - 08/31	FY to 8/31/14	
Revenues & Other Sources				
00-5729 00-Local Revenues frm Other Districts	\$0.00	\$0.00	\$0.00	
00-5742 00-Bank Interest	(\$21,653.00)	(\$22,347.89)	(\$22,347.89)	103.21 %
00-5744 00-Gifts and Bequests	(\$560.00)	(\$10,590.00)	(\$10,590.00)	1,891.07 %
00-5749 00-Misc Local Revenue	(\$928.00)	(\$927.74)	(\$927.74) <i>15303.28</i>	99.97 %
00-5751 00-Food Service Activity	(\$14,050.00)	(\$13,707.65)	(\$13,707.65)	97.56 %
00-5752 00-Athletic Activities	(\$3,325.00)	(\$3,324.00)	(\$3,324.00)	99.97 %
00-5755 00-Activity Acct	(\$28,358.00)	(\$25,493.73)	(\$25,493.73) <i>42525.38</i>	89.90 %
00-5769 00-Misc Rev from Intermediate Sources	(\$17,500.00)	(\$17,500.00)	(\$17,500.00)	100.00 %
00-5811 00-State Per Capita	(\$72,971.00)	(\$72,251.00)	(\$72,251.00)	99.01 %
00-5812 00-State FSP	(\$2,722,231.00)	(\$2,717,108.00)	(\$2,717,108.00) <i>2789359.89</i>	99.81 %
00-5820 00-Funding for PreK	(\$2,721.00)	(\$2,720.66)	(\$2,720.66)	99.99 %
00-5829 00-State Matching	(\$26,219.00)	(\$21,951.73)	(\$21,951.73) <i>24672.39</i>	83.72 %
00-5919 00-Fed Rev Distrib by Gov Entities Other than State/F	(\$167,651.00)	(\$162,824.46)	(\$162,824.46)	97.12 %
00-5921 00-School Breakfast Program	(\$38,000.00)	(\$37,486.41)	(\$37,486.41)	98.65 %
00-5922 00-National School Lunch Program	(\$161,719.00)	(\$159,924.28)	(\$159,924.28)	98.89 %
00-5923 00-(USDA) Commodities	(\$14,080.00)	(\$14,079.50)	(\$14,079.50)	100.00 %
00-5929 00-Federal Rev dist by TEA	(\$152,906.00)	(\$152,906.00)	(\$152,906.00) <i>364396.19</i>	100.00 %
61-5748 00-Aftercare Income	(\$42,000.00)	(\$41,437.75)	(\$41,437.75)	98.66 %
Total Revenues & Other Sources	(\$3,486,872.00)	(\$3,476,580.80)	(\$3,476,580.80)	99.70 %
Expenditures & Other Uses				
11-6000 11-Instruction	\$1,839,579.00	\$1,779,939.72	\$1,779,939.72	96.76 %
12-6000 12-Library/Media	\$2,389.00	\$539.03	\$539.03	22.56 %
13-6000 13-Professional Development	\$116,681.00	\$96,518.88	\$96,518.88	82.72 %
21-6000 21-Instructional Administration	\$50,029.00	\$50,027.65	\$50,027.65	100.00 %
23-6000 23-Campus Administration	\$183,265.00	\$182,633.16	\$182,633.16	99.66 %
31-6000 31-Counseling	\$40,000.00	\$39,208.94	\$39,208.94	98.02 %
33-6000 33-Health Services	\$550.00	\$531.48	\$531.48	96.63 %
35-6000 35-Food Services	\$254,930.00	\$234,233.00	\$234,233.00	91.88 %
36-6000 36-Extracurricular Activities	\$42,602.00	\$36,999.78	\$36,999.78	86.85 %
41-6000 41-General Administration	\$176,664.00	\$173,478.17	\$173,478.17	98.20 %
51-6000 51-Maintenance & Operations	\$239,603.00	\$384,760.45	\$384,760.45	160.58 %
52-6000 52-Security	\$3,000.00	\$2,144.48	\$2,144.48	71.48 %
53-6000 53-Data Processing Services	\$29,587.00	\$29,463.95	\$29,463.95	99.58 %
61-6000 61-Community Services	\$37,720.00	\$30,442.42	\$30,442.42	80.71 %
71-6000 71-Debt Service	\$60,517.00	\$44,460.27	\$44,460.27	73.47 %
81-6000 81-Fundraising	\$740.00	\$739.20	\$739.20	99.89 %
99-6000 99-Asset/Liability Expenses	\$0.00	\$0.00	\$0.00	
Total Expenditures & Other Uses	\$3,077,856.00	\$3,086,120.58	\$3,086,120.58	100.27 %
Overall Totals	(\$409,016.00)	(\$390,460.22)	(\$390,460.22)	

PEIMS EDIT + REPORTS DATA REVIEW
Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Governmental Funds

2014-2015 Midyear Collection

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

	100 - 199 General Fund	240 Nat'l Sch Breakfast & Lunch Pgm	211 Title I(A) Improving Basic Pgm			Other Governmental Funds	Total Governmental Funds
REVENUES:							
5700 Local and intermediate source:	95,537	13,708	0	0	0	26,084	135,329 ✓
5800 State program revenues	2,792,080	1,218	0	0	0	20,733	2,814,031 ✓
5900 Federal program revenues	0	211,490	79,062	0	0	236,668	527,220
5020 Total Revenues	<u>2,887,617</u>	<u>226,416</u>	<u>79,062</u>	<u>0</u>	<u>0</u>	<u>283,485</u>	<u>3,476,580</u> ✓
EXPENDITURES:							
11 Instruction	1,502,244	0	70,323	0	0	207,375	1,779,942 ✓
12 Instr Resources/Media Services	0	0	0	0	0	539	539 ✓
13 Curriculum/Instr Stf Devlpmt	87,781	0	8,739	0	0	0	96,520 ✓
21 Instructional Leadership	0	0	0	0	0	50,029	50,029 ✓
23 School Leadership	182,634	0	0	0	0	0	182,634 ✓
31 Guidance/Counseling/Eval Svcs	39,209	0	0	0	0	0	39,209 ✓
33 Health Services	531	0	0	0	0	0	531 ✓
35 Food Services	0	234,233	0	0	0	0	234,233 ✓
36 Extracurricular Activities	15,490	0	0	0	0	21,509	36,999 ✓
41 General Administration	173,477	0	0	0	0	0	173,477 ✓
51 Facilities Maintenance and Operations	384,761	0	0	0	0	0	384,761 ✓
52 Security & Monitoring Services	2,144	0	0	0	0	0	2,144
53 Data Processing Services	29,465	0	0	0	0	0	29,465 ✓
61 Community Services	30,443	0	0	0	0	0	30,443 ✓
71 Interest on long-term debt	43,153	0	0	0	0	0	43,153 ✓
71 Bond issuance costs and fees	1,307	0	0	0	0	0	1,307 ✓
81 Facilities Acquisition & Const	739	0	0	0	0	0	739
6030 Total Expenditures	<u>2,493,378</u>	<u>234,233</u>	<u>79,062</u>	<u>0</u>	<u>0</u>	<u>279,452</u>	<u>3,086,125</u>
1100 Excess (deficiency) of Revenues over Expenditures	<u>394,239</u>	<u>(7,817)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,033</u>	<u>390,455</u>
1200 Net Change in Fund Balances	<u>394,239</u>	<u>(7,817)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,033</u>	<u>390,455</u>

44,460

Note 1: 3000 - TOTAL FUND BALANCES contains the sum of object codes from 3410 - 3600 ONLY
Note 2: Fiscal Year refers to the fiscal period ended June 30th or August 31st

PEIMS EDIT + REPORTS DATA REVIEW
Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Governmental Funds

2014-2015 Midyear Collection

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

	100 - 199 General Fund	240 Nat'l Sch Breakfast & Lunch Pgm	211 Title I(A) Improving Basic Pgm			Other Governmental Funds	Total Governmental Funds
3000 Fund Balances--Ending	1,730,637	45,033	0	0	0	13,793	1,789,463

Note 1: 3000 - TOTAL FUND BALANCES contains the sum of object codes from 3410 - 3600 ONLY
Note 2: Fiscal Year refers to the fiscal period ended June 30th or August 31st

CEDARS ACADEMY
STATEMENTS OF CASH FLOWS - EXHIBIT A-3
For the Years Ended August 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Revenue from cocurricular or enterprising	\$ 60,025	\$ 41,609
Foundation school program payments	2,814,031	2,373,710
Grant payments	488,650	459,598
Miscellaneous sources	75,303	85,351
Payments to vendors for goods and services rendered	(692,349)	(601,643)
Payments to charter school personnel for services rendered	(2,117,257)	(1,887,748)
Interest payments	(43,153)	(32,294)
Net Cash Provided by Operating Activities	585,250	438,583
Cash Flows from Investing Activities		
Payments for property and equipment	(429,662)	(143,942)
Sale of investments	-	110,035
Purchase of investments	(11,296)	(228,429)
Net Cash (Used) by Investing Activities	(440,958)	(262,336)
Cash Flows from Financing Activities		
Issuance of long-term debt	270,000	-
Principal payments on long-term debt	(216,324)	(159,554)
Net Cash Provided (Used) by Financing Activities	53,676	(159,554)
Net Change in Cash and Cash Equivalents	197,968	16,693
Beginning cash and cash equivalents	463,397	446,704
Ending Cash and Cash Equivalents	\$ 661,365	\$ 463,397
Adjustments to Reconcile to Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Change in net assets	\$ 390,461	\$ 283,524
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	179,303	172,921
(Increase) decrease in:		
Due from Texas Education Agency	(43,880)	(6,425)
Due from others	5,309	(13,758)
Other receivables	-	1,461
Prepaid expenses	9,342	(9,342)
Increase (decrease) in:		
Accounts payable	41,622	10,202
Deferred revenue	3,093	-
Net Cash Provided by Operating Activities	\$ 585,250	\$ 438,583

See Notes to Financial Statements.

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of Cedars Academy (the “Charter Holder”) dba Cedars International Academy (a nonprofit organization) were prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

The Charter Holder is a not-for-profit organization incorporated in the State of Texas in May 2000 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Charter Holder is governed by a Board of Directors comprised of eight members. The Board of Directors is selected pursuant to the bylaws of the Charter Holder and has the authority to make decisions, appoint the chief executive officer of the Charter Holder, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter Holder.

Since the Charter Holder received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Corporate Operations

In May 2000, the State Board of Education of the State of Texas granted the Charter Holder an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Cedars International Academy was opened. Cedars International Academy was organized to provide educational services to “at risk” students. The Charter Holder’s Board of Directors governs their programs, services, activities and functions. For the school year 2013-2014, Cedars International Academy served grades pre-kindergarten through eighth grade.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

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

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

Permanently restricted – net assets required to be maintained in perpetuity with only the income to be used for the Charter Holder’s activities due to donor-imposed restrictions.

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2014 and 2013

Use of 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.

Contributions

The Charter Holder accounts for contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

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

Investments

The Charter Holder has adopted FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations* (formerly SFAS No. 124). Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported as current and noncurrent investments at their fair values in the statement of financial position. Unrealized gains and losses are included in the Statement of Activities as a change in net assets.

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general purpose financial statements. Capital assets are defined by the Charter Holder as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to 20 years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents held as of August 31, 2014 consist of the following:

	2014	
	Cost Basis	Market Value
Cash on hand and in financial institutions	\$ 640,301	\$ 640,301
Money market funds	21,064	21,064
	\$ 661,365	\$ 661,365

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2014 and 2013

Cash and cash equivalents held as of August 31, 2013 consist of the following:

	2013	
	Cost Basis	Market Value
Cash on hand and in financial institutions	\$ 453,385	\$ 453,385
Money market funds	10,012	10,012
	\$ 463,397	\$ 463,397

The Charter Holder maintains the majority of its cash balances in two financial institutions located in Houston and Austin, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2014 and 2013, the Charter Holder's cash balances were fully insured and collateralized.

NOTE 3 – INVESTMENTS

Investments are reported in the statement of financial position at fair value and realized and unrealized gains and losses are reported in the Statement of Activities.

Short-term investments are investments with an original maturity greater than 90 days that will mature within one year of the fiscal year end. Long-term investments are investments that will mature in greater than one year after the fiscal year end. Investments held as of August 31, 2014 are summarized as follows:

	2014	
	Cost Basis	Market Value
Municipal taxable bonds	\$ 225,000	\$ 239,725
	\$ 225,000	\$ 239,725

Investments held as of August 31, 2013 are summarized as follows:

	2013	
	Cost Basis	Market Value
Municipal taxable bonds	\$ 228,429	\$ 228,429
	\$ 228,429	\$ 228,429

NOTE 4 – FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements and Disclosures* (formerly FASB Statement No. 157), establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Charter holder has the ability to access.

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2014 and 2013

- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2014.

Municipal taxable bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Charter Holder believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2014 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Long-term investments		
Municipal taxable bonds	\$ 239,725	\$ 239,725
	<u>\$ 239,725</u>	<u>\$ 239,725</u>

The long-term investments are reported at fair value on a recurring basis determined by reference to significant other observable inputs.

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2014 and 2013

NOTE 5 – CAPITAL ASSETS

Capital assets at August 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Buildings and improvements	\$ 3,246,078 ✓	\$ 2,816,416
Furniture and equipment	81,074 ✓	81,074
Total Property and Equipment	<u>3,327,152</u>	<u>2,897,490</u>
Less accumulated depreciation	(1,145,277) ✓	(965,974)
Property and Equipment, Net	<u><u>\$ 2,181,875</u></u> ✓	<u><u>\$ 1,931,516</u></u>

Capital assets acquired with public funds received by the Charter Holder for the operation of the charter school constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the schedule of capital assets.

Depreciation expense for the 2014 and 2013 fiscal years was \$179,303 and \$172,921, respectively.

NOTE 6 – LONG-TERM DEBT

The Charter Holder entered into a tri-party loan agreement in May 2007 with the La Vernia Higher Education Finance Corporation (the "Corporation") and Amegy Bank to obtain financing for the building located at 8416 N. IH-35, Austin, TX. Financing was obtained in the form of two promissory notes. The Corporation has assigned its rights, title, and interest in these notes to Amegy Bank. These notes are referred to as the tax-exempt note in the principal amount of \$1,683,670 and the taxable note in the principal amount of \$176,330. The taxable note was paid off in fiscal year 2013. The tax-exempt note originally carried an interest rate of 4.910 percent. On May 1, 2012, this rate was adjusted to a fixed rate equal to 65 percent of the five-year LIBOR swap rate plus 1.65 percent and this rate will continue through maturity on May 1, 2017.

On February 5, 2014, the Charter Holder entered into a loan agreement with Amegy Bank of Texas. The original loan amount was \$270,000 and the interest rate was 4.25 percent. The loan was obtained to finance a solar panel project.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Tax-exempt note	\$ 1,251,325	\$ -	\$ (187,440)	\$ 1,063,885
Loan	-	270,000	(28,884)	241,116
	<u>\$ 1,251,325</u>	<u>\$ 270,000</u>	<u>\$ (216,324)</u>	<u>\$ 1,305,001</u>

Future maturities of long term debt at August 31, 2014 are as follows:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 138,434	\$ 33,783	\$ 172,217
2016	142,707	29,510	172,217
2017	942,007	20,173	962,180
2018	57,754	2,362	60,116
2019	24,099	252	24,351
	<u>\$ 1,305,001</u>	<u>\$ 86,080</u>	<u>\$ 1,391,081</u>

Total interest expense for fiscal years 2014 and 2013 was \$43,153 and \$32,294, respectively.

Balance Sheet by Object (Rollup)
 Effective 8/31/14

Object: 1520 1539 1549 1571 1573

District Filter: Cedars Int'l Academy
 County/District: 227817

CODE	ASSETS	AMOUNT
1520	Buildings and Improvements	\$3,246,077.75
1539	Furniture and Equipment	\$33,097.00
1549	Furniture and Equipment	\$47,977.22
1571	Accumulated Depreciation - Buildings	81,074.22 (\$1,103,863.38)
1573	Accumulated Depreciation - Furniture and Equipment	1,145,277.38 (\$41,414.00)
TOTAL ASSETS		\$2,181,874.59
TOTAL LIABILITIES AND FUND EQUITY		\$0.00

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2014 and 2013

NOTE 7 – PENSION PLAN OBLIGATIONS

Plan Description

The Charter Holder 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 Holder, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It 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; by calling the TRS Communications Department at 1-800-223-8778; or by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications Heading.

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 six percent of the member's annual compensation and a State contribution rate of not less than six percent and not more than ten percent of the aggregate annual compensation of all members of the system; (2) 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 one year, the period would be increased by such action. State law provides for a member contribution rate of 6.4 percent for fiscal year 2014, 2013, and 2012, and a state contribution rate of 6.8 percent for fiscal year 2014, 6.40 percent for fiscal year 2013, and six percent for fiscal year 2012. The Charter Holder's employees' contributions to the System for the years ending August 31, 2014, 2013, and 2012 were \$106,340, \$91,017, and \$75,120, respectively, equal to the required contributions for each year. Other contributions made from federal and private grants for the years ending August 31, 2014, 2013, and 2012 were \$18,090, \$12,329, and \$11,784, respectively, equal to the required contributions for each year.

NOTE 8 – RETIREE HEALTH CARE PLAN

Plan Description

The Charter contributes to the Texas Public School Retired Employees Group Insurance Program ("TRS-Care"), a cost-sharing, multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and Required Supplementary Information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us; by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701; or by calling 1-800-223-8778.

Last pg only

TRS - Adjustment Details
Retirement Contribution Amount - TRS1 or 4
Custom
09/01/2013 - 08/31/2014

Adjustment	Account Code			Contribution	Deduction
	Gross Wages	Fed Wages	TRS Wages		
Total for Wilson, Laterika K:	\$40,041.63	\$40,041.63	\$40,041.63	\$0.00	\$2,562.63
Young, Callista Sue					
<i>Transaction Reference: 4251-0044</i>					
TRS - Regular		420-11-6119.00-101-4-11-0-00		\$0.00	\$115.43
TRS - Regular		420-11-6119.00-101-4-24-0-00		\$0.00	\$115.43
				<u>\$0.00</u>	<u>\$230.86</u>
Standard: 07/26/2014 - 08/22/2014					
Total for Young, Callista Sue:	\$3,607.18	\$0.00	\$3,607.18	\$0.00	\$230.86
Grand Total:	\$1,661,720.28	\$282,885.38	\$1,661,567.09	\$0.00	\$106,340.22

57 Total Employees In This Report

Contribution + Deduction: \$106,340.22

TRS - Adjustment Details
Federal Fund Contribution Amount - TRS 003 / TRS 2 or 2b
Custom
09/01/2013 - 08/31/2014

Adjustment	Account Code			Contribution	Deduction
	Gross Wages	Fed Wages	TRS Wages		
<i>Standard: 07/26/2014 - 08/22/2014</i>				\$229.50	\$0.00
Total for Wilson, Laterika K:	\$40,041.63	\$40,041.63	\$40,041.63	\$2,722.87	\$0.00
Grand Total:	\$363,306.96	\$266,035.42	\$363,172.29	\$18,090.59	\$0.00
32 Total Employees In This Report				Contribution + Deduction:	\$18,090.59

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2014 and 2013

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were one percent for fiscal year 2014, 0.50 percent for fiscal year 2013, and one percent for fiscal year 2012, and 0.65 percent of school payroll, respectively, with the Charter Holder contributing a percentage of payroll set at 0.55 percent for fiscal years 2014, 2013, and 2012. Per Texas Insurance Code, Chapter 1575, the school contribution may not be less than 0.25 percent or greater than 0.75 percent of the salary of each active employee of the public school. For the years ended August 31, 2014, 2013, and 2012, the State's contributions to TRS-Care were \$2,820, \$977, and \$1,840, respectively; the active member contributions were \$10,800, \$9,244, and \$7,629, respectively; and the Charter Holder's contributions were \$9,139, \$7,822, and \$6,456, respectively; which equaled the required contributions each year.

NOTE 9 – HEALTH CARE COVERAGE

During the year ended August 31, 2014, employees of the Charter Holder were covered by TRS Active Employee Insurance Plan (the "Plan"). The Charter Holder contributed \$325 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

NOTE 10 – DUE FROM STATE

As of August 31, 2014 and 2013, the Charter Holder's due from State consisted of the following:

	<u>2014</u>	<u>2013</u>
State Foundation Program	\$ 8,396 ✓	\$ 13,519
ESEA Title I Part A – Improving Basic Programs	25,859 ✓	6,914
IDEA -- Part B, Formula	19,546 ✓	-
IDEA -- Part B, Preschool	205 ✓	-
ESEA Title II Part A – Teacher & Principal	3,528 ✓	1,115
Title III Part A – English Language Acquisition	7,894 ✓	-
Total	<u>\$ 65,428</u>	<u>\$ 21,548</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Charter Holder 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 (TEA) and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Charter Holder have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the TEA or the grantor agency.

The last three years of informational tax returns, 2013, 2012, and 2011, filed with the IRS remain subject to examination.

TRS - Adjustment Details
Insurance Contribution Amount - TRS 374
Custom
09/01/2013 - 08/31/2014

Last pg only

Adjustment	Account Code			Contribution	Deduction
	Gross Wages	Fed Wages	TRS Wages		
Total for Wilson, Laterika K:	\$40,041.63	\$40,041.63	\$40,041.63	\$0.00	\$260.31
Young, Callista Sue					
<i>Transaction Reference: 4251-0044</i>					
TR - Care		420-11-6119.00-101-4-11-0-00		\$0.00	\$11.72
TR - Care		420-11-6119.00-101-4-24-0-00		\$0.00	\$11.73
				\$0.00	\$23.45
<i>Standard: 07/26/2014 - 08/22/2014</i>					
Total for Young, Callista Sue:	\$3,607.18	\$0.00	\$3,607.18	\$0.00	\$23.45
Grand Total:	\$1,661,720.28	\$282,885.38	\$1,661,567.09	\$0.00	\$10,800.51

57 Total Employees In This Report

Contribution + Deduction: \$10,800.51

TRS - Adjustment Details
Reporting Entity TRS-Care Contribution Amount - TRS 374
Custom
09/01/2013 - 08/31/2014

Adjustment	Account Code			Contribution	Deduction
	Gross Wages	Fed Wages	TRS Wages		
Total for Wilson, Laterika K:	\$40,041.63	\$40,041.63	\$40,041.63	\$220.19	\$0.00
Young, Callista Sue					
<i>Transaction Reference: 4251-0044</i>					
TRS - Rpt Enty Contrib		420-11-6146.00-101-4-11-0-00		\$9.92	\$0.00
TRS - Rpt Enty Contrib		420-11-6146.00-101-4-24-0-00		\$9.92	\$0.00
				\$19.84	\$0.00
<i>Standard: 07/26/2014 - 08/22/2014</i>					
Total for Young, Callista Sue:	\$3,607.18	\$0.00	\$3,607.18	\$19.84	\$0.00
Grand Total:	\$1,661,720.28	\$282,885.38	\$1,661,567.09	\$9,139.18	\$0.00

57 Total Employees In This Report

Contribution + Deduction: **\$9,139.18**

**Trial Balance
 Last Fiscal Year**

Object: 1241 1242

District Filter: Cedars Int'l Academy

County/District: 227817

Account Code	Description	09/01/2013 08/31/2014	Balance
211-00-1241.00-000-4-00-0-00	Due from Prior Year	\$25,859.27	\$25,859.27
		FUND 211 TOTAL:	\$25,859.27
224-00-1241.00-000-4-00-0-00	Due from State - :	\$19,545.91	\$19,545.91
		FUND 224 TOTAL:	\$19,545.91
225-00-1241.00-000-4-00-0-00	Due from State - :	\$204.59	\$204.59
		FUND 225 TOTAL:	\$204.59
240-00-1241.00-000-4-00-0-00	Due from State - :	\$0.00	\$0.00
		FUND 240 TOTAL:	\$0.00
255-00-1241.00-000-4-00-0-00	Title II, A - Due From FY0809 Grant	\$3,528.16	\$3,528.16
		FUND 255 TOTAL:	\$3,528.16
263-00-1241.00-000-4-00-0-00	Due from State - :	\$7,893.50	\$7,893.50
		FUND 263 TOTAL:	\$7,893.50
420-00-1241.00-000-4-00-0-00	Due from State	\$8,396.00	\$8,396.00
		FUND 420 TOTAL:	\$8,396.00
		GRAND TOTAL	\$65,427.43

CEDARS ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended August 31, 2014 and 2013

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

As of August 31, 2014 and 2013, the Charter Holder's temporarily restricted net assets consisted of the following:

	<u>2014</u>	<u>2013</u>
State Foundation Program	\$ 1,037,230	\$ 738,524
National School Lunch and Breakfast Program	45,033	52,849
Campus Activity Fund	13,793	9,759
Total	<u>\$ 1,096,056</u>	<u>\$ 801,132</u>

NOTE 13 – STATE FOUNDATION PROGRAM REVENUE

Charter schools in the State of Texas participate in the State foundation program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period and, at the close of the year, actual attendance is calculated by the TEA. The attendance reports are subject to audit by the TEA and final State foundation program earnings may be adjusted as a result of any such audit. During the years ended August 31, 2014 and 2013, the Charter Holder was paid \$2,789,359 and \$2,348,966, respectively, of State foundation program funds of which all was earned (before any possible TEA enrollment and attendance audit).

NOTE 14 – SHARED SERVICE ARRANGEMENTS

The Charter Holder participates as a member in the Austin Area 21st Century Community Learning Centers Cooperative which is a shared service arrangement for establishing or expanding community learning center services. The fiscal agent is NYOS Charter School, Inc. The Charter Holder accounts for revenues and expenditures in this program and discloses them in these financial statements. The Charter Holder neither has joint ownership interest in fixed assets purchased by the fiscal agent. The Charter Holder does not have a net equity interest in the fiscal agent. The fiscal agent is not accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the Charter Holder. The Charter Holder received \$162,825 in services by being a member of this cooperative.

NOTE 15 – CHARTER HOLDER OPERATIONS

The Charter Holder operated one charter school, Cedars International Academy, and did not conduct any other charter or non-charter activities.

NOTE-16 – SUBSEQUENT EVENTS

Disclosure of any subsequent events has been evaluated through the date of the independent auditors' report.

Trial Balance
Last Fiscal Year

Object: 5811 5812

District Filter: Cedars Int'l Academy

County/District: 227817

Account Code	Description	09/01/2013	Balance
		08/31/2014	
420-00-5811.00-000-4-00-0-00	00-State Per Capita - :	(\$72,251.00)	(\$72,251.00)
420-00-5812.00-000-4-00-0-00	State Foundation Program	(\$2,717,108.00)	(\$2,717,108.00)
		FUND 420 TOTAL:	(\$2,789,359.00)
		GRAND TOTAL	(\$2,789,359.00)

**Trial Balance
Last Fiscal Year**

Fund: 265
Object: ~5%

District Filter: Cedars Int'l Academy
County/District: 227817

Account Code	Description	09/01/2013	Balance
		08/31/2014	
265-00-5919.00-000-4-00-0-00	00-Fed Rev Distrib by Gov Entities Other than State/F - :	(\$162,824.46)	(\$162,824.46)
		FUND 265 TOTAL:	(\$162,824.46)
		GRAND TOTAL	(\$162,824.46)

SUPPLEMENTAL INFORMATION

CEDARS ACADEMY
SCHEDULES OF EXPENSES - EXHIBIT C-1
 For the Years Ended August 31, 2014 and 2013

Expenses	Totals	
	2014	2013
6100 Payroll costs	\$ 2,117,257 ⁺²	\$ 1,887,748
6200 Professional and contracted services	309,247 ⁺¹	231,175
6300 Supplies and materials	292,530 ⁺¹	319,431
6400 Other operating costs	322,625 ⁺²	224,818
6500 Debt	44,460 [✓]	32,294
Total Expenses	\$ 3,086,119	\$ 2,695,466

Income Statement
Last Fiscal Year
09/01/2013 - 08/31/2014
Without Encumbrances

Object: ~6%

District Filter: Cedars Int'l Academy
 County/District: 227817

		Budget	Actual		Percent
			09/01 - 08/31	FY to 8/31/14	
<u>Expenditures & Other Uses</u>					
6100	Payroll Costs	\$2,166,758.00	\$2,117,257.47	\$2,117,257.47 ✓	97.72 %
6200	Professional & Contracted Services	\$350,302.00	\$309,247.01	\$309,247.01 ✓	88.28 %
6300	Supplies & Materials	\$342,130.00	\$292,530.09	\$292,530.09 ✓	85.50 %
6400	Other Operating Costs	\$158,149.00	\$322,625.74	\$322,625.74 ✓	204.00 %
6500	Debt Service	\$60,517.00	\$44,460.27	\$44,460.27 ✓	73.47 %
6600	Capital Outlay - Land, Building & Equipment	\$0.00	\$0.00	\$0.00	
Total Expenditures & Other Uses		\$3,077,856.00	\$3,086,120.58	\$3,086,120.58	100.27 %
Overall Totals		\$3,077,856.00	\$3,086,120.58	\$3,086,120.58	

Actual Financial Summary by Object

2014-2015 Midyear Collection

For Fiscal Year 2014

Unallocated

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

Major Object Code	Amount(\$)
3600	1,789,463
Subtotal for 3XXX	1,789,463
5700	135,329
5800	2,814,031
5900	527,220
Subtotal for 5XXX	3,476,580
6100	2,117,259
6200	309,248
6300	292,531
6400	322,627
6500	44,460
Subtotal for 6XXX	3,086,125

*Round's ?
6.00 ?*

CEDARS ACADEMY
SCHEDULE OF CAPITAL ASSETS - EXHIBIT D-1
 August 31, 2014

	Ownership Interest			
	Local	State	Federal	
1520 Buildings and improvements	\$ -	\$ 3,081,279	\$ 164,799	3,246,078 ✓
1539 Furniture and equipment	-	26,097	7,000	33,097 ✓
1549 Furniture and equipment	-	-	47,977	47,977 ✓
Total Property and Equipment	<u>\$ -</u>	<u>\$ 3,107,376</u>	<u>\$ 219,776</u>	<u>3,327,152 ✓</u>

Balance Sheet by Object (Rollup)
Effective 8/31/14

Object: 1520 1539 1549

District Filter: Cedars Int'l Academy
County/District: 227817

CODE	ASSETS	AMOUNT
1520	Buildings and Improvements	\$3,246,077.75
1539	Furniture and Equipment	\$33,097.00
1549	Furniture and Equipment	\$47,977.22
TOTAL ASSETS		\$3,327,151.97
TOTAL LIABILITIES AND FUND EQUITY		\$0.00

CEDARS ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - EXHIBIT E-1
 For the Year Ended August 31, 2014

	Budgeted Amounts		Fund 420 only Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local support:				
5720 Local revenue resulting from services rendered to other schools	\$ 39,000	\$ -	\$ -	\$ -
5740 Other revenues from local sources	10,000	64,581 ✓	74,713 -	10,132
5750 Revenue from cocurricular or enterprising	3,000	3,325 ✓	3,324 -	(1)
5760 Revenue from intermediate sources	-	17,500 ✓	17,500 ✓	-
Total Local Support	<u>52,000 ✓</u>	<u>85,406</u>	<u>95,537</u>	<u>10,131</u>
5810 Foundation school program act revenues	2,574,293 ✓	2,797,923 ✓	2,789,359 ✓	(8,564)
5820 State program revenues distributed by Texas Education Agency	-	-	2,721 ✓	2,721
Total State Program Revenue	<u>2,574,293 ✓</u>	<u>2,797,923 ✓</u>	<u>2,792,080 ✓</u>	<u>(5,843)</u>
Total Revenues	<u>2,626,293 ✓</u>	<u>2,883,329 ✓</u>	<u>2,887,617 ✓</u>	<u>4,288</u>
Expenses				
11 Instruction	1,690,323 ✓	1,552,791 ✓	1,496,597	56,194
13 Curriculum development and instructional staff development	18,750 ✓	107,941 ✓	87,780 +1	20,161 81%
23 School leadership	153,246 ✓	183,265 ✓	182,633 ✓ +1	632
31 Guidance, counseling and evaluation services	40,000 ✓	40,000 ✓	39,209 ✓	791
33 Health services	500 ✓	550 ✓	531 ✓	19
36 Co-curricular/extracurricular activities	17,815 ✓	16,073 ✓	15,490 ✓	583
41 General administration	202,609	176,664 ✓	173,478 ✓	3,186
51 Plant maintenance and operations	181,460 ✓	239,603 ✓	211,104	28,499 88%
52 Security and monitoring services	3,000 ✓	3,000 ✓	2,144 ✓	856 72%
53 Data processing services	28,937 ✓	29,587 ✓	29,464 ✓	123
61 Community services	38,200 ✓	37,720 ✓	30,442 ✓	7,278 81%
71 Debt service	29,422 ✓	60,517 ✓	44,460 ✓	16,057 73%
81 Facilities acquisition and construction	-	740 ✓	739 ✓	1
Total Expenses	<u>2,404,262 ✓</u>	<u>2,448,451 ✓</u>	<u>2,314,071 ✓</u>	<u>134,380</u>
Change in Net Assets	<u>\$ 222,031</u>	<u>\$ 434,878</u>	573,546	<u>\$ 138,668</u>
Reconciliation to Ending Net Assets				
Change in net assets due to activity in other funds			(3,782)	
Depreciation			(179,303)	
			<u>390,461</u>	
Beginning net assets			1,399,004	
			<u>\$ 1,789,465</u>	

See Notes to Supplemental Information.

Cedars International Academy
(2013-2014 Adopted Budget)

Fnd	Funct		Adopted 2014	2013-
211	Revenue	Title I, Part A		(\$75,849.00)
	11 Total			\$69,117.00
	13 Total			\$6,732.00
	Funding Balance			\$0.00
224	Revenue	IDEA-B		(\$38,110.00)
	11 Total			\$38,110.00
	31 Total			\$0.00
	Funding Balance			\$0.00
225	Revenue	IDEA-B PreK		(\$480.00)
	11 Total			\$480.00
	31 Total			\$0.00
	Funding Balance			\$0.00
240	Revenue	Cafeteria		(\$221,844.00)
	35 Total			\$221,844.00
	Funding Balance			\$0.00
255	Revenue	Title II, Part A		(\$15,058.00)
	11 Total			\$15,058.00
	Funding Balance			\$0.00
263	Revenue	Title III, Part A LEP		(\$10,643.00)
	11 Total			\$10,643.00
	Funding Balance			\$0.00
265	Revenue	Title IV, Prt B ACE		(\$167,651.00)
	11 Total			\$117,622.00
	21 Total			\$50,029.00
	Funding Balance			\$0.00
289	Revenue	ESL Fed Funded Temp Restrictor		\$0.00
	11 Total			\$0.00
	Funding Balance			\$0.00
404	Revenue	Student Success Initiative		\$0.00
	11 Total			\$0.00
	Funding Balance			\$0.00
410	Revenue	State Textbook Fund		\$0.00
	11 Total			\$0.00
	Funding Balance			\$0.00
420	Revenue	FSP State Funding		(\$2,626,293.00) ✓
	11 Total			\$1,690,323.00 ✓
	13 Total			\$18,750.00 ✓
	23 Total			\$153,246.00 ✓
	31 Total			\$40,000.00 ✓
	11 Total			\$500.00 ✓
	36 Total			\$17,815.00 ✓
	41 Total			\$202,609.00 ✓
	52 Total			\$1,200.00 ✓
	51 Total			\$180,260.00 ✓
	52 Total			\$3,000.00 ✓
	53 Total			\$28,937.00 ✓
	61 Total			\$38,200.00 ✓
	71 Total			\$29,422.00 ✓
	Funding Balance			(\$222,031.00)
429	Revenue	License Plate		\$0.00
	11 Total			\$0.00
	Funding Balance			\$0.00
461	Revenue	Campus Activity		(\$25,900.00)
	36 Total			\$25,900.00
	Funding Balance			\$0.00
		REVENUE BUDGET		(\$3,181,828.00)
		EXPENSE BUDGET		\$2,959,797.00
		99 Total Move to 15XX EOY Assets -		\$222,031.00
		TOTAL EXPENSES		\$3,181,828.00

should have been 51

PEIMS EDIT+ REPORTS DATA REVIEW
**Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances**
Governmental, Enterprise and Trust Funds
 (2013-2014 Fall Collection)
 unallocated

Filename: F2014227817
 District: 227817 - CEDARS INTERNATIONAL ACADEMY

(Exhibit A-2)

	100 General Fund	200 Special Revenue Fund	400 * Special Revenue Fund	500 Debt Service Fund	700 Enterprise Fund	Total Funds
Revenues:						
5700 Local Program Revenues	0	14,050	52,000	0	0	66,050
5800 State Program Revenues	0	1,000	2,574,293	0	0	2,575,293
5900 Federal Program Revenues	0	206,794	0	0	0	206,794
Total Revenue	0	221,844	2,626,293	0	0	2,848,137
Expenditures:						
0011 Instruction	0	0	1,690,323	0	0	1,690,323
0013 Curriculum/Instr Stf Devlpmt	0	0	18,750	0	0	18,750
0023 School Leadership	0	0	153,246	0	0	153,246
0031 Guidance/Counseling/Eval Svcs	0	0	40,000	0	0	40,000
0033 Health Services	0	0	500	0	0	500
0035 Food Services	0	221,844	0	0	0	221,844
0036 Extracurricular Activities	0	0	17,815	0	0	17,815
0041 General Administration	0	0	202,609	0	0	202,609
0051 Facilities Maintenance and Operations	0	0	181,460	0	0	181,460
0052 Security & Monitoring Services	0	0	3,000	0	0	3,000
0053 Data Processing Services	0	0	28,937	0	0	28,937
0061 Community Services	0	0	38,200	0	0	38,200
0071 Debt Service	0	0	29,422	0	0	29,422
Total Expenditures	0	221,844	2,404,262	0	0	2,626,106
Excess (Deficiency)	0	0	222,031	0	0	222,031

* NOTE: Fund Code 400 references only Charter Schools

Cedars Final 2013-2014 Budget

Sum of BudgetAmount Grouping	Description	Total
211 - 211-Title I, Part A	00-Federal Rev dist by TEA	(\$79,062)
	11-Instruction	\$70,322
	13-Professional Development	\$8,740
211 - 211-Title I, Part A Total		\$0
224 - 224-IDEA-B	00-Federal Rev dist by TEA	(\$45,111)
	11-Instruction	\$45,111
224 - 224-IDEA-B Total		\$0
225 - 225-IDEA-B PreK	00-Federal Rev dist by TEA	(\$480)
	11-Instruction	\$480
225 - 225-IDEA-B PreK Total		\$0
240 - 240-NSLP (Lunch Prgm)	00-(USDA) Commodities	(\$14,080)
	00-Food Service Activity	(\$14,050)
	00-National School Lunch Program	(\$161,719)
	00-School Breakfast Program	(\$38,000)
	00-State Matching	(\$1,219)
	35-Food Services	\$254,930
240 - 240-NSLP (Lunch Prgm) Total		\$25,862
255 - 255-Title II, Part A	00-Federal Rev dist by TEA	(\$17,412)
	11-Instruction	\$17,412
255 - 255-Title II, Part A Total		\$0
263 - 263-Title III, Part A	00-Federal Rev dist by TEA	(\$10,841)
	11-Instruction	\$10,841
263 - 263-Title III, Part A Total		\$0
265 - 265-Title IV, Part B 21st Century CL	00-Fed Rev Distrib by Gov Entities Other than State/F	(\$167,651)
	11-Instruction	\$117,622
	21-Instructional Administration	\$50,029
265 - 265-Title IV, Part B 21st Century CLC Total		\$0
410 - 410-State Textbook/Tech Fund	00-State Matching	(\$25,000)
	11-Instruction	\$25,000
410 - 410-State Textbook/Tech Fund Total		\$0
420 - 420-State FSP	00-Aftercare Income	(\$42,000)
	00-Athletic Activities	(\$3,325)
	00-Bank Interest	(\$21,653)
	00-Funding for PreK	(\$2,721)
	00-Local Revenues frm Other Districts	\$0
	00-Misc Local Revenue	(\$928)
	00-Misc Rev from Intermediate Sources	(\$17,500)
	00-State FSP	(\$2,722,231)
	00-State Per Capita	(\$72,971)
	11-Instruction	\$1,552,791
	13-Professional Development	\$107,941
	23-Campus Administration	\$183,265
	31-Counseling	\$40,000
	33-Health Services	\$550
	36-Extracurricular Activities	\$16,073
	41-General Administration	\$176,664
	51-Maintenance & Operations	\$239,603
	52-Security	\$3,000
	53-Data Processing Services	\$29,587
	61-Community Services	\$37,720
	71-Debt Service	\$60,517
	81-Fundraising	\$740
	99-Asset/Liability Expenses	\$0
420 - 420-State FSP Total		(\$434,878)
461 - 461-Campus Activity Funds	00-Activity Acct	(\$28,358)
	00-Gifts and Bequests	(\$560)
	12-Library/Media	\$2,389
	36-Extracurricular Activities	\$26,529
461 - 461-Campus Activity Funds Total		\$0
Grand Total		(\$409,016)

Revenue (\$3,486,872)
Expense \$3,077,856

288,329

2448451

Income Statement
Custom
09/01/2013 - 08/31/2014
Without Encumbrances

Fund: 420
Object: 1-6449

District Filter: Cedars Int'l Academy
County/District: 227817

	Budget	Actual		Percent
		09/01 - 08/31	FY to 8/31/14	
Revenues & Other Sources				
00-5729 00-Local Revenues frm Other Districts	\$0.00	\$0.00	\$0.00	
00-5742 00-Bank Interest	(\$21,653.00)	(\$22,347.89)	(\$22,347.89)	103.21 %
00-5744 00-Gifts and Bequests	\$0.00	(\$10,000.00)	(\$10,000.00)	
00-5749 00-Misc Local Revenue	(\$928.00)	(\$927.74)	(\$927.74)	99.97 %
00-5752 00-Athletic Activities	(\$3,325.00)	(\$3,324.00)	(\$3,324.00)	99.97 %
00-5769 00-Misc Rev from Intermediate Sources	(\$17,500.00)	(\$17,500.00)	(\$17,500.00)	100.00 %
00-5811 00-State Per Capita	(\$72,971.00)	(\$72,251.00)	(\$72,251.00)	99.01 %
00-5812 00-State FSP	(\$2,722,231.00)	(\$2,717,108.00)	(\$2,717,108.00)	99.81 %
00-5820 00-Funding for PreK	(\$2,721.00)	(\$2,720.66)	(\$2,720.66)	99.99 %
61-5748 00-Aftercare Income	(\$42,000.00)	(\$41,437.75)	(\$41,437.75)	98.66 %
Total Revenues & Other Sources	(\$2,883,329.00)	(\$2,887,617.04)	(\$2,887,617.04)	100.15 %
Expenditures & Other Uses				
11-6000 11-Instruction	\$1,552,791.00	\$1,496,594.88	\$1,496,594.88	96.38 %
13-6000 13-Professional Development	\$107,941.00	\$87,779.77	\$87,779.77	81.32 %
23-6000 23-Campus Administration	\$183,265.00	\$182,633.16	\$182,633.16	99.66 %
31-6000 31-Counseling	\$40,000.00	\$39,208.94	\$39,208.94	98.02 %
33-6000 33-Health Services	\$550.00	\$531.48	\$531.48	96.63 %
36-6000 36-Extracurricular Activities	\$16,073.00	\$15,489.75	\$15,489.75	96.37 %
41-6000 41-General Administration	\$176,664.00	\$173,478.17	\$173,478.17	98.20 %
51-6000 51-Maintenance & Operations	\$239,603.00	\$211,104.54	\$211,104.54	88.11 %
52-6000 52-Security	\$3,000.00	\$2,144.48	\$2,144.48	71.48 %
53-6000 53-Data Processing Services	\$29,587.00	\$29,463.95	\$29,463.95	99.58 %
61-6000 61-Community Services	\$37,720.00	\$30,442.42	\$30,442.42	80.71 %
71-6000 71-Debt Service	\$60,517.00	\$44,460.27	\$44,460.27	73.47 %
81-6000 81-Fundraising	\$740.00	\$739.20	\$739.20	99.89 %
99-6000 99-Asset/Liability Expenses	\$0.00	\$0.00	\$0.00	
Total Expenditures & Other Uses	\$2,448,451.00	\$2,314,071.01	\$2,314,071.01	94.51 %
Overall Totals	(\$434,878.00)	(\$573,546.03)	(\$573,546.03)	

Budgeted vs. Actual Expenditures by Function Reconciliation -- General Fund

2014-2015 Midyear Collection
For Fiscal Year 2014
Unallocated

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

Function	Budgeted Amount 2013-2014 Fall Collection	Actual Amount 2014-2015 Mid-Year Collection	Difference Amount	Difference Percentage
61 - Community Services	\$ 38,200	\$ 30,443 ✓	\$(7,757)	-20.3%
13 - Curriculum/Instr Stf Devlpmnt	18,750	87,781 ✓	69,031	368.2
53 - Data Processing Services	28,937	29,465 ✓	528	1.8
71 - Debt Service	29,422	44,460 ✓	15,038	51.1
36 - Extracurricular Activities	17,815	15,490 ✓	(2,325)	-13.1
81 - Facilities Acquisition & Const	-	739 ✓	739	-
51 - Facilities Maintenance and Operations	181,460	→ 384,761 ✓ <i>duplications</i>	203,301	112.0
41 - General Administration	202,609	173,477 ✓	(29,132)	-14.4
31 - Guidance/Counseling/Eval Svcs	40,000	39,209 ✓	(791)	-2.0
33 - Health Services	500	531 ✓	31	6.2
11 - Instruction	1,690,323	1,502,244 ✓ <i>depreciation</i>	(188,079)	-11.1
23 - School Leadership	153,246	182,634 ✓	29,388	19.2
52 - Security & Monitoring Services	3,000	2,144 ✓	(856)	-28.5
Total	\$ 2,404,262	\$ 2,493,378	\$ 89,116	3.7%

Includes depreciation

Income Statement
Custom
09/01/2013 - 08/31/2014
Without Encumbrances

Fund: 420
 Object: -6%

District Filter: Cedars Int'l Academy
 County/District: 227817

includes depreciation

420 - 420-State FSP

Expenditures & Other Uses

		Budget	Actual		Percent
			09/01 - 08/31	FY to 8/31/14	
11-6000	11-Instruction	\$1,552,791.00	\$1,502,242.60	\$1,502,242.60	96.74 %
13-6000	13-Professional Development	\$107,941.00	\$87,779.77	\$87,779.77	81.32 %
23-6000	23-Campus Administration	\$183,265.00	\$182,633.16	\$182,633.16	99.66 %
31-6000	31-Counseling	\$40,000.00	\$39,208.94	\$39,208.94	98.02 %
33-6000	33-Health Services	\$550.00	\$531.48	\$531.48	96.63 %
36-6000	36-Extracurricular Activities	\$16,073.00	\$15,489.75	\$15,489.75	96.37 %
41-6000	41-General Administration	\$176,664.00	\$173,478.17	\$173,478.17	98.20 %
51-6000	51-Maintenance & Operations	\$239,603.00	\$384,760.45	\$384,760.45	160.58 %
52-6000	52-Security	\$3,000.00	\$2,144.48	\$2,144.48	71.48 %
53-6000	53-Data Processing Services	\$29,587.00	\$29,463.95	\$29,463.95	99.58 %
61-6000	61-Community Services	\$37,720.00	\$30,442.42	\$30,442.42	80.71 %
71-6000	71-Debt Service	\$60,517.00	\$44,460.27	\$44,460.27	73.47 %
81-6000	81-Fundraising	\$740.00	\$739.20	\$739.20	99.89 %
99-6000	99-Asset/Liability Expenses	\$0.00	\$0.00	\$0.00	
Total Expenditures & Other Uses		\$2,448,451.00	\$2,493,374.64	\$2,493,374.64	101.83 %
Total 420 - 420-State FSP		\$2,448,451.00	\$2,493,374.64	\$2,493,374.64	101.83 %
Overall Totals		\$2,448,451.00	\$2,493,374.64	\$2,493,374.64	

CEDARS ACADEMY
NOTES TO SUPPLEMENTAL INFORMATION
For the Year Ended August 31, 2014

Budget Variances in Excess of Ten Percent

Function 13: The Charter Holder amended the budget to cover all staff for international professional development training. Staff who had originally said they would attend did not attend. Due to the fact that the training was intended for everyone there were no replacements to be made.

Function 51: A roofing job was completed and expenses were moved to the proper asset code.

Function 52: The Charter Holder hired more teachers with experience which reduced the fingerprinting cost.

Function 61: The Charter Holder purchased individual supplies and created school packs rather than purchasing pre-packed school supplies.

Function 71: The Charter Holder made larger principal payments during the prior year which reduced the amount of interest payments.

*COMPLIANCE,
INTERNAL CONTROL,
AND
FEDERAL AWARDS*

**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***

December 3, 2014

To the Board of Directors of
Cedars 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 Cedars Academy, (the "Charter Holder") dba Cedars International Academy (a nonprofit organization), which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter Holder'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 the Charter Holder's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Charter Holder'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 the 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Holder’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 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*.

The Charter Holder’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Charter Holder’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Charter Holder’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 Charter Holder’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DRAFT
BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

December 3, 2014

To the Board of Directors of
Cedars Academy:

Report on Compliance for Each Major Federal Program

We have audited Cedars Academics' (the "Charter Holder")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Charter Holder's major federal programs for the year ended August 31, 2014. The Charter Holder's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Charter Holder's compliance.

Opinion on Each Major Federal Program

In our opinion, the Charter Holder 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014.001. Our opinion on each major federal program is not modified with respect to these matters.

The Charter Holder's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Charter Holder's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Charter Holder is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter Holder's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder's internal control over compliance.

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

Our consideration of *internal control over compliance* was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

DRAFT
PELT, HARRIS & TECHACEK, L.L.P.
Pelt Harris & Techacek, LLP
Certified Public Accountants
Houston, Texas

CEDARS ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - EXHIBIT F-1
 For the Year Ended August 31, 2014

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of audit report issued	Unmodified
Internal control over financial reporting:	
One or more material weakness(es) identified?	No
One or more significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
One or more material weakness(es) identified?	No
One or more significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of audit report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes
Identification of major programs:	

<u>Program Title</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553 & 10.555
21st Century Community Learning Centers	84.287

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

II. FINANCIAL STATEMENT FINDINGS

None identified.

CEDARS ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – EXHIBIT F-1 (Continued)

For the Year Ended August 31, 2014

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2014.001. NATIONAL SCHOOL LUNCH PROGRAM – CFDA No. 10.555; GRANT No. 71301401; GRANT PERIOD – YEAR ENDED AUGUST 31, 2014

Criteria

A school food authority (SFA) participating in the National School Lunch Program (NSLP) is required to ensure that sufficient funds are provided to its nonprofit school food service accounts from lunches served to students not eligible for free or reduced price meals. A SFA currently charging less for a paid lunch than the difference between the federal reimbursement rate for such a lunch and that for a free lunch is required to comply. The Code of Federal Regulation, Title 7 section §210.14(e) details the required calculations an SFA must perform to determine whether the SFA is required to increase paid lunch prices. This compliance requirement is known as the paid lunch equity requirement.

Condition

The Charter Holder has not performed the paid lunch equity calculations. In addition, the Charter Holder is charging less for a paid lunch than the difference between the federal reimbursement rate for such a lunch and that for a free lunch.

Effect

The Charter Holder has not been increasing lunch prices by the minimum required amounts.

Cause

The Charter Holder was not aware of the paid lunch equity compliance requirements.

Recommendation

The Charter Holder should consult with the Texas Department of Agriculture to gain an understanding of the paid lunch equity requirements in addition to learning how to perform the annual required calculations. If an entity does not price its meals at the established weighted average amount in the previous fiscal year, the shortfall must be added to the next year's paid lunch price adjustment.

The Charter Holder should refer to the NSLP Handbook: Administrator's Reference Manual on-line at <http://www.squaremeals.org/Programs/NationalSchoolLunchProgram/NSLPPolicy&ARM.aspx> for additional guidance. The United States Department of Agriculture Food Nutrition Services website also includes a tool along with instructions for performing the paid lunch equity calculations.

Corrective Action Plan

On an annual basis the food service head of Cedars International Academy will meet with the Child Nutrition Educational Specialist at the Education Service Center Region 13 to determine annual lunch price calculations and make changes deemed necessary.

CEDARS ACADEMY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS - EXHIBIT G-1
For the Year Ended August 31, 2014

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
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None

CEDARS ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT H-1

For the Year Ended August 31, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Education Agency:</i>			
IDEA-B Formula*	84.027	146600012278176600	\$ 45,111 ✓
IDEA-B Preschool*	84.173	146610012278176610	480 ✓
ESEA Title I Part A	84.010	14610101227817	79,062 ✓
Title II Part A Teacher & Principal	84.367	14694501227817	17,412 ✓
Title III - English Language	84.365	14671001227817	10,841 ✓
<i>Passed Through NYOS Charter School, Inc.:</i>			
21st Century Community Learning Centers	84.287	146950167110031	162,825 ✓
Total U.S. Department of Education			315,731
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
School Breakfast Program*	10.553	71401401	37,486 ✓
National School Lunch Program*	10.555	71301401	159,924 ✓
Commodity Supplemental Food Program	10.565	227817	14,080 ✓
Total U.S. Department of Agriculture			211,490
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 527,221

* Indicates cluster program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

Mike said schedule uses Revenue amounts.

Income Statement
Custom
09/01/2013 - 08/31/2014
Without Encumbrances

Fund: <299
Object: ~59%

District Filter: Cedars Int'l Academy
County/District: 227817

		Budget	Actual		Percent
			09/01 - 08/31	FY to 8/31/14	
211 - 211-Title I, Part A					
<u>Revenues & Other Sources</u>					
5929	00-Federal Rev dist by TEA	(\$79,062.00)	(\$79,062.00)	(\$79,062.00)	100.00 %
Total Revenues & Other Sources		(\$79,062.00)	(\$79,062.00)	(\$79,062.00)	100.00 %
Total 211 - 211-Title I, Part A		(\$79,062.00)	(\$79,062.00)	(\$79,062.00)	100.00 %
224 - 224-IDEA-B					
<u>Revenues & Other Sources</u>					
5929	00-Federal Rev dist by TEA	(\$45,111.00)	(\$45,111.00)	(\$45,111.00)	100.00 %
Total Revenues & Other Sources		(\$45,111.00)	(\$45,111.00)	(\$45,111.00)	100.00 %
Total 224 - 224-IDEA-B		(\$45,111.00)	(\$45,111.00)	(\$45,111.00)	100.00 %
225 - 225-IDEA-B PreK					
<u>Revenues & Other Sources</u>					
5929	00-Federal Rev dist by TEA	(\$480.00)	(\$480.00)	(\$480.00)	100.00 %
Total Revenues & Other Sources		(\$480.00)	(\$480.00)	(\$480.00)	100.00 %
Total 225 - 225-IDEA-B PreK		(\$480.00)	(\$480.00)	(\$480.00)	100.00 %
240 - 240-NSLP (Lunch Prgm)					
<u>Revenues & Other Sources</u>					
5921	00-School Breakfast Program	(\$38,000.00)	(\$37,486.41)	(\$37,486.41)	98.65 %
5922	00-National School Lunch Program	(\$161,719.00)	(\$159,924.28)	(\$159,924.28)	98.89 %
5923	00-(USDA) Commodities	(\$14,080.00)	(\$14,079.50)	(\$14,079.50)	100.00 %
Total Revenues & Other Sources		(\$213,799.00)	(\$211,490.19)	(\$211,490.19)	98.92 %
Total 240 - 240-NSLP (Lunch Prgm)		(\$213,799.00)	(\$211,490.19)	(\$211,490.19)	98.92 %
255 - 255-Title II, Part A					
<u>Revenues & Other Sources</u>					
5929	00-Federal Rev dist by TEA	(\$17,412.00)	(\$17,412.00)	(\$17,412.00)	100.00 %
Total Revenues & Other Sources		(\$17,412.00)	(\$17,412.00)	(\$17,412.00)	100.00 %
Total 255 - 255-Title II, Part A		(\$17,412.00)	(\$17,412.00)	(\$17,412.00)	100.00 %
263 - 263-Title III, Part A					
<u>Revenues & Other Sources</u>					
5929	00-Federal Rev dist by TEA	(\$10,841.00)	(\$10,841.00)	(\$10,841.00)	100.00 %
Total Revenues & Other Sources		(\$10,841.00)	(\$10,841.00)	(\$10,841.00)	100.00 %

Income Statement
Custom
09/01/2013 - 08/31/2014
Without Encumbrances

	Budget	Actual		Percent
		09/01 - 08/31	FY to 8/31/14	
Total 263 - 263-Title III, Part A	(\$10,841.00)	(\$10,841.00)	(\$10,841.00)	100.00 %
265 - 265-Title IV, Part B 21st Century CLC				
<u>Revenues & Other Sources</u>				
5919 00-Fed Rev Distrib by Gov Entities Other than State/F	(\$167,651.00)	(\$162,824.46)	(\$162,824.46)	97.12 %
Total Revenues & Other Sources	(\$167,651.00)	(\$162,824.46)	(\$162,824.46)	97.12 %
Total 265 - 265-Title IV, Part B 21st Century CLC	(\$167,651.00)	(\$162,824.46)	(\$162,824.46)	97.12 %
Overall Totals	(\$534,356.00)	(\$527,220.65)	(\$527,220.65)	

Schedule of Federal Funds

2014-2015 Midyear Collection

Unallocated

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

Fund/ Fiscal Year	6100 Payroll	6200 Prof/ Contract	6300 Suppl/ Materials	6400* Other Oper	6500 Debt Svc	6600 Capital Outlay	Subtotal
211-4	\$ 60,013	\$ 5,179	\$ 5,131	\$ 8,739	\$ 0	\$ 0	\$ 79,062
Subtotal	<u>60,013</u>	<u>5,179</u>	<u>5,131</u>	<u>8,739</u>	<u>0</u>	<u>0</u>	<u>79,062</u>
224-4	45,111	0	0	0	0	0	45,111
Subtotal	<u>45,111</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,111</u>
225-4	480	0	0	0	0	0	480
Subtotal	<u>480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>480</u>
240-4	89,909	3,415	138,839	2,070	0	0	234,233
Subtotal	<u>89,909</u>	<u>3,415</u>	<u>138,839</u>	<u>2,070</u>	<u>0</u>	<u>0</u>	<u>234,233</u>
255-4	0	1,000	7,911	8,501	0	0	17,412
Subtotal	<u>0</u>	<u>1,000</u>	<u>7,911</u>	<u>8,501</u>	<u>0</u>	<u>0</u>	<u>17,412</u>
263-4	5,323	1,023	643	3,853	0	0	10,842
Subtotal	<u>5,323</u>	<u>1,023</u>	<u>643</u>	<u>3,853</u>	<u>0</u>	<u>0</u>	<u>10,842</u>
265-4	162,826	0	0	0	0	0	162,826
Subtotal	<u>162,826</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>162,826</u>

* Note: 6400 Other Oper Column excludes object codes 6492 and 6493.

Schedule of Federal Funds

2014-2015 Midyear Collection

Unallocated

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

Fund/ Fiscal Year	6492 Pmt to FA Of SSA	6493 Pmt to Memb SSA	Subtotal	8000 Other Uses	Total
211-4	\$ 0	\$ 0	\$ 79,062	\$ 0	\$ 79,062
Subtotal	<u>0</u>	<u>0</u>	<u>79,062</u>	<u>0</u>	<u>79,062</u>
224-4	0	0	45,111	0	45,111
Subtotal	<u>0</u>	<u>0</u>	<u>45,111</u>	<u>0</u>	<u>45,111</u>
225-4	0	0	480	0	480
Subtotal	<u>0</u>	<u>0</u>	<u>480</u>	<u>0</u>	<u>480</u>
240-4	0	0	234,233	0	234,233
Subtotal	<u>0</u>	<u>0</u>	<u>234,233</u>	<u>0</u>	<u>234,233</u>
255-4	0	0	17,412	0	17,412
Subtotal	<u>0</u>	<u>0</u>	<u>17,412</u>	<u>0</u>	<u>17,412</u>
263-4	0	0	10,842	0	10,842
Subtotal	<u>0</u>	<u>0</u>	<u>10,842</u>	<u>0</u>	<u>10,842</u>
265-4	0	0	162,826	0	162,826
Subtotal	<u>0</u>	<u>0</u>	<u>162,826</u>	<u>0</u>	<u>162,826</u>

Note: Fiscal Year refers to the fiscal period ended June 30th or August 31st

CEDARS ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2014

NOTE 1 – STANDARD FINANCIAL ACCOUNTING SYSTEM

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

NOTE 2 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Holder, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

DRAFT
Management Letter

December 3, 2014

To the Board of Directors of
Cedars Academy:

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of the findings is based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the Charter Holder. Accordingly, the Charter Holder's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of Cedars Academy (the "Charter Holder") as of and for the year ended August 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Holder's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Holder's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified an instance of non-compliance as a result of additional procedures performed in conducting a Single Audit over the Charter Holder's federal grant expenditures.

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 finding and additional comments are as follows:

**2014.001. NATIONAL SCHOOL LUNCH PROGRAM – CFDA No. 10.555;
GRANT No. 71301401; GRANT PERIOD – YEAR ENDED AUGUST 31, 2014**

Criteria

A school food authority (SFA) participating in the National School Lunch Program (NSLP) is required to ensure that sufficient funds are provided to its nonprofit school food service accounts from lunches served to students not eligible for free or reduced price meals. A SFA currently charging less for a paid lunch than the difference between the federal reimbursement rate for such a lunch and that for a free lunch is required to comply. The Code of Federal Regulation, Title 7 section §210.14(e) details the required calculations an SFA must perform to determine whether the SFA is required to increase paid lunch prices. This compliance requirement is known as the paid lunch equity requirement.

Condition

The Charter Holder has not performed the paid lunch equity calculations. In addition, the Charter Holder is charging less for a paid lunch than the difference between the federal reimbursement rate for such a lunch and that for a free lunch.

Effect

The Charter Holder has not been increasing lunch prices by the minimum required amounts.

Cause

The Charter Holder was not aware of the paid lunch equity compliance requirements.

Recommendation

The Charter Holder should consult with the Texas Department of Agriculture to gain an understanding of the paid lunch equity requirements in addition to learning how to perform the annual required calculations. If an entity does not price its meals at the established weighted average amount in the previous fiscal year, the shortfall must be added to the next year's paid lunch price adjustment.

The Charter Holder should refer to the NSLP Handbook: Administrator's Reference Manual on-line at <http://www.squaremeals.org/Programs/NationalSchoolLunchProgram/NSLPPolicy&ARM.aspx> for additional guidance. The United States Department of Agriculture Food Nutrition Services website also includes a tool along with instructions for performing the paid lunch equity calculations.

Corrective Action Plan

On an annual basis the food service head of Cedars International Academy will meet with the Child Nutrition Educational Specialist at the Education Service Center Region 13 to determine annual lunch price calculations and make changes deemed necessary.

Cedars Academy
Management Letter
Page 3 of 3

This communication is intended solely for the information and use of the governing body and management of the Charter Holder, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the Board of Directors and the Charter Holder's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

A large, stylized 'DRAFT' watermark is centered on the page. The letters are filled with a dense, textured pattern. Overlaid on the 'D' and 'R' is the text 'BELT HARRIS BONADEK, LLP' in a smaller, serif font.

Belt Harris Bonadek, LLP
Certified Public Accountants
Houston, Texas

DRAFT

Required Audit Disclosure Letter

December 3, 2014

To the Board of Directors of
Cedars Academy:

We have audited the financial statements of Cedars Academy, (the "Charter Holder") dba Cedars International Academy (a nonprofit organization), as of and for the year ended August 31, 2014, and have issued our report thereon dated December 3, 2014. Professional standards require that we provide the Board of Directors (the "governing body") with the following information related to our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letters dated December 12, 2013 and November 7, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letters dated December 12, 2013 and November 7, 2014.

III. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Charter Holder are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Charter Holder during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets as based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

- C. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the Charter Holder's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2014.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Charter Holder's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Charter Holder's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the governing body and management of the Charter Holder and is not intended to be and should not be used by anyone other than these specified parties.

BELT HARRIS BECHACEK, LLP
DRAFT
Belt Harris Bechacek, LLP
Certified Public Accountants
Houston, Texas

Client: **Cedars Academy**
Engagement: **4.1 - Cedars Academy 08/31/14**
Period Ending: **8/31/2014**
Trial Balance: **2.2.01 - TB**
Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Adjusting entry to record current year depreciation. Client should post as of 8/31/14 and not reverse.			
420-11-6449-000-00	Depreciation Expense - Furniture	5,647.72	
420-51-6449-000-00	Depreciation Expense - Building	173,655.91	
420-00-1571-000-00	Accum. Deprec. Buildings		173,655.91
420-00-1573-000-00	Accum. Deprec. Furniture		5,647.72
Total		179,303.63	179,303.63
Adjusting Journal Entries JE # 2			
To reclass receipt #19743 Cedars PTO Funds contribution to shade canopy to recognize as revenue and to recognize related capital expenditure. Post as of 8/31/14 and do not reverse.			
420-00-1580-000-00	CIP	10,000.00	
420-00-5744-000-00	Gifts and Bequests		10,000.00
Total		10,000.00	10,000.00
Adjusting Journal Entries JE # 3			
To reclass Summer 2014 Improvement expenses that were capitalized. Post as of 8/31/14 and do not reverse.			
420-51-6219-101-99	Professional services	19,988.00	
420-00-1580-000-00	CIP		19,988.00
Total		19,988.00	19,988.00
Adjusting Journal Entries JE # 4			
To reclass the following completed projects to recognize under buildings: Shady Canopy, New Roof, & New Deck. Post as of 8/31/14 and do not reverse.			
420-00-1520-000-00	Buildings	81,428.20	
420-00-1580-000-00	CIP		81,428.20
Total		81,428.20	81,428.20
Adjusting Journal Entries JE # 5			
To recognize retainage and completed work as of 8/31/14 for the solar panel project and reclass from CIP to buildings. Post as of 8/31/14. Reverse \$36,975.00 portion on 9/1/14.			
420-00-1520-000-00	Buildings	315,000.00	
420-00-1580-000-00	CIP	36,975.00	
420-00-1580-000-00	CIP		315,000.00
420-00-2110-000-00	Accounts payable		36,975.00
Total		351,975.00	351,975.00
Adjusting Journal Entries JE # 6			
To reclass new roof expenses from 420-51-6219-101-99 to 420-00-1520-000-00 to recognize as a capital asset. Post as of 8/31/14 and do not reverse.			

Client: *Cedars Academy*
Engagement: *4.1 - Cedars Academy 08/31/14*
Period Ending: *8/31/2014*
Trial Balance: *2.2.01 - TB*
Workpaper: *2.5.06 - Adjusting Journal Entries Report*

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
420-00-1520-000-00	Buildings	33,234.00	
420-51-6219-101-99	Professional services		33,234.00
Total		<u>33,234.00</u>	<u>33,234.00</u>

PEIMS EDIT+ REPORTS DATA REVIEW
Mid-Year Financial Accountability Rating Indicators

Filename: M2015227817000
District: 227817 - CEDARS INTERNATIONAL ACADEMY

2014-2015 Midyear Collection



Percent of Operating Expenditures for Instruction

59.75*

13-14 → 63.52

Administrative Cost Ratio

0.1065

0.1168

Acceptable Administrative Cost Ratio

0.2654

0.2654

Investment Earnings Per Student

63.3088

0

* Percent of operating expenditures expended for instruction should be greater than 64%.

Administrative Cost Standards	
Enrollment (ADA)	Standard
10,000 and above	0.1105
5,000 to 9,999	0.1250
1,000 to 4,999	0.1401
500 to 999	0.1561
Less than 500	0.2654
* Sparsity Adjustment Value	0.3614

420



2493374.64

1629231.31

~~1502242.60~~



All 3086120.58
- ASF 11/30/1816939.50
~~1517732.35~~

PEIMS EDIT+ REPORTS DATA REVIEW
Worksheet for Calculating Administrative Cost Ratio

2014-2015 Midyear Collection
For Fiscal Year 2014

Filename: M2015227817000
District: 227817 - CEDARS INTERNATIONAL ACADEMY

Unallocated

Functions		Expenditures in Fund 420				
		Payroll Costs (61XX)	Professional and Contracted Services (62XX)	Supplies and Materials (63XX)	Other Operating Expenses (64XX)	
Code	Description					
21	Instructional Leadership	0	0	0	0	Administrative Costs (A)
41	General Administration	146,904	19,410	728	6,435	
						\$173,477
11	Instruction	1,346,897	79,880	69,561	5,906	Instructional Costs (B)
12	Instructional Resources and Media Services	0	0	0	0	
13	Curriculum Development and Instr Staff Development	0	2,711	1,259	83,811	
31	Guidance, Counseling, and Evaluation Services	0	39,209	0	0	

\$1,629,234

Administrative Cost Standards	
Enrollment (ADA)	Standard
10,000 and above	0.1105
5,000 to 9,999	0.1250
1,000 to 4,999	0.1401
500 to 999	0.1561
Less than 500	0.2654
* Sparsity Adjustment Value	0.3614

0.1065
Administrative Cost Ratio (A/B)

Summary			
(C) District ADA	322	(F) District Administrative Cost (A)	\$173,477
(D) District Band	Less than 500	(G) Administrative Cost Standard (E x B)	\$432,399
(E) District Standard	0.2654	(H) Under/(Over) (G - A)	\$258,922
		(I) Under/(Over) Percent (H / G)	59.9%
MEETS the administrative cost standard			

* Sparsity Adjustment Value denotes a wide area district (by miles) that receives additional funding for being documented as sparse. Sparsity Adjustment Value assignments are documented by the TEA Research and Evaluation Department.

PEIMS EDIT+ REPORTS DATA REVIEW
Actual Revenues by Fund and Object -- Investment Earnings
2014-2015 Midyear Collection
Unallocated

Filename: M2015227817000
District: 227817 - CEDARS INTERNATIONAL ACADEMY

Object	Fund 100	Funds 200/300	Fund 400 *	Fund 420 #	Fund 500	Fund 600	Fund 700	Total Funds
5742 Investment Earnings	\$ 0	\$ 0	\$ 0	\$ 22,348	\$ 0	\$ 0	\$ 0	\$ 22,348

Note: Fiscal Year refers to the fiscal period ended June 30th or August 31st

* - Fund 400 excludes Fund Code 420
- Fund Code 420 pertains only to Charter Schools

Fund Balances Section of Balance Sheet -- Governmental Funds

2014-2015 Midyear Collection

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

		100 - 199	240	211			Other	Total
		General	Natl Sch	Title I(A)			Governmental	Governmental
		Fund	Breakfast &	Improving			Funds	Funds
			Lunch Pgm	Basic Pgm				
FUND BALANCES:		-----						
UNRESERVED:								
3600	Unassigned Fund Balance	1,730,637	45,033	0	0	0	13,793	1,789,463
3000	TOTAL FUND BALANCES	<u>1,730,637</u>	<u>45,033</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,793</u>	<u>1,789,463</u>

Note: 3000 - TOTAL FUND BALANCES contains the sum of object codes from 3410 - 3600 ONLY
 Note: Fiscal Year refers to the fiscal period ended June 30th or August 31st

Actual Operating Expenditures by Function and Object - Special Revenue Fund

2014-2015 Midyear Collection

Unallocated

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

Function	6100 Payroll	6200 Prof/ Contrct	6300 Suppl/ Materials	6400 Other Oper	Total
11 Instruction	\$ 1,570,621	\$ 87,082	\$ 103,979	\$ 18,260	\$ 1,779,942
12 Inst Res/Med	0	0	539	0	539
13 Cur/Stf Dev	0	2,711	1,259	92,550	96,520
21 Inst Leader	50,029	0	0	0	50,029
23 Schl Leader	177,708	0	3,276	1,650	182,634
31 Guid/Counsel	0	39,209	0	0	39,209
33 Health Svc	0	0	531	0	531
35 Food Svc	89,909	3,415	138,839	2,070	234,233
36 Ext Actv	3,176	1,000	21,059	11,764	36,999
41 General Adm	146,904	19,410	728	6,435	173,477
51 Facilities Maint	38,709	138,090	19,511	188,451	384,761
52 Secur/Mon Svc	0	2,144	0	0	2,144
53 Data Proc Svc	13,278	16,187	0	0	29,465
61 Community Svc	26,925	0	2,071	1,447	30,443
Total	2,117,259	309,248	291,792	322,627	3,040,926

Edit Error Report -- Sorted by Error Type and Edit Error Number

*** CONFIDENTIAL ***

2014-2015 Midyear Collection

Filename: M2015227817000
District: 227817 - CEDARS INTERNATIONAL ACADEMY

032 227817 CEDARS INT'L ACADEMY 1
SPECIAL 03244 SUM ACT-AMT MUST NOT BE > \$10,000 PER ADA FOR FUND AND OBJ 5XXX
* * * * *

032 227817 420 81 6399 101 4 91 00000000739 210
SPECIAL 032YP FUNC MUST = 36, 51, OR 52 FOR PGM-INT 91
* * * * *

One or more records has caused the following error. 0
WARNING 01106 MAY NEED 011 SSA RECS
* * * * *

FATAL

0

Edit Error Report -- Sorted by Error Type and Edit Error Number

*** CONFIDENTIAL ***

2014-2015 Midyear Collection

Filename: M2015227817000

District: 227817 - CEDARS INTERNATIONAL ACADEMY

SPECIAL

03244	S	SUM ACT-AMT MUST NOT BE > \$10,000 PER ADA FOR FUND AND OBJ 5XXX	1
032YP	S	FUNC MUST = 36, 51, OR 52 FOR PGM-INT 91	1

SPECIAL

2

WARNING

01106	W	MAY NEED 011 SSA RECS	1
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WARNING

1

Grand Total:

3

* Error detected, but data was loaded into database for further validation. Fatals count toward maximum loader errors, but Special warnings do not.