



**WINFREE ACADEMY
CHARTER SCHOOLS**
Success tomorrow starts today...

Adopted Budgets

Function	2014-2015	2013-2014	2012-2013	2011-2012
11	\$ 3,965,188	\$ 5,350,800	\$ 5,200,000	\$ 5,024,744
13	\$ 409,526	\$ 300	\$ 900	\$ 200
21	\$ 371,577	\$ -	\$ -	\$ 45,000
23	\$ 1,441,415	\$ 1,938,255	\$ 2,000,000	\$ 1,484,776
31	\$ 449,493	\$ 160,000	\$ 191,100	\$ 15,500
32	\$ 154,902	\$ 135,000	\$ 130,000	\$ 99,000
33	\$ 250	\$ 85,000	\$ 78,000	\$ 67,000
34	\$ 17,900	\$ -	\$ -	\$ 24,450
36	\$ 31,484	\$ -	\$ -	\$ -
41	\$ 1,113,705	\$ 725,500	\$ 750,000	\$ 970,000
51	\$ 2,257,400	\$ 1,985,800	\$ 2,400,000	\$ 2,500,000
52	\$ 700	\$ 1,400	\$ 1,050	\$ 1,000
53	\$ 296,693	\$ 101,200	\$ 118,000	\$ 200,000
61	\$ 200			
71	\$ 814,000	\$ 810,000	\$ 817,000	\$ 1,120,000
81	\$ 6,000			
Total Budget	\$ 11,330,433	\$ 11,293,255	\$ 11,686,050	\$ 11,551,670

Function Codes by Definition

11 Instruction	36 Extra/Co-Curricular
13 Curriculum & Staff Development	41 General Administration
21 Instructional Leadership	51 Plant Maintenance & Operations
23 Campus Leadership	52 Security & Monitoring Services
31 Guidance, Counseling & Evaluation Services	53 Data Processing Services
32 Social Work Services	61 Community Services
33 Health Services	71 Debt Service
34 Transportation Services	81 Fund Raising

2014-2015 Superintendent Salary - \$142,728

Winfree Academy Charter School, Inc.

Financial Statements

August 31, 2014

For the year then ended

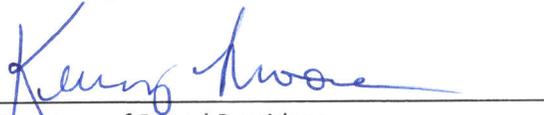
CERTIFICATE OF BOARD

Winfree Academy Charter School, Inc.
County-District Number: 057-828

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, 2014, at a meeting of the board of trustees of such charter holder on the 16th day of December, 2014.



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):



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Winfree Academy Charter School

We have audited the accompanying basic financial statements of Winfree Academy Charter School, Inc. ("Winfree Academy") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2014 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

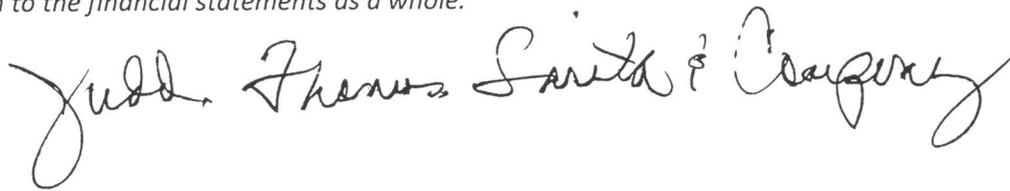
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winfree Academy Charter School, Inc. as of August 31, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Winfree Academy. 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 on pages 13 - 15 has been presented in addition to the basic financial statements. This information has been subjected to the auditing procedures applied to the basic 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2014, on our consideration of Winfree 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Winfree Academy's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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.



Dallas, Texas
November 21, 2014

WINFREE ACADEMY CHARTER SCHOOL, INC.

Statement of Financial Position
As of August 31, 2014

Assets

Current assets	
Cash and cash equivalents	\$ 759,679
Restricted cash - debt service reserve	816,655
Certificates of deposit	329,871
Due from grantor agencies	148,540
Other receivables	66,244
Deferred expenditures	145,536
Total current assets	<u>2,266,525</u>
Other assets	
Depreciable assets	8,921,464
Less accumulated depreciation	<u>(2,663,203)</u>
Depreciable assets, net	6,258,261
Rent deposits	25,595
Total other assets	<u>6,283,856</u>
Total assets	\$ <u>8,550,381</u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 143,681
Accrued rent payable	17,267
Payroll withholdings payable	16,063
Accrued wages payable	232,070
Current portion of long-term debt	105,000
Total current liabilities	<u>514,081</u>
Long-term debt	<u>7,800,000</u>
Total liabilities	<u>8,314,081</u>
Net assets	
Unrestricted	<u>236,300</u>
Total net assets	<u>236,300</u>
Total liabilities and net assets	\$ <u>8,550,381</u>

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

WINFREE ACADEMY CHARTER SCHOOL, INC.

Statement of Activities
For the year ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
<i>Local support:</i>			
5742 Interest and other income	\$ 752	\$ -	\$ 752
5743 Rent income	1,200	-	1,200
5749 Other revenues - local sources	10,613	-	10,613
Total local support	<u>12,565</u>	<u>-</u>	<u>12,565</u>
<i>State program revenues:</i>			
5811 Available school fund program	-	323,689	323,689
5812 Foundation school program	-	10,377,260	10,377,260
5829 State program revenues distributed by the TEA	-	159,471	159,471
Total state program revenues	<u>-</u>	<u>10,860,420</u>	<u>10,860,420</u>
<i>Federal program revenues:</i>			
5929 ESEA, Title X, Part C - Homeless Children	-	36,014	36,014
5929 IDEA - B Formula	-	390,179	390,179
Total federal program revenues	<u>-</u>	<u>426,193</u>	<u>426,193</u>
Net assets released from restrictions	<u>11,286,613</u>	<u>(11,286,613)</u>	<u>-</u>
Total revenues	<u>11,299,178</u>	<u>-</u>	<u>11,299,178</u>
Expenses			
<i>Program services:</i>			
11 Instruction	5,693,945	-	5,693,945
13 Curriculum and instructional staff development	540,952	-	540,952
21 Instructional leadership	165,835	-	165,835
23 School leadership	1,312,886	-	1,312,886
<i>Support services:</i>			
31 Guidance, counseling and evaluation services	794,849	-	794,849
32 Social work services	169,910	-	169,910
33 Health services	68,889	-	68,889
34 Transportation	29,506	-	29,506
36 Extracurricular activities	13,120	-	13,120
41 General administration	905,019	-	905,019
51 Plant maintenance and operations	1,298,840	-	1,298,840
52 Security and monitoring services	100	-	100
53 Data processing services	165,435	-	165,435
71 Debt service	730,150	-	730,150
81 Facilities acquisition and construction	99,751	-	99,751
Total expenses	<u>11,989,187</u>	<u>-</u>	<u>11,989,187</u>
Loss on disposition of property and equipment	11,858	-	11,858
Change in net assets	(701,867)	-	(701,867)
Net assets, beginning of year	<u>938,167</u>	<u>-</u>	<u>938,167</u>
Net assets, end of year	<u>\$ 236,300</u>	<u>\$ -</u>	<u>\$ 236,300</u>

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

WINFREE ACADEMY CHARTER SCHOOL, INC.

Statement of Cash Flows
For the year ended August 31, 2014

<i>Cash flows from operating activities</i>	
Change in net assets	\$ (701,867)
<i>Adjustments to reconcile change in net assets to net cash used by operating activities</i>	
Loss on disposition of capital assets	11,858
Depreciation expense	350,154
Decrease in funds due from grantor agencies	201,905
Increase in other receivables	(66,244)
Increase in deferred expenditures	(145,536)
Decrease in other assets	54,637
Increase in accounts payable	143,681
Increase in accrued rent payable	17,267
Decrease in payroll withholdings payable	(55,698)
Decrease in wages payable	(47,248)
Net cash used by operating activities	<u>(237,091)</u>
<i>Cash flows from investing activities</i>	
Net maturities of certificates of deposit	(734)
Payments for depreciable assets	<u>(9,733)</u>
Net cash used by investing activities	<u>(10,467)</u>
<i>Cash flows from financing activities</i>	
Payments of long-term debt	<u>(95,000)</u>
Net cash used by financing activities	<u>(95,000)</u>
Net decrease in cash and cash equivalents	(342,558)
Cash and cash equivalents at beginning of year	<u>1,918,892</u>
Cash and cash equivalents at end of year	\$ <u><u>1,576,334</u></u>
<i>Supplemental disclosures of cash flow information:</i>	
<i>Cash paid during the year for:</i>	
Interest	\$ <u><u>730,150</u></u>
Income taxes	\$ <u><u>-</u></u>

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

WINFREE ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of activities

Winfree Academy Charter School, Inc. ("Winfree Academy") is an open enrollment charter school serving at risk students at six campus locations in North Texas. Winfree Academy is supported primarily through state foundation school program act entitlements, donor contributions, and Federal grants. Approximately 96 percent of Winfree Academy's support for 2014 came from state entitlements. Winfree Academy does not conduct any other charter or non-charter activities.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Winfree Academy and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or net assets subject to donor-imposed restrictions that have been met by Winfree Academy within the same year received. State and federal revenues are reported as unrestricted net assets because it met all state and Federal restrictions in the same reporting period and this accounting treatment has been applied consistently from period to period.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Winfree Academy and/or the passage of time. When a restriction is met in the year following receipt, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

Certificates of Deposit

Winfree Academy invests excess funds in certificates of deposit from a financial institution. The maturity term of the investments was 319 days each. All certificates of deposit mature on June 25, 2015.

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.

WINFREE ACADEMY CHARTER SCHOOL

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

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.

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. Winfree Academy capitalizes all expenditures for depreciable assets greater than \$5,000. Depreciation is provided using the straight-line method over estimated useful life of the assets.

Income taxes

Winfree Academy 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, Winfree Academy 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.

Winfree Academy 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 prior to September 1, 2010.

Date of Management's Review

Subsequent events were evaluated through November 21, 2014, which is the date the financial statements were available to be issued.

2. Due from Grantor Agencies

As of August 31, 2014, Winfree Academy had earned the following revenues which were not received until after the end of the fiscal year:

Foundation entitlements	\$ 120,580
Federal grants	<u>27,960</u>
Total	<u>\$ 148,540</u>

WINFREE ACADEMY CHARTER SCHOOL

Notes to Financial Statements

3. Depreciable Assets

The following is a summary of property and equipment as of August 31, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclass/ Retirement</u>	<u>Ending Balance</u>
Buildings, land and improvements	\$ 8,977,296	\$ 59,733	\$ 639,757	\$ 8,397,272
Vehicles	220,177	-	21,193	198,984
Furniture and equipment	<u>330,202</u>	<u>-</u>	<u>4,994</u>	<u>325,208</u>
Totals	\$ <u>9,527,675</u>	\$ <u>59,733</u>	\$ <u>665,944</u>	\$ <u>8,921,464</u>
Less: accumulated depreciation	<u>2,967,135</u>	<u>350,154</u>	<u>654,086</u>	<u>2,663,203</u>
Capital assets, net	\$ <u><u>6,560,540</u></u>	\$ <u><u>(290,421)</u></u>	\$ <u><u>11,858</u></u>	\$ <u><u>6,258,261</u></u>

*Depreciation expense for the year ended August 31, 2014 was \$350,154.

4. Leases

Winfree Academy leases space and office equipment under non-cancellable operating leases with varying expiration dates between July 2015 and July 2025.

Minimum annual rental commitments at August 31, 2014, are as follows:

2015	\$ 1,115,023
2016	883,040
2017	734,638
2018	729,018
2019	721,663
Thereafter	<u>3,490,302</u>
Total minimum lease commitments under non-cancellable operating leases	<u>\$ 7,673,684</u>
Total rent expense during 2013-14	<u>\$ 1,238,453</u>

WINFREE ACADEMY CHARTER SCHOOL

Notes to Financial Statements

5. Long-term Debt

Long-term debt consists of Series 2009 Education Revenue Bonds. The bonds mature at various dates through August 15, 2038. The bonds are secured by certain real and personal property and bear a 9% interest rate. Interest is paid each August 15th.

Long-term debt activity for the year ended August 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ <u>8,000,000</u>	<u>-</u>	\$ <u>95,000</u>	\$ <u>7,905,000</u>	\$ <u>105,000</u>

Presented below is a summary of bond payment requirements to maturity:

<u>Year ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 105,000	\$ 711,450	\$ 816,450
2016	110,000	702,000	812,000
2017	120,000	692,100	812,100
2018	135,000	681,300	816,300
2019	145,000	669,150	814,150
2020-2024	950,000	3,124,350	4,074,350
2025-2029	1,460,000	2,612,700	4,072,700
2030-2034	2,245,000	1,826,550	4,071,550
2035-2038	<u>2,635,000</u>	<u>618,300</u>	<u>3,253,300</u>
	\$ <u>7,905,000</u>	\$ <u>11,637,900</u>	\$ <u>19,542,900</u>

6. Contingent Liabilities

Winfree Academy participates in numerous programs that are subject to audit by the Texas Education Agency (the "TEA") 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.

During the course of the 2013-2014 fiscal year, the TEA concluded an investigation of the finances and operations of Winfree Academy. Although the findings of the investigation did not significantly affect the financial statements of Winfree Academy, management is currently implementing corrective action plans regarding revisions to its operating and financial policies and procedures.

WINFREE ACADEMY CHARTER SCHOOL

Notes to Financial Statements

7. Concentration of Credit Risk

Winfree Academy maintains cash and cash equivalents at financial institutions in excess of federally insured limits.

8. 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. A reconciliation of cash paid to revenue recognized is as follows:

Cash paid during fiscal year	\$	10,567,200
Revenue accrued at year-end		120,580
Revenue accrued in prior year		(310,520)
Revenue recognized during current year	\$	<u>10,377,260</u>

9. Retirement Benefits

Plan Description – Winfree Academy contributes to the Teacher Retirement System of Texas (the “System”), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by Winfree Academy, but are the liability of the State of Texas and its participating members. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System’s annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123.

Funding Policy - Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.8% of Winfree Academy’s covered payroll. Winfree Academy’s employee’s contribution to the system for the year ending August 31, 2014 were \$444,486, which is equal to the required contribution for the year.

Employees may contribute 0.65% of their salary and Winfree Academy must contribute 0.55% of the salary of each active employee to TRS-Care (the TRS health plan for retired employees). The total amount contributed to TRS-Care for the year was \$45,143 which is equal to the employee’s contribution and Winfree Academy’s required contributions for the year.

WINFREE ACADEMY CHARTER SCHOOL

Notes to Financial Statements

10. Related Party Transactions

The Winfree Schools Foundation (the "Foundation") is an exempt organization from Federal income taxes under Internal Revenue Code Section 501(c)(3). The purpose of the Foundation is to raise funds for the benefit of Winfree Academy. Although an economic interest exists between Winfree Academy and the Foundation, the Board of Trustees of Winfree Academy do not have a controlling interest in the governing board of the Foundation. Consequently, the financial position and activities of the Foundation have not been consolidated into the financial statements of Winfree Academy. During the year ended August 31, 2014, the Foundation donated \$2,997 to Winfree Academy.

The Foundation's financial activity is summarized as follows:

<u>Financial Position Summary</u>	
Cash	\$ 3,940
Total assets	<u>3,940</u>
Total liabilities	<u>-</u>
Net assets	<u>\$ 3,940</u>
<u>Statement of Activities Summary</u>	
Revenues	\$ 3,820
Expenditures	<u>9,181</u>
Decrease in net assets	5,361
Net assets, beginning	<u>9,301</u>
Net assets, ending	<u>\$ 3,940</u>

11. Budget Variance

Prior to the beginning of each school year, Winfree Academy prepares and submits its annual budget for the next fiscal year. However, due to the significant inflows and outflows of students from the program, the budget must be amended on a regular basis. This has resulted in the significant variances between the original adopted budget and final amended budget presented on the Budgetary Comparison Schedule.

In addition, function 11 (Instruction), function 13 (Curriculum and instruction staff development, function 31 (Guidance, counseling and evaluation services), function 32 (Social work services), function 36 (Extracurricular activities) and function 81 (Facilities acquisition and construction) all reported unfavorable variances as compared to the final amended budgets. This was a result of significant reclassification of expenses as part of the year-end closing process subsequent to the final amendments approved by the Board. Although the total variance from budget was favorable, management has implemented procedures that all reclassifications are posted prior to the final budget amendments have been made.

WINFREE ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenses
For the year ended August 31, 2014

<i>Expenses</i>	<i>Total</i>
6100 Payroll costs	\$ 7,746,956
6200 Professional and contracted services	2,468,998
6300 Supplies and materials	344,818
6400 Other operating costs	698,265
6500 Debt	730,150
Total expenses	\$ <u>11,989,187</u>

WINFREE ACADEMY CHARTER SCHOOL, INC.

Schedule of Capital Assets
For the year ended August 31, 2014

	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Private</u>	<u>Total</u>
1510 Land and improvements	\$ -	\$ 976,233	\$ -	\$ -	\$ 976,233
1520 Buildings and improvements	-	7,421,040	-	-	7,421,040
1531 Vehicles	-	198,983	-	-	198,983
1539 Furniture and equipment	-	325,208	-	-	325,208
Total property and equipment	\$ -	\$ 8,921,464	\$ -	\$ -	\$ 8,921,464

WINFREE ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule
For the year ended August 31, 2014

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenues				
<i>Local support:</i>				
5742 Interest income	\$ -	\$ 400	\$ 752	\$ 352
5743 Rent	-	1,200	1,200	-
5749 Other revenues - local sources	-	82,997	10,613	(72,384)
Total local support	-	84,597	12,565	(72,032)
<i>State program revenues:</i>				
5811 Available school fund program	-	317,191	323,689	6,498
5812 Foundation school program	11,300,000	10,945,639	10,377,260	(568,379)
5829 State program revenues distributed by the TEA	-	138,226	159,471	21,245
Total state program revenues	11,300,000	11,401,056	10,860,420	(540,636)
<i>Federal program revenues:</i>				
5929 ESEA, Title X, Part C - Homeless Children	-	36,000	36,014	14
5929 IDEA - B Formula	-	319,236	390,179	70,943
Total federal program revenues	-	355,236	426,193	70,957
Total revenues	11,300,000	11,840,889	11,299,178	(541,711)
Expenses				
11 Instruction	5,350,800	4,900,923	5,693,945	(793,022)
13 Curriculum and instructional staff deveelopment	300	315,332	540,952	(225,620)
21 Instructional leadership	-	369,970	165,835	204,135
23 School leadership	1,938,255	1,523,052	1,312,886	210,166
31 Guidance, counseling and evaluation services	160,000	376,310	794,849	(418,539)
32 Social work services	135,000	126,999	169,910	(42,911)
33 Health services	85,000	74,000	68,889	5,111
34 Transportation	-	39,640	29,506	10,134
36 Extracurricular activities	-	11,891	13,120	(1,229)
41 General administration	725,500	1,207,910	905,019	302,891
51 Plant maintenance and operations	1,985,800	2,398,314	1,298,840	1,099,474
52 Security and monitoring services	1,400	300	100	200
53 Data processing services	101,200	339,595	165,435	174,160
71 Debt service	810,000	684,000	730,150	(46,150)
81 Facilities acquisition and construction	-	81,370	99,751	(18,381)
Total expenses	11,293,255	12,449,606	11,989,187	460,419
Loss on disposition of property and equipment			11,858	(11,858)
Change in net assets	6,745	(608,717)	(701,867)	(81,292)
Net assets, beginning of year	938,167	938,167	938,167	-
Net assets, end of year	\$ 944,912	\$ 329,450	\$ 236,300	\$ (81,292)



**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 Trustees
Winfree Academy Charter School, Inc.

We have audited the statement of financial position, statement of activities, the schedule of functional expenses, and the statement of cash flows of Winfree Academy Charter School, Inc. ("Winfree Academy"), as of and for the year ended August 31, 2014, which collectively comprise Winfree Academy's basic financial statements and have issued our report thereon dated November 21, 2014. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Winfree Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Winfree Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Purpose of this Report

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

Judd Thomas, Smith & Company

Dallas, Texas
November 21, 2014



WINFREE ACADEMY
CHARTER SCHOOLS
Success tomorrow starts today...

Winfree Academy Charter Schools

2013-2014 School FIRST rating and Annual Financial Management Report



**WINFREE ACADEMY
CHARTER SCHOOLS**
Success tomorrow starts today...

2012-13 Board of Directors

Mrs. Jennifer Sullivan, Chair
Mr. Wayne Gillespie, Vice Chair of Operations
Mr. Robert Patton
Mrs. June Shrewsbury, Secretary
Mr. Greg Ward, Treasurer
Mrs. Kelley Moore, Vice Chair of Special Programs

Superintendent

Ms. Brandy Schott, Superintendent

Finance

Mrs. Sharay Boynton, CPA, Executive Director of Business

Introduction

This report is written to address the reporting requirements under Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1005.

Background

As stated in 19 Texas Administrative Code 109.1001, "The purpose of the financial accountability rating system is to ensure that school districts and open-enrollment charter schools will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources."

Open enrollment charter schools are evaluated on the following criteria :

(a) The criteria for financial accountability ratings will be based upon indicators established by the commissioner of education and reflected in §109.1002 of this title (relating to Financial Accountability Ratings), in accordance with requirements in state law and after consultation with the comptroller of public accounts. The commissioner of education shall evaluate the rating system annually and may modify the system in order to improve the effectiveness of the rating system. Changes to criteria for ratings and their effective dates will be communicated to school districts and open-enrollment charter schools.

(b) The Financial Accounting Standards Board (FASB) requires not-for-profit entities such as charter holders to present financial statements showing an aggregate view of the entity as a whole.

(1) The Financial Accountability System Resource Guide, Module 10, Special Supplement-Charter Schools, Section 1.7.2, under §109.41 of this title (relating to Financial Accountability System Resource Guide), states that the charter holder is required to submit audited financial statements for the charter holder entity as a whole (both for charter and non-charter operations) as well as additional exhibits for each individual charter (determined by county-district number).

(2) For purposes of comparability among schools, all financial calculations for the indicators under §109.1002(g) of this title use the financial statements for a charter school; however, in the case of consolidated financial statements, any indicators relating to the auditor's opinion on the financial statements, material weaknesses in internal controls, or material noncompliance will be judged on the financial statements for the entity as a whole.

Once the evaluations have been conducted, one of the following School FIRST ratings are applied:

(1) Superior Achievement. In accordance with the procedures established in §109.1002 of this title (relating to Financial Accountability Ratings), a school district or open-enrollment charter school shall be classified as Superior Achievement if it scores within the applicable range established by the commissioner of education for Superior Achievement.

(2) Above Standard Achievement. In accordance with the procedures established in §109.1002 of this title, a school district or open-enrollment charter school shall be classified as Above Standard Achievement if it scores within the applicable range established by the commissioner of education for Above Standard Achievement.

(3) Standard Achievement. In accordance with the procedures established in §109.1002 of this title, a school district or open-enrollment charter school shall be classified as Standard Achievement if it scores within the applicable range established by the commissioner of education for Standard Achievement.

(4) Substandard Achievement. In accordance with the procedures established in §109.1002 of this title, a school district or open-enrollment charter school shall be classified as Substandard Achievement if it responds negatively to specified indicators or if it scores within the applicable range established by the commissioner of education for Substandard Achievement. The commissioner of education may apply sanctions to a district that is assigned a Substandard Achievement rating and may require other corrective actions.

(5) Suspended--Data Quality. If the commissioner of education, a Suspended--discloses serious data quality issues Data Quality rating shall be assigned to the school district or open-enrollment charter school. The Suspended--Data Quality rating will be assigned until the school district or open-enrollment charter school successfully resolves the data quality issues. The commissioner of education may apply sanctions to a school district or open-enrollment charter school that is assigned a Suspended--Data Quality rating and may require other corrective actions.

Notices

Pursuant to 19 TAC 109.1005(c), a public meeting was conducted on October 14, 2014 at 5:00 PM at the Winfree Academy Charter Schools corporate offices to discuss the 2013 School FIRST rating and Annual Financial Management Report. Two notices were posted in the Dallas Morning News on September 30, 2014 and October 7, 2014 providing the time and place of the public meeting to fulfill requirements of 19 TAC 109.1005 (c)(1). Additionally, a news release was sent through electronic mail on October 6, 2014 to Fox 4 KDFW, NBC 5 KXAS, ABC 8 WFAA, and CBS 11 KTVT to fulfill the requirements of 19 TAC 109.1005(c)(2).

Pursuant to 19 TAC 109.1005(b)(1)(B), the annual financial management report prepared by the open-enrollment charter school must include the open-enrollment charter school's financial management performance under each indicator for the current and previous years' financial accountability ratings.

2013-14 School FIRST – “Substandard Achievement”

Indicator Detail Summary Determination of Ratings Size-Dependent Indicators

Name: WINFREE ACADEMY CHARTER SCHOOLS(057828)	Publication Level 0: 6/17/2014 8:14:23 AM
Status: FAILED	Publication Level 1: 9/5/2014 3:56:38 PM
Rating: Substandard Achievement	Publication Level 2: 9/5/2014 3:58:47 PM
Charter School Score: 47	
Passing Score: 50	Last Updated: 9/5/2014 3:58:47 PM

2012-13 Data		
Indicator Num	Indicator Description	Score
1	Did The Charter School Avoid Holds On Payments That Were Not Cleared Within 30 Days, As A Result Of Untimely Deposits To TRS Or TWC?	YES
2	Was The Total Net Asset Balance In The Statement Of Financial Position For The Charter School Greater Than Zero? (If The Charter School's Five-Year Percent Change In Students Was A 10% Increase Or More, Then The Charter School Passes This Indicator).	YES
3	Were There No Disclosures In The Charter Holder's Annual Financial Report And/Or Other Sources Of Information Concerning Default On Debt?	YES
4	Was The Charter Holder's Annual Financial Report Filed Within One Month After The November 27th Or January 28th Deadline Depending Upon The Charter School's Fiscal Year End Date (June 30th Or August 31st)?	YES
5	Was There An Unqualified Opinion In The Charter Holder's Annual Financial Report?	YES
6	Did The Charter Holder's Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?	YES
7	Are the Charter School's Liabilities Less Than 80% Of Its Assets?	0

8	Did The Comparison Of PEIMS Data To Like Information In The Charter School's Annual Financial Report Result In An Aggregate Variance Of Less Than 3% Of All Expenses (Data Quality Measure)?	5
9	Were The Charter School's Debt Related Expenses Less Than \$200 Per Student? (If The Charter School's Five-year Percent Change In Students Was A 7% Increase Or More, Then The Charter School Receives 5 Points)	3
10	Was There No Disclosure In The Charter Holder's Annual Audit Report Of Material Noncompliance?	5
11	Did The Charter School Have No Monitor, Conservator, Manager, Or Board Of Managers Assigned For Financial Management Reasons?	0

12	Was The Charter School's Aggregate Of Budgeted Expenses Less Than The Aggregate Of Budgeted Revenues And Cash And Investments At The Beginning Of The Year?	5
13	Was The Charter School's Current Ratio For All Net Asset Groups Greater Than Or Equal To 1:1?	5
14	Was The Charter School's Administrative Cost Ratio Less Than The Threshold Ratio? (Threshold Shown On The "Result Determination Reference" Tab)	5
15	Was The Ratio Of Students To Teachers Within The Ranges According To Charter School Size? (Ranges Shown On The "Result Determination Reference" Tab)	4
16	Was The Ratio Of Students To Total Staff Within The Ranges According To Charter School Size? (Ranges Shown On The "Result Determination Reference" Tab)	5
17	Was The Decrease In The Charter School's Total Net Assets Less Than 20% Over Two Fiscal Years? (Calculation Excludes Depreciation And Amortization)	5
18	Was The Charter School's Aggregate Total Of Cash And Investments More Than Zero?	5
19	Did The Charter School's Investment Earnings In All Net Asset Groups Meet Or Exceed The Average 3-Month Treasury Bill Rate?	0

47
Weighted
Sum
1 Multiplier
Sum
47 Score

Executive Director Comments:

Indicator #7, Winfree Academy Charter Schools failed due to the bond debt causing liabilities to be greater than 80% of Winfree's assets. Administration is working to refinance this debt so as to decrease the liabilities.

Indicator #9, Winfree Academy Charter Schools lost two points due the bond debt discussed in indicator #7. Refinancing of this debt should lower the amount per student, thus freeing up additional points for future years.

Indicator #11, Winfree Academy Charter Schools lost five points due to TEA assigning a Financial Monitor. These points will be lost again for 2013-14 data.

Indicator # 15, Winfree Academy Charter Schools lost one point due to staffing levels being higher than the range allowed for the school's size. Administration will

continue to review staffing to ensure it falls within ranges established by the standard and meets the needs of the students.

Indicator #19, Winfree Academy Charter Schools lost five points due to investments being a rate less than the 90 day t-bill. This was an all or none indicator. Investment rates are controlled by the market and currently the funds are invested as allowed to meet investment limitations and cash flow needs. Administration will continue to monitor and invest funds to maximize the earning potential and meet the needs of the organization.

2012-2013 School FIRST – “Standard Achievement”

Indicator Detail Summary Determination of Ratings Size-Dependent Indicators

Name: WINFREE ACADEMY CHARTER SCHOOLS (057828) Publication Level 0: 6/20/2013 10:42:59 AM
Status: PASSED Publication Level 1: 9/12/2013 6:37:32 PM
 Rating: Standard Achievement Publication Level 2: 9/12/2013 6:37:32 PM
 Charter School Score: 53 Last Updated: 9/12/2013 6:37:32 PM
 Passing Score: 50

2011-2012 Charter Schools Status Detail

Indicator Num	Indicator Description	Score
1	Did The Charter School Avoid Holds On Payments That Were Not Cleared Within 30 Days, As A Result Of Untimely Deposits To TRS Or TWC?	YES
2	Was The Total Net Asset Balance In The Statement Of Financial Position For The Charter School Greater Than Zero? (If The Charter School’s Five-Year Percent Change In Students Was A 10% Increase Or More, Then The Charter School Passes This Indicator).	YES
3	Were There No Disclosures In The Charter Holder’s Annual Financial Report And/Or Other Sources Of Information Concerning Default On Debt?	YES
4	Was The Charter Holder’s Annual Financial Report Filed Within One Month After The November 27th Or January 28th Deadline Depending Upon The Charter School’s Fiscal Year End Date (June 30th Or August 31st)?	YES
5	Was There An Unqualified Opinion In The Charter Holder’s Annual Financial Report?	YES
6	Did The Charter Holder’s Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?	YES
7	Are the Charter School’s Liabilities Less Than 80% Of Its Assets?	0
8	Did The Comparison Of PEIMS Data To Like Information In The Charter School’s Annual Financial Report Result In An Aggregate Variance Of Less Than 3% Of All Expenses (Data Quality Measure)?	5

9	Were The Charter School's Debt Related Expenses Less Than \$200 Per Student? (If The Charter School's Five-year Percent Change In Students Was A 7% Increase Or More, Then The Charter School Receives 5 Points)	3
10	Was There No Disclosure In The Charter Holder's Annual Audit Report Of Material Noncompliance?	5
11	Did The Charter School Have No Monitor, Conservator, Manager, Or Board Of Managers Assigned For Financial Management Reasons?	5

12	Was The Charter School's Aggregate Of Budgeted Expenses Less Than The Aggregate Of Budgeted Revenues And Cash And Investments At The Beginning Of The Year?	5
13	Was The Charter School's Current Ratio For All Net Asset Groups Greater Than Or Equal To 1:1?	5
14	Was The Charter School's Administrative Cost Ratio Less Than The Threshold Ratio? (Threshold Shown On The "Result Determination Reference" Tab)	0
15	Was The Ratio Of Students To Teachers Within The Ranges According To Charter School Size? (Ranges Shown On The "Result Determination Reference" Tab)	5
16	Was The Ratio Of Students To Total Staff Within The Ranges According To Charter School Size? (Ranges Shown On The "Result Determination Reference" Tab)	5
17	Was The Decrease In The Charter School's Total Net Assets Less Than 20% Over Two Fiscal Years? (Calculation Excludes Depreciation And Amortization)	5
18	Was The Charter School's Aggregate Total Of Cash And Investments More Than Zero?	5
19	Did The Charter School's Investment Earnings In All Net Asset Groups Meet Or Exceed the Average 3-Month Treasury Bill Rate?	5

53 Weighted Sum

1 Multiplier Sum

53 Score

Pursuant to 19 TAC 109.1005(b)(2)(A), the annual financial management report prepared by the open-enrollment charter school must include a copy of the superintendent's current employment contract or terms of employment.

*Winfree Academy
Charter Schools*

SALARY VERIFICATION FORM
2014-2015 School Year

Employee Name: Schott, Brandy

Location: Administration

Position: Superintendent This is an At-Will employment position

Your employment shall be on an 12-month basis with employment commencing on the date listed below. Your work schedule will be according to the hours and dates set by the school calendar or as otherwise required by the School. It is anticipated you will work at least the number of days and timeframe described below.

The daily rate below is for leave/deduction purposes only.

Commencement: 08-1-2014 to 07-31-2015

235 number of days \$ 607.35 daily rate = \$142,728.00 annual salary.

Full Time
EXEMPT Executive Duties
Pay Grade E-10

**BOARD
APPROVED**


Employee Signature

Board of Directors
Approval Date 6-24-2014

Code To: 420-41-6119-701-99

Monthly Gross= \$ 11,894.00



School FIRST Annual Financial Management Report

Winfree Academy Charter Schools 2013-14 Report

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1005. Effective 2/3/11. The template has been established to help the charter schools in gathering their data and presenting it at their School FIRST hearing. The template may not be all inclusive.

Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract at the time of the School FIRST hearing is to be provided. In lieu of publication in the annual School FIRST financial management report, the charter school may chose to publish the superintendent's employment contract on the charter school's Internet site. If published on the Internet, the contract is to remain accessible for twelve months.

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period
Ended August 31, 2013

<u>Description of Reimbursements</u>	Superintendent Brandy Schott	Board Jennifer Sullivan	Board Wayne Gillespie	Board Robert Patton	Board Greg Ward	Board Kelley Moore	Board June Shrewsbury
Meals	\$ 40.53	\$	\$	\$	\$	\$	\$
Lodging	\$ 82.63						
Transportation							
Motor Fuel							
Other							
Total	\$123.16	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:
 Meals – Meals consumed out of town, and in geographic-boundary meals at area restaurants (outside of board meetings, excludes catered board meeting meals).
 Lodging - Hotel charges.
 Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).
 Motor fuel – Gasoline.
 Other: - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

For the Twelve-Month Period
 Ended August 31, 2013

<u>Name(s) of Entity(ies)</u>	Amount Received \$
-------------------------------	-----------------------

Total	\$0.00
-------	--------

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to charter school business.

**Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)
 (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period
 Ended August 31, 2013

	Superintendent	Board	Board	Board	Board	Board	Board
	Brandy Schott	Jennifer Sullivan	Wayne Gillespie	Robert Patton	Greg Ward	Kelley Moore	Eddie Vernon
Total	0	0	0	0	0	0	0

Note – An executive officer is defined as the superintendent, unless the board of trustees or the charter school administration names additional staff under this classification for local officials.

Business Transactions Between Charter School and Board Members

For the Twelve-Month Period
 Ended August 31, 2013

	Board	Board	Board	Board	Board	Board
	Jennifer Sullivan	Wayne Gillespie	Robert Patton	Greg Ward	Kelley Moore	Eddie Vernon
Amounts	0	0	0	0	0	0

Note - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC §39.0822

General Fund - First-Quarter Expenses By Object Code

Report 2013-2014 first-quarter (first three months of fiscal year 2013-2014) NET ASSETS expenses by object code using whole numbers.

Payroll- Expenses for payroll costs	object codes 6110-6149	<u>\$ 2,166,207.00</u>
Contract Costs- Expenses for services rendered by firms, individuals, and other organizations	object code series 6200	<u>\$ 626,106.00</u>
Supplies and Materials- Expenses for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	<u>\$ 185,385.00</u>
Other Operating- Expenses for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	<u>\$ 122,965.00</u>
Debt Service- Expenses for debt service	object code series 6500	<u>\$ 179,965.00</u>
Capital Outlay- Expenses for land, buildings, and equipment	object code series 1500	<u>\$ -</u>

Additional Financial Solvency Questions

	Yes	No
1) At any time in the last two years, has your charter school borrowed funds to pay for operating expenses without repaying these funds within 12 months from the time that they were borrowed?	_____	X _____
2) Has the charter school declared bankruptcy within the past two years?	_____	X _____
3) Does the charter school have any major construction projects underway or planned?	_____	X _____
4) Has the charter school defaulted on any debts within the past two years?	_____	X _____
5) Does the charter school have more than one month of salaries accrued (not yet paid) because of cash flow issues?	_____	X _____
6) Does the charter school have payroll taxes payable (not yet paid) that are not paid?	_____	X _____
7) How many business managers has your charter school had in the last three years? _____ 1 _____		

8) Provide comments or explanations for WADA-to-staff ratios significantly (more than 30 percent) below the norm, rapid depletion of net asset balances, or any significant discrepancies between actual budget figures and projected revenues and expenses, or any other information that may be helpful in evaluating the charter school's financial solvency.

<u>Mean WADA-to-ALL STAFF Ratio</u>	<u>70% of Mean WADA-to-ALL STAFF Ratio</u>	<u>Charter School Size</u>
8.30	7.05	Under 100
10.48	8.91	100 to 249
11.78	10.01	250 to 499
11.61	9.87	500 to 999
49.78	42.31	1,000 to 1,599
13.76	11.70	1,600 to 2,999
14.84	12.61	3,000 to 4,999
15.93	13.54	5,000 to 9,999
18.02	15.32	10,000 to 24,999

N/A

