

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the Year Ended June 30, 2023

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

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JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES

BEXAR

015-822

Name of School District

County

Co. Dist. Number

We, the undersigned, certify that the attached annual financial and compliance report of Jubilee Academic Center, Inc. d/b/a Jubilee Academies was reviewed and (check one) approved ___ disapproved for the year ended June 30, 2023, at a meeting of the governing body of said charter school on the 17 day of November 2023.



Signature of the Board Secretary



Signature of the Board President

Note: If the governing body of the charter school does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jubilee Academic Center, Inc.
d/b/a Jubilee Academies
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jubilee Academic Center, Inc. d/b/a Jubilee Academies (a nonprofit organization), (Jubilee), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jubilee as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jubilee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jubilee's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Also, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2023 on our consideration of Jubilee’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jubilee’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jubilee’s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Lanza / Longley & Associates". The signature is written in a cursive, flowing style.

November 10, 2023

FINANCIAL STATEMENTS

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2023

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 22,607,727
Other Receivables	2,451,694
Interest Receivable	59,942
Due from Texas Education Agency	16,201,942
Deferred Expenses	181,535
Other Assets	46,000
Total Current Assets	<u>41,548,840</u>
Non-Current Assets	
Restricted Cash and Cash Equivalents	13,467,788
Right-Of-Use Assets - Finance Lease, Net	14,676,181
Right-Of-Use Assets - Operating Lease, Net	1,538,735
Property and Equipment - Net	115,034,173
Total Non-Current Assets	<u>144,716,877</u>
 TOTAL ASSETS	 <u>\$ 186,265,717</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 2,119,667
Accrued Payroll and Payroll Liabilities	5,623,420
Current Portion of Long-Term Debt	1,770,000
Accrued Interest Payable	1,876,076
Operating Lease Payable	657,817
Other Liabilities	126,595
Total Current Liabilities	<u>12,173,575</u>
Non-Current Liabilities	
Operating Lease Payable	863,393
Finance Lease Payable	15,299,812
Long-Term Debt, Net of Current Portion	<u>133,059,856</u>
Total Long-Term Liabilities	<u>149,223,061</u>
 TOTAL LIABILITIES	 <u>161,396,636</u>
Net Assets	
With Donor Restrictions	16,137,238
Without Donor Restrictions	<u>8,731,843</u>
Total Net Assets	<u>24,869,081</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 186,265,717</u>

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

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES			
Local Support			
Revenue From Cocurricular, Enterprising Services	\$ 678,582	\$ -	\$ 678,582
Other Revenue From Local Sources	4,136,670	-	4,136,670
Total Local Support	4,815,252	-	4,815,252
State Program Revenues			
Foundation School Program	-	62,478,630	62,478,630
Other State Aid	-	2,716,380	2,716,380
Total State Program Revenues	-	65,195,010	65,195,010
Federal Program Revenues			
National School Lunch Program	-	3,576,067	3,576,067
School Breakfast Program	-	1,221,105	1,221,105
Child and Adult Care Food Program	-	976,025	976,025
TCLAS Federal	-	1,354,371	1,354,371
USDA, Donated Commodities	-	380,853	380,853
ESEA Title X, Education for Homeless children and Youth	-	20,139	20,139
ESEA Title IV, Part A	-	348,919	348,919
ESEA Title II, Part A	-	458,731	458,731
ESEA Title III, Part A	-	154,510	154,510
ESEA Title I, Part A	-	3,711,189	3,711,189
Perkins: ESEA Career and Technical Education-Basic Grant	-	104,207	104,207
ESSER III Grant	-	6,105,763	6,105,763
ESEA Title I 1003(A)-School Improvement Grant	-	235,078	235,078
Health Grant	-	234,159	234,159
Title I, ESF	-	303,424	303,424
LEP	-	13,151	13,151
IDEA - Special Ed	-	868,386	868,386
IDEA - B Preschool	-	251,135	251,135
GEAR UP Grant	-	4,084,319	4,084,319
Total Federal Program Revenues	-	24,401,532	24,401,532
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	89,596,542	(89,596,542)	-
TOTAL REVENUES	94,411,794	-	94,411,794
EXPENSES			
Program Services			
Instruction and Instructional Related Services	46,785,764	-	46,785,764
Instruction and Social Leadership	6,161,703	-	6,161,703
Support Services			
Student (Pupil)	10,830,039	-	10,830,039
Administrative	9,754,265	-	9,754,265
Non-Student Based	14,603,925	-	14,603,925
Community Service	571,712	-	571,712
Debt Service	5,838,010	-	5,838,010
Total Expenses	94,545,418	-	94,545,418
Changes in Net Assets	(133,623)	-	(133,623)
Net Assets - Beginning of Year	8,865,466	16,137,238	25,002,704
Net Assets - End of Year	\$ 8,731,843	\$ 16,137,238	\$ 24,869,081

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

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School Program Payments	\$ 62,800,424
Grant Payments - Federal Programs	30,077,080
Local Sources	4,183,789
Interest Revenue	1,021,416
Interest Expense	(6,657,531)
Payments to Vendors for Goods and Services Rendered	(21,831,911)
Payments to Charter School Personnel for Services Rendered & for Benefits	(62,415,014)
Net Cash Provided by Operating Activities	7,178,253
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payment on bond-21 Issuance	(830,000)
Principal Payments on Right-of-Use Finance Lease	(145,272)
Net Cash Used by Financing Activities	(975,272)
CASH FLOWS FROM INVESTING ACTIVITIES	
Furniture and Equipment Purchased	(3,696,548)
Net Cash Used by Investing Activities	(3,696,548)
Net Increase in Cash and Cash Equivalents	2,506,433
Cash at Beginning of Year	33,569,082
Cash at Ending of Period	\$ 36,075,515
Reconciliation of Statement of Financial Position	
Cash and Cash Equivalents	\$ 22,607,727
Restricted Cash and Cash Equivalents	13,467,788
Total Cash and Cash Equivalents	\$ 36,075,515
RECONCILIATION OF CHANGE IN NET ASSET TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ (133,623)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Net Cash Provided by Operating Activities	
Depreciation Expense	\$ 3,923,942
Right of Use Assets Amortization	1,610,060
Debt issuance Cost and Premium/discounts Amortization'	(331,488)
(Increase) Decrease in Assets	
Due from State	5,997,342
Accounts Receivable	(2,326,428)
Other Assets	16,990
Increase (Decrease) in Liabilities	
Accounts Payable	89,981
Accrued Wages Payable	(828,599)
Accrued interest	7,751
Other Liabilities	(29,016)
Operating Lease	(818,660)
Net Cash Provided by Operating Activities	\$ 7,178,253
Supplemental Disclosure:	
Noncash Transactions:	
Right-of-Use Assets to Exchange for Lease Liabilities	\$ 17,804,965

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

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Payroll Costs	Professional & Contracted Services	Supplies & Materials	Other Operating Costs	Debt	2023 Total
Program Services:						
Instructional and Instructional Related Services	\$ 37,869,414	\$ 4,795,318	\$ 3,721,245	\$ 399,786	\$ -	\$ 46,785,764
Instructional and School Leadership	5,600,893	139,401	241,790	179,619	-	6,161,703
Total Program Services	<u>43,470,307</u>	<u>4,934,719</u>	<u>3,963,035</u>	<u>579,406</u>	<u>-</u>	<u>52,947,467</u>
Support Services:						
Student Support Services	6,603,550	199,059	3,108,954	918,475	-	10,830,039
Administrative Support Services	6,789,532	1,245,017	557,621	1,162,095	-	9,754,265
Support Services - Nonstudent Based	4,246,196	4,768,164	917,096	4,672,469	-	14,603,925
Community Service	476,830	64,497	13,433	16,951	-	571,712
Debt Service	-	-	-	-	5,838,010	5,838,010
Fundraising	-	-	-	-	-	-
Total Support Services	<u>18,116,108</u>	<u>6,276,737</u>	<u>4,597,105</u>	<u>6,769,991</u>	<u>5,838,010</u>	<u>41,597,951</u>
Total Expenses	<u>\$ 61,586,415</u>	<u>\$ 11,211,456</u>	<u>\$ 8,560,140</u>	<u>\$ 7,349,396</u>	<u>\$ 5,838,010</u>	<u>\$ 94,545,418</u>

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

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jubilee Academic Center, Inc., a Texas non-profit organization operating Texas charter schools, (Jubilee) were prepared in conformity with accounting principles generally accepted in the United States. The financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

In 2000, the State Board of Education of the State of Texas granted Jubilee 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, Jubilee Academic Center opened on September 13, 2000. Jubilee was organized to provide educational services to at-risk students and its programs, services, activities and functions are governed by no fewer than three (3) members of Jubilee's Board of Directors (the executive board). The Board of Directors is selected pursuant to the by-laws of Jubilee and has the authority to make decisions, appoint the chief executive officer of Jubilee, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of Jubilee.

The bylaws were amended on January 25, 2011 to provide for the creation of committees (school boards) by the president of the Board to perform the duties and functions assigned or delegated in furtherance of the Board objectives. Effective August 1, 2011 three such committees were created: the Jubilee Academic Center School Board, the Coastal Bend Charter District School Board, and the Rio Grande Valley Charter District School Board. The board president of the executive board is also the board president on each of Jubilee boards.

The charter holder only operates thirteen (13) campuses charter schools and does not conduct any other charter or non-charter activities.

Income Taxes

Jubilee is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. No provision for income taxes has been made in the financial statements. Income tax filings are up to date. Jubilee is subject to routine audits by taxing jurisdictions; however, there are no audits in progress. Jubilee believes it is no longer subject to income tax examinations for years ending prior to 2019.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The accounting system is organized under the Special Supplement to Financial Accounting and Reporting – Non-Profit Charter School Chart of Accounts, a module of the Texas Education Agency Financial Accountability Resource Guide. Jubilee accounts and reports its activities in accordance with the Financial Accounting Standards Board – Accounting Standards Codification 958, *Not-for-Profit Entities*.

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification

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

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

Cash and Cash Equivalents

Jubilee considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that have been earmarked for specific purposes are classified as restricted cash on the statement of financial position because they are maintained in a separate bank account and not available for general operations.

Fair Value of Financial Instruments

The requirements of Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB also establishes a fair value hierarchy that categorizes the inputs used in valuation methodologies into three levels.

Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. A three-tier hierarchy categorizes the inputs used to measure the fair value as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets for liabilities that the charter holder can access at the measurement date.

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 inputs are unobservable for the asset or liability.

On June 30, 2023, Jubilee's investments in money market mutual funds were classified as Level 1 inputs.

Inventories

Inventories are stated at cost and expensed when purchased. There was no inventory as of June 30, 2023.

Contributions and Contributions Receivable

Contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as donor restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially made. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Jubilee reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, except for long-lived assets purchased with Federal or State contributions, Jubilee reports expirations of donor restrictions over the estimated useful life.

Unconditional contributions that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. An allowance for uncollectible contributions receivable is provided when it is believed contributions may not be collected in full.

Grant Funds

Grant funds are considered to be earned when eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require a refund of all or part of the unused amount.

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-Of-Use (“ROU”) Assets and Liability

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02 “Leases” (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements.

Jubilee is a lessee in several noncancellable leases for both facilities and equipment. A Right-of-Use asset is measured at the commencement date in the amount of the initially measured liability, plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, initial direct costs, and the addition or subtraction of any prepaid lease payments. Operating lease payments are recognized on a straight-line basis over the lease term. The discount rate used is either the implicit rate, if readily determinable, or if not, Jubilee uses its incremental borrowing rate.

In the case of operating leases, interest on the lease liability and the amortization of the ROU asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized as incurred.

It is Jubilee’s policy to exclude short-term leases having initial terms of 12 months or less from the guidance. For these short-term leases, rent expense is recognized on a straight-line basis over the lease term.

State Revenues

Funds received are recognized as revenue in the period earned as services are provided. In addition, receivables/payables to the State are recognized based on the near final summary of finances report.

Property and Equipment

Property and Equipment, which include buildings and improvements, furniture and equipment, and other personal property, are reported in the financial statements. Property and equipment are defined by Jubilee as assets with an individual cost of more than \$5,000. Such assets are recorded as historical cost. 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. Property and equipment are being depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Vehicles	5 Years
Furniture & Equipment	5 Years
Buildings & Improvement	1-39.5 Years
Computers	3-5 Years

JUBILEE ACADEMIC CENTER, INC.
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San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

Jubilee reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. Jubilee did not recognize an impairment loss during the year ended June 30, 2023.

Debt Issuance Costs

Costs related to the issuance of bonds and notes payable are reported as a direct reduction of the related debt and are amortized as interest expense over the term of the bonds or notes using the straight-line method, which does not materially differ from the effective interest method.

Estimates

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

Restricted/Unrestricted Resources

Jubilee funds expenses by a combination of restricted and unrestricted revenues. Thus, when expenses are incurred, there are both restricted and unrestricted resources available to finance them. It is Jubilee's policy to first apply restricted resources to such expenses.

Expenses are reported by their functional classification as program services or management and general or fundraising. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and relates costs are charged directly either to program services, fundraising or administration based on actual time worked in each area. Information technology costs, depreciation, interest expense, and occupancy costs are allocated based on whether the costs are associated with instructional campuses (program services) or with administrative buildings.

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were as follows as of June 30, 2023:

Unrestricted	
Cash in Bank	\$ 1,453,708
Cash Equivalents	
TexPool Investment Pool	13,802
Certificate of Deposit	6,803,182
Money Market Funds	14,337,035
Total Unrestricted	<u>\$ 22,607,727</u>
Restricted	
Cash – Jubilee Foundation	\$ 51,252
Cash – Student Activities	9,849
Money Market Fund – Debt Service	6,690,417
Texpool Prime 2021 Bond	6,716,270
Total Restricted	<u>13,467,788</u>
Total	<u>\$ 36,075,515</u>

Deposits

At June 30, 2023, the carrying amount of the Jubilee's deposits was \$36,075,515 and the bank balance was \$35,663,251. The Federal Deposits Insurance Corporation (FDIC) guarantees bank balances up to \$250,000. Jubilee maintains an agreement with PNC Bank to collateralize deposits in excess of FDIC coverage with standby letters of credit. During the year, the deposits in the accounts were sufficiently insured/collateralized.

At June 30, 2023, the carrying amount for the Jubilee Academic foundation account from PNC Bank was \$51,252 and the bank balance was \$54,076.

Investments

State statutes govern Jubilee's investment policies. State authorized investments include obligations of the U.S. Treasury and U.S. Government agencies, commercial paper and repurchase agreements. Realized and unrealized gains and losses on investments are reported as investment income. Investments are valued at fair value.

Credit Risk – Jubilee's investment policy requires that obligations of other governments be rated by a nationally recognized rating firm no less than A rated, and that mutual funds be rated no less than AAA. Jubilee's money market funds are rated Aaa (Moody's) and AAAM (S&P).

Interest Rate Risk – As required by state law and Jubilee's investment policy, investments in obligations are limited to having maturities at the date of purchase of no more than 10 years.

JUBILEE ACADEMIC CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk – Jubilee places no limit on the amount they may invest in any one issuer. At year end Jubilee's total investments are held in governmental investment pools, certificates of deposits, money market, and restricted debt accounts. Jubilee is in compliance with the Texas Public Funds Investment Act.

Jubilee's investments consist solely of funds invested in governmental investment pools, and certificates of deposits; and, are therefore reported as cash equivalents in the statement of financial position.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Jubilee relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Jubilee considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of Jubilee's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year of June 30, 2023 are as follows:

Financial Assets at June 30, 2023:	
Cash and Cash Equivalents	\$ 36,075,515
Grants and Other Receivables	<u>18,713,578</u>
Total Financial Assets	<u>54,789,093</u>
Less Financial Assets Not Available for General Expenditure	
Cash Restricted for Long-Term Purposes	<u>(13,467,788)</u>
Total Financial Assets Not Available for General Expenditure	<u>(13,467,788)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 41,321,305</u>

JUBILEE ACADEMIC CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 is comprised of the following:

Land	\$ 8,331,552
Buildings and Improvements	120,381,373
Vehicles	2,255,363
Furniture and Equipment	3,394,016
Infrastructure	<u>2,721,535</u>
Total Property and Equipment	137,083,839
Accumulated Depreciation	<u>(22,049,666)</u>
Property and Equipment Net of Accumulated Depreciation	<u>\$ 115,034,173</u>

Depreciation expense for the period ended June 30, 2023 was \$3,923,942.

5. LEASES

Jubilee has 13 operating leases for office and school space, laptops, and copiers. Jubilee has 3 finance leases for buildings and portable buildings, technology and laptops

Jubilee evaluated its lease portfolio and did not identify any residual value guarantees related to its leases. The office and storage facility leases contain renewal options which were evaluated individually in regard to the likelihood of renewal.

The following table shows the components of lease cost for the year ended June 30:

	<u>Operating</u>	<u>Finance</u>
Lease Expense:		
Amortization of Right-of-Use Assets	\$ 841,157	\$ 768,903
Interest on Lease Liabilities	-	1,195,936
Operating Lease Cost	818,660	-
Variable Lease Cost	<u>104,276</u>	<u>8,118</u>
Total Lease Cost	<u>\$ 1,764,093</u>	<u>\$ 1,972,957</u>

The following table provides the weighted-average term and discount rates for both operating and finance leases outstanding as of June 30, 2023:

	<u>Operating</u>	<u>Finance</u>
Weighted-Average remaining Lease Term	3.23	24
Weighted-Average Discount Rate	5.91%	7.87%
Right-to-Use Assets	\$ 2,359,881	\$ 15,445,084

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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

5. LEASES (Continued)

As of June 30, 2023, the future minimum lease payments for non cancelable operating and finance leases with terms greater than one year are listed below:

June 30,	Finance	Operating
2024	\$ 726,436	\$ 1,182,396
2025	385,785	1,230,480
2026	258,390	16,526,578
2027	148,800	-
2028	148,800	-
Total Lease Payments	1,668,211	18,939,454
Less: Interest/Discount	(147,001)	(3,639,642)
Total Present Value of Lease Liabilities	\$ 1,521,210	\$ 15,299,812

6. PENSION PLAN OBLIGATIONS

Plan Description

The Charter School contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the Charter School, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 223-8778. Payments made by the State on behalf of the Charter School are not reflected in the accompanying financial statements. All employees of the Charter School were covered by the System for the year ended June 30, 2023.

Under provisions in state law, plan members and the State are each required to contribute 8.0% and 8.0% of their annual covered salary, respectively; and, in certain instances, Jubilee is required to make all or a portion of the member's contribution and on the portion of the employees' salaries that exceed the statutory minimum. Jubilee employees contributed \$4,613,959 to TRS for the period ended June 30, 2023. The State also contributes to TRS on behalf of charter school employees; however, these contributions are not recognized in Jubilee's financial statements under FASB accounting. Jubilee's contributions to the Plan did not represent more than 5% of the total contributions to the Plan. There have been no changes that would affect the comparison of employer contributions from year to year.

JUBILEE ACADEMIC CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

6. PENSION PLAN OBLIGATIONS (Continued)

Funding Policy

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter school or independent school district (ISD) may be used for the benefit of an employee of another charter school or ISD. The risk of participating in multi-employer pension plans is different from single-employer plans. If a participating charter school or ISD stops contributing to the Plan, the unfunded obligations of the Plan gets passed along to the remaining charter schools and ISDs. There is not a withdrawal penalty for leaving the TRS system; and, there is no collective-bargaining agreement.

	Contribution Rates	
	2022	2023
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%

Legal Name of Plan	Texas Retirement System of Texas
Plan's Employer Identification Number	N/A
Total Plan Assets	\$207,621,898
Accumulated Benefit Obligations	\$243,553,045,455
Percentage Plan was Funded	75.62 % funded
Expiration Date of Collective-Bargaining Agreement	N/A
Funding Improvement Plan or Rehabilitation Plan Implemented or Pending	N/A
Employer Contributions Made for the Non-OASDI Participating Surcharge	\$556,589,918

Financial Information as of 08/31/2022

For the year ended June 30, 2023, the Charter School contributed \$2,538,607 the required contributions for the year, on behalf of its employees to TRS, which included \$918,615 for Public Education Employer Contribution.

Plan Description

Jubilee participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan. TRS-Care is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575. TRS' annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications heading.

JUBILEE ACADEMIC CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

7. OTHER POST-EMPLOYMENT BENEFIT PLAN

Benefits Provided

TRS-Care provides basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3).

Eligible retirees and dependents enrolled in Medicare may elect to participate in one of two Medicare Health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

Funding Policy

Contribution rates for the TRS-Care plan are established in state statute by the Texas legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, school districts, and charter schools, based upon member's annual compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the aggregate annual compensation paid to members during the fiscal year. Section 1575.203 establishes the active member's rate which is 0.65% of the member's annual compensation. Section 1575.204 establishes an employer contribution rate of not less than 0.25% and not more than 0.75% of the annual compensation of each active member. The actual employer contribution rate is prescribed by the Texas Legislature in the General Appropriations Act. The following table shows contribution rates to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2022	2023
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

JUBILEE ACADEMIC CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

7. OTHER POST-EMPLOYMENT BENEFIT PLAN (Continued)

For the year ended June 30, 2023, Jubilee contributed \$499,829, the required contributions for the year, on behalf of its employees to TRS. The State’s contributions are not recognized in the Jubilee’s financial statements.

8. LINE OF CREDIT

On June 28, 2023, Jubilee entered into a revolving line of credit with Fayetteville Bank for \$7,500,000. The note bears an initial interest rate of 8.00% and is variable thereafter. The note matures on June 28, 2024 and is insecure. Interest is calculated from the date of each advance payment until repayment and is due monthly. The variable interest rate changes no more than daily based on the Wall Street Journal U.S. Prime Rate index using a rate of .25 percentage points under the index. As of, for the year ending, June 30, 2023, there were no draws on the line of credit.

9. LONG TERM DEBT

Description	Interest Rate	Balance Outstanding 07/01/2022	Issued Current Year	Retired Current Year	Balance Outstanding 06/30/2023	Amounts Due Within One Year
Cost of Debt Issuance	N/A	\$ (2,085,860)	\$ -	\$ 60,460	\$ (2,025,400)	\$ -
Premiums and Discounts	N/A	13,522,204	-	(391,948)	13,130,256	-
Bond – Series 2021	4.000%	124,555,000	-	(830,000)	123,725,000	1,770,000
Total		\$ 135,991,344	\$ -	\$ (1,161,488)	\$ 134,829,856	\$ 1,770,000

Series 2021 Bond: On December 21, 2021, Jubilee Academic Center (Jubilee) issued \$124,555,000 of Education Revenue and Refunding Bonds, Series 2021. The proceeds from the sale of the Bonds were loaned by the Issuer to the Company for the purposes of (a) refunding the Company’s outstanding Series 2016A Bonds and Series 2017A Bonds, (b) exercising certain purchase options to purchase the Jubilee Harlingen campus (the “Jubilee Harlingen Campus”) and the Jubilee Westwood campus (the “Jubilee Westwood Campus”) that were being leased to Jubilee, (c) financing acquisition, construction, improvements and/or equipping of educational facilities, (d) purchasing certain portable buildings Jubilee leases for use at the Jubilee Brownsville and Jubilee Highland Hills campuses, (e) funding a debt service reserve fund for the Bonds and (f) paying certain of the costs of issuing the Bonds (collectively, the “Project”).

Covenants Debt Service Coverage. Jubilee covenants to maintain a Debt Service Coverage Ratio of at least 1.1:1.0 for the period ending June 30, 2023 and for each Fiscal Year thereafter until the Bonds are paid in full as evidenced by Jubilee’s audited financial statements for each such Fiscal Year. Jubilee is in compliance with such requirements.

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

9. LONG TERM DEBT (Continued)

Liquidity. Per the Bond covenant, Jubilee’s Days Cash on Hand is obtained by multiplying 365 by the quotient determined by dividing (a) cash equivalents, and liquid investments, (b) the total expenses of Jubilee plus interest expense on debt, in each case for the prior fiscal year. Jubilee’s covenant to maintain not less than forty (40) Days cash on hand for the year ended June 30, 2023. Jubilee is in compliance with such requirements.

Loan Payments. Per the Bond Covenant, Jubilee shall make, or cause to be made, loan payments in immediately available funds on or before the earlier of the fifth (5th) business day prior to any interest payment date of the 25th day of each month in equal installments for deposit in the Debt Service Fund amounts sufficient to provide for the payment of interest or principal on the Bonds which is next due for payment. Jubilee is in compliance with such requirements.

June 30,	Principal on Series 2021 Tax Exempt Bonds	Interest on Series 2021 Tax Exempt Bonds	Total Debt Service
2024	\$ 1,770,000	\$ 4,887,050	\$ 6,657,050
2025	1,845,000	4,813,625	6,658,625
2026	1,915,000	4,737,375	6,652,375
2027	1,990,000	4,658,150	6,648,150
2028	2,075,000	4,575,575	6,650,575
Thereafter	114,130,000	76,750,850	190,880,850
Total	<u>\$ 123,725,000</u>	<u>\$ 100,422,625</u>	<u>\$ 224,147,625</u>

10. COMMITMENTS AND CONTINGENCIES

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

Jubilee is the defendant of lawsuits arising in the normal course of business operations. In the opinion of management, the outcome of these lawsuits is not expected to have a material adverse effect on the accompanying financial statements and accordingly, no provisions for losses have been recorded.

JUBILEE ACADEMIC CENTER, INC.
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

11. HEALTHCARE COVERAGE

During the year ended June 30, 2023 employees of Jubilee were covered by a health insurance plan (the plan). Jubilee contributed \$357 per month, per employee, respectively to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

12. RELATED PARTY AND COMMON CONTROL

For the year ended June 30, 2023, Jubilee had a board member who was paid a salary for services as a Director of Administration in the amount of \$208,358.

13. SHARED SERVICES ARRANGEMENT

During the current year, Jubilee Academic Center, Inc. (Jubilee) was a member of the San Antonio Charter Schools Special Education Co-op and shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, Jubilee received special education (IDEA B Formula) services in the amount of \$1,103,193, and (IDEA B Preschool) services in the amount of \$16,328, as reported to Jubilee by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, Jubilee has accounted for the special education expenditures within their financial statements.

14. SUBSEQUENT EVENTS

Jubilee has evaluated any potential subsequent events through November 10, 2023, the date of the audit report, and has determined that no additional subsequent events have occurred.

SUPPLEMENTARY INFORMATION

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Year Ended June 30, 2023

		<u>Totals</u>
EXPENSES		
6100	Payroll Costs	\$ 61,586,415
6200	Professional and Contracted Services	11,211,456
6300	Supplies and Materials	8,560,140
6400	Other Operating Costs	7,349,397
6500	Debt	<u>5,838,010</u>
Total Expenses		<u>\$ 94,545,418</u>

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SCHEDULE OF EXPENSES BY DETAILED FUNCTION

Year Ended June 30, 2023

EXPENSES	<u>Totals</u>
11 Instruction	\$ 41,326,779
12 Instructional Resources and Media Services	121,431
13 Curriculum Development and Instructional Staff Development	5,337,554
21 Instructional Leadership	150,962
23 School Leadership	6,010,741
31 Guidance, Counseling and Evaluation Services	1,756,312
32 Social Work Services	179,022
33 Health Services	746,076
34 Student (Pupil) Transportation	1,250,033
35 Food Services	5,317,668
36 Cocurricular/Extracurricular Activities	1,580,928
41 General Administration	9,754,265
51 Plant Maintenance and Operations	11,988,517
52 Security and Monitoring Services	1,006,550
53 Data Processing Services	1,608,858
61 Community Services	571,712
71 Debt Service	5,838,010
Total Expenses	<u><u>\$ 94,545,418</u></u>

JUBILEE ACADEMIC CENTER, INC.
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San Antonio, Texas

SCHEDULE OF ASSETS

Year Ended June 30, 2023

	Ownership Interest		
	Local	State	Federal
1101 Bond Cash	\$ 177,617	\$ 6,512,800	\$ -
1111 Cash	1,550,437	3,403,031	322,814
1120 Investment	2,148,711	21,960,105	-
1510 Land and Improvements	-	8,331,552	-
1520 Buildings and Improvements	-	102,825,346	52,885
1531 Vehicles	103,951	1,550,324	-
1550 Right-to-Use Assets	-	16,214,915	-
1539 Furniture and Equipment	-	1,979,794	190,320
	<hr/>	<hr/>	<hr/>
Total Cash, Investments, and Capital Assets	<u>\$ 3,980,716</u>	<u>\$ 162,777,867</u>	<u>\$ 566,019</u>

JUBILEE ACADEMIC CENTER, INC.
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Budgetary Comparison Schedule

Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	BUDGET/ACTUAL
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 288,000	\$ 3,702,792	\$ 4,121,670	\$ 418,878
5750 Revenues from Cocurricular, Enterprising Services, or Activities	287,902	676,872	678,582	1,710
5760 Revenues from Intermediate Sources	42,000	328,650	15,000	(313,650)
Total Local Revenues	<u>617,902</u>	<u>4,708,314</u>	<u>4,815,252</u>	<u>106,938</u>
State Program Revenues:				
5810 Per Capita and Foundation School Program Revenues	65,579,582	62,562,847	62,478,630	(84,217)
5820 State Program Revenues Distributed by Texas Education Agency	215,413	1,611,750	1,485,498	(126,252)
5830 State Revenues from State of Texas Government Agencies	618,846	744,295	1,074,894	330,599
5820/5920/5930 Indirect Cost Rate Revenues	1,889,866	1,134,422	1,556,004	421,582
Total State Program Revenues	<u>68,303,707</u>	<u>66,053,314</u>	<u>66,595,026</u>	<u>541,712</u>
Federal Program Revenues:				
5910 Federal Revenues Distributed through Government Entities Other than State or Federal Agencies	183,971	17,096	20,139	3,043
5920 Federal Revenues Distributed by the Texas Education Agency	21,526,238	22,213,058	18,076,978	(4,136,080)
5930 Federal Revenues Distributed	5,702,220	5,424,172	4,904,399	(519,773)
Total Federal Program Revenues	<u>27,412,429</u>	<u>27,654,326</u>	<u>23,001,516</u>	<u>(4,652,810)</u>
Total Revenues	<u>\$ 96,334,038</u>	<u>\$ 98,415,954</u>	<u>\$ 94,411,794</u>	<u>\$ (4,004,160)</u>
EXPENSES				
11 Instructional	45,441,669	45,457,224	41,326,779	4,130,445
12 Instructional and Media Services	131,785	122,590	121,431	1,159
13 Curriculum Development and Inst. Staff Development	3,022,462	5,617,626	5,337,554	280,072
21 Instructional Leadership	451,746	156,056	150,962	5,094
23 School Leadership	5,224,467	6,229,863	6,010,741	219,122
31 Guidance, Counseling and Evaluation	1,349,135	1,813,448	1,756,312	57,136
32 Social Work	165,546	184,475	179,022	5,453
33 Health Services	702,650	760,650	746,076	14,574
34 Student Transportation	937,384	1,491,330	1,250,033	241,297
35 Food Service	4,738,160	5,597,276	5,317,668	279,608
36 Cocurricular/Extracurricular Activities	797,660	1,611,974	1,580,928	31,046
41 General Administration	13,120,861	10,149,353	9,754,265	395,088
51 Plant Maintenance and Monitoring Services	12,136,712	12,711,583	11,988,517	723,066
52 Security and Monitoring Services	545,715	1,063,325	1,006,550	56,775
53 Data Processing Services	1,597,941	1,703,461	1,608,858	94,603
61 Community Services	784,738	631,897	571,712	60,185
71 Debt Service	5,185,407	4,623,358	5,838,010	(1,214,652)
Total Expenses	<u>96,334,038</u>	<u>99,925,489</u>	<u>94,545,418</u>	<u>(5,380,071)</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ (1,509,535)</u>	<u>\$ (133,624)</u>	<u>\$ 1,375,911</u>

Explanations of expenditures variances exceeding 10% for final budget to actual:

Function 71 - Due to new lease standards, lease expenses were reclassified to function 71

Explanations of expenditures variances exceeding 10% for original budget to final budget:

Function 13 - Additional positions added through the year
Function 21 - Decreased admin positions
Function 23 - Increased admin positions
Function 31 - Additional positions added through the year
Function 32 - Expenses were slight higher than expected at beginning of the year
Function 34 - Additional positions added throughout the year as well as increased fuel costs
Function 35 - Increased food costs due to an increase in meals served than originally anticipated
Function 36 - Increased league expenses and increased payroll costs for extracurricular coaches
Function 41 - Reduction in staff and payroll expenses
Function 52 - Contracted security services were increased
Function 61 - Expenses were lower than expected
Function 71 - projected lower expenses due to amortization of bond costs

JUBILEE ACADEMIC CENTER, INC.
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SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

For the Year Ended June 30, 2023

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
NBC 13841 BLK 1 LOT 87 (JUBILEE ACADEMY SUBD)	4434 Roland Ave., S.A., TX 78222	\$ 93,060	\$ -	\$ 93,060	\$ -
NBC 10838 BLK LOT 31 JUBILEE ACADEMIC SUBD	4427 Chandler, S.A., TX 78222	513,260	-	513,260	-
NCB 10129 BLK LOT SE IRR 1430.29 FT OF 7	1515 Goliad Road, S.A., TX 78223	670,580	-	670,580	-
NCB 3684 BLK 110 LOT 5 NCB 7003 BLK LOT 2	325 Castroville Road, S.A., TX 78207	1,825,520	-	1,825,520	-
UNIT 4 SHORELINE CHURCH CONDOMINIUMS PLUS 16.0% INT IN COM AREA	1501 Burnet Road, Austin, TX 78728	653,226	-	653,226	-
LOT 1A BLK A AUSTIN CHRISTIAN FAITH CENTER RESUB	3711 Shoreline Drive, Austin, TX 78728	1,220,551	-	1,220,551	-
LOT 2 BLK 1 JUNITOE COMMERCIAL SUBDIVISION PHASE 1 REPLAT (2015 REPLAT C1-3235 CCMR FILED 1/30/2014	4955 Pablo Kisel Blvd., Brownsville, TX 79520	1,629,431	-	1,629,431	-
LOT 1 BLK 1 PALM COURT SUBDIVISION (2020 PLAT C1-3864 CCMR FILED 2/15/2019	123 S. Palm Court, Harlingen, TX 78552	725,064	-	725,064	-
NCB 15391 (LEARNING SCHOOLS OF TEXAS) BLOCK 50 LOT 2	8038 W. Military Dr., S.A., TX 78227	500,860	-	500,860	-

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

SCHEDULE OF RELATED PARTY COMPENSATION AND BENEFITS

For the Year Ended June 30, 2023

<u>Related Party Name</u>	<u>Name of Relation of the Related Party</u>	<u>Relationship</u>	<u>Compensation of Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During FY</u>
Thomas J. Koger	Self	Board Member and CEO	Compensation	Monthly	Employee and Volunteer	State	\$ 208,979

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

SCHEDULE OF REQUIRED RESPONSES TO SELECTED COMPENSATORY
AND BILINGUAL EXPENDITURES

Year Ended June 30, 2023

Data Codes	Section A: Compensatory Education Programs	Column 1 Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	YES
AP2	Does the LEA have writtten policies and procedures for its state compensatory education program?	YES
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 8,248,531
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 5,511,938
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	YES
AP6	Does the LEA have written policies and procedures for its bilingual education program?	YES
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year. (PIC's 25,35)	\$ 891,849
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$ 464,570

SINGLE AUDIT SECTION

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

Board of Directors
Jubilee Academic Center, Inc.
d/b/a Jubilee Academies
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jubilee Academic Center, Inc. d/b/a Jubilee Academies (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jubilee's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jubilee's internal control. Accordingly, we do not express an opinion on the effectiveness of Jubilee's internal control.

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

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

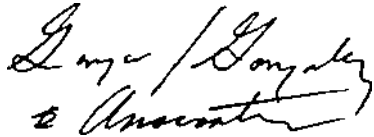
As part of obtaining reasonable assurance about whether Jubilee’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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*.

Other Matters

We noted certain matters that we reported to management of Jubilee in a separate letter dated November 10, 2023.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "George Gonzalez" with a stylized flourish underneath.

November 10, 2023

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

Board of Directors
Jubilee Academic Center, Inc.
d/b/a Jubilee Academies
San Antonio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jubilee's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Jubilee's major federal programs for the year ended June 30, 2023. Jubilee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jubilee 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

We noted a certain matter that we reported to management of Jubilee in a separate letter dated November 10, 2023.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Purpose of this report

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

A handwritten signature in black ink, appearing to read "Lopez / Gonzalez & Associates". The signature is written in a cursive, flowing style.

November 10, 2023

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SECTION I --- SUMMARY OF AUDITOR'S RESULTS

<i>Financial Statements</i>			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting: • Material weakness (es) identified?		___ Yes	_X_ No
• Significant deficiencies identified not considered to be material weaknesses?		___ Yes	_X_ None Reported
Noncompliance material to financial statements noted?		___ Yes	_X_ No

<i>Federal Awards</i>			
Internal control over major programs: • Material weakness (es) identified?		___ Yes	_X_ No
• Significant deficiencies identified not considered to be material weaknesses?		___ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major programs		<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR, Section. 200.516(a)?		___ Yes	_X_ No

<i>Identification of Major Programs</i>			
	CFDA Numbers(s)	Name of Federal Program or Cluster	
	84.425U	Elementary and Secondary Schools Emergency Relief Fund (ESSER) Grants: ESSER III – American Rescue Plan (ARP) & Texas COVID Learning Acceleration Supports (TCLAS) Program	
	10.553, 10.555	Child Nutrition Cluster: School Breakfast Program National School Lunch Program	
Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000	
Auditee qualified as low-risk auditee?		_X_ Yes	___ No

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

SECTION II --- FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs required to be reported by the Uniform Guidance, Section 200.516(a).

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

There were no prior year findings reported.

JUBILEE ACADEMIC CENTER
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/Program or Cluster	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
<u>Passed Through Texas Education Agency</u>			
ESEA Title I, Part A Improving Basic Programs	84.010A	22610101015822	\$ 172,255
ESEA Title I, Part A Improving Basic Programs	84.010A	23610101015822	3,538,934
ESEA Title I 1003(A)- School Improvement Grant	84.010A	22610141015822	39,893
ESEA Title I 1003(A)- School Improvement Grant	84.010A	23610141015822	195,185
ESEA Title I 1003(A)- ESF-FOCUS	84.010A	226101577110060	303,424
Total Assistance Listing No. 84.010A			<u>4,249,691</u>
Career and Technical - Basic Grant	84.048A	23420006015822	104,207
ESEA Title II Part A- Supporting Effective Instruction	84.367A	22694501015822	70,374
ESEA Title II Part A- Supporting Effective Instruction	84.367A	23694501015822	386,764
ESEA Title II, Part A, Educator Assessments	84.367A	69452171	1,593
Total Assistance Listing No. 84.367A			<u>458,731</u>
Title III, Part A-English Language Acquisition	84.365A	22671001015822	10,046
Title III, Part A-English Language Acquisition	84.365A	23671001015822	144,463
Total Assistance Listing No. 84.365A			<u>154,509</u>
ESEA Title IV Part A, Subpart 1	84.424A	22680101015822	54,313
ESEA Title IV Part A, Subpart 1	84.424A	23680101015822	294,606
Total Assistance Listing No. 84.424A			<u>348,919</u>
Summer School LEP Program	84.369A		13,151
ESSER III, ARP School Emergency Relief	84.425U	21528001015822	6,105,763
Tclass-Esser III	84.425U	21528042015822	1,354,371
Total Assistance Listing No. 84.425			<u>7,460,134</u>
Gaining Early Awareness and Readiness for Undergraduate Program	84.334A	P334A210015	1,037,618
Gaining Early Awareness and Readiness for Undergraduate Program	84.334A	P334A210015-22	3,046,701
Total Assistance Listing No. 84.334A			<u>4,084,319</u>
COVID-19 School Health Support Grant	93.323	22393503015822	234,159
Total Passed Through Texas Education Agency			<u>17,107,819</u>
<u>Passed Through Education Service Center, Region 20</u>			
ESEA Title X, Education for Homeless Children and Youth	84.196A	295-662-2-08	834
ESEA Title X, Education for Homeless Children and Youth	84.196A	379-662-3-09	9,221
ESEA Title X, Education for Homeless Children and Youth ARP I	84.196A	278-505-2-09	7,900
ESEA Title X, Education for Homeless Children and Youth ARP II	84.196A	367-446-2-05	2,184
Total Assistance Listing No. 84.196A			<u>20,139</u>
<u>Passed Through Southwest Preparatory School</u>			
* IDEA Part B, Formula	84.027	20660001015807600	868,386
* IDEA Part B, Preschool Grants	84.173	156610010158076610	251,135
Total Special Education Cluster (IDEA)			<u>1,119,521</u>
Total U.S. Department of Education			<u>18,247,479</u>
U.S. Department of Agriculture			
<u>Passed Through Texas Department of Agriculture</u>			
* School Breakfast Program (SBP)	10.553	NT4XL1YGLGC5	1,221,105
* National School Lunch Prg-NSLP	10.555	NT4XL1YGLGC5	3,576,067
Child and Adult Care Food Program (CACFP)	10.558	NT4XL1YGLGC5	738,071
* USDA Storage Reimbursement	10.555	NT4XL1YGLGC5	7,953
* National School Lunch Program - Noncash Assistance *	10.555	N/A	380,853
National School Lunch Program Equipment Grant	10.579	NT4XL1YGLGC5	23,985
Supply Chain Assistance	10.555	NT4XL1YGLGC5	200,066
Pandemic Electronic Benefit Transfer (P-EBT)	10.649	226TX109S9009	5,950
Total Passed Through Texas Department of Agriculture			<u>6,154,050</u>
Total U.S. Department of Agriculture			<u>6,154,050</u>
Total Expenditures of Federal Awards			<u>\$ 24,401,530</u>

* Clustered programs

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

JUBILEE ACADEMIC CENTER, INC.
d/b/a JUBILEE ACADEMIES
San Antonio, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jubilee Academic Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, 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 financial statements.
2. The expenditures for the child nutrition cluster are reported to the extent of program revenues.
3. Jubilee did not elect to use the 10% de minimis indirect cost rate provided by the Uniform Guidance.
4. There were no loan guarantees during the year.
5. There were no sub-recipients during the year.
6. During the year, Jubilee was reimbursed \$234,159 from the Texas Education Agency through the COVID-19 School Health Support Grant for qualifying costs in connection with the COVID-19 pandemic that were incurred during the 2021-2022 and 2022-2023 fiscal years, in the amount of \$216,239 and \$17,920, respectively. The federal revenues related to the 2021-2022 costs were recorded in Jubilee's general fund and are reflected in the Schedule of Expenditures of Federal Awards as of June 30, 2023.