

TRIVIUM ACADEMY

Financial Statements

August 31, 2023

TABLE OF CONTENTS

Certificate of Board 1

Independent Auditor’s Report 2

Financial Statements:

Statement of Financial Position..... 4

Statement of Activities..... 5

Statement of Cash Flows 6

Notes to Financial Statements 7

Supplemental Information:

Schedule of Expenses 14

Schedule of Capital Assets 15

Budgetary Comparison Schedule 16

Education Program Schedule..... 17

Schedule of Real Property Ownership Interest 18

Schedule of Related Party Transactions..... 19

Schedule of Related Party Compensation and Benefits..... 20

Compliance and Internal Controls Section

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 21

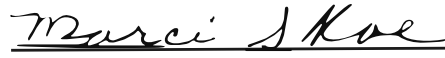
TRIVIUM ACADEMY
County District Number 061-805

CERTIFICATE OF BOARD

We, the undersigned, certify that the attached annual financial reports of the above named Academy were reviewed and () approved () disapproved for the year ended August 31, 2023, at a meeting of the governing body of said charter Academy on the 29 day of January, 2024.



Signature of Board Secretary



Signature of Board Chairman

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Trivium Academy

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Portico Education Foundation (Charter Holder) dba Trivium Academy (the "Academy"), which comprise the statement of financial position as of August 31, 2023, the related statements of activities, and cash flows for the year then ended, and the notes to financial statements (collectively, the "financial statements")

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trivium Academy's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

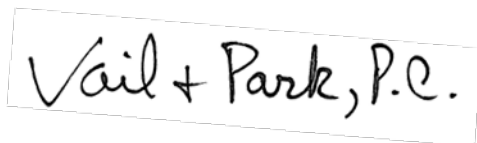
As described in the footnotes to the financial statements, during the year ended August 31, 2023, the Organization adopted new accounting guidance, ASC 842, Leases. Our opinion is not modified with respect to this matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information, as outlined in the Table of Contents, is presented for purposes of additional analysis and is not 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 supplemental 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 24, 2024, 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.



Vail & Park, P.C.
Frisco, TX
January 24, 2024

FINANCIAL STATEMENTS

TRIVIUM ACADEMY
Statement of Financial Position
For the Year Ended August 31, 2023

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$ 1,403,860
Due from Grantor Agencies	689,714
Other Receivables	5,588
Prepaid Expenses	99,967
TOTAL CURRENT ASSETS	<u>2,199,129</u>

Capital Assets, Net	12,470
Operating Lease Right of Use Asset, Net	1,595,789
Other Assets	55,000
TOTAL ASSETS	<u>\$ 3,862,387</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 37,624
Accrued Expenses - Wages & Benefits	423,869
Deferred Rent	41,551
Current Portion of Lease Liabilities	870,430
TOTAL CURRENT LIABILITIES	<u>1,373,475</u>

Non-Current Portion of Lease Liabilities	<u>725,359</u>
TOTAL LIABILITIES	<u>2,098,834</u>

NET ASSETS

Without Donor Restrictions	1,763,554
With Donor Restrictions	-
TOTAL NET ASSETS	<u>1,763,554</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,862,387</u>
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TRIVIUM ACADEMY
Statement of Activities
For the Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Local Support			
5740 Local Support	\$ 103,415	\$ -	\$ 103,415
5759 Enterprise Services	26,246	-	26,246
5752 Athletics	71,257	-	71,257
5749 Other Revenues from Local Sources	133,769	-	133,769
5745 Insurance Recovery	839	-	839
Total Local Support	<u>335,525</u>	<u>-</u>	<u>335,525</u>
State Program Revenues:			
5810 Foundation School Program	-	5,691,945	5,691,945
5820 Other State Aid	-	11,034	11,034
Total Provided by State	<u>-</u>	<u>5,702,979</u>	<u>5,702,979</u>
Federal Program Revenues:			
5920 Federal Revenue Distributed by TEA	-	238,541	238,541
5930 Federal Revenue from Other Sources	-	23,065	23,065
Total Provided by Federal	<u>-</u>	<u>261,606</u>	<u>261,606</u>
Net Assets released from Restrictions	<u>5,964,586</u>	<u>(5,964,586)</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>6,300,111</u>	<u>-</u>	<u>6,300,111</u>
EXPENSES			
Program Services:			
11 Instruction	3,894,106	-	3,894,106
12 Instructional Resources & Media Services	64,543	-	64,543
13 Development - Curriculum & Instruction	9,125	-	9,125
21 Instructional Leadership	184,027	-	184,027
23 School Leadership	272,762	-	272,762
31 Counseling & Evaluation Services	219,217	-	219,217
33 Health Services	1,309	-	1,309
36 Extracurricular Activities	135,348	-	135,348
Total Program Services	<u>4,780,438</u>	<u>-</u>	<u>4,780,438</u>
Support Services:			
41 General Administration	323,685	-	323,685
51 Facilities Maintenance & Operations	1,198,098	-	1,198,098
52 Security & Monitoring Services	4,728	-	4,728
53 Data Processing Services	1,641	-	1,641
81 Fundraising	54,868	-	54,868
Total Support Services	<u>1,583,022</u>	<u>-</u>	<u>1,583,022</u>
TOTAL EXPENSES	<u>6,363,459</u>	<u>-</u>	<u>6,363,459</u>
Nonoperating (Income) Expense:			
Impairment Loss	<u>126,136</u>	<u>-</u>	<u>126,136</u>
Change in Net Assets	<u>(189,484)</u>	<u>-</u>	<u>(189,484)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,953,038</u>	<u>-</u>	<u>1,953,038</u>
NET ASSETS, END OF YEAR	<u>\$ 1,763,554</u>	<u>\$ -</u>	<u>\$ 1,763,554</u>

TRIVIUM ACADEMY
Statement of Cash Flows
For the Year Ended August 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

State Grant Receipts	\$ 5,807,302
Federal Grant Receipts	311,717
Local Revenues	401,058
Payments to Vendors for Goods & Services Rendered	(2,007,558)
Payments to Employees	<u>(4,634,322)</u>
Net Cash provided (used) by Operating Activities	<u>(121,803)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Purchase of Capital Assets	<u>(22,347)</u>
Net cash provided (used) by Financing Activities	<u>(22,347)</u>

Net increase (decrease) in Cash & Cash Equivalents (144,150)

CASH & CASH EQUIVALENTS, BEGINNING OF YEAR 1,548,010

CASH & CASH EQUIVALENTS, END OF YEAR \$ 1,403,860

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:

Change in Net Assets \$ (189,484)

Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:

Depreciation Expense	8,442
Impairment Loss	126,136
Amortization	870,430
(Increase)/Decrease in:	
Due from Grantor Agencies	104,323
Other Receivables	50,111
Prepaid Expenses	(14,073)
Other Assets	(55,000)
Increase/(Decrease) in:	
Accounts Payable	33,729
Accrued Expenses - Wages & Benefits	(227,538)
Deferred Rent	41,551
Payments for Operating Lease	(870,430)
Net cash provided (used) by Operating Activities	<u><u>\$ (121,803)</u></u>

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2023

1. ORGANIZATION AND NATURE OF ACTIVITIES

Trivium Academy (the Academy) was organized in 2016 to become a community-based education charter Academy in Texas under the sponsorship of Portico Education Foundation (a non-profit organization). Portico Education Foundation is the charter holder of Academy which operates under an open enrollment charter granted by the Texas Education Agency.

The Academy is part of the public school system of the State of Texas (State) and is therefore entitled to distribution from the State's Foundation School Program (FSP) and Available School Fund (ASF). The Academy does not have the authority to impose ad valorem taxes or to charge tuition. The Academy operates a single charter and does not conduct any non-charter activities.

2. RECENTLY ADOPTED ACCOUNTING GUIDANCE

The Academy adopted Accounting Standards Update (ASU) No. 2016-02, Leases, (Topic 842). The guidance in the ASU supersedes the previous leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases.

The Academy elected to adopt the transition relief provisions from ASU 2016-02 and recorded the impact of adoption as of September 1, 2022, using the modified retrospective method, resulting in the recording of right-of-use (ROU) asset and liabilities – operating leases totaling \$2,466,219. As such, no changes were required to net assets as of September 1, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Academy were prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Encumbrances representing outstanding purchase orders and other commitments for materials or services not yet received are not liabilities as of the reporting date.

Basis of Presentation

The financial statement presentation follows the guidance of the Financial Accounting Standards Board ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Academy is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor-imposed restrictions.

Without Donors Restrictions– Net assets that are not subject to donor-imposed stipulations.

With Donors Restrictions– Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the corporation, the charter Academy and/or the passage of time. When a restriction expires, with donors restrictions net assets are reclassified to without donors restrictions net assets and reported in the statement of activities as net assets released from restrictions.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2023

Estimates

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

Cash and Cash Equivalents

For financial statement purposes, the Academy considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Due from Grantor Agencies

Amounts are presented net of estimated allowances for doubtful amounts. The Academy's policy is to write-off receivables as they are deemed uncollectible or as notified by grantor agencies. All federal and state receivable amounts due at August 31, 2023 were subsequently collected. Therefore, management has not recorded an allowance for the federal and state balances.

Income Tax Status

The Academy has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code, with the exception of any unrelated business income. The Academy had no unrelated business income for the year ended August 31, 2023. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Academy's tax returns. The Academy does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended August 31, 2023, there were no interest or penalties recorded or included in the financial statements. The Academy is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Academy's informational returns are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Academy is no longer subject to income tax examinations by tax authorities for years prior to 2020.

Capital Assets and Impairments

The Academy periodically evaluates the carrying value of capital assets, including, but not limited to, property and equipment, when events and circumstances warrant such a review. The carrying value of a capital assets is considered impaired when the anticipated undiscounted cash flows from such an asset are separately identifiable and are less than its carrying value. In that event, a loss is recognized to the extent that the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. The Academy has determined that as of August 31, 2023, that the remaining value of construction in progress was fully impaired and the Company recognized a loss of approximately \$126,000 included in impairment loss on the accompanying Statement of Activities for the year ended August 31, 2023.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2023

Other Assets

The Academy has a refundable security deposit associated with its First United Methodist Church lease.

Leases

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Academy's determines lease classification as operating or finance at the lease commencement date. As of August 31, 2023, the Academy did not have any finance leases.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Academy uses the implicit rate when readily determinable. As the lease did not provide an implicit rate, the Academy uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. The risk-free rate is an accounting policy election allowed under a practical expedient for private companies, which allows non-public business entities to use a risk-free rate commensurate to the lease term.

The lease term may include options to extend or to terminate the lease that the Academy is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Academy has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Grants and Contributions

The Academy considers all government grants and contracts to be contributions. The Academy recognizes grants and contributions at fair value when an unconditional commitment is received from the donor or grantor agency. Contributions and grants received with donor or grantor stipulations that limit their use are classified as with donor restrictions.

Revenue Recognition

Revenues from the State's available school fund are earned based on reported attendance.

A portion of the Academy's revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Academy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Government grant contracts that are entered into by the Academy are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.

Contributions are considered to be available for purposes without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2023

Federal Funding

For all Federal programs, the Academy the funds specified by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. With donor restriction funds are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in net assets with donor restrictions.

Functional Expenses

Expenses are reported by their functional classification as program services or supporting services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the Academy exists. Supporting services are not directly identifiable with specific program activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are charged directly either to program services or supporting services based on actual time worked in each area. Information technology costs are allocated based on whether the costs are associated with program services or supporting services. The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional activities

4. FINANCIAL INSTRUMENTS

The Academy maintains several bank accounts at a local area bank. As of August 31, 2023, the bank balances of the Academy were \$1,538,180. Of the bank balance, \$250,000 was secured by federal depository insurance and the remaining balance of \$1,288,180 was fully insured by securities held by the Federal Home Loan Bank.

5. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of August 31, 2023 are as follows:

Cash & Cash Equivalents	\$ 1,403,860
Due from Grantor Agencies	689,714
Other Receivables	5,588
Total Financial Assets	<u>\$ 2,099,162</u>

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2023

6. DUE FROM GOVERNMENT

The Academy had earned the following revenues which were not received until after the end of the fiscal year:

Foundation entitlements	\$ 682,835
Federal grants	<u>6,879</u>
Total	<u><u>\$ 689,714</u></u>

7. CAPITAL ASSETS

The following is a summary of changes in property, plant and equipment for the fiscal year ended August 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Vehicles	\$ 31,937	\$ -	\$ -	\$ 31,937
Construction in Progress	103,789	22,347	(126,136)	-
Total	<u>31,937</u>	<u>22,347</u>	<u>(126,136)</u>	<u>31,937</u>
Less: Accumulated depreciation	<u>(11,025)</u>	<u>(8,442)</u>	<u>-</u>	<u>(19,467)</u>
Total Capital Assets, Net	<u><u>\$ 20,912</u></u>	<u><u>\$ 13,905</u></u>	<u><u>\$ (126,136)</u></u>	<u><u>\$ 12,470</u></u>

Assets with a cost of \$5,000 or more and a life expectancy of at least three years are capitalized. Depreciation expense was \$8,442 for the year ended August 31, 2023.

8. NET ASSETS WITH DONOR RESTRICTIONS

The Academy reports gifts of cash and other assets as with donors restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donors restrictions net assets are classified to without donors restrictions net assets and reported in the statement of activities as net assets released from restrictions. With donors restrictions contributions whose restrictions are met in the same reporting period are reported as without donors restrictions support.

With donors restrictions net assets were released from restrictions by incurring expenses satisfying the following restricted purposes:

State Funded Educational Programs	\$ 5,964,586
Total	<u><u>\$ 5,964,586</u></u>

There are no donor-restricted net assets for the year ended August 31, 2023.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2023

9. LEASES

The Academy entered into a facility lease agreement effective July 15, 2016, to lease a Academy site from First United Methodist Church. Payments are made in monthly installments which escalate annually. The lease term expires June 30, 2025.

Future minimum lease payments and a reconciliation of the statement of financials position at August 31, 2023 as are as follows:

Fiscal Year End	
2024	\$ 892,052
2025	<u>797,760</u>
Total Lease Payments	1,689,812
Less: Imputed Interest	<u>(94,023)</u>
Lease Liabilities	<u>\$ 1,595,789</u>

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

Total Operating Lease Cost	<u>\$ 898,698</u>
Right-of-Use Asset in exchange for new lease liabilities	<u>\$ 2,466,219</u>
Weighted-average remaining lease term	<u>1.92 years</u>
Weighted-average discount rate	<u>3.54%</u>

10. DEFINED BENEFIT 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 charter 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 Academy systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2023

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds one year, the period would be increased by such action. State law provides for a member contribution rate of 8.0% for fiscal years 2023 and 2022, and 7.7% for fiscal year 2021, and a state contribution rate of 8.0%, 7.75%, and 7.50% for fiscal years 2023, 2022, and 2021, respectively. The Academy's employees' contributions to the System for the year ended August 31, 2023, were \$180,927 equal to the required contributions for the year. Other contributions made from federal and private grants and from the charter Academy for salaries above the statutory minimum for the years ended August 31, 2023 were \$45,380, equal to the required contributions for the year.

11. HEALTH CARE COVERAGE

During the period ended August 31, 2023, employees of the Academy were covered by a Health Insurance Plan. The Academy contributed a maximum of \$325 per month per employee to the plan. Employees, at their option authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

12. COMMITMENTS AND CONTINGENCIES

The Academy 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 schools have complex compliance requirements, and should state or federal auditors discover areas of non-compliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

13. ECONOMIC DEPENDENCY

During the year ended August 31, 2023, the Academy recognized revenue of \$5,964,586, from the TEA and federal government. These amounts constitute approximately 95% of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the School to continue to provide the current level of services to its students.

14. EVALUATION OF SUBSEQUENT EVENTS

The Academy has evaluated subsequent events through January 24, 2024 the date which the financial statements were available to be issued. No significant subsequent events have been noted.

SUPPLEMENTAL INFORMATION

TRIVIUM ACADEMY
Schedule of Expenses
For the Year Ended August 31, 2023

EXPENSES

6100	Payroll Costs	\$ 4,377,313
6200	Professional & Contracted Services	1,595,138
6300	Supplies & Materials	222,774
6400	Other Operating Costs	168,234
	Total Expenses	<u>\$ 6,363,459</u>

TRIVIUM ACADEMY
 Schedule of Capital Assets
 August 31, 2023

	Ownership Interest		
	Local	State	Federal
Cash & Cash Equivalents	\$ -	\$ 1,403,860	\$ -
Vehicles	12,470	-	-
Total	\$ 12,470	\$ 1,403,860	\$ -

TRIVIUM ACADEMY
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2023

	Budgeted Amounts			Actual	Variance
	Original	Final	Variance		
REVENUES AND OTHER SUPPORT					
Local Support					
5740 Local Support	\$ 51,571	\$ 103,415	\$ 51,844	\$ 103,415	\$ -
5759 Enterprise Services	13,088	26,246	13,158	26,246	-
5752 Athletics	35,535	71,257	35,722	71,257	-
5749 Other Revenues from Local Sources	99,388	133,769	34,381	133,769	-
5745 Insurance Recovery	-	839	839	839	-
	<u>199,582</u>	<u>335,525</u>	<u>135,943</u>	<u>335,525</u>	<u>-</u>
State Program Revenues:					
5810 Foundation School Program	1,558,475	5,691,945	4,133,470	5,691,945	-
5820 Other State Aid	-	11,034	11,034	11,034	-
Total Provided by State	<u>1,558,475</u>	<u>5,702,979</u>	<u>4,144,504</u>	<u>5,702,979</u>	<u>-</u>
Federal Program Revenues:					
5920 Federal Revenue distributed by TEA	144,877	238,541	93,664	238,541	-
5930 Federal Revenue from Other Sources	-	23,065	23,065	23,065	-
Total Provided by Federal	<u>144,877</u>	<u>261,606</u>	<u>116,729</u>	<u>261,606</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>1,902,934</u>	<u>6,300,111</u>	<u>4,397,177</u>	<u>6,300,111</u>	<u>-</u>
EXPENSES					
11 Instruction	3,928,044	3,894,106	(33,938)	3,894,106	-
12 Instructional Resources & Media Services	67,632	64,543	(3,089)	64,543	-
13 Development - Curriculum & Instruction	10,000	9,125	(875)	9,125	-
21 Instructional Leadership	316,391	184,027	(132,364)	184,027	-
23 School Leadership	266,912	272,762	5,850	272,762	-
31 Counseling & Evaluation Services	265,543	219,217	(46,326)	219,217	-
33 Health Services	1,400	1,309	(91)	1,309	-
36 Extracurricular Activities	6,700	135,348	128,648	135,348	-
41 General Administration	284,985	323,685	38,700	323,685	-
51 Facilities Maintenance & Operations	1,100,000	1,198,098	98,098	1,198,098	-
52 Security & Monitoring Services	5,000	4,728	(272)	4,728	-
53 Data Processing Services	4,200	1,641	(2,559)	1,641	-
81 Fundraising	2,000	54,868	52,868	54,868	-
TOTAL EXPENDITURES	<u>6,258,807</u>	<u>6,363,459</u>	<u>104,652</u>	<u>6,363,459</u>	<u>-</u>
Nonoperating (Income) Expense:					
Impairment Loss	-	126,136	126,136	126,136	-
Change in Net Assets	<u>(4,355,873)</u>	<u>(189,484)</u>	<u>4,166,389</u>	<u>(189,484)</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,953,038</u>	<u>1,953,038</u>		<u>1,953,038</u>	
NET ASSETS, END OF YEAR	<u>\$ (2,402,835)</u>	<u>\$ 1,763,554</u>		<u>\$ 1,763,554</u>	

TRIVIUM ACADEMY
 Education Program Schedule
 For the Year Ended August 31, 2023

<u>Data Codes</u>	<u>Compensatory Education Programs</u>	<u>Responses</u>
AP1	Did the LEA expend any state compensatory education program state allotment funds during the fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs.	\$ 33,417
AP4	List the actual direct program expenditures for state compensatory education programs during the fiscal year (PICs: 24, 26, 28, 29, 30, 34).	\$ 18,106

<u>Data Codes</u>	<u>Bilingual Education Programs</u>	<u>Responses</u>
AP5	Did the LEA expend any bilingual education program state allotment funds during the fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs.	\$ 29,145
AP8	List the actual direct program expenditures for bilingual education programs during the fiscal year (PICs: 25, 35).	\$ 24,294

TRIVIUM ACADEMY
Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2023

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

<u>Description</u>	<u>Property Address</u>	<u>Assessed Value</u>	<u>Ownership Interest</u>		
			<u>Local</u>	<u>State</u>	<u>Federal</u>
- N/A -					

TRIVIUM ACADEMY
Schedule of Related Party Transactions
For the Year Ended August 31, 2023

SCHEDULE OF RELATED PARTY TRANSACTIONS

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During FY</u>	<u>Principal Balance Due</u>
- N/A -								

TRIVIUM ACADEMY
Schedule of Related Party Compensation and Benefits
For the Year Ended August 31, 2023

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During FY</u>
- N/A -							

COMPLIANCE & INTERNAL CONTROL SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Trivium Academy

Opinion

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 Trivium Academy (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2024.

Report on Internal Control over Financial Reporting

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

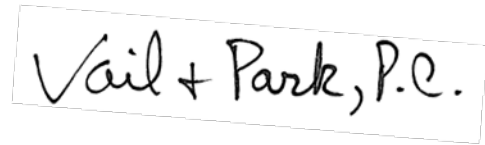
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trivium 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 black ink that reads "Vail + Park, P.C." is enclosed within a thin black rectangular border. The signature is written in a cursive, slightly slanted style.

Vail & Park, P.C.
Frisco, TX
January 24, 2024