

TRIVIUM ACADEMY

Financial Statements

August 31, 2017

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TRIVIUM ACADEMY
County District Number 061-805

CERTIFICATE OF BOARD

We, the undersigned, certify that the attached annual financial reports of the above named school were reviewed and (☒) approved () disapproved for the year ended August 31, 2017, at a meeting of the governing body of said charter school on the 19 day of January, 2018.



Signature of Board Secretary



Signature of Board Chairman

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
TRIVIUM ACADEMY

We have audited the accompanying statement of financial position and the related statements of activities and cash flows of Portico Education Foundation operating as Trivium Academy (its open-enrollment charter school) as of and for the year ended August 31, 2017. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 standards applicable to financial audits contained in the 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 Trivium Academy as of August 31, 2017, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is required by the Texas Education Agency. 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.

Evans & Knauth, PLLC

Evans & Knauth, PLLC
Frisco, TX
January 9, 2018

FINANCIAL STATEMENTS

TRIVIUM ACADEMY
Statement of Financial Position
August 31, 2017

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 411,124
Receivables	47,443
Due From State	350,468
Prepays	<u>6,991</u>
Total Current Assets	816,026

Total Assets	<u><u>\$ 816,026</u></u>
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LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ 67,504
Accrued Liabilities	<u>7,189</u>
Total Current Liabilities	74,693

Total Liabilities	<u>74,693</u>
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Net Assets:

Unrestricted	82,533
Temporarily Restricted	<u>658,800</u>
Total Net Assets	<u>741,333</u>

Total Liabilities & Net Assets	<u><u>\$ 816,026</u></u>
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The notes to the financial statements are an integral part of this statement.

TRIVIUM ACADEMY
Statement of Activities
For the Year Ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Local Support:			
5744 Contributions	\$ 6,109	-	\$ 6,109
5751 Food Service Activity	34,358	-	34,358
5759 Enterprise Services	3,468	-	3,468
5752 Athletics	883	-	883
5753 Extracurricular	37,678	-	37,678
5749 Other Revenues from Local Sources	37	-	37
Total Local Support	<u>82,533</u>	<u>-</u>	<u>82,533</u>
 State Program Revenues:			
5812 Foundation School Program	-	2,870,614	2,870,614
5829 Other State Aid	-	60,899	60,899
Total State Program Revenues	<u>-</u>	<u>2,931,513</u>	<u>2,931,513</u>
 Federal Program Revenues:			
5929 Federal Revenues Distributed by Texas Education Agency	<u>-</u>	<u>373,887</u>	<u>373,887</u>
Total Federal Program Revenues	<u>-</u>	<u>373,887</u>	<u>373,887</u>
 Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>2,646,600</u>	<u>(2,646,600)</u>	<u>-</u>
 Total Revenues	<u>\$ 2,729,133</u>	<u>658,800</u>	<u>3,387,933</u>

The notes to the financial statements are an integral part of this statement.

TRIVIUM ACADEMY
Statement of Activities
For the Year Ended August 31, 2017

	Unrestricted	Temporarily Restricted	Total
EXPENSES			
Program Services:			
11 Instruction	\$ 1,765,155	-	1,765,155
13 Curriculum Developent & Instructional Staff Development	8,011	-	8,011
21 Instructional Leadership	31,182	-	31,182
23 School Leadership	138,374	-	138,374
31 Guidance, Counseling & Evaluation Services	55,619	-	55,619
33 Health Services	1,905	-	1,905
35 Food Services	34,689	-	34,689
36 Extra Curricular Activities	1,040	-	1,040
Total Program Services	<u>2,035,975</u>	<u>-</u>	<u>2,035,975</u>
Support Services:			
41 General Administration	133,666	-	133,666
51 Plant Maintenance & Operations	464,754	-	464,754
52 Security & Monitoring Services	551	-	551
53 Data Processing Services	11,654	-	11,654
Total Support Services	<u>610,625</u>	<u>-</u>	<u>610,625</u>
Total Expenses	<u>2,646,600</u>	<u>-</u>	<u>2,646,600</u>
Non-Operating Income/Expense			
Gain/(Loss) on Sale of Asset	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	82,533	658,800	741,333
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u><u>\$ 82,533</u></u>	<u><u>658,800</u></u>	<u><u>741,333</u></u>

The notes to the financial statements are an integral part of this statement.

TRIVIUM ACADEMY
Statement of Cash Flows
For the Year Ended August 31, 2017

Cash Flows from Operating Activities:	
State Program Revenues	\$ 2,661,531
Federal Program Revenues	293,401
Local Revenues	35,090
Payments to Vendors	(994,430)
Payments to Employees	<u>(1,584,468)</u>
Net Cash Provided/(Used) by Operating Activities	<u>411,124</u>
Net Increase/(Decrease) in Cash	411,124
Cash at Beginning of Year	<u>-</u>
Cash at End of Year	<u><u>\$ 411,124</u></u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Increase/(Decrease) in Net Assets	\$ 741,333
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase)/Decrease in:	
Receivables	(47,443)
Due From State	(350,468)
Prepays	(6,991)
Increase/(Decrease) in:	
Accounts Payable	67,504
Accrued Liabilities	<u>7,189</u>
Net Cash Provided by Operating Activities	<u><u>\$ 411,124</u></u>

The notes to the financial statements are an integral part of this statement.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(1) ORGANIZATION AND NATURE OF ACTIVITIES

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

The School 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 School does not have the authority to impose ad valorem taxes or to charge tuition. The School operates a single charter and does not conduct any non-charter activities.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The basic financial statements of the School were prepared in conformity with accounting principles generally accepted in the United States of America. 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

In order to comply with accounting principles generally accepted in the United States of America, the School must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standard Board as described in the AICPA Audit and Accounting Guide for not for profit organizations.

The Financial Accounting Standards Board requires classification of the School's net assets and its revenues, expenses, gains, and losses based on the existence or absences of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

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

Permanently Restricted - Net assets required to be maintained in perpetuity with only the income to be used for the School's activities due to donor-imposed restrictions. The School does not have any permanently restricted net assets.

Cash and Cash Equivalents

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

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the financial statements. Capital assets are defined by the School as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Federal Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Estimates

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

(3) DUE FROM GRANTOR AGENCIES

As of August 31, 2017, the School had earned the following revenues which were not received until after the end of the fiscal year:

Foundation entitlements	\$	269,982
Federal grants		80,486
Total	\$	<u>350,468</u>

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(4) RESTRICTED NET ASSETS

The School reports gifts of cash and other assets as temporarily restricted 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, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The School reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

State Funded Educational Programs	\$ 2,272,713
Federally Funded Educational Programs	<u>373,887</u>
Total	<u><u>\$ 2,646,600</u></u>

Temporarily restricted net assets, at August 31, 2017, are restricted for:

State Funded Educational Programs	\$ 658,800
Total	<u><u>\$ 658,800</u></u>

(5) LEASES

The School entered into an agreement effective July 15, 2016 to lease a school site from First United Methodist Church. Payments are made in monthly installments which escalate annually. The lease term expires July 31, 2021. Monthly lease payments for the 2017 fiscal year were \$29,971.

The School entered into an agreement on December 19, 2016, 2016 to lease a Canon copier. Payments are made in monthly installments of \$381. The lease term expires December 18, 2019.

Future minimum lease payments under operating leases as of August 31, 2017 are as follows:

2018	\$ 463,739
2019	540,770
2020	657,982
2021	641,667
Total Minimum Lease Commitments	<u><u>\$ 2,304,158</u></u>

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(6) 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 non-compliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

(7) CONCENTRATION OF CREDIT RISK

The School frequently maintains cash balances at financial institutions in excess of federally insured limits.

(8) DEFINED BENEFIT PENSION PLAN

Plan Description

The School participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. There is not a collective-bargaining agreement.

Funding Policy

Under provisions of State law, plan members are required to contribute 7.7% of their annual covered salary and the State of Texas contributes an amount equal to 6.8% of the Schools covered payroll. The Schools employee contributions to the System for the year ending August 31, 2017 were \$108,595 and were equal to the required State of Texas' contributions for the year.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Charter Schools are legally separate entities from the State and each other. Assets contributed by one Charter School may be used for the benefit of another Charter School. Unfunded pension obligations get passed along to other plan participants. There is no penalty for leaving the TRS system.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(8) DEFINED BENEFIT PENSION PLAN (continued)

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

The information provided in the Notes to the Financial Statements in the 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan:

Total Plan Assets	\$ 138,786,120,728
Accumulated Benefit Obligations	\$ 174,238,726,802
Percentage of the Plan that is funded	79.65%

Benefits Provided

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

Contributions

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

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(8) DEFINED BENEFIT PENSION PLAN (continued)

Contributions (continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for 2016 and 2017.

	<u>2016</u>	<u>2017</u>
Member	7.2%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer Contributions	N/A	\$ 43,856

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(8) DEFINED BENEFIT PENSION PLAN (continued)

Contributions (continued)

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Asset Valuation Method	5 Year Market Value
Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Salary Increases	3.50% to 9.50%
Payroll Growth Rate	2.50%
Inflation Rate	2.50%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TRIVIUM ACADEMY
Notes to Financial Statements
For the Year Ended August 31, 2017

(8) DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate (continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	70.0%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation	-	-	2.2%
Alpha	-	-	1.0%
Total	100%		8.7%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

(9) EVALUATION OF SUBSEQUENT EVENTS

The School has evaluated subsequent events through January 9, 2018, 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, 2017

EXPENSES	<u>2017</u>
6100 Payroll Costs	\$ 1,584,468
6200 Professional and Contracted Services	611,195
6300 Supplies and Materials	429,087
6400 Other Operating Costs	<u>21,850</u>
Total	<u><u>\$ 2,646,600</u></u>

TRIVIUM ACADEMY
Schedule of Capital Assets
For the Year Ended August 31, 2017

<u>Description</u>	<u>Ownership Interest</u>		
	<u>Local</u>	<u>State</u>	<u>Federal</u>
1110 Cash	-	411,124	-
1510 Land	-	-	-
1520 Buildings and Improvements	-	-	-
1539 Furniture and Equipment	-	-	-
1531 Vehicles	-	-	-
Total	<u>\$ -</u>	<u>411,124</u>	<u>-</u>

TRIVIUM ACADEMY
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	(Over)/Under Final Budget
REVENUE & OTHER SUPPORT:				
Local Support:				
5744 Contributions	\$ -	3,800	6,109	(2,309)
5751 Food Service Activity	90,300	25,800	34,358	(8,558)
5759 Enterprise Services	-	3,530	3,468	62
5752 Athletics	-	-	883	(883)
5753 Extracurricular	-	-	37,678	(37,678)
Other Revenues from Local Sources	-	-	37	(37)
Total Local Support	<u>90,300</u>	<u>33,130</u>	<u>82,533</u>	<u>(49,403)</u>
State Program Revenues:				
5812 Foundation School Program	2,436,086	2,600,389	2,870,614	(270,225)
5829 Other State Aid	-	-	60,899	(60,899)
Total State Program Revenues	<u>2,436,086</u>	<u>2,600,389</u>	<u>2,931,513</u>	<u>(331,124)</u>
Federal Program Revenues:				
5929 Federal Program Revenues	-	846,196	373,887	472,309
Total Federal Program Revenues	<u>-</u>	<u>846,196</u>	<u>373,887</u>	<u>472,309</u>
Total Revenues	<u>2,526,386</u>	<u>3,479,715</u>	<u>3,387,933</u>	<u>91,782</u>
EXPENSES:				
Program Services:				
11 Instruction	1,598,404	1,670,367	1,765,155	(94,788)
13 Curriculum Development & Instructional Staff Development	5,500	9,000	8,011	989
21 Instructional Leadership	30,000	31,100	31,182	(82)
23 School Leadership	138,600	168,600	138,374	30,226
31 Guidance, Counseling & Evaluation Services	17,000	70,000	55,619	14,381
33 Health Services	1,000	2,740	1,905	835
35 Food Services	90,300	33,800	34,689	(889)
36 Extra Curricular Activities	-	3,530	1,040	2,490
Total Program Services	<u>1,880,804</u>	<u>1,989,137</u>	<u>2,035,975</u>	<u>(46,838)</u>
Support Services:				
41 General Administration	88,800	127,440	133,666	(6,226)
51 Plant Maintenance & Operations	491,142	495,008	464,754	30,254
52 Security & Monitoring Services	9,000	9,000	551	8,449
53 Data Processing Services	5,000	12,934	11,654	1,280
Total Support Services	<u>593,942</u>	<u>644,382</u>	<u>610,625</u>	<u>33,757</u>
Total Expenses	<u>2,474,746</u>	<u>2,633,519</u>	<u>2,646,600</u>	<u>(13,081)</u>
Change in Net Assets	51,640	846,196	741,333	(104,863)
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 51,640</u>	<u>846,196</u>	<u>741,333</u>	<u>(104,863)</u>

COMPLIANCE & INTERNAL CONTROL SECTION

EVANS & KNAUTH, PLLC

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

Board of Directors
TRIVIUM ACADEMY

We have audited the financial statements of Trivium Academy as of and for the year ended August 31, 2017, and have issued our report thereon dated January 9, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Trivium Academy is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Trivium Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Trivium Academy's internal control over financial reporting.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management, others within the Academy, and the Texas Education Agency and other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Evans & Knauth, PLLC

Evans & Knauth, PLLC
Frisco, TX
January 9, 2018