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**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORTS**

FOR THE YEAR ENDED AUGUST 31, 2021

**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

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**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY
COUNTY-DISTRICT NO. 061802
FEDERAL EMPLOYER IDENTIFICATION NUMBER: 75-2727881**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

CERTIFICATE OF BOARD OF DIRECTORS

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Salvaging Teens at Risk, Inc. was reviewed and (check one) X approved ___ disapproved for the year ended August 31, 2021, at a meeting of the governing body of said charter holder on the 25th day of January, 2022.

DocuSigned by:
Dr. Pamela Peak
4891DA4A323B4TC
Signature of Board Secretary

DocuSigned by:
Mrs. Paula Kelley
0A9F6873F5BB40E...
Signature of Board President

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

GREGORY S. DELK



CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Salvaging Teens at Risk, Inc.
dba North Texas Collegiate Academy
Denton, Texas

Members of the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy (a non-profit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 auditor's judgment, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting principles 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 Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy as of August 31, 2021, 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.

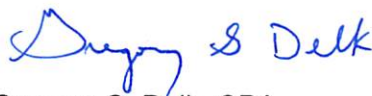
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying specific purpose financial statements and supplementary information including the Schedule of Expenses, Schedule of Capital Assets, Budgetary Comparison Schedule, Schedule of Real Property Ownership Interests, Schedule of Related Party Transactions, and Schedule of Related Party Compensation and Benefits are presented for purposes of additional analysis as required by the Texas Education Agency and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2022, on our consideration of Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy'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 controls over financial reporting and compliance and the results of that testing, and not to provide and 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 Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy's internal control over financial reporting and compliance.



Gregory S. Delk, CPA
January 22, 2022

**GENERAL-PURPOSE
FINANCIAL STATEMENTS**

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

Exhibit A-1

Statement of Financial Position
August 31, 2021

ASSETS

Current Assets

Cash in Banks and On Hand	\$ 5,886,262.01
Due from State and Federal Government	266,695.58
Interfund Receivables	199,262.40
Other Receivables	2,958.57
Total Current Assets	<u>6,355,178.56</u>

Property and Equipment

Land	1,694,708.22
Building and Improvements	9,515,873.51
Vehicles	95,183.09
Furniture and Equipment	370,958.69
Library Books and Media	44,040.00
Accumulated Depreciation	<u>(2,721,502.22)</u>
Total Property and Equipment	8,999,261.29

Other Assets

Other Assets	<u>23,550.00</u>
Total Other Assets	23,550.00

TOTAL ASSETS	<u><u>\$ 15,377,989.85</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 141,513.51
Current Portion of Long-Term Debt	127,464.73
Payroll and Other Withholdings Payable	44,060.32
Accrued Wages Payable	229,463.73
Interfund Payables	<u>199,262.40</u>
Total Current Liabilities	741,764.69

Long-Term Liabilities

Notes Payable Less Current Portion	<u>2,204,258.82</u>
Total Long-Term Liabilities	2,204,258.82

Net Assets

Without Donor Restrictions	29,763.98
With Donor Restrictions	<u>12,402,202.36</u>
Total Net Assets	12,431,966.34

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,377,989.85</u></u>
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The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

Exhibit A-2

Statement of Activities
For the Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
<u>REVENUE AND OTHER SUPPORT</u>			
Local Support--			
Earnings from Temporary Investments	\$	\$ 1,639.84	\$ 1,639.84
Gifts and Bequests	250.00	0.00	250.00
Other Revenues		4,187.11	4,187.11
Food Service Activity		462.00	462.00
Student Activity Income		17,316.56	17,316.56
Total Local Support	250.00	23,605.51	23,855.51
State Program Revenues--			
Foundation School Program-Per Capita		267,006.00	267,006.00
Foundation School Program		6,072,201.00	6,072,201.00
MFS SPED Offset		4,684.00	4,684.00
School Breakfast Program Matching		1,911.57	1,911.57
State Textbook Fund		7,027.82	7,027.82
Total State Program Revenues	0.00	6,352,830.39	6,352,830.39
Federal Program Revenues--			
School Breakfast Program		77,351.07	77,351.07
National School Lunch Program		252,611.85	252,611.85
School Lunch Commodities		24,603.97	24,603.97
Title I, Part A		129,665.99	129,665.99
IDEA-Part B Formula		81,175.91	81,175.91
IDEA-Part B Preschool		1,225.00	1,225.00
Title II, Part A		17,244.04	17,244.04
Instructional Continuity		10,000.00	10,000.00
Cares Relief Fund-Prior Purchase Reimb Pgm		5,120.53	5,120.53
Title IV, Part A		5,850.00	5,850.00
School Health and Related Services		5,036.38	5,036.38
Child Nutrition Program Dist from other Texas Agencies		2,913.53	2,913.53
Paycheck Protection Pgm Loan Forgiveness		586,600.00	586,600.00
Total Federal Program Revenues	0.00	1,199,398.27	1,199,398.27
Net Assets Released from Restrictions	5,530,788.59	(5,530,788.59)	0.00
Total Revenue and Other Support	5,531,038.59	2,045,045.58	7,576,084.17
<u>EXPENSES</u>			
Program Services:			
Instructional and Instructional Related Services	3,372,065.26	----	3,372,065.26
Instructional and School Leadership	395,384.40	----	395,384.40
Support Services:			
Administrative Support Services	332,044.69	----	332,044.69
Support Services-Non-Student Based	731,312.94	----	731,312.94
Support Services-Student (Pupil)	585,520.09	----	585,520.09
Debt Service	114,461.21	----	114,461.21
Total Expenses	5,530,788.59	0.00	5,530,788.59
Change in Net Assets	250.00	2,045,045.58	2,045,295.58
Net Assets Beginning of Year	29,513.98	10,357,156.78	10,386,670.76
Net Assets End of Year	\$ 29,763.98	\$ 12,402,202.36	\$ 12,431,966.34

The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

Exhibit A-3

Statement of Functional Expenses
For the Year Ended August 31, 2021

	Program Services	Management and General	Totals
<u>EXPENSES</u>			
Payroll Expenses:			
Salaries and Wages	\$ 3,162,944.28	\$ 217,210.65	\$ 3,380,154.93
Benefits	286,849.72	19,137.61	305,987.33
Payroll Taxes	59,920.23	3,690.23	63,610.46
Total Payroll Expenses	3,509,714.23	240,038.49	3,749,752.72
Non Payroll Expenses before Depreciation			
Professional Services	212,343.99	25,401.95	237,745.94
Contracted Services	326,857.88	107,251.03	434,108.91
Utilities	132,360.73	14,706.75	147,067.48
Rent	14,648.47	1,627.61	16,276.08
General Supplies	148,994.60	33,993.19	182,987.79
Food Supplies	180,334.38		180,334.38
Student Activity Fees	10,701.34		10,701.34
Travel		3,059.37	3,059.37
Insurance		93,865.97	93,865.97
Miscellaneous	5,695.60	71,413.80	77,109.40
Debt Service Costs	103,015.09	11,446.12	114,461.21
Total Non Payroll Expenses before Depreciation	1,134,952.08	362,765.79	1,497,717.87
Total Expenses before Depreciation	4,644,666.31	602,804.28	5,247,470.59
Depreciation	254,986.20	28,331.80	283,318.00
Total Expenses	4,899,652.51	631,136.08	5,530,788.59

The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

Exhibit A-4

Statement of Cash Flows
For the Year Ended August 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Government Contracts/Grants	\$ 7,412,702.60
Cash Received from Local Sources	23,855.51
Cash Paid to Suppliers for Goods and Services	(1,678,186.79)
Cash Paid to Employees for Services	(3,405,101.68)
Cash Paid for Income Taxes	0.00
Cash Paid for Interest Expense	(114,461.21)
Net Cash Provided By Operating Activities	<u>2,238,808.43</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of New Assets	(300,090.75)
Net Cash Used By Investing Activities	<u>(300,090.75)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from New Borrowings	2,393,828.00
Payments on Debt	(3,073,704.52)
Net Cash Used By Financing Activities	<u>(679,876.52)</u>
Net Increase in Cash	1,258,841.16
Cash at Beginning of Year	<u>4,627,420.85</u>
Cash at End of Year	<u><u>\$ 5,886,262.01</u></u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,045,295.58
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	283,318.00
(Increase) Decrease in Operating Assets-- Due from State/Federal Governments	(139,526.06)
Increase (Decrease) in Operating Liabilities-- Accounts Payable	71,764.05
Payroll and Other Withholdings Payable	3,342.22
Accrued Wages Payable	(25,385.36)
Net Adjustments	<u>193,512.85</u>
Net Cash Provided By Operating Activities	<u><u>\$ 2,238,808.43</u></u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO
FINANCIAL STATEMENTS**

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities –

Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy provides an alternative learning environment for students. The School operates under an open enrollment charter granted by the State of Texas Board of Education. This charter was issued for a period of five years starting December 11, 2000 and is subject to review and renewal periodically. The school is currently operating under a charter renewal until July 31, 2025. The School is part of the public-school system of the State of Texas and is therefore entitled to distribution from the State's available school fund. The School does not have the authority to impose ad valorem taxes or to charge tuition. The organization does business as Texas Education Centers and there is not currently any additional financial activity outside of the charter school. The School was incorporated in 1997 and has been recognized as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

B. Accounting Policies –

The financial statements have been 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. The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

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

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as either without donor restrictions or with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

In accordance with state law, a charter holder is entitled to receive state aid for the charter school based on student attendance; however, before the charter holder may reclassify state aid from net assets with donor restrictions to net assets without donor restrictions, it must expend state aid for the benefit of its students consistent with TEC, §45.105(c).

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents –

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks and includes highly liquid investments with an original maturity of three months or less.

D. Fixed Assets and Depreciation –

All assets acquired with a value of \$5,000.00 or greater and an estimated useful life of three years or more are recorded as fixed assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at the time of acquisition. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis. 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.

E. Revenues –

Revenues from the State of Texas available school fund are earned based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as support either with or without donor-imposed restrictions, in accordance with FASB ASU 2016-14. Government grant contracts that are entered into by the School are recognized as revenue when services are rendered or when expenses in connection with those services are incurred in accordance with the accrual method.

F. Donated Goods and Services –

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

G. Personal Leave –

All employees earn five days of paid personal leave per year. However, unused balances do not accumulate; therefore, there is no liability accrued on the financial statements.

H. Estimates –

In preparation of the financial statements and in conformity with generally accepted accounting principles, management's estimated useful lives of asset classes were used in the calculation of depreciation.

I. Functional Allocation of Expenses –

The expense of the various programs and other activities has been presented on a functional basis in the statement of activities. Accordingly, certain expenses and supporting service costs have been allocated among the various programs.

J. Pension –

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Recent Accounting Pronouncements –

The FASB has issued ASU No. 2016-02, *Leases (Topic 842)* to be effective for fiscal years beginning after December 15, 2021. Under this new standard, lessees are required to recognize on the balance sheet a lease asset and a lease liability for all leases with terms exceeding 12 months. In the case of operating leases previously only disclosed in the footnotes, this will represent a major change in presentation in the financial statements.

The Organization is currently evaluating the effect this new accounting pronouncement will have on the financial statements.

2. BUILDING IMPROVEMENTS AND EQUIPMENT

An analysis of building improvements and equipment on August 31, 2021, is presented as follows:

Asset	Cost	Accumulated Depreciation	Net	Straight Line Depr. Rate
Land	\$ 1,694,708.22	-0-	1,694,708.22	
Building and Improvements	9,515,873.51	2,319,181.01	7,196,692.50	2.5%
Vehicles	95,183.09	93,411.55	1,771.54	20.00%
Furniture & Equipment	370,958.69	264,869.66	106,089.03	14.29%
Library Books and Media	44,040.00	44,040.00	-0-	20.00%
Totals	\$ 11,720,763.51	2,721,502.22	8,999,261.29	

Depreciation expense for the year ended August 31, 2021 was \$283,318.00.

3. PENSION PLAN

Plan Description

The Organization participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. No part of the plan is subject to a collective bargaining agreement.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Charter Schools are legally separate entities from the State and each other. Funds contributed by any one Charter School or ISD may be used to satisfy the obligations of all the Charter Schools and ISDs in the System. The unfunded obligations are shared by the other Charter Schools and ISDs. There are no withdrawal penalties for leaving the TRS System.

Detailed information about the Teacher Retirement System is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

3. PENSION PLAN (continued)

https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 thru 2025. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2014 CAFR. The 86th Texas Legislature, TRS Pension Reform Bill increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

3. PENSION PLAN (continued)

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the applicable salary.

Statutorily Determined Contribution Rates

	<u>FYE 8/31</u>	
	<u>2021</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

The Organization's FYE 8/31/2021 Contributions to the Plan were \$244,938.95 and did not represent more than 5% of the total contributions to the plan. There have been no changes which would affect the comparison of employer contributions from year to year.

Plan Assets and Obligations

Total Plan assets and obligations for the year 8/31/2021 are as follows:

Total Plan Assets	\$ 223,172,755,137
Total Accumulated Benefit Obligations	\$ 227,273,463,630
Total Plan Fiduciary Net Position	\$ 201,807,002,496

Net Position as a percentage of Total Pension Liability is 88.79%.

Additional Plans

Certain employees of the organization are covered under Federal Social Security and Medicare. Under the provisions of that law, covered employees contribute 6.2% for Social Security and 1.45% for Medicare of their covered annual earnings and the Organization pays the matching Social Security and Medicare amounts.

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

4. OTHER POST EMPLOYMENT BENEFIT PLAN

Plan Description

The Organization participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). TRS-Care is a cost-sharing multiple-employer defined Other Post Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. TRS-Care is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Detailed information about the TRS-Care plan is available in the TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides a basic health insurance coverage at low 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 premium.

Plan Assets and Obligations

Total Plan assets and obligations for the year 8/31/2021 are as follows:

Total Plan Assets	\$ 2,733,911,371
Total Accumulated Benefit Obligations	\$ 41,113,711,083
Total Plan Fiduciary Net Position	\$ 2,539,242,470

Net Position as a percentage of Total OPEB Liability is 6.18%.

5. HEALTH CARE COVERAGE

Employees of the School are covered by a group insurance plan. The School pays \$400.00 towards the employee's premium and the employee pays the balance due plus premiums for dependent coverage through payroll deductions. All premiums were paid to licensed insurers.

6. DUE FROM FEDERAL GOVERNMENT

At August 31, 2021, the Organization was due \$58,782.15 in Title I funds, \$43,320.29 in IDEA-B funds, \$30,693.70 in Child Nutrition Program funds, \$15,884.44 in Title II funds, \$4,155.00 in Title IV funds, and \$10,000.00 in Instructional Continuity funds. These amounts will be received from the Federal Government during the 2021-2022 school year.

7. DUE FROM STATE

On August 31, 2021, the Organization had been underpaid \$103,860.00 in State Foundation Program funds. This amount will be received from the Texas Education Agency during the 2021-2022 school year.

8. CASH DEPOSIT RISK

On August 31, 2021, and throughout the school year, the school's cash in bank accounts was not entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance but has been fully covered all year by pledged collateral held by the School's agent bank.

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

9. ECONOMIC DEPENDENCY

During the year the School received the majority of its revenues from the Texas Education Agency through a Charter Agreement and through federal grants available to charter schools. The loss of this Charter Agreement would have a material effect on the ability of the School to continue to provide the current level of services to its students.

10. COMMITMENTS AND CONTINGENCIES

The School receives funds through state and federal programs which are governed by various rules and regulations of the grantor. Expenses charged to the grant program are subject to audit and adjustment by the grantor agency. In the opinion of management, aside from the temporary restrictions on net assets as explained below, there are no contingent liabilities relating to compliance with rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for such contingencies.

11. OPERATING LEASES

The School leases several copiers for administrative and class operations. The minimum future lease payments are as follows:

<u>August 31,</u>	<u>Total Lease Payments</u>
2022	24,229.32
2023	24,229.32
2024	24,229.32
2025	12,114.66
2026	0
Thereafter	0
Total	84,802.62

12. LONG-TERM DEBT

On August 31, 2021, the Schools long-term debt consisted of the following:

The Organization obtained a construction loan with Independent Bank to purchase land and construct a school and administration facilities at 4601 North I-35, Denton, TX. The loan was originally for \$1,380,000.00 at an interest rate of prime, but not lower than 3.25%. The Organization refinanced the loan at an interest rate of 4.25% with monthly payments of \$8,395.28 and a balloon payoff May 18th 2019 of approximately \$1,054,049.09. This loan was refinanced May 18, 2019 at an amount of \$1,056,489.00 for an amortizing period of 60 months with payments of \$8,536.94 including interest at 5.25% and a balloon payment of approximately \$792,003.47.

The Organization obtained a construction loan with Independent Bank to purchase land and construct a school and administration facilities at Crestwood Place, Little Elm, TX. The loan was originally for \$1,764,541.58 at an interest rate of 4.5% with monthly payments of \$11,452.23 and a balloon payoff April 7th, 2019, of approximately \$1,437,022.91. This loan was refinanced April 7, 2019 at an amount of \$1,515,505.00 for an amortizing period of 59 months with payments of \$12,245.22 including interest at 5.25% and a balloon payment at an estimated amount of \$1,136,667.00.

Both of the above loans were refinanced February 11, 2021 into one loan with a principal balance of \$2,393,828.00 at an initial interest rate for the first 5 years of 3.45% and monthly payments of \$17,158.85 payable over approximately 180 months. The interest rate is adjusted thereafter and every 5 years to the

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

12. LONG-TERM DEBT (continued)

Wall Street Journal Prime rate plus .2%. Monthly payments for the scheduled payments below assume the interest rate remains 3.45% throughout.

On May 7, 2020, the Organization received loan proceeds in the amount of \$586,600.00 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The Organization used the PPP loan proceeds for purposes consistent with the PPP and applied for and received full forgiveness. The Organization has recorded the forgiveness income in the statement of activities in this fiscal period.

Total Long-Term Debt	\$ 2,331,723.55
Less Current Portion	<u>127,464.73</u>
Long-Term Portion	<u>\$ 2,204,258.82</u>

Future maturities of long-term debt for years ending after August 31, 2021, are as follows:

<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	127,464.73	78,441.47	205,906.20
2023	131,932.48	73,973.72	205,906.20
2024	136,556.81	69,349.39	205,906.20
2025	141,343.21	64,562.99	205,906.20
2026	146,297.42	59,608.78	205,906.20
Thereafter	1,648,128.90	283,406.97	1,931,535.87
Totals	2,331,723.55	629,343.32	2,961,066.87

13. NET ASSETS WITH DONOR RESTRICTIONS

On August 31, 2021, the School had donor restricted net assets of \$12,402,202.36 that consisted of the following:

Local Revenues	\$ 104,418.27
State Foundation Program	12,131,831.16
State Dyslexia Allotment	6,159.00
State Instructional Materials Allotment	43,653.51
Federal IDEA-B Program	11,470.12
Federal Student Nutrition Program	61,410.24
Federal Title II, Part A Program	31,299.39
Federal Instructional Continuity	4,999.97
Federal GAPS Education Program	<u>6,960.70</u>
	<u>\$12,402,202.36</u>

SALVAGING TEENS AT RISK, INC.
dba North Texas Collegiate Academy
Notes To Financial Statements
For the Year Ended August 31, 2021

14. SUBSEQUENT EVENTS

Management has reviewed subsequent events through January 22, 2022 for the purpose of evaluating the need for their inclusion in these notes. There have been no material subsequent events to note herein.

15. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 29,763.98
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Except for the financial assets listed above, the State and Federal Program assets and revenues are classified as with donor restrictions and must be used for education purposes in accordance with State law and Grant restrictions. As such, there are cash and receivables that are due from the State and Federal Agencies and are available for use for educational purposes and are released from restrictions at the time they are spent for those purposes.

16. FEDERAL INCOME TAXES

The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except to the extent it has business income unrelated to its tax exempt purpose. The Organization has no unrelated business income and is not expecting to have any in the future, accordingly, there is no provision for federal income taxes in the financial statements. Generally Accepted Accounting Principles requires the evaluation of tax positions taken in the preparation of the tax returns and the recording of a tax liability if an uncertain tax position has been taken that is more likely than not sustainable upon audit by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and there have been no uncertain tax positions taken that would require the recognition or disclosure in the financial statements. The tax returns for the years ended 8/31/2018, 8/31/2019 and 8/31/2020 are still subject to possible IRS audit but management has not been notified of any pending examinations.

**SPECIFIC-PURPOSE
FINANCIAL STATEMENTS**

**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

Exhibit B-1

**Statement of Financial Position
August 31, 2021**

ASSETS

Current Assets

Cash in Banks and On Hand	\$ 5,886,262.01
Due from State and Federal Government	266,695.58
Interfund Receivables	199,262.40
Other Receivables	2,958.57
Total Current Assets	<u>6,355,178.56</u>

Property and Equipment

Land	1,694,708.22
Building and Improvements	9,515,873.51
Vehicles	95,183.09
Furniture and Equipment	370,958.69
Library Books and Media	44,040.00
Accumulated Depreciation	<u>(2,721,502.22)</u>
Total Property and Equipment	8,999,261.29

Other Assets

Other Assets	<u>23,550.00</u>
Total Other Assets	23,550.00

TOTAL ASSETS	<u><u>\$ 15,377,989.85</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 141,513.51
Current Portion of Long-Term Debt	127,464.73
Payroll and Other Withholdings Payable	44,060.32
Accrued Wages Payable	229,463.73
Interfund Payables	<u>199,262.40</u>
Total Current Liabilities	741,764.69

Long-Term Liabilities

Notes Payable Less Current Portion	<u>2,204,258.82</u>
Total Long-Term Liabilities	2,204,258.82

Net Assets

Without Donor Restrictions	29,763.98
With Donor Restrictions	<u>12,402,202.36</u>
Total Net Assets	12,431,966.34

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,377,989.85</u></u>
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The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

Exhibit B-2

Statement of Activities
For the Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
<u>REVENUE AND OTHER SUPPORT</u>			
Local Support--			
5742 Earnings from Temporary Investments	\$	\$ 1,639.84	\$ 1,639.84
5744 Gifts and Bequests	250.00		250.00
5749 Other Revenues		4,187.11	4,187.11
5751 Food Service Activity		462.00	462.00
5759 Student Activity Income		17,316.56	17,316.56
Total Local Support	250.00	23,605.51	23,855.51
State Program Revenues--			
5811 Foundation School Program-Per Capita		267,006.00	267,006.00
5812 Foundation School Program		6,072,201.00	6,072,201.00
5819 MFS SPED Offset		4,684.00	4,684.00
5829 School Breakfast Program Matching		1,911.57	1,911.57
5829 State Textbook Fund		7,027.82	7,027.82
Total State Program Revenues	0.00	6,352,830.39	6,352,830.39
Federal Program Revenues--			
5921 School Breakfast Program		77,351.07	77,351.07
5922 National School Lunch Program		252,611.85	252,611.85
5923 School Lunch Commodities		24,603.97	24,603.97
5929 Title I, Part A		129,665.99	129,665.99
5929 IDEA-Part B Formula		81,175.91	81,175.91
5929 IDEA-Part B Preschool		1,225.00	1,225.00
5929 Title II, Part A		17,244.04	17,244.04
5929 Instructional Continuity		10,000.00	10,000.00
5929 Cares Relief Fund-Prior Purchase Reimb Pgm		5,120.53	5,120.53
5929 Title IV, Part A		5,850.00	5,850.00
5931 School Health and Related Services		5,036.38	5,036.38
5939 Child Nutrition Program Dist from other Texas Agencies		2,913.53	2,913.53
5949 Paycheck Protection Pgm Loan Forgiveness		586,600.00	586,600.00
Total Federal Program Revenues	0.00	1,199,398.27	1,199,398.27
Net Assets Released from Restrictions	5,530,788.59	(5,530,788.59)	0.00
Total Revenue and Other Support	5,531,038.59	2,045,045.58	7,576,084.17
<u>EXPENSES</u>			
11 Instruction	3,252,822.31	----	3,252,822.31
13 Curriculum Dev. & Instructional Staff Dev.	119,242.95	----	119,242.95
23 School Leadership	395,384.40	----	395,384.40
33 Health Services	946.00	----	946.00
34 Student (Pupil) Transportation	209,011.52	----	209,011.52
35 Food Services	364,861.23	----	364,861.23
36 Cocurricular/Extracurricular Activities	10,701.34	----	10,701.34
41 General Administration	332,044.69	----	332,044.69
51 Plant Maintenance and Operations	675,284.20	----	675,284.20
52 Security and Monitoring Services	2,184.50	----	2,184.50
53 Data Processing Services	53,844.24	----	53,844.24
71 Debt Services	114,461.21	----	114,461.21
Total Expenses	5,530,788.59	0.00	5,530,788.59
Change in Net Assets	250.00	2,045,045.58	2,045,295.58
Net Assets Beginning of Year	29,513.98	10,357,156.78	10,386,670.76
Net Assets End of Year	\$ 29,763.98	\$ 12,402,202.36	\$ 12,431,966.34

The accompanying notes are an integral part of these financial statements.

**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

Exhibit B-3

**Statement of Cash Flows
For the Year Ended August 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Government Contracts/Grants	\$ 7,412,702.60
Cash Received from Local Sources	23,855.51
Cash Paid to Suppliers for Goods and Services	(1,678,186.79)
Cash Paid to Employees for Services	(3,405,101.68)
Cash Paid for Income Taxes	0.00
Cash Paid for Interest Expense	(114,461.21)
Net Cash Provided By Operating Activities	<u>2,238,808.43</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of New Assets	(300,090.75)
Net Cash Used By Investing Activities	<u>(300,090.75)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from New Borrowings	2,393,828.00
Payments on Debt	(3,073,704.52)
Net Cash Used By Financing Activities	<u>(679,876.52)</u>
Net Increase in Cash	1,258,841.16
Cash at Beginning of Year	<u>4,627,420.85</u>
Cash at End of Year	<u><u>\$ 5,886,262.01</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,045,295.58
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	283,318.00
(Increase) Decrease in Operating Assets-- Due from State/Federal Governments	(139,526.06)
Increase (Decrease) in Operating Liabilities-- Accounts Payable	71,764.05
Payroll and Other Withholdings Payable	3,342.22
Accrued Wages Payable	(25,385.36)
Net Adjustments	<u>193,512.85</u>
Net Cash Provided By Operating Activities	<u><u>\$ 2,238,808.43</u></u>

The accompanying notes are an integral part of these financial statements.

**SUPPLEMENTARY
SCHEDULES**

**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

Exhibit C-1

**Schedule of Expenses
For the Year Ended August 31, 2021**

<u>EXPENSES</u>	<u>Totals</u>
6100 Payroll Costs	\$ 3,749,752.72
6200 Professional and Contracted Services	835,198.41
6300 Supplies and Materials	374,023.51
6400 Other Operating Costs	457,352.74
6500 Debt Service Costs	114,461.21
Total Expenses and Other Losses	\$ <u>5,530,788.59</u>

The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

Exhibit D-1

Schedule of Capital Assets
August 31, 2021

<u>CAPITAL ASSETS</u>	Ownership Interest			Totals
	Local	State	Federal	
1110 Cash	\$ 133,932.25	\$ 5,636,189.34	\$ 116,140.42	\$ 5,886,262.01
1510 Land		1,694,708.22		1,694,708.22
1520 Buildings and Improvements		9,515,873.51		9,515,873.51
1531 Vehicles		34,683.09	60,500.00	95,183.09
1539 Furniture and Equipment		261,602.17	109,356.52	370,958.69
1569 Library Books and Media		30,200.13	13,839.87	44,040.00
Total Capital Assets	<u>\$ 133,932.25</u>	<u>\$ 17,173,256.46</u>	<u>\$ 299,836.81</u>	<u>\$ 17,607,025.52</u>

The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

Exhibit E-1

Budgetary Comparison Schedule
For the Year Ended August 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>from Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUE AND OTHER SUPPORT</u>				
Local Support--				
5742 Earnings from Temporary Investments	\$	\$ 2,000.00	\$ 1,639.84	\$ (360.16)
5744 Gifts and Bequests			250.00	250.00
5749 Other Revenues		27,000.00	4,187.11	(22,812.89)
5751 Food Service Activity		1,000.00	462.00	(538.00)
5759 Student Activity Income			17,316.56	17,316.56
Total Local Support		<u>30,000.00</u>	<u>23,855.51</u>	<u>(6,144.49)</u>
State Program Revenues--				
5811 Foundation School Program-Per Capita		226,203.00	267,006.00	40,803.00
5812 Foundation School Program		5,966,065.00	6,072,201.00	106,136.00
5819 MFS SPED Operations			4,684.00	4,684.00
5829 School Breakfast Program Matching			1,911.57	1,911.57
5829 State Textbook Fund			7,027.82	7,027.82
Total State Program Revenues		<u>6,192,268.00</u>	<u>6,352,830.39</u>	<u>160,562.39</u>
Federal Program Revenues--				
5921 School Breakfast Program		62,000.00	77,351.07	15,351.07
5922 National School Lunch Program		299,000.00	252,611.85	(46,388.15)
5923 School Lunch Commodities			24,603.97	24,603.97
5929 Title I, Part A		298,290.00	129,665.99	(168,624.01)
5929 IDEA-Part B Formula		146,964.00	81,175.91	(65,788.09)
5929 IDEA-Part B Preschool		1,300.00	1,225.00	(75.00)
5929 Title II, Part A		16,245.00	17,244.04	999.04
5929 Title III, Part A		23,043.00	0.00	(23,043.00)
5929 Instructional Continuity			10,000.00	10,000.00
5929 Cares Relief Fund-Prior Purchase Reimb Pgm			5,120.53	5,120.53
5929 Title IV, Part A		10,000.00	5,850.00	(4,150.00)
5931 School Health and Related Services		5,722.00	5,036.38	(685.62)
5939 Child Nutrition Program Dist from other Texas Agencies			2,913.53	2,913.53
5949 Paycheck Protection Pgm Loan Forgiveness			586,600.00	586,600.00
Total Federal Program Revenues		<u>497,022.00</u>	<u>862,564.00</u>	<u>336,834.27</u>
Total Revenue and Other Support		6,719,290.00	7,084,832.00	491,252.17
<u>EXPENSES</u>				
11 Instruction		4,065,227.00	4,030,205.00	3,252,822.31
13 Curriculum Dev. & Instructional Staff Dev.		133,360.00	113,360.00	(5,882.95)
23 School Leadership		448,000.00	398,000.00	2,615.60
33 Health Services		1,500.00	100.00	(846.00)
34 Student (Pupil) Transportation		210,100.00	230,100.00	21,088.48
35 Food Services		362,000.00	362,000.00	(2,861.23)
36 Cocurricular/Extracurricular Activities			10,701.34	(10,701.34)
41 General Administration		330,550.00	360,550.00	28,505.31
51 Plant Maintenance and Operations		425,500.00	955,500.00	280,215.80
52 Security and Monitoring Services		5,000.00	5,000.00	2,815.50
53 Data Processing Services		60,000.00	55,000.00	1,155.76
71 Debt Service		120,000.00	140,000.00	25,538.79
Total Expenses		<u>6,161,237.00</u>	<u>6,649,815.00</u>	<u>1,119,026.41</u>
Change in Net Assets		558,053.00	435,017.00	2,045,295.58
Net Assets (Deficiency), Beginning of Year		<u>10,386,670.76</u>	<u>10,386,670.76</u>	<u>10,386,670.76</u>
Net Assets (Deficiency), End of Year		<u>\$ 10,944,723.76</u>	<u>\$ 10,821,687.76</u>	<u>\$ 12,431,966.34</u>

The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY
Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2021

Description	Property Address	Assessed Value	Ownership Interest		
			Local	State	Federal
Land, Building, Building Improvements Land Improvements	968 Raldon Dr, Lewisville, TX 75067	\$ 1,917,257.00 \$	\$	\$ 948,423.00	\$
Land, Building, Building Improvements Land Improvements	4601 N I-35, Denton, TX 76207	\$ 3,567,615.00 \$	\$	\$ 4,896,974.00	\$
Land, Building, Building Improvements Land Improvements	1851 Oak Grove Pkwy, Little Elm, TX 75068	\$ 1,291,724.00 \$	\$	\$ 5,174,722.00	\$
Land, Building, Building Improvements Land Improvements	5917 Greenwood Dr, Little Elm, TX 75068	\$ 183,318.00 \$	\$	\$ 190,463.00	\$

The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY
Schedule of Related Party Transactions
For the Year Ended August 31, 2021

Related Party Name	Relationship	Type of Transaction	Terms and Conditions	Source of Funds	Total Paid For Year	Principal Balance Due
Pamela Peak	Governing Board Member	Contractual	Performs Special Education Academic Assessments	State 420 Fund	\$ 6,650.00	\$ 0.00

The accompanying notes are an integral part of these financial statements.

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY
Schedule of Related Party Compensation and Benefits
For the Year Ended August 31, 2021

Related Party Name	Relationship	Type of Transaction	Terms and Conditions	Source of Funds	Total Paid For Year	Principal Balance Due
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None other than reported on Schedule of Related Party Transactions

The accompanying notes are an integral part of these financial statements.

COMPLIANCE AND INTERNAL CONTROL

GREGORY S. DELK



CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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
Salvaging Teens at Risk, Inc.
dba North Texas Collegiate Academy
Denton, Texas

Members of the Board of Directors:

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 Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy (a non-profit organization) which comprise the statement of financial position as of August 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy's internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salvaging Teens at Risk, Inc. dba North Texas Collegiate Academy'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*.

Purpose of this Report

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



Gregory S. Delk, CPA
January 22, 2022

**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Exhibit F-1

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes _____ No

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs: None

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2021-1 on the following page

SECTION III – STATE AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Identified

SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Finding 2021-1 Significant Deficiency in Internal Control over Financial Reporting

Criteria

Governance and Management are required to maintain internal control over financial reporting such that allows for management or employees to prevent, or detect and correct, misstatements on a timely basis.

Condition

In the performance of our audit, we made a significant number of adjusting journal entries that materially affected the financial statements amounts, specifically in the debt, receivables, revenue, net assets and depreciation areas. Those adjusting journal entries were provided to management at the end of the audit. This is considered a weakness in internal control over financial reporting because the financial statements that governance and management were using throughout the year were materially misstated without the adjusting journal entries.

Cause

Insufficient training of accounting oversight personnel has led to a trust in the output produced by the accounting data entry personnel through the system, whether merited or not.

Effect

The Organization's financial statements are inaccurate during the year and could be affecting Governance and Management's decisions.

Questioned Costs

None

Recommendation

The Organization's policies and procedures should be modified to require the posting of the adjusting journal entries prior to the presentation of the financial statements to governance and management.

Management's Views and Corrective Action Plan

Management's Views and Corrective Action Plan are included at the end of this report after the schedule of prior audit findings.

**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

**STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2021**

No prior audit findings

**SALVAGING TEENS AT RISK, INC.
dba NORTH TEXAS COLLEGIATE ACADEMY**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021**

Exhibit G-1

Finding 2021-1 Significant Deficiency in Internal Control over Financial Reporting

Management's Views and Corrective Action Plan

Management agrees with the finding and will be updating policies and procedures to require the posting of the adjusting journal entries timely and prior to the submission of the financial statements to management and governance.