

Pro-Vision Educational Services, Inc.

FINANCIAL STATEMENTS

AUGUST 31, 2023



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CERTIFICATE OF BOARD

*Pro-Vision Educational Services, Inc.
County-District Number: 101-868*

We, the undersigned, certify that the attached annual financial reports of the above named charter holder were reviewed and:

_____ approved _____ disapproved

for the year ended August 31, 2023, at a meeting of the board of directors of such charter holder on the 25th day of January 2024.

Signature of Board President


Signature of Board Secretary


If the board of trustees/directors disapproved of the auditors' report, the reason(s) for disapproving it (is/are):



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INDEPENDENT AUDITORS' REPORT

*To the Board of Directors
Pro-Vision Educational Services, Inc.*

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pro-Vision Educational Services, Inc. ("the School") (nonprofit organizations), which comprise the statements of financial position as of August 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of August 31, 2023 and the changes in net assets and its cash flows for the years 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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 the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and Government 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, including omissions, 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 the School'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 the School'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. In accordance with the requirements established by the Financial Accountability System Resource Guide–Special Supplement–Charter Schools issued by the Texas Education Agency, the required supplemental information as listed in the table of contents has been presented in addition to the general-purpose financial statements.

In addition, 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 January 25, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 the School's internal control over financial reporting and compliance.

Haynie & Company

*Dallas, Texas
January 25, 2024*

Pro-Vision Educational Services, Inc.
Statement of Financial Position
As of August 31, 2023

Assets

<i>Current assets</i>	
<i>Cash and cash equivalents</i>	\$ 654,505
<i>Due from grantor agencies</i>	528,548
<i>Prepaid expenses</i>	28,182
<i>Total current assets</i>	1,211,235
 <i>Noncurrent assets</i>	
<i>Property and equipment, net</i>	386,642
<i>Right-of-use asset - operating leases</i>	4,242,072
<i>Right-of-use asset - finance leases</i>	36,740
<i>Total noncurrent assets</i>	4,665,454
 <i>Total assets</i>	 \$ 5,876,689

Liabilities and Net Assets

<i>Current liabilities</i>	
<i>Accounts payable</i>	\$ 105,919
<i>Accrued expenses</i>	133,408
<i>Operating lease payable - current</i>	643,983
<i>Finance lease payable - current</i>	8,502
<i>Total current liabilities</i>	891,812
 <i>Noncurrent liabilities</i>	
<i>Operating lease payable - net of current</i>	3,761,289
<i>Finance lease payable - net of current</i>	28,831
<i>Total noncurrent liabilities</i>	3,790,120
 <i>Total liabilities</i>	 4,681,932
 <i>Net assets</i>	
<i>Without donor restrictions</i>	831,893
<i>With donor restrictions</i>	362,864
<i>Total net assets</i>	1,194,757
 <i>Total liabilities and net assets</i>	 \$ 5,876,689

The accompanying notes are an integral part of these financial statements

Pro-Vision Educational Services, Inc.
Statement of Activities
For the year ended August 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
<i>Local support</i>			
5740 Other revenues from local sources	\$ 195,487	\$ -	\$ 195,487
5750 Revenues from enterprising activities	2,081	-	2,081
Total local support	<u>197,568</u>	<u>-</u>	<u>197,568</u>
<i>State program revenues</i>			
5812 Foundation school program	-	3,720,517	3,720,517
5811 Available school fund program	-	212,318	212,318
5829 State program revenues distributed by the TEA	-	86,896	86,896
5839 Other state program revenues	-	15,892	15,892
Total state program revenues	<u>-</u>	<u>4,035,623</u>	<u>4,035,623</u>
<i>Federal program revenues</i>			
5920 National school breakfast and lunch program	-	229,732	229,732
5929 Federal revenues distributed by the TEA	-	1,450,845	1,450,845
Total federal program revenues	<u>-</u>	<u>1,680,577</u>	<u>1,680,577</u>
Net assets released from restrictions	<u>5,500,620</u>	<u>(5,500,620)</u>	<u>-</u>
Total revenues	<u>5,698,188</u>	<u>215,580</u>	<u>5,913,768</u>
Expenses			
<i>Program services:</i>			
11 Instruction	2,036,768	-	2,036,768
13 Curriculum and instructional staff development	182,347	-	182,347
21 Instructional leadership	36,831	-	36,831
23 School leadership	410,138	-	410,138
Total program services	<u>2,666,084</u>	<u>-</u>	<u>2,666,084</u>
<i>Support services:</i>			
31 Guidance, counseling and evaluation services	107,870	-	107,870
34 Student transportation	207,800	-	207,800
35 Food services	209,476	-	209,476
36 Extracurricular activities	106,852	-	106,852
41 General administration	325,263	-	325,263
51 Facilities maintenance and operations	1,282,987	-	1,282,987
52 Security and monitoring services	124,760	-	124,760
53 Data processing services	552,350	-	552,350
61 Community services	52,076	-	52,076
71 Debt service	1,531	-	1,531
81 Fundraising	61,139	-	61,139
Total support services	<u>3,032,104</u>	<u>-</u>	<u>3,032,104</u>
Total expenses	<u>5,698,188</u>	<u>-</u>	<u>5,698,188</u>
Change in net assets	-	215,580	215,580
Net assets, beginning of year	<u>831,893</u>	<u>147,284</u>	<u>979,177</u>
Net assets, end of year	<u>\$ 831,893</u>	<u>\$ 362,864</u>	<u>\$ 1,194,757</u>

The accompanying notes are an integral part of these financial statements

Pro-Vision Educational Services, Inc.
Statement of Functional Expenses
For the year ended August 31, 2023

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Expenses				
<i>Payroll expenses</i>				
Salary and wages	\$ 1,768,819	\$ 548,912	\$ 29,439	\$ 2,347,170
Benefits	293,810	69,051	3,517	366,378
Payroll taxes	35,129	7,775	417	43,321
Total payroll expenses	<u>2,097,758</u>	<u>625,738</u>	<u>33,373</u>	<u>2,756,869</u>
<i>Non-payroll expenses</i>				
Professional fees	246,952	222,980	-	469,932
Utilities	-	166,737	-	166,737
Rental fees	112	805,987	15,559	821,658
Repairs and maintenance	9,945	95,909	-	105,854
Miscellaneous contracted services	162,218	689,735	-	851,953
Supplies	61,602	53,003	12,207	126,812
Food	-	174,579	-	174,579
Insurance	-	39,242	-	39,242
Travel	22,971	31,479	-	54,450
Depreciation and amortization	46,568	16,704	-	63,272
Other operating costs	17,958	47,341	-	65,299
Interest	-	1,531	-	1,531
	<u>568,326</u>	<u>2,345,227</u>	<u>27,766</u>	<u>2,941,319</u>
Total expenses	<u>\$ 2,666,084</u>	<u>\$ 2,970,965</u>	<u>\$ 61,139</u>	<u>\$ 5,698,188</u>

The accompanying notes are an integral part of these financial statements

Pro-Vision Educational Services, Inc.
Statement of Cash Flows
For the year ended August 31, 2023

<i>Cash flows from operating activities</i>	
<i>State grant payments</i>	\$ 3,994,549
<i>Federal grant payments</i>	1,700,377
<i>Receipts from miscellaneous sources</i>	197,568
<i>Payments to vendors for goods and services rendered</i>	(3,124,528)
<i>Payments to school personnel for services rendered</i>	(2,755,278)
<i>Net cash provided by operating activities</i>	<u>12,688</u>
 <i>Cash flows from investing activities</i>	
<i>Purchase of capital assets</i>	<u>(105,700)</u>
<i>Net cash used by investing activities</i>	<u>(105,700)</u>
 <i>Cash flows from financing activities</i>	
<i>Repayment of finance lease</i>	<u>(8,225)</u>
<i>Net cash used by financing activities</i>	<u>(8,225)</u>
 <i>Net decrease in cash and cash equivalents</i>	 (101,237)
 <i>Cash and cash equivalents at beginning of year</i>	 <u>755,742</u>
 <i>Cash and cash equivalents at end of year</i>	 \$ <u><u>654,505</u></u>
 <i>Reconciliation of change in net assets to net cash provided by operating activities:</i>	
<i>Change in net assets</i>	\$ 215,580
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities</i>	
<i>Depreciation</i>	54,454
<i>Amortization of right-of-use assets</i>	8,818
<i>Variable lease cost</i>	4,800
<i>Change in:</i>	
<i>Due from grantor agencies</i>	(21,274)
<i>Prepaid expenses</i>	(8,116)
<i>Accounts payable</i>	(243,165)
<i>Accrued expenses</i>	1,591
<i>Net cash used by operating activities</i>	\$ <u><u>12,688</u></u>

The accompanying notes are an integral part of these financial statements

Pro-Vision Educational Services, Inc.
Notes to Financial Statements
August 31, 2023

1. Summary of Significant Accounting Policies

Nature of activities

Pro-Vision Educational Services, Inc. (the "School") is a not-for profit organization incorporated in the State of Texas on August 25, 2006, and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The School operated as a district charter, under Houston Independent School District, for 18 years; on April 17, 2013, the State Board of Education of the State of Texas granted the corporation 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, the School was opened for the 2013-2014 academic year. The School was organized to provide educational services to students in middle school and high school, while following their mission, "to inspire hope and purpose in young people through access to academic, economic, and social enrichment opportunities."

The programs, services, activities, and functions, of the School, are governed by the board of directors. The charter holder, Pro-Vision Educational Services, Inc. only operates a single charter school and does not conduct any other charter or non-charter activities. Since the School receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The School presents its financial statements in accordance with ASC 958, "Not-for-Profit Entities". Under ASC 958, the Center is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (if any) are reported as net assets without donor restrictions, board-designated.

Net assets with donor restrictions – Net assets subject to donor-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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Pro-Vision Educational Services, Inc.
Notes to Financial Statements
August 31, 2023

1. Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

Net assets with donor restrictions were released from restriction by incurring expenses satisfying the following restrictions:

Foundation School Program	\$ 3,717,255
Other Stated funded programs	102,788
Federally funded programs	<u>1,680,577</u>
	<u>\$ 5,500,620</u>

For the year ended August 31, 2023, the School reported net assets with donor restrictions of \$362,864 related to the Foundation School Program.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Cash equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

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

Compensated absences

Compensated absences cannot be reasonably estimated and are therefore recorded at cost when paid.

Pro-Vision Educational Services, Inc.
Notes to Financial Statements
August 31, 2023

1. Summary of Significant Accounting Policies (continued)

Depreciable assets

Depreciable assets are stated at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The School capitalizes all expenditures over \$5,000 to depreciable assets. Depreciation is provided using the straight-line method over the estimated useful life of the assets.

Income taxes

The School is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), and therefore has made no provision for Federal income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years beginning prior to September 1, 2019.

New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)." Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Effective September 1, 2022, the School adopted the requirements of Accounting Standards Update No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). The School will use the modified retrospective approach (ASU-842-10-65-1) under which leases existing at or entered after September 1, 2022, will be recognized, and measured. Prior period amounts are not adjusted and continue to be reflected in accordance with the School's historical accounting. The amounts and disclosures set forth in the financial statements have been updated to comply with this new standard with results for reporting periods beginning September 1, 2022.

Date of Management's Review

Subsequent events were evaluated through January 25, 2024, which is the date the financial statements were available to be issued.

2. Due from Grantor Agencies

As of August 31, 2023, the School had earned the following revenues which were not received until after the end of the fiscal year:

Foundation entitlements	\$ 383,567
Other state grants	39,821
Federal grants	<u>105,160</u>
Total	<u>\$ 528,548</u>

Pro-Vision Educational Services, Inc.
Notes to Financial Statements
August 31, 2023

3. Liquidity

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

Financial assets, at year-end	\$	1,183,995
Less, assets unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions		362,864
Financial assets available to meet cash needs for general expenditures within one year	\$	821,131

4. State Foundation Program Revenue

Charter schools in the State of Texas participate in the State foundation program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period, and at the close of the year. Actual attendance is calculated by the TEA, and the attendance reports are subject to audit by the TEA and final State foundation program earnings may be adjusted as a result of any such audit.

5. Depreciable Assets

The following is a summary of property and equipment as of August 31, 2023:

	Beginning Balance	Additions	Disposals	Ending Balance
Building and improvements	\$ 247,196	\$ -	\$ -	\$ 247,196
Vehicles	30,251	-	-	30,251
Furniture and equipment	776,667	184,500	-	961,167
Construction in progress	78,800	-	(78,800)	-
Total	1,132,914	184,500	(78,800)	1,238,614
Less: accumulated depreciation	797,518	54,454	-	851,972
Capital assets, net	\$ 335,396	\$ 130,046	\$ (78,800)	\$ 386,642

*Depreciation expense for the year ended August 31, 2023, was \$54,454.

Pro-Vision Educational Services, Inc.
Notes to Financial Statements
August 31, 2023

6. Contingent Liabilities

The School participates in numerous programs that are subject to audit by the Texas Education Agency and various federal audit agencies. These programs have complex compliance requirements, and should state or federal auditors find areas of substantial noncompliance, those funds may be subject to refund if so determined by administrative audit review.

7. Budget Variance

Prior to the beginning of the school year, the School prepared and submitted its annual budget for the next fiscal year. However, as a result of changes in programs and average attendance, the budget has been amended as necessary. This has resulted in variances between the original adopted budget and final amended budget presented on the Budgetary Comparison Schedule.

8. Health Care Coverage

During the year ended August 31, 2023, employees of the School were covered by health insurance plans Blue Cross Blue Shield of Texas. The School contributed \$317 toward the monthly medical premiums for the employees. The School did not make contributions toward the employees' dental/vision plan and the entire cost was the responsibility of the employee. The School contributed \$89,728 toward employee medical coverage for the year ended August 31, 2023. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents as well as themselves.

9. Commitments and Contingencies

On September 1, 2019, the School entered into a 10-year (120 month) operating lease agreement with Pro-Vision, Inc. for school facilities. The lease term states incremental monthly payments, which average \$66,400 per month.

On July 21, 2022, the School entered into a 63-month finance lease agreement with Dex Imaging for three copy machines. Monthly lease payments are \$813 per month.

The School considered the terms of the lease agreements to establish their right-of-use assets and lease liabilities. The leases do not have any material residual value guarantees or material restrictive covenants. The leases do not provide an implicit rate, therefore the School elected to use the risk-free rate (3.36%) at the time of implementation, for a period comparable with that of the lease term.

Pro-Vision Educational Services, Inc.
Notes to Financial Statements
August 31, 2023

8. Commitments and Contingencies (continued)

The following represents lease cost and required information for the year ended August 31, 2023:

Lease Cost

<i>Finance least cost</i>	
Amortization of right-of-use asset	\$ 8,818
Interest on lease liabilities	1,531
Operating lease cost	<u>796,800</u>
Total Lease cost	<u>\$ 807,149</u>

Other information

<i>Cash paid for amounts included in the measurement of lease liabilities</i>	
Operating cash flows from operating leases	\$ 792,000
Operating cash flows from finance leases	8,225
Financing cash flows from finance leases	1,531
Right-of-use assets obtained in exchange for new operating lease liabilities	4,869,920
Right-of-use assets obtained in exchange for new finance lease liabilities	45,558

Weighted-average remaining lease term

Operating leases	3.60 years
Finance leases	4.17 years

Weighted-average discount rate

Operating leases	3.36%
Finance leases	3.36%

Future minimum lease payments and reconciliation to the Statement of Position at August 31, 2023, are as follows:

	<u>Operating Lease</u>	<u>Finance Lease</u>
2024	\$ 792,000	\$ 9,756
2025	792,000	9,756
2026	840,000	9,756
2027	840,000	9,756
2028	840,000	9,756
2029	840,000	-
Future lease payments	<u>4,944,000</u>	<u>48,780</u>
Imputed interest	<u>(538,728)</u>	<u>(11,447)</u>
Lease liabilities	<u>\$ 4,405,272</u>	<u>\$ 37,333</u>

Pro-Vision Educational Services, Inc.
Notes to Financial Statements
August 31, 2023

9. Retirement Benefits

Plan Description – The School contributes to the Teacher Retirement System of Texas (“TRS”), a cost-sharing, multiple- employer defined benefit pension plan with one exception; all risks and costs are not shared by the School, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.texas.gov, under the TRS Publications Heading.

Total TRS plan assets as of the most recent fiscal year ended for TRS of August 31, 2022 totaled \$208 billion. Accumulated benefit obligations as of August 31, 2022 totaled \$244 billion. The Plan was 75.62% funded as of August 31, 2022.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2)A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 years, the period would be increased by such action. State law provides for a member contribution rate and a state contribution rate of 8.0% for fiscal year 2023. The School’s employees’ contributions to the System for the years ending August 31, 2023 were \$166,631, equal to the required contributions for the year. Other contributions made from federal and private grants and from the School for salaries above the statutory minimum for the years ending August 31, 2023 were \$258,177 equal to the required contributions for the year. The School’s contributions do not represent more than 5% of the TRS plan’s total contributions.

Pro-Vision Educational Services, Inc.
Schedule of Expenses
For the year ended August 31, 2023

<i>Expenses</i>			
6100	<i>Payroll costs</i>	\$	2,756,868
6200	<i>Professional and contracted services</i>		2,416,134
6300	<i>Supplies and materials</i>		301,391
6400	<i>Other operating expenses</i>		222,264
6500	<i>Debt service</i>		<u>1,531</u>
	<i>Total expenses</i>	\$	<u><u>5,698,188</u></u>

Pro-Vision Educational Services, Inc.
Schedule of Assets
For the year ended August 31, 2023

	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
1110 Cash	\$ -	\$ 654,505	\$ -	\$ 654,505
1510 Land	-	-	-	-
1520 Building and improvements	-	247,196	-	247,196
1531 Vehicles	-	30,251	-	30,251
1549 Furniture and equipment	-	961,167	-	961,167
1559 Right-of-use-assets	-	4,278,812	-	4,278,812
<i>Total cash and capital assets</i>	<u>\$ -</u>	<u>\$ 6,171,931</u>	<u>\$ -</u>	<u>\$ 6,171,931</u>

Pro-Vision Educational Services, Inc.
Budgetary Comparison Schedule
For the year ended August 31, 2023

	Budgeted Amounts			Actual Amounts	Variance from Final Budget
	Original	Final	Variance		
<i>Local support</i>					
5740 Other revenues from local sources	\$ 45,000	\$ 195,487	\$ 150,487	\$ 195,487	\$ -
5750 Revenues from enterprising activities	-	2,081	2,081	2,081	-
<i>Total local support</i>	<u>45,000</u>	<u>197,568</u>	<u>152,568</u>	<u>197,568</u>	<u>-</u>
<i>State program revenues</i>					
5812 Foundation school program	3,755,799	3,720,517	(35,282)	3,720,517	-
5811 Available school fund program	197,673	212,318	14,645	212,318	-
5829 State program revenues distributed by TEA	53,911	86,896	32,985	86,896	-
5839 Other state program revenues	-	15,892	15,892	15,892	-
<i>Total state program revenues</i>	<u>4,007,383</u>	<u>4,035,623</u>	<u>28,240</u>	<u>4,035,623</u>	<u>-</u>
<i>Federal program revenues</i>					
5920 National school lunch program	150,000	229,732	79,732	229,732	-
5929 Federal revenues distributed by the TEA	1,491,719	1,450,845	(40,874)	1,450,845	-
<i>Total federal program revenues</i>	<u>1,641,719</u>	<u>1,680,577</u>	<u>38,858</u>	<u>1,680,577</u>	<u>-</u>
<i>Total revenues</i>	<u>5,694,102</u>	<u>5,913,768</u>	<u>219,666</u>	<u>5,913,768</u>	<u>-</u>
Expenses					
11 Instruction	2,211,311	2,036,768	(174,543)	2,036,768	-
13 Curriculum and instructional staff development	54,976	182,347	127,371	182,347	-
21 Instructional leadership	-	36,831	36,831	36,831	-
23 School leadership	585,877	410,138	(175,739)	410,138	-
31 Guidance, counseling and evaluation services	139,564	107,870	(31,694)	107,870	-
34 Student transportation	152,288	207,800	55,512	207,800	-
35 Food services	244,500	209,476	(35,024)	209,476	-
36 Extracurricular activities	31,407	106,852	75,445	106,852	-
41 General administration	463,315	325,263	(138,052)	325,263	-
51 Facility maintenance and operations	1,118,902	1,282,987	164,085	1,282,987	-
52 Security and monitoring services	71,835	124,760	52,925	124,760	-
53 Data processing services	392,912	552,350	159,438	552,350	-
61 Community services	-	52,076	52,076	52,076	-
71 Debt service	-	1,531	1,531	1,531	-
81 Fundraising	2,465	61,139	58,674	61,139	-
<i>Total expenses</i>	<u>5,469,352</u>	<u>5,698,188</u>	<u>228,836</u>	<u>5,698,188</u>	<u>-</u>
<i>Change in net assets</i>	224,750	215,580	(9,170)	215,580	-
<i>Net assets, beginning of year</i>	<u>979,177</u>	<u>979,177</u>	<u>979,177</u>	<u>979,177</u>	<u>-</u>
<i>Net assets, end of year</i>	<u>\$ 1,203,927</u>	<u>\$ 1,194,757</u>	<u>\$ 970,007</u>	<u>\$ 1,194,757</u>	<u>\$ -</u>

Pro-Vision Educational Services, Inc.
Schedule of Real Property Ownership Interest
For the year ended August 31, 2023

<i>Description</i>	<i>Property Address</i>	<i>Total Assessed Value</i>	<i>Ownership Interest</i>		
			<i>Local</i>	<i>State</i>	<i>Federal</i>
<i>None</i>		\$ -	\$ -	\$ -	\$ -

Pro-Vision Educational Services, Inc.
Schedule of Related Party Transactions
For the year ended August 31, 2023

<i>Related Party Name</i>	<i>Name of Relation to the Related Party</i>	<i>Relationship</i>	<i>Type of Transaction</i>	<i>Description of Terms and Conditions</i>	<i>Source of Funds Used</i>	<i>Payment Frequency</i>	<i>Total Paid During Fiscal Year</i>	<i>Principal Balance Due</i>
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None

Pro-Vision Educational Services, Inc.
Schedule of Related Party Compensation and Benefits
For the year ended August 31, 2023

<i>Related Party Name</i>	<i>Name of Relation to the Related Party</i>	<i>Relationship</i>	<i>Compensation or Benefit</i>	<i>Payment Frequency</i>	<i>Description</i>	<i>Source of Funds Used</i>	<i>Total Paid During Fiscal Year</i>
<i>None</i>							

Pro-Vision Educational Services, Inc.
Use of Funds Report
For the year ended August 31, 2023

<u>Data Codes</u>	<u>Compensatory Education Programs</u>	<u>Responses</u>
AP1	<i>Did the LEA expend any state compensatory education program state allotment funds during the fiscal year?</i>	Yes
AP2	<i>Does the LEA have written policies and procedures for its state compensatory education program?</i>	Yes
AP3	<i>List the total state allotment funds received for state compensatory education programs.</i>	\$ 593,658
AP4	<i>List the actual direct program expenditures for state compensatory education programs during the fiscal year (PICs: 24, 26, 28, 29, 30, 34).</i>	\$ 209,579
<u>Data Codes</u>	<u>Bilingual Education Programs</u>	<u>Responses</u>
AP5	<i>Did the LEA expend any bilingual education program state allotment funds during the fiscal year?</i>	No
AP6	<i>Does the LEA have written policies and procedures for its bilingual education program?</i>	No
AP7	<i>List the total state allotment funds received for bilingual education programs.</i>	\$ -
AP8	<i>List the actual direct program expenditures for bilingual education programs during the fiscal year (PICs: 25, 35).</i>	\$ -

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

To the Board of Directors
Pro-Vision Educational Services, Inc.

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 Pro-Vision Educational Services, Inc. (the "School") (a nonprofit organization), which comprise the statement of financial position as of August 31, 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 January 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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.

Haynie & Company

*Dallas, Texas
January 25, 2024*

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

To the Board of Directors
Pro-Vision Educational Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pro-Vision Educational Services, Inc.'s ("the School") (a nonprofit organization) compliance with the types of compliance requirements identified as a subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School's major federal programs for the year ended August 31, 2023. The School'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 the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 the School'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 the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School'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 the School'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 the School'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 the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.*

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section 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. 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.

Haynie & Company

*Dallas, Texas
January 25, 2024*

Pro-Vision Educational Services, Inc.
Schedule of Findings and Questioned Costs
Year Ended August 31, 2023

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statement Section

1. The type of report issued on the general-purpose financial statements: **Unmodified**
2. Significant deficiencies in internal controls were disclosed by the audit of the financial statements: **None reported**. Material Weaknesses: **No**
3. Noncompliance that is material to the financial statements: **No**

Federal Awards Section

1. The type of report issued on compliance for major programs: **Unmodified**
2. Significant deficiencies in internal controls were disclosed by the audit of the major programs: **None reported**. Material Weaknesses: **No**
3. Any audit findings that are required to be reported under 2 CFR section 200.516(a): **No**
4. Major Programs:

CRRSA ESSER II	84.425D
ARP ESSER III	84.425U
5. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
6. Auditee qualified as a low-risk auditee: **Yes**

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None

PART III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None

***Pro-Vision Educational Services, Inc.
Summary Schedule of Prior Audit Findings and Current Status
Year ended August 31, 2023***

There were no prior year audit findings.

Pro-Vision Educational Services, Inc.
Schedule of Expenditures of Federal Awards
August 31, 2023

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal ALN Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through Texas Education Agency</i>			
Title I, Part A - Improving Basic Programs	84.010A	23610101101868	\$ 291,074
Title I, School Improvement	84.010A	23610141101868	77,570
Total Title I			<u>368,644</u>
IDEA - Part B, Formula	84.027A	236600011018686000	113,205
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	236945000101868	35,689
CRRSA ESSER II	84.425D	21521001101868	31,016
ARP ESSER III	84.425U	21528001101868	883,763
TITLE IV, PART A, SUBPART 1	84.424A	23680101101868	18,528
<i>Total Passed Through Texas Education Agency</i>			<u>1,450,845</u>
Total U.S. Department of Education			<u>1,450,845</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Texas Education Agency</i>			
National School Breakfast Program	10.553	71402301	45,739
National School Lunch Program	10.555	71302301	175,345
National School Lunch Program - non-cash assistance	10.555		8,648
Total Child Nutrition Cluster			<u>229,732</u>
<i>Total Passed Through Texas Education Agency</i>			<u>229,732</u>
Total U.S. Department of Agriculture			<u>229,732</u>
Total Federal Awards			<u>\$ 1,680,577</u>

The accompanying notes are an integral part of this schedule

Pro-Vision Educational Services, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Pro-Vision Educational Services, Inc. ("the School") under programs of the federal government for the year ended August 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operation of the School, it is not intended to and does not present the financial position, changes in net assets, and cash flows of the School.

2. Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Commitments and Contingencies

Federal grants received by the School are subject to review and audit by grantor agencies. The School's management believes that the results of such audits will not have a material effect on the Schedule.

4. Election to Use 10% De Minimis Indirect Cost Rate

The School has elected not to use the 10 de minimis indirect cost rate allowed under Uniform Guidance.