

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED AUGUST 31, 2020

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LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY
(Federal Employer Identification Number 75-2739703)
057-808

CERTIFICATE OF BOARD
August 31, 2020

We, the undersigned, certify that the attached Annual Financial and Compliance Report of LTTS Charter School, Inc. dba Universal Academy was reviewed and ☒ approved ☐ disapproved for the year ended August 31, 2020, at a meeting of the governing body of said charter holder on the 19th day of JANUARY, 2021.



Signature of Acting Board Secretary



Signature of Board President

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LTTS Charter School, Inc. dba Universal Academy
Irving, TX

Report on the Financial Statements

We have audited the accompanying financial statements of LTTS Charter School, Inc. dba Universal Academy ("the Academy") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of August 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) 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 8, 2021, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control over financial reporting and compliance.



Houston, TX
January 8, 2021

LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 5,029,927
Restricted Cash	9,995,957
Prepaid Expenses	51,843
TOTAL CURRENT ASSETS	15,077,727

PROPERTY AND EQUIPMENT

Land	9,193,423
Building and Improvements	25,040,492
Furniture and Equipment	1,565,420
Vehicles	1,161,663
Construction in Progress	906,650
	37,867,648
Less: Accumulated Depreciation	(5,062,057)
	32,805,591

TOTAL ASSETS	\$ 47,883,318
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 86,539
Accrued Wages	518,789
Accrued Liabilities	214,363
Deferred Revenue	514,220
Interest Payable	1,459,210
Paycheck Protection Program Note Payable	1,044,912
Current Portion of Bonds Payable	455,000
TOTAL CURRENT LIABILITIES	4,293,033

LONG-TERM LIABILITIES

Paycheck Protection Program Note Payable, Net of Current Portion	832,123
Bonds Payable, Net of Discount, Issuance Costs and Current Portion	44,086,206
TOTAL LONG-TERM LIABILITIES	44,918,329

TOTAL LIABILITIES	49,211,362
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NET ASSETS

Without Donor Restrictions	(1,328,044)
TOTAL NET ASSETS	(1,328,044)

TOTAL LIABILITIES AND NET ASSETS	\$ 47,883,318
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LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Federal Program Revenues	\$ -	\$ 970,512	\$ 970,512
State Program Revenues	-	18,228,965	18,228,965
Contributions	-	12,286	12,286
Interest Income	99,473	48,288	147,761
Other Income	2,697	33,502	36,199
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	19,293,552	(19,293,552)	-
Total Revenues	19,395,722	-	19,395,723
EXPENSES			
Program Services			
Instruction and Instructional-Related Services	10,979,999	-	10,979,999
Instructional and School Leadership	880,847	-	880,847
Ancillary Services	28,000	-	28,000
Support Services - Student (Pupil)	1,353,911	-	1,353,911
Total Program Services	13,242,757	-	13,242,757
Support Services			
Administrative Support Services	1,619,277	-	1,619,277
Support Services - Non-Student Based	3,302,767	-	3,302,767
Debt Service	2,668,575	-	2,668,575
Total Support Services	7,590,619	-	7,590,619
Total Expenses	20,833,376	-	20,833,376
Loss on Termination of Occupancy Lease	353,084	-	353,084
CHANGE IN NET ASSETS	(1,790,737)	-	(1,790,737)
NET ASSETS, beginning of year	462,693	-	462,693
NET ASSETS, end of year	\$ (1,328,044)	\$ -	\$ (1,328,044)

LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

	Program Services	Supporting Services			
	Program Expense	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 10,606,911	\$ 1,162,311	\$ -	\$ 1,162,311	\$ 11,769,222
Employee benefits	1,012,346	81,852	-	81,852	1,094,198
Payroll Taxes	142,536	22,491	-	22,491	165,027
Professional Fees	355,788	1,502,500	-	1,502,500	1,858,288
Utilities	-	294,944	-	294,944	294,944
Travel	804	2,449	-	2,449	3,253
Interest expense	-	2,442,423	-	2,442,423	2,442,423
Insurance	192,860	239,311	-	239,311	432,171
Depreciation	82,005	865,730	-	865,730	947,735
Amortization	-	226,152	-	226,152	226,152
Supplies	427,595	70,053	-	70,053	497,648
Occupancy and Equipment Rentals	32,929	557,058	-	557,058	589,987
Miscellaneous Expenses	93,678	86,835	-	86,835	180,513
Food	258,311	-	-	-	258,311
Repairs and Maintenance	36,994	36,510	-	36,510	73,504
	<u>\$ 13,242,757</u>	<u>\$ 7,590,619</u>	<u>\$ -</u>	<u>\$ 7,590,619</u>	<u>\$ 20,833,376</u>

See accompanying notes to financial statements.

LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,790,737)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	947,735
Amortization Expense	209,078
Loss on Termination of Lease	353,084
(Increase) decrease in Grants Receivable	1,210,398
(Increase) decrease in Prepaid Expenses	(1,369)
Increase (decrease) in Accounts Payable	(250,572)
Increase (decrease) in Accrued Wages	(317,825)
Increase (decrease) in Accrued Liabilities	107,343
Increase (decrease) in Deferred Revenue	514,220
Increase (decrease) in Bond Interest Payable	485,044
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,466,399

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of Certificate of Deposit	2,049,848
Purchase of Fixed Assets	(11,483,029)
	<hr/>
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	(9,433,181)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Bonds	18,515,000
Proceeds from Notes Payable	1,877,035
Payment of Issuance Costs	(877,060)
Repayment of Loans	(203,400)
Repayment of Bonds	(430,000)
	<hr/>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	18,881,575

NET INCREASE (DECREASE) IN CASH	10,914,793
	<hr/>

CASH, CASH EQUIVALENTS AND RESTRICTED CASH
AT BEGINNING OF YEAR

4,111,091

CASH, CASH EQUIVALENTS AND RESTRICTED CASH
AT END OF YEAR

\$ 15,025,884

SUPPLEMENTAL DISCLOSURES

CASH PAID DURING THE YEAR FOR:

Interest	\$ 1,957,379
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LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

A. Organization:

LTTS Charter School, Inc. (a Texas non-profit corporation) doing business as Universal Academy (the “Academy”) provides educational services for students from pre-kindergarten through twelfth grade. The Academy operates under an enrollment charter granted by the State of Texas Board of Education. This charter was renewed November 5, 2012, for a period of ten years and is subject to review and renewal prior to the expiration date of July 31, 2022. The Academy is part of the public-school system of the State of Texas and is therefore entitled to distribution from the State’s available school fund. The Academy does not have the authority to impose ad valorem taxes or to charge tuition.

The charter holder LTTS Charter School dba Universal Academy only operates a single charter school and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

The financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The Academy reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

CLASSIFICATION OF NET ASSETS

Net assets of the organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions— Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS (CONTINUED)

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

PRESENTATION OF DEBT ISSUANCE COSTS

The Academy presents debt issuance costs within the statement of financial position as a direct deduction from the face amount of the debt. Amortization of debt issuance costs is reported as interest expense. Debt issuance costs are recognized at historical cost as incurred. The cost of issuance of bonds is amortized over the life of each bond. The Academy nets issuance costs against long-term bonds payable amounts.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the Academy.

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

PROPERTY AND EQUIPMENT

Property and equipment purchased by the Academy are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of 3 to 39 years based on classification of property and equipment. Gains or losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

B. Summary of Significant Accounting Policies: (Continued)

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the Academy's multiple function expenditures.

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give to the Academy, which is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

INCOME TAXES

The Academy qualifies as a tax-exempt organization under section 501 (c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

CASH AND CASH EQUIVALENTS

The Academy considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Each account is insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000. During the year, some of the bank depository accounts may have exceeded federally insured limits. The Academy has not experienced any losses on such accounts.

ESTIMATES

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

C. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

D. Liquidity and Availability of Financial Assets:

The following reflects the Organization'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	
Cash and Restricted Cash	\$ 15,025,884
Accounts Receivable	-
Total Financial assets at year-end	<u>15,025,884</u>
Less those unavailable for general expenditures within one year, due to:	
Use limitations or other reserve requirements imposed under debt agreements:	12,723,660
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,302,224</u>

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization.

E. Pension Plan:

Plan Description

The Academy 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 Academy, 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.

The plan 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.state.tx.us, under the TRS Publications Heading.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

E. Pension Plan: (Continued)

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (“ISD”) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2020 provided the following information (ABO refers to the accumulated benefit obligation):

Pension	Total Plan Assets	Total Pension Liability	Percent
Fund	2020	2020	Funded
TRS	\$ 184,361,871,000	\$ 218,974,205,000	75.54%

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% 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 year, the period would be increased by such action. State law provides for a member contribution rate of 7.7% for the 2020 fiscal period. The state’s contribution rate as a non-employer contributing entity was 7.5% for fiscal year 2020. The Academy’s employee contributions to the system for the year ended August 31, 2020 were \$1,127,781 equal to the required contributions for the year.

Other contributions made from federal and private grants and from the Academy for salaries above the statutory minimum were contributed at a rate of 7.5% totaling \$246,288 for the year ended August 31, 2020. The Charter School’s contributions into this plan do not represent more than 5% of the total contributions to the plan. The Academy was assessed a surcharge of \$598.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

F. Bonds Payable:

The Academy has secured bond financing pursuant to Chapter 53 of the Texas Education Code, \$27,855,000 of Tax-Exempt Education Revenue Bonds, Series 2014A and \$1,585,000 of Taxable Education Revenue Bonds, Series 2014B. The bonds are limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. No state, city, political corporation, subdivision, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

The Series 2014A Bonds are dated as of March 1, 2014, and shall mature on March 1 in the years and in the amounts set forth below, and shall bear interest at the following rates:

Table - 2014A		
Year of Maturity	Amount	Interest Rate
2024	\$ 2,255,000	5.875%
2029	\$ 3,275,000	6.625%
2034	\$ 4,545,000	7.000%
2044	\$17,780,000	7.125%
	<u>\$ 27,855,000</u>	

The Series 2014B Bonds are dated as of March 1, 2014, shall mature on March 1 in the years and in the amounts set forth below, and shall bear interest at the following rate:

Table - 2014B		
Year of Maturity	Amount	Interest Rate
2021	\$ 1,585,000	7.25%

The Academy has also secured bond financing pursuant to Chapter 53 of the Texas Education Code, \$17,875,000 of Tax-Exempt Education Revenue Bonds, Series 2019A and \$640,000 of Taxable Education Revenue Bonds, Series 2019B. The bonds are limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. No state, city, political corporation, subdivision, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

The Series 2019A Bonds are dated as of December 1, 2019 and shall mature on March 1 beginning in 2025 and concluding in 2049. The Series 2019A Bonds are subject to optional redemption prior to scheduled maturity, in whole or in part, on March 1, 2030 and on any day thereafter at the option of the Academy.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

F. Bonds Payable: (Continued)

The Series 2019A Bonds shall mature on March 1 in the years and in the amounts set forth below, and shall bear interest at the following rates:

Table - 2019A		
Year of Maturity	Amount	Interest Rate
2025	\$ 350,000	5.45%
2026	\$ 370,000	5.45%
2027	\$ 390,000	5.45%
2028	\$415,000	5.45%
2029	\$435,000	5.45%
2030	\$460,000	5.45%
2031	\$485,000	5.45%
2032	\$510,000	5.45%
2033	\$540,000	5.45%
2034	\$565,000	5.45%
2035	\$600,000	5.45%
2036	\$630,000	5.45%
2037	\$665,000	5.45%
2038	\$700,000	5.45%
2039	\$740,000	5.45%
2040	\$780,000	5.45%
2041	\$825,000	5.45%
2042	\$870,000	5.45%
2043	\$915,000	5.45%
2044	\$965,000	5.45%
2045	\$1,015,000	5.45%
2046	\$1,075,000	5.45%
2047	\$1,130,000	5.45%
2048	\$1,190,000	5.45%
2049	\$1,255,000	5.45%
	<u>\$ 17,875,000</u>	

The Series 2019B Bonds are dated as of December 1, 2019 and shall mature on March 1 in the years and in the amounts set forth below, and shall bear interest at the following rate:

Table - 2019B		
Year of Maturity	Amount	Interest Rate
2024	\$ 640,000	3.5%

The Series 2019B Bonds are subject to mandatory sinking fund redemption and cannot be redeemed prior to the date of maturity.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

F. Bonds Payable: (Continued)

Bonds payable at August 31, 2020 consist of the following:

2014A Bonds, interest due in September 1 and March 1
semi-annual installments, commencing September 1, 2014;
Maturity dates range from 2024 to 2044 with various interest
rates noted in Table – 2014A. \$ 27,515,000

2014B Bonds, interest due in September 1 and March 1
semi-annual installments, commencing September 1, 2014;
Maturity date in 2021 with interest rate noted in Table – 2014B. 75,000

2019A Bonds, interest due in September 1 and March 1
semi-annual installments, commencing March 1, 2020;
Maturity dates range from 2025 to 2049 with an interest rate of
5.45%. 17,875,000

2019B Bonds, interest due in September 1 and March 1 semi-annual installments, commencing March 1, 2020; Maturity date in 2024 with interest rate noted in Table – 2019B.	640,000
Total	\$ 46,105,000
Less current portion of bonds payable	(455,000)
Less unamortized discount	(293,558)
Net of unamortized bond issuance costs	(1,270,236)
Long-term portion of bonds payable net of discount	\$ 44,086,206

Future maturities of bond payable debt at August 31, 2020 are as follows:

Year Ending August 31,	Principal	Interest	Total
2021	\$ 455,000	\$ 2,902,594	\$ 3,357,594
2022	485,000	2,874,466	3,359,466
2023	825,000	2,845,238	3,670,238
2024	865,000	2,803,369	3,668,369
2025	920,000	2,757,250	3,677,250
Thereafter	42,555,000	35,901,229	78,456,229
Total	\$ 46,105,000	\$ 50,084,146	\$ 96,189,146

The Academy must maintain a debt service reserve fund. At August 31, 2020, the debt service fund had a balance of \$3,777,288.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

G. Paycheck Protection Program (PPP) Loan:

The Academy was approved for and received a loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The loan is dated April 21, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures that consist primarily of payroll, as well as other expenses described under the legislation. No determination has been made as to whether, or to what extent, the Academy will be eligible for forgiveness and the loan is currently accounted for in accordance with ASC 470. The loan bears interest at a rate of 1.00% and is deferred for the first six months of the loan after which time the interest is added to the unpaid principal balance. The loan is payable in monthly installments beginning seven months from the date of the loan and matures in twenty-four months from the date of the loan. The loan may be repaid at any time with no prepayment penalty. If the loan is ultimately forgiven, the Academy will recognize a contribution in accordance with ASC 958-605 and reflect the forgiven loan balance in its operating revenues in the year of forgiveness.

Future maturities of the PPP loan are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,044,912	\$ 21,740	\$ 1,066,652
2022	832,123	3,015	835,138
Total	<u>\$ 1,877,035</u>	<u>\$ 24,755</u>	<u>\$ 1,901,790</u>

H. Debt Covenants:

The bond agreements contain certain restrictions and covenants. Among these requirements is a requirement that the Academy maintain a debt service coverage ratio equal to at least 110 percent the annual debt service requirements. The Academy attained a debt service coverage ratio that exceeded the established debt service coverage threshold and has complied with this requirement.

In addition, the Academy is required to meet certain student enrollment targets by October 1 of each fiscal year. The Projected Enrollment Covenant requires that the school enroll at least 2,100 students in the 2016-17 school year and in subsequent fiscal years. The Academy met its enrollment target for the fiscal year ended August 31, 2020.

The Academy is also required to maintain an operating cash reserve that covers 45 days of budgeted expenses at the end of the current fiscal year, and in fiscal years thereafter. For the fiscal year ending August 31, 2020, the Academy maintained the required level of cash on hand. Failure to meet the conditions established under borrowing agreements could have an adverse effect on the operations of the Academy.

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

I. Operating Lease Commitment:

The Academy is currently leasing its building and equipment on non-cancelable operating leases. The Academy's minimum annual lease commitments are as follows:

<u>Year ending August 31,</u>	<u>Amount</u>
2021	\$ 106,346
2022	21,410
2023	17,842
	<u>\$ 145,598</u>

Operating lease expense amounted to \$589,987 for the year ended August 31, 2020.

J. Net Assets with Donor Restrictions:

Net assets with donor restrictions at August 31, 2020 are restricted as follows:

Periods after August 31, 2020	\$ -
Total restricted funds	<u>\$ -</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Texas Education Agency-Federal	\$ 970,512
Other Local Sources	94,076
Texas Education Agency-State	<u>18,228,965</u>
Total restrictions released	<u>\$ 19,293,552</u>

K. Health Care Coverage:

During the year ended August 31, 2020 employees of the Academy were covered by a health insurance plan. The school contributed \$225 per month per employee (depending upon coverage selected) to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

L. Commitments and Contingencies:

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

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

M. Related Party Transaction:

Three members of the Board of Directors are employees of the Academy, but no Board members receive compensation for their work as Directors. During the year ended August 31, 2020 a company owned by a Board Member was paid for various marketing and web maintenance consulting services. The amount received by the Board member from the Academy for these services totaled \$16,500.

Education Leads to Success (“ELTS”) is the seller of property (“the Irving property”) located in Irving, Texas. One of the three members of ELTS’ Board is also a contractor for the Academy. The Academy formerly leased school buildings on the Irving property from ELTS, at a monthly rate of \$64,000, up until the Academy purchased the Irving property from ELTS in December 2019. The Academy also leased other educational building space from ELTS at a monthly rate of \$25,000. Rent paid to ELTS during the year totaled \$448,374.

On August 21, 2009, ELTS purchased the Irving property from the Academy for \$5,123,823 with \$300,000 of the purchase price in the form of a note from ELTS to the Academy. After the sale in 2009, the Academy also entered into a twenty-year lease with ELTS at a monthly rate described in the paragraphs above. The \$300,000 note was paid in full by ELTS in 2017, and an additional \$2,000,000 was donated by ELTS to the Academy in 2018. ELTS sold the Irving property to the Academy in December 2019 at an appraised fair market value of \$10,500,000.

N. Restricted Cash:

Restricted cash at August 31, 2020 consisted of debt service and debt service reserve fund bond cash accounts. These funds are to be solely used in the construction and acquisition of new facilities and repayment of bond liabilities and cannot be used for normal operating expenditures.

O. Evaluation of Subsequent Events:

The Organization has evaluated subsequent events through January 8, 2021, the date which the financial statements were available to be issued.

GOMEZ & COMPANY

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
LTTS Charter School, Inc. dba Universal Academy
Irving, Texas

We have audited the financial statements of LTTS Charter School, Inc. dba Universal Academy ("the Academy") as of and for the year ended August 31, 2020, and our report thereon dated January 8, 2021, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School dated August 31, 2020, and appearing on pages 19 to 22, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Houston, TX
January 8, 2021

LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Local Support:			
5740 Other Revenues from Local Sources	\$ 102,020	\$ 91,932	\$ 193,952
5750 Revenue from Cocurricular Activities	150	2,144	2,294
Total Local Support	102,170	94,076	196,246
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	18,077,752	18,077,752
5820 State Program Revenues Distributed by Texas Education Agency	-	151,213	151,213
Total State Program Revenues	-	18,228,965	18,228,965
Federal Program Revenues:			
5920 Federal Revenue Distributed by Texas Department of Agriculture	-	970,512	970,512
Total Federal Program Revenues	-	970,512	970,512
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	19,293,553	(19,293,553)	-
Total Revenues	19,395,723	-	19,395,723
EXPENSES			
11 Instruction	10,105,078	-	10,105,078
12 Instructional Resources and Media Services	179,284	-	179,284
13 Curriculum Development and Instructional Staff Development	695,636	-	695,636
21 Instructional Leadership	248,930	-	248,930
23 School Leadership	631,917	-	631,917
31 Guidance, Counseling and Evaluating Services	208,698	-	208,698
33 Health Services	183,746	-	183,746
34 Student (Pupil) Transportation	477,181	-	477,181
35 Food Services	370,042	-	370,042
36 Cocurricular/Extracurricular Activities	114,245	-	114,245
41 General Administration	1,619,277	-	1,619,277
51 Plant Maintenance and Operations	2,479,694	-	2,479,694
52 Security and Monitoring Services	435,481	-	435,481
53 Data Processing Services	387,592	-	387,592
61 Community Services	28,000	-	28,000
71 Debt Service	2,668,575	-	2,668,575
Total Expenses	20,833,376	-	20,833,376
Loss on Termination of Occupancy Lease	353,084	-	353,084
CHANGE IN NET ASSETS	(1,790,737)	-	(1,790,737)
NET ASSETS, beginning of year	462,693	-	462,693
NET ASSETS, end of year	\$ (1,328,044)	\$ -	\$ (1,328,044)

LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED AUGUST 31, 2020

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 2,078,268	\$ 12,947,616	\$ -
1520 Land	-	9,193,423	-
1520 Building and Improvements	-	25,947,142	-
1531 Vehicles	-	1,161,663	-
1539 Furniture and Equipment	-	1,511,495	10,294
1549 Furniture and Equipment	-	43,631	-
Total Capital Assets	\$ 2,078,268	\$ 50,804,970	\$ 10,294

LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

EXPENSES

6100 Payroll Costs	\$ 13,117,382
6200 Professional and Contracted Services	2,816,723
6300 Supplies and Materials	755,959
6400 Other Operating Costs	1,474,737
6500 Debt	<u>2,668,575</u>
Total Expenses	<u><u>\$ 20,833,376</u></u>

LTTS CHARTER SCHOOL, INC. DBA UNIVERSAL ACADEMY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
REVENUES, GAINS AND OTHER SUPPORT				
Local Support:				
5740 Other Revenues from Local Sources	\$ 150,000	\$ 150,000	\$ 193,952	\$ 43,952
5750 Revenue from Cocurricular Activities	-	-	2,294	2,294
Total Local Support	150,000	150,000	196,246	46,246
State Program Revenues:				
5810 Foundation School Program Act Revenues	20,893,000	20,893,000	18,077,752	(2,815,248)
5820 State Program Revenues Distributed by Texas Education Agency	-	-	151,213	151,213
Total State Program Revenues	20,893,000	20,893,000	18,228,965	(2,664,035)
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	1,625,000	1,625,000	970,512	(654,488)
Total Federal Program Revenues	1,625,000	1,625,000	970,512	(654,488)
Total Revenues	22,668,000	22,668,000	19,395,723	(3,272,277)
EXPENSES				
11 Instruction	11,362,100	11,362,100	10,105,078	1,257,022
12 Instructional Resources and Media Services	129,500	129,500	179,284	(49,784)
13 Curriculum Development and Instructional Staff Development	497,400	497,400	695,636	(198,236)
21 Instructional Leadership	305,400	305,400	248,930	56,470
23 School Leadership	610,700	610,700	631,917	(21,217)
31 Guidance, Counseling and Evaluating Services	399,300	399,300	208,698	190,602
33 Health Services	165,100	165,100	183,746	(18,646)
34 Student (Pupil) Transportation	690,000	690,000	477,181	212,819
35 Food Services	618,700	618,700	370,042	248,658
36 Cocurricular/Extracurricular Activities	157,500	157,500	114,245	43,255
41 General Administration	1,406,200	1,406,200	1,619,277	(213,077)
51 Plant Maintenance and Operations	2,448,000	2,448,000	2,479,694	(31,694)
52 Security and Monitoring Services	539,300	539,300	435,481	103,819
53 Data Processing Services	370,300	370,300	387,592	(17,292)
61 Community Services	-	-	28,000	(28,000)
71 Debt Service	2,592,400	2,592,400	2,668,575	(76,175)
Total Expenses	22,291,900	22,291,900	20,833,376	1,458,524
Loss on Termination of Occupancy Lease	353,084	-	353,084	(353,084)
CHANGE IN NET ASSETS	376,100	376,100	(1,790,737)	(2,166,837)
NET ASSETS, beginning of year	462,693	462,693	462,693	-
NET ASSETS, end of year	\$ 838,793	\$ 838,793	\$ (1,328,044)	\$ (2,166,837)

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

To the Board of Directors of
LTTS Charter School, Inc. dba Universal Academy
Irving, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of LTTS Charter School, Inc. dba Universal Academy ("the Academy") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, 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 8, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

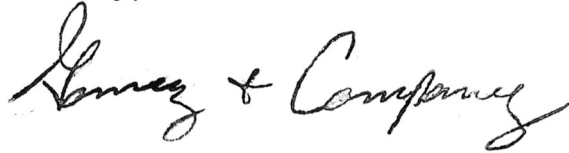
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Hines & Company". The signature is written in dark ink and is positioned above the printed text of the location and date.

Houston, TX
January 8, 2021

GOMEZ & COMPANY

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

To the Board of Directors of
LTTS Charter School, Inc. dba Universal Academy
Irving, Texas

Report on Compliance for Each Major Federal Program

We have audited LTTS Charter School, Inc. dba Universal Academy's ("the Academy") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended August 31, 2020. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Academy 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, 2020.

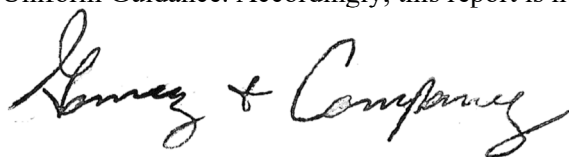
Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Houston, TX
January 8, 2021

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2020

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses on internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. Major programs:

U.S. Department of Education
Passed – Through Texas Education Agency
Title I, Part A

CFDA Number 84.010
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Academy qualifies as a low-risk auditee.

Current Year Findings

No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516(a).

Questioned
Costs

\$ -0-

Summary Schedule of Prior Year Findings

No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516(a) for the year ended August 31, 2019.

\$ -0-

* Denotes cluster

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2020

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed - Through Texas Education Agency:			
ESEA, Title I, Part A, Improving Basic Skills	84.010A	20610101057808	\$ 231,160
Title II, Part A- Supporting Effective Instruction	84.367A	20694501057808	36,368
ESEA, Title III, Part A, LEP	84.365A	20671001057808	62,538
Idea - B Preschool	84.173A	206610010578086000	3,995
Idea - B Formula	84.027A	206600010578086000	272,352
Title IV, Part A: Student Support and Academic Enrichment Program (SSAE)	84.424A	20680101057808	17,300
LEP Summer School	84.369A	69551902	4,007
Total U.S. Department of Education			<u>627,720</u>
<u>U.S. Department of Agriculture</u>			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
Breakfast	10.553	71401901	14,380
Breakfast	10.553	71402001	53,460
Lunch	10.555	71301901	53,498
Lunch	10.555	71302001	199,126
Passed - Through Texas Department of Agriculture			
USDA Commodity Food Distribution	10.555		<u>22,328</u>
Total U.S. Department of Agriculture			<u>342,792</u>
Total Expenditures of Federal Awards			<u>\$ 970,512</u>

LTTS CHARTER SCHOOL, INC. dba UNIVERSAL ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes federal award activity of LTTS Charter School, Inc. dba Universal Academy ("the Academy") under programs of the federal government for the year ended August 31, 2020. The information in this 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 Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Academy.

Summary of Significant Accounting Policies

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

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

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

Subrecipients

The Organization did not provide federal awards to subrecipients.