

HARMONY PUBLIC SCHOOLS

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021



HARMONY PUBLIC SCHOOLS

TABLE OF CONTENTS

	<u>Page</u>
Certificate of Board	i
Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to Financial Statements	9
Independent Auditor’s Report on Supplemental Information	29
Harmony Science Academy – Houston	
Supplemental Financial Statements	
Statements of Financial Position	31
Statements of Activities	32
Statements of Cash Flows	34
Supplemental Schedules	
Schedule of Expenses	35
Schedule of Capital Assets	36
Budgetary Comparison Schedule	37
Harmony Science Academy - Austin	
Supplemental Financial Statements	
Statements of Financial Position	39
Statements of Activities	40
Statements of Cash Flows	42
Supplemental Schedules	
Schedule of Expenses	43
Schedule of Capital Assets	44
Budgetary Comparison Schedule	45
Harmony Science Academy - San Antonio	
Supplemental Financial Statements	
Statements of Financial Position	47
Statements of Activities	48
Statements of Cash Flows	50
Supplemental Schedules	
Schedule of Expenses	51
Schedule of Capital Assets	52
Budgetary Comparison Schedule	53

HARMONY PUBLIC SCHOOLS

TABLE OF CONTENTS (continued)

	<u>Page</u>
Harmony Science Academy - El Paso	
Supplemental Financial Statements	
Statements of Financial Position	55
Statements of Activities	56
Statements of Cash Flows	58
Supplemental Schedules	
Schedule of Expenses	59
Schedule of Capital Assets	60
Budgetary Comparison Schedule	61
Harmony School of Excellence	
Supplemental Financial Statements	
Statements of Financial Position	63
Statements of Activities	64
Statements of Cash Flows	66
Supplemental Schedules	
Schedule of Expenses	67
Schedule of Capital Assets	68
Budgetary Comparison Schedule	69
Harmony Science Academy – Waco	
Supplemental Financial Statements	
Statements of Financial Position	71
Statements of Activities	72
Statements of Cash Flows	74
Supplemental Schedules	
Schedule of Expenses	75
Schedule of Capital Assets	76
Budgetary Comparison Schedule	77
Harmony School of Science – Houston	
Supplemental Financial Statements	
Statements of Financial Position	79
Statements of Activities	80
Statements of Cash Flows	82
Supplemental Schedules	
Schedule of Expenses	83
Schedule of Capital Assets	84
Budgetary Comparison Schedule	85
Central Office	
Supplemental Financial Statements	
Statements of Financial Position	87
Statements of Activities	88
Statements of Cash Flows	89
Supplemental Schedules	
Schedule of Expenses	90
Schedule of Capital Assets	91
Budgetary Comparison Schedule	92

HARMONY PUBLIC SCHOOLS

TABLE OF CONTENTS (continued)

	<u>Page</u>
Federal Awards 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 <i>Government Auditing Standards</i>	95
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	97
Schedule of Findings and Questioned Costs	99
Schedule of Expenditures of Federal Awards	101
Notes to Schedule of Expenditures of Federal Awards	104
Summary Schedule of Prior Audit Findings	105
Corrective Action Plan	106

HARMONY PUBLIC SCHOOLS

071-806

101-858

015-828

101-846

227-816

161-807

101-862

(Federal Employer Identification Number: 76-0615245)

CERTIFICATE OF BOARD

June 30, 2021

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Harmony Public Schools was review and approved disapproved for the year ended June 30, 2021, at a meeting of the governing body of said charter school on the 13th day of November, 2021.



Signature of Board Secretary



Signature of Board President

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Harmony Public Schools
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Harmony Public Schools (a nonprofit organization) ("HPS"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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 HPS as of June 30, 2021, 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.

To the Board of Directors of
Harmony Public Schools

Other Matters

Report on Summarized Comparative Information

We have previously audited HPS' June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 November 5, 2021, on our consideration of HPS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HPS's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
November 5, 2021

FINANCIAL STATEMENTS



HARMONY PUBLIC SCHOOLS
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 56,037,114	\$ 36,131,087
Restricted cash	38,504,774	35,295,071
Investments	92,251,640	85,456,437
Receivables	72,314,141	65,099,280
Other receivables	5,157,896	1,821,298
Prepays	1,424,440	149,002
Total Current Assets	<u>265,690,005</u>	<u>223,952,175</u>
Property and Equipment:		
Land	72,942,651	47,722,900
Buildings and improvements	392,351,505	383,332,834
Furniture and equipment	39,666,586	35,607,930
Construction in progress	27,848,819	16,052,288
Right-of-use asset under lease	124,592,421	113,450,195
	<u>657,401,982</u>	<u>596,166,147</u>
Less: Accumulated depreciation and amortization	<u>(159,123,281)</u>	<u>(138,736,592)</u>
	498,278,701	457,429,555
Other Assets:		
Deposits	274,709	232,452
Total Assets	<u>\$ 764,243,415</u>	<u>\$ 681,614,182</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 13,215,825	\$ 9,242,906
Accrued liabilities	4,994,096	1,296,464
Wages payable	34,819,675	29,332,738
Payroll taxes payable	14,010,125	11,908,600
Interest payable	6,935,567	7,040,432
Deferred revenue	85,815	76,675
Current portion of lease liability	4,679,044	3,778,367
Current portion of bonds payable	6,625,000	6,315,000
Total Current Liabilities	<u>85,365,147</u>	<u>68,991,182</u>
Long-Term Liabilities:		
Lease liability net of current portion	112,117,256	105,995,772
Notes payable	64,200,157	26,196,190
Bonds payable net of premium, discount, issuance costs and current portion	<u>373,207,875</u>	<u>380,797,277</u>
Total Liabilities	<u>634,890,435</u>	<u>581,980,421</u>
Net Assets:		
Without donor restrictions	32,353,181	28,878,221
With donor restrictions	96,999,799	70,755,540
Total Net Assets	<u>129,352,980</u>	<u>99,633,761</u>
Total Liabilities and Net Assets	<u>\$ 764,243,415</u>	<u>\$ 681,614,182</u>

HARMONY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Support and Revenue				
Federal grants	\$ -	\$ 45,628,418	\$ 45,628,418	\$ 44,046,699
State and local grants	-	381,898,886	381,898,886	349,669,234
Donations	840,105	-	840,105	-
Interest Income	1,092,791	-	1,092,791	2,171,431
Other income	7,056,382	61,930	7,118,312	8,949,539
Net assets released from restrictions	400,359,248	(400,359,248)	-	-
Total revenues	<u>409,348,526</u>	<u>27,229,986</u>	<u>436,578,512</u>	<u>404,836,903</u>
Expenses				
Salaries	245,105,976	-	245,105,976	235,196,736
Employee benefits	26,662,149	-	26,662,149	24,454,859
Payroll tax expense	4,564,280	-	4,564,280	4,183,335
Professional fees	25,042,207	-	25,042,207	29,736,327
Occupancy	3,763,951	-	3,763,951	3,367,342
Equipment costs	3,664,915	-	3,664,915	4,906,506
Supplies	30,197,307	-	30,197,307	20,941,779
Interest	22,708,802	-	22,708,802	23,573,685
Repairs & maintenance	10,355,763	-	10,355,763	9,396,504
Utilities	5,728,536	-	5,728,536	5,906,878
Travel	311,024	-	311,024	2,423,642
Insurance	1,719,514	-	1,719,514	1,357,349
Other expense	6,852,234	-	6,852,234	7,317,518
Depreciation and amortization	18,933,804	-	18,933,804	19,698,407
Amortization of bond issuance costs	263,104	-	263,104	263,103
Total Expenses	<u>405,873,566</u>	<u>-</u>	<u>405,873,566</u>	<u>392,723,970</u>
Change in net assets from operations	<u>3,474,960</u>	<u>27,229,986</u>	<u>30,704,946</u>	<u>12,112,933</u>
Non-Operating Revenues (Expenses)				
Gain (Loss) on sale of investments	-	(985,727)	(985,727)	418,008
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(985,727)</u>	<u>(985,727)</u>	<u>418,008</u>
Total change in net assets	<u>3,474,960</u>	<u>26,244,259</u>	<u>29,719,219</u>	<u>12,530,941</u>
Net Assets, Beginning of Year	<u>28,878,221</u>	<u>70,755,540</u>	<u>99,633,761</u>	<u>87,102,820</u>
Net Assets, End of Year	<u>\$ 32,353,181</u>	<u>\$ 96,999,799</u>	<u>\$ 129,352,980</u>	<u>\$ 99,633,761</u>

HARMONY PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 29,719,219	\$ 12,530,941
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets under capital lease	20,386,689	22,045,095
Amortization - premium on bonds	(1,227,508)	(1,227,506)
Amortization - bond issuance costs	263,104	263,106
(Increase) Decrease in receivables	(7,214,861)	(8,213,316)
(Increase) Decrease in other receivables	(3,336,598)	(596,311)
(Increase) Decrease in deposits	(42,257)	19,222
(Increase) Decrease in prepaids	(1,275,438)	321,212
Increase (Decrease) in accounts payable	3,972,919	589,398
Increase (Decrease) in wages payable	5,486,937	4,038,571
Increase (Decrease) in payroll taxes payable	2,101,526	1,674,832
Increase (Decrease) in accrued liabilities	3,697,632	339,141
Increase (Decrease) in due to state	-	(4,884)
Increase (Decrease) in deferred revenue	9,140	(279,180)
Increase (Decrease) in interest payable	(104,865)	(106,113)
Net Cash Provided (Used) by Operating Activities	<u>52,435,639</u>	<u>31,394,208</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(50,093,609)	(30,652,862)
Purchase of investments	(6,795,203)	6,172,302
Net Cash Provided (Used) by Investing Activities	<u>(56,888,812)</u>	<u>(24,480,560)</u>
Cash flows from Financing Activities		
Proceeds from loans	38,003,967	19,352,438
Repayment of bonds	(6,315,000)	(6,045,001)
Payments on lease liability	(4,120,064)	(3,948,386)
Net Cash Provided (Used) by Financing Activities	<u>27,568,903</u>	<u>9,359,051</u>
Net increase (decrease) in cash	23,115,730	16,272,699
Cash at Beginning of Year	71,426,158	55,153,459
Cash at End of Year	<u>\$ 94,541,888</u>	<u>\$ 71,426,158</u>
Cash Per the Statement of Financial Position		
Cash	\$ 56,037,114	\$ 36,131,087
Restricted Cash	38,504,774	35,295,071
Total Cash per the Statement of Financial Position	<u>\$ 94,541,888</u>	<u>\$ 71,426,158</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 23,234,816</u>	<u>\$ 24,956,780</u>



HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS

Note 1 - Organization

Harmony Public Schools ("HPS"), a nonprofit organization, provides curricula for students in grades kindergarten through 12. The school was incorporated in the State of Texas in September 1999, under the Texas Non-Profit Corporation Act. The Internal Revenue Service determined that HPS was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

Pursuant to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, HPS operates as part of the state public school system subject to all federal and state laws and rules governing public schools. HPS is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

Note 2 - Summary of Significant Accounting Policies

A. Principles of Consolidation

The consolidated financial statements include all of HPS's accounts. All significant intercompany balances and transactions have been eliminated.

B. Support and Revenue

Per the Texas Education Agency, revenues, generally, that are reported on the statement of activities may be presented in three broad categories.

- Local and intermediate sources such as contributions received from charter holder constituents, funds received pursuant to grants from local governmental and nongovernmental entities, and other sources, such as income from investments.
- State sources such as Foundation School Program funding and other formula or state grants.
- Federal sources such as funding through formula or discretionary grants awarded to the charter holder by the federal or state government

Support and revenue are recorded based on the accrual method.

C. Cash Donations and Donated Services

Cash donations are considered to be available for use without donor restrictions 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 organization.

D. Comparative Totals and Reclassifications

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived. In addition, Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. These changes were between the ROU asset, net of amortization and the related liability. The reclassifications had no impact on previously reported net assets.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

E. Contributions

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

F. Property and Equipment

Property and equipment purchased by HPS is 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 five to thirty-nine years for depreciable assets. Gains and 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 unrestricted net assets.

G. Pledges and Accounts Receivable

Contributions are recognized when the donor makes a promise to give to HPS which is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor- restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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.

H. Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the notes to the financial statements. The Texas Education Agency mandates a specific account coding that requires open enrollment charter schools to record expenses to a unique combination of function and object. Generally, HPS records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage. See Note 20. for more information.

I. Income Taxes

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

J. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks. The cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. HPS has secured pledged collateral at 100% of its bank balances. HPS has not experienced any losses on such accounts.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

K. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Academy classifies its marketable debt securities as "held to maturity" if it has the positive intent and ability to hold the securities to maturity. All other marketable securities are classified as "available for sale." Realized gains and losses and unrealized gains and losses, determined using the specific identification method, are included in the change in net assets.

L. Fair Value Measurements

FASB ASC 820 *Fair Value Measurements and Disclosures* establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2: Significant direct or indirect, observable inputs other than quoted prices;
- Level 3: Unobservable inputs based on assumptions of the reporting entity.

The fair value measurement of assets and liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

M. 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.

N. Compensated Absences

Permanent employees of HPS accumulate and vest paid-time-off at varying rates depending on exempt status and hourly rate. It is HPS' policy to accrue accumulated paid-time-off at year-end.

O. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as either without donor restrictions or with donor restrictions.

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

O. Net Assets (continued)

In accordance with state law, a charter holder is entitled to receive state aid for the charter school based on student attendance; however, before the charter holder may reclassify state aid from net assets with donor restrictions to net assets without donor restrictions, it must meet a two part test.

1. First, the charter school must demonstrate that it expended state aid for the benefit of its students.
2. Second, the charter school must expend state aid consistent with TEC, §45.105(c).

As described in Note 14., the majority of HPS' revenue is comprised of state aid from the Texas Education Agency.

Note 3 - Defined Pension Plan

Plan Description

The charter school contributes to the Teacher Retirement System of Texas ("TRS"), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. It is a defined benefit pension plan 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.

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.

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 TRS Annual Comprehensive Financial Report available dated August 31, 2019 and August 31, 2020 indicated the following:

<u>TRS Pension Fund</u>	<u>Total Plan Assets</u>	<u>TRS Plan Fiduciary Net Position</u>	<u>Total Pension Liability</u>	<u>Net Pension Liability</u>	<u>Percent Funded</u>
2020	\$ 184,361,870,581	\$ 165,416,245,243	\$ 218,974,205,084	\$ 53,557,959,841	75.54%
2019	181,800,159,205	157,978,199,075	209,961,325,288	51,983,126,213	75.24%
2018	176,942,453,923	154,568,902,000	209,611,329,000	55,042,427,000	73.74%

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 3 - Defined Pension Plan (continued)

Funding Policy

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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	Contribution Rates	
	2021	2020
Member	7.7%	7.7%
Non-employer contributing agency	7.5%	7.5%
Employers	7.5%	7.5%

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.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- 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.

HPS employee contributions to the system for the year ended June 30, 2021 and June 30, 2020 were \$17,605,574 and \$16,819,122, respectively and were equal to the required contributions for the year. Total covered payroll was \$228,577,121 and \$218,438,959. Amounts paid as pension surcharges and Non-OASDI for 2021 were \$95,616 and \$3,621,366, respectively. Amounts paid as pension surcharges and Non-OASDI required amounts in 2020 were \$102,320 and \$3,276,478, respectively.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 3 - Defined Pension Plan (continued)

Funding Policy (continued)

Other contributions made from federal and private grants contributed at a rate of 7.50% and 7.50% for 2021 and 2020. Contributions totaled \$1,247,812 and \$1,254,915 for the years ended June 30, 2021 and 2020. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan and the charter school was not assessed a surcharge. During fiscal years 2021 and 2020, the School also paid contributions related to amount above the statutory minimum totaling \$4,685,419 and \$3,727,448, respectively.

Note 4 - Defined Other Post-Employment Benefit Plan

Plan Description

The HPS participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Similar to the TRS Pension Plan discussed in Note C, 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 OPEB plans. Assets contributed to a multi-employer OPEB 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 TRS Annual Comprehensive Financial Report available dated August 31, 2020

TRS Care Other Post-Employment Benefits (OPEB)	Total Plan Assets	TRS-Care Plan Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2020	\$ 2,146,681,144	\$ 1,996,317,932	\$ 40,010,833,815	\$ 38,014,515,883	4.99%
2019	1,475,508,564	1,292,022,349	48,583,247,239	47,291,224,890	2.66%
2018	1,001,649,953	798,574,633	50,729,490,103	49,930,915,470	1.57%

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 4 - Defined Other Post-Employment Benefit Plan (continued)

Benefits Provided

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Plan Premium Rates		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2020</u>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

In fiscal year 2021, HPS contributed a total of \$1,918,780 of which, \$209,900 was for federally funded employees. Employees contributed a total \$1,486,241. Covered payroll for TRS-Care for fiscal year 2021 was \$228,577,121. In fiscal year 2020, HPS contributed a total of \$1,901,903 of which, \$220,972 was for federally funded employees. Employees contributed a total \$1,419,806. Covered payroll for TRS-Care for fiscal year 2020 was \$218,438,959.

Note 5 - Budget

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

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 6 - Investments

Investments presented below have been measured using Level 1 and Level 2 inputs as described in Note 2 K. above, Fair Value Measurements.

Fair Value Measurements as of June 30, 2021

Type of Investment	Level 1	Level 2	Level 3	Totals
Money Market/Commercial Paper	\$ 1,135,681	\$ -	\$ -	\$ 1,135,681
Certificates of Deposit	30,428,154	-	-	30,428,154
US Government Agencies	60,687,805	-	-	60,687,805
Total Investments at Fair Value:	<u>\$ 92,251,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,251,640</u>

Fair Value Measurements as of June 30, 2020 were as follows:

Type of Investment	Level 1	Level 2	Level 3	Totals
Money Market/Commercial Paper	\$ 19,270,590	\$ -	\$ -	\$ 19,270,590
Certificates of Deposit	30,888,572	-	-	30,888,572
US Government Agencies	35,297,275	-	-	35,297,275
Total Investments at Fair Value:	<u>\$ 85,456,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,456,437</u>

Realized losses totaled \$985,727 in 2021. In fiscal year 2020, HPS realized gains of \$418,008.

Certificate of Deposits

HSA- El Paso, HSA - Waco and HAS – Houston hold several certificates of deposits with six-month maturities that totaled \$30.4 million and \$30.9 million as of June 30, 2021 and June 30, 2020, respectively. The interest rates range from 0.03% to 3.18%. The certificates of deposit mature between July 2021 and November 2040.

Note 7 - Notes Payable

HPS's obligations under notes payable consist of the following:

On December 18, 2020, HPS entered into a loan under the Supplemental Master Trust Indenture No. 29. HPS can draw up to \$100,000,000 on the loan. Interest is due and payable semi-annually on June and December of each year. The maturity date is December 18, 2023. As of June 30, 2021, the balance as of the loan was \$64,200,157. The interest rate is 1.45% spread plus London Interbank Offered Rate (LIBOR) for one month.

On June 1, 2019, HPS entered into a loan under the Supplemental Master Trust Indenture No. 27. HPS can draw up to \$35,000,000 on the loan. Interest is due and payable semi-annually on June and December of each year. The maturity date is June 26, 2021. As of June 30, 2019, the balance as of the loan was \$6,843,752. The interest rate is 1.45% spread plus London Interbank Offered Rate (LIBOR) for one month. HPS increased its line of credit to \$60 million. The amount drawn on the loan during fiscal year 2020 was \$26,196,190. The line of credit matures in April 2023.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 8 - Operating and Finance Leases

HPS accounts for leases in accordance with FASB ASC 842. HPS is the lessee for all of its leases.

At the inception of a contract, we assess whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, HPS assess whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- HPS has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- HPS has the right to direct the use of the asset. HPS has the right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, HPS has the right to direct the use of the asset if either HPS has the right to operate the assets or HPS designed the asset in a way that predetermined how and for what purpose it will be used.

A contract may contain multiple lease components; if so, HPS allocates the consideration in a contract to each lease component based on each component's relative stand-alone price. HPS is required to account for the right-to-use land and other assets separately unless the effect of doing so would be insignificant to the overall accounting for the transaction.

After separate lease components are identified, HPS applies the following steps to each separate lease component:

- Determine the lease term, generally calculated beginning at the lease commencement date
- Determine the lease payments, which may include fixed payments, variable lease payments, amount HPS will probably owe under residual value guarantees and payments related to renewal or termination options that HPS are reasonably certain to exercise.
- Determine the discount rate for the lease based on information available at lease commencement. For HPS, the discount rate implicit in the lease unless that rate cannot be readily determined, in which case we are required to use the incremental borrowing rate which ranges from 3% to 5%.

Finance Leases

HPS classifies leases as finance leases if they are not short-term leases (see below) and they meet any of the following criteria:

- The lease transfers ownership of the underlying asset to HPS by the end of the lease term.
- The lease grants HPS an option to purchase the underlying asset that HPS is reasonably certain to exercise.
- The lease term is for a major part of the remaining economic life of the underlying asset. If the commencement date is at or near the end of the underlying asset's economic life, this test does not apply.
- The present value of the sum of (1) the lease payments and (2) any lessee residual value guarantee not reflected in the lease payments equal or exceed substantially all of the underlying asset's fair value.
- The underlying asset is of such specialized nature that is expected to have no alternative use to the lessor at the end of the lease term.

For finance leases, HPS recognizes a right-of-use (ROU) asset and a lease liability at lease commencement.

The finance lease ROU asset is initially measured at cost, which comprises the sum of (1) the initial amount of the finance lease liability, (2) initial direct costs incurred (incremental costs that would not have been incurred if the lease had not been obtained) and (3) any lease payments made before or at lease commencement, (4) reduced for any lease incentives received.

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 8 - Operating and Finance Leases (continued)

Finance Leases (continued)

Subsequent to commencement, HPS measures the ROU asset at cost, less accumulated amortization and any accumulated impairment losses.

HPS amortizes the finance ROU asset on a straight-line basis over the period from the commencement date to the earlier (2) the end of the useful life of the ROU asset or (2) the end of the lease term. However, if the lease transfers ownership of the underlying asset to us, or if we are reasonably certain to exercise a purchase option to acquire the underlying, HPS amortizes the ROU asset to the end of the underlying asset’s useful life. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The finance lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the discount rate determined at commencement. Subsequent to commencement, we measure the finance lease liability on an amortized cost basis using the effective interest method. The lease liability is remeasured when (1) there is a change in future lease payment arising from a change in a rate or index, (2) there is a change in the estimate of the amount HPS expects to pay under a residual value guarantee or (3) if we change our assessment of whether we will exercise a purchase , extension or termination option.

Finance lease ROU assets are included in property and equipment, net in the consolidated financial statement of HPS and in each District in the Statement of Financial Position. Finance lease liabilities are included in the current portion of long-term debt and long-term debt, net. Amortization on the ROU assets is included in the properly functional expense based on the use of the buildings.

HPS leases several buildings under two finance lease agreements. The leases expire in 2046 and 2048. The following is a schedule of future minimum payment required under HPS’s finance lease liabilities together with their present value as of June 30, 2021.

<u>Year Ending June 30</u>	
2022	\$ 6,080,634
2023	6,186,290
2024	6,187,395
2025	6,184,657
2026	6,181,686
Thereafter	<u>154,480,374</u>
Total payments due under finance lease liabilities	185,301,036
Less discount to present value	<u>(88,777,687)</u>
Total finance lease liabilities	<u><u>\$ 96,523,349</u></u>

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 8 - Operating and Finance Leases (continued)

Finance Leases (continued)

ROU assets under finance lease for fiscal years 2021 and 2020, net are as follows:

	FY 2021
Buildings	\$ 99,832,188
Accumulated amortization	<u>(10,252,025)</u>
	<u>\$ 89,580,163</u>

	FY 2020
Buildings	\$ 99,832,187
Accumulated amortization	<u>(7,446,330)</u>
	<u>\$ 92,385,857</u>

Finance lease costs and cash paid for fiscal year 2021 is disclosed below:

Amortization of right-of-use assets	\$ 2,805,696
Interest on lease liabilities	<u>4,853,259</u>
Total financing lease costs	<u>\$ 7,658,955</u>

Cash Paid for Finance Leases

Cash paid for amounts included in the measurement of finance lease liabilities - operating cash flows	\$ 4,858,104
Cash paid for amounts included in the measurement of finance lease liabilities - finance cash flows	<u>1,162,728</u>
Total cash paid for finance leases	<u>\$ 6,020,832</u>

Finance lease costs and cash paid for fiscal year 2020 is disclosed below:

Amortization of right-of-use assets	\$ 3,315,633
Interest on lease liabilities	<u>4,765,130</u>
Total financing lease costs	<u>\$ 8,080,763</u>

Cash Paid for Finance Leases

Cash paid for amounts included in the measurement of finance lease liabilities - operating cash flows	\$ 4,765,130
Cash paid for amounts included in the measurement of finance lease liabilities - finance cash flows	<u>816,170</u>
Total cash paid for finance leases	<u>\$ 5,581,300</u>

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 8 - Operating and Finance Leases (continued)

Operating Leases

HPS classifies leases as operating leases if they are not short-term leases (see below) or finance lease (see above).

For operating leases, HPS recognizes the ROU asset and a lease liability at lease commencement; the initial liability and ROU asset are calculated the same for operating leases as described above for finance leases. Subsequent to commencement, HPS measures operating ROU assets at (1) the carrying amount of the operating lease liability, (2) plus unamortized initial direct costs and any prepaid lease payments, (3) less any accrued lease payments and the unamortized balance of any lease incentives received. However, if an operating lease ROU asset is impaired, HPS measures the ROU asset on a straight-line basis from the date of the impairment to the earlier of the end of the ROU asset's useful life or the end of the lease term. Operating lease ROU assets are included in property equipment since the operating leases pertain to buildings.

HPS has 11 buildings under 11 separate operating leases. The following is a schedule of future minimum payments required under HPS' operating lease liabilities together with their present value as of June 30, 2021.

Year Ending June 30,	Amount
2022	\$ 4,290,296
2023	4,434,433
2024	4,525,883
2025	4,495,612
2026	3,013,367
Thereafter	<u>2,449,468</u>
Total payments due under operating lease liabilities	\$ 23,209,059
Less discount to present value	<u>(2,936,108)</u>
	<u>\$ 20,272,951</u>

ROU assets under operating leases for fiscal years 2021 and 2020, net are as follows:

FY 2021 Right-to-Use Assets Under Operating Leases

Buildings	\$ 24,760,233
Accumulated Amortization	<u>(5,901,525)</u>
	<u>\$ 18,858,708</u>

FY 2020 Right-to-Use Assets Under Operating Leases

Buildings	\$ 13,618,007
Accumulated Amortization	<u>(2,742,100)</u>
	<u>\$ 10,875,907</u>

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 8 - Operating and Finance Leases (continued)

Operating Leases (continued)

Other required disclosures on HPS' operating leases for fiscal years 2021 and 2020 are as follows:

Operating lease costs for FY 2021	
Periodic lease cost	\$ 3,748,152
Accretion of lease liability	4,234,649
Adjustment to the right-of-use asset	<u>\$ 7,982,801</u>
Rental Payments during fiscal year 2020	\$ 3,917,272
Accretion of lease liability	4,234,649
Increase in operating lease liability	<u>\$ 8,151,921</u>
Beginning of operating lease liability	\$ 12,121,030
Increase in operating lease liability	8,151,921
Ending operating lease liability as of June 30, 2020	<u>\$ 20,272,951</u>

In 2021, HPS had lease modifications which increased the lease liability.

Operating lease costs for FY 2020	
Periodic lease cost	\$ 3,323,582
Accretion of lease liability	(581,482)
Adjustment to the right-of-use asset	<u>\$ 2,742,100</u>
Rental Payments during fiscal year 2020	\$ 3,739,197
Accretion of lease liability	(581,482)
Decrease in operating lease liability	<u>\$ 3,157,715</u>
Beginning operating lease liability	\$ 15,278,745
Decrease in operating lease liability	(3,157,715)
Ending operating lease liability as of June 30, 2020	<u>\$ 12,121,030</u>

HPS cash paid for operating leases \$3,917,272 in FY 2021 and \$674,748 in fiscal year 2020.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 9 - Restricted Cash

Restricted cash at June 30, 2021 and June 30, 2020, consisted of project fund, debt service fund, debt service reserve fund, and sinking 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.

Note 10 - Bonds Payable

HPS has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Series Bonds, 2012A, 2014A, 2015, 2016A and 2017A in the amounts of: \$31,350,000; \$101,555,000; \$106,745,000; \$55,405,000; and \$40,540,000, respectively. HPS has also received proceeds from Taxable Educational Revenue Bonds, Q Series (Qualified School Construction Bonds) 2010Q, 2011Q, and 2014Q in the amounts of \$39,910,000; \$5,085,000; and \$8,880,000, respectively. 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. Bonds payable at June 30, 2021, consist of the following:

2010 Q Bonds, 8.13% interest; Principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing February 15, 2011; bond matures in 2027.	\$ 39,910,000
2011Q Bonds, 8.75% interest; principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing November 15, 2011; maturity dates range from 2014 to 2026.	5,085,000
2012A Bonds, 4% - 5% interest; principal due annually commencing February 15, 2014; interest due semi-annually commencing August 15, 2012; maturity dates range from 2014 - 2042.	26,436,971
2014A Bonds, 1.5% - 5% interest; principal due annually commencing February 15, 2015; interest due semi-annually commencing February 15, 2015; maturity dates range from 2015 to 2044.	85,965,000
2014Q Bonds, 4.733% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing February 15, 2015; maturity dates range from 2017 to 2036.	8,880,000
2015 Bonds, 2% - 5% interest; principal due annually commencing February 15, 2016; interest due semi-annually commencing February 15, 2016; maturity dates range from 2016 to 2041.	102,965,000
2016A Bonds, 2% - 5% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing August 15, 2016; maturity dates range from 2017 to 2046.	50,105,000
2017A Bonds, 3.0% - 5.0% interest; principal due annually commencing February 15, 2020; interest due in semi-annual installments, commencing February 15, 2018; maturity dates range from 2020 to 2047.	<u>37,870,000</u>
Total	357,216,971
Plus original issue premium	27,800,758
Less issuance costs on debt	(5,184,854)
Less current portion of debt	(6,625,000)
	<u>\$ 373,207,875</u>

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 10 - Bonds Payable (continued)

Future maturities of bonds payable over the next five years are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 6,625,000	\$ 18,644,042	\$ 25,269,042
2023	6,925,000	18,339,692	25,264,692
2024	7,275,000	18,008,142	25,283,142
2025	7,630,000	17,644,392	25,274,392
2026	13,080,000	17,262,892	30,342,892
Thereafter	315,681,971	131,006,334	446,688,305
Total	<u>357,216,971</u>	<u>\$ 220,905,494</u>	<u>\$ 578,122,465</u>
Plus original issue premium	27,800,758		
Less issuance cost on debt	<u>(5,184,854)</u>		
Amount of bonds net of discount and premium	<u>\$ 379,832,875</u>		

HPS must maintain debt service reserve funds for the outstanding Series 2012A bonds, which funds are required to maintain minimum balances equal to the lesser of Maximum Annual Debt Service on the Bonds, 1.25 time the average annual Debt Service on the Bonds, or ten percent of the initial principal amount of the Bonds. At June 30, 2021 and June 30, 2020, the debt service reserve fund for the Series 2012A bonds had a cash balance of \$2,669,947 and \$2,446,267, respectively. The amounts in both fiscal years exceeded minimum balance requirements.

Note 11 - Bond Sinking Fund Obligations

HPS is required to deposit amounts restricted to the repayment of principal into three sinking funds on an annual basis. The sinking funds are restricted to the retirement of debt issued with respect to the 2010Q series, 2011Q series, and 2014Q series of bonds. Future sinking fund obligations of notes payable are as follows:

Year Ending June 30,	Deposits
2022	2,547,288
2023	2,549,961
2024	2,553,162
2025	2,549,404
2026	2,565,537
Thereafter	7,263,113
Total	<u>\$ 20,028,465</u>

Note 12 - Bond Debt Covenants

The bond agreements contain certain restrictions and covenants. HPS is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must be equal to 1.10 times the annual debt service requirements. HPS's minimum available excess revenue requirements totaled \$27,773,890 and \$27,808,749 for fiscal years 2021 and 2020. At 2020 and 2021, HPS met the covenant requirements holding available revenue of \$59.5 million and \$51.5 million. Additionally, HPS needs to maintain an operating reserve that covers 45 days of budgeted expenses at the end of each fiscal year. For the fiscal years 2020 and 2021, HPS was required to have \$43,051,411 and \$51,352,465, respectively, in operating accounts. For 2020 and 2021, HPS met the covenant with an available cash balance of \$121,587,524 and \$141,219,209.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 13 - State Aid Revenue and Receivables

During fiscal year 2021 and 2020, HPS earned approximately \$348.2 million and \$349.7 million in State Aid, which made up 80 percent and 86 percent of total revenue in 2021 and 2020, respectively. As of June 30, 2021 and 2020, HPS had outstanding receivables of \$72.3 million and \$65.1 million, respectively. The various components of the outstanding receivables are shown below.

	2021	2020
Due from TEA - Federal Grants	\$ 8,892,074	\$ 10,167,874
Due from TEA - State Aid	60,525,244	52,991,567
Due from TEA - State Grants	559,971	545,441
Due from Federal Government	434,271	263,731
Due from Other	1,902,581	1,130,667
	<u>\$ 72,314,141</u>	<u>\$ 65,099,280</u>

Note 14 - Commitments and Contingencies

HPS 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.

Note 15 - Health Care Coverage

During the years ended June 30, 2020 and 2021, employees of HPS were covered by a group insurance plan. The money will make health benefits contributions towards the employee’s selected plan monthly as shown in the table below:

Role/Salary Band	HPS Contribution
1	\$825
2, 3	\$625
4	\$425
5, 6	\$325
Teacher	\$325
Non-exempt	\$325

Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

Note 16 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2021 and 2020 are as follows:

	As of June 30, 2021	As of June 30, 2020
Federal funds	\$ 1,845,552	\$ 2,464,532
State funds	91,147,805	64,294,243
Local funds	4,006,442	3,996,765
Total with Donor Restrictions	<u>\$ 96,999,799</u>	<u>\$ 70,755,540</u>

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 16 - Net Assets with Donor Restrictions (continued)

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

	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020
State funds	\$ 356,874,826	\$ 336,118,944
Federal funds	43,484,422	44,834,140
Total Restrictions released	\$ 400,359,248	\$ 380,953,084

Note 17 - Lawsuits and Contingencies

HPS is subject to claims and lawsuits that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the company.

Note 18 - Elimination Entries

Description	Balance Before Eliminations	Eliminations	Consolidated Balance
Revenue	\$ 463,553,940	\$ (26,975,428)	\$ 436,578,512
Expenses	432,848,994	(26,975,428)	405,873,566
Change in Operatng Net Assets	\$ 30,704,946	\$ -	\$ 30,704,946

Eliminations consist of the following:

Central office allocation	\$ 26,065,428
Rental income	910,000
Total	\$ 26,975,428

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Note 19 - Functional Expenses

The District’s expenses are coded directly to the functional category as established by the Texas Education Agency. Below expenses are reflected by functional category and natural classification or object class.

Expense by Functional Category	Expenses by Object Class					Total	FY 2020
	Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)		
11 Instruction	\$ 188,210,265	\$ 8,669,643	\$ 24,602,037	\$ 745,342	\$ -	\$ 222,227,287	\$ 213,245,476
12 Instructional resources and media services	3,630	-	7,849	6,366	-	17,845	22,301
13 Curriculum development and instructional staff development	21,185,921	3,187,743	484,317	370,087	-	25,228,068	19,393,845
21 Instructional leadership	1,891,071	715,462	4,388	21,863	-	2,632,784	2,167,819
23 School leadership	34,660,940	386,493	176,622	600,549	-	35,824,604	35,958,330
31 Guidance, counseling and evaluation services	5,719,485	1,767,487	-	-	-	7,486,972	7,403,008
33 Health services	-	7,357	1,188,650	6,628	-	1,202,635	177,513
34 Student Transportation	-	83,527	-	-	-	83,527	1,214,980
35 Food service	1,854,560	4,608,254	56,932	33,673	-	6,553,419	11,079,622
36 Cocurricular/Extracurricular activities	-	37,591	1,306,055	785,666	-	2,129,312	4,074,996
41 General administration	16,413,136	5,990,285	346,992	3,039,766	-	25,790,179	22,234,633
51 Plant maintenance and operations	1,579,590	20,282,529	1,875,365	21,687,377	-	45,424,861	43,370,925
52 Security and monitoring services	189,103	1,171,072	12,477	57,584	-	1,430,236	1,529,563
53 Data processing services	4,624,704	1,647,929	135,623	239,006	-	6,647,262	6,715,436
71 Debt service	-	-	-	-	23,194,575	23,194,575	24,135,523
	<u>\$ 276,332,405</u>	<u>\$ 48,555,372</u>	<u>\$ 30,197,307</u>	<u>\$ 27,593,907</u>	<u>\$ 23,194,575</u>	<u>\$ 405,873,566</u>	<u>\$ 392,723,970</u>

Note 20- Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 8,768,777	\$ 20,555,087
Receivables	<u>1,902,581</u>	<u>1,130,667</u>
	<u>\$ 10,671,358</u>	<u>\$ 21,685,754</u>

Per the Texas Education Agency, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have a time restriction, but must be used for education purposes in accordance with State law. As such, there are cash, investments and receivables that are due from the State and are available for use for educational purposes. As part of HPS’ liquidity management practice, we monitor the cash on daily and monthly basis and invest cash in excess of requirements in short-term investments and CDs.

HARMONY PUBLIC SCHOOLS

NOTE TO FINANCIAL STATEMENTS (continued)

Note 21 - Subsequent Events

As of September 2, 2021, the Texas Education Agency informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement.

LEAs have reported to TEA that attendance rate declines continue to occur due to COVID-19. As a result, TEA is exploring options to ensure school systems will not experience significant financial difficulties. Additionally, LEAs had varying daily rates of attendance during the 2020-2021 school year due to the impact of virtual learning options. Once TEA receives this local information in a PEIMS upload this fall, it will be equipped to analyze, understand, and determine potential changes to the rules around waivers, particularly low attendance waivers. As of the date of this report, HPS has not determined the impact.

HPS has evaluated subsequent events through November 5, 2021, which is the date the financial statements were available to be issued.

On August 5, 2021, HPS issued bond series 2021 AB in the amount of \$170 million. The bond will be used to repay the outstanding balance on the loan and new money for the purchase of land and construction project.

Note 22 - Related Party Transactions.

HPS' success has received both national and international recognition for its curriculum, programs, training, operations and administration. The HPS Board finds that marketing of these products (i.e. intellectual property) would create revenue for HPS. As such, on February 22, 2020, the HPS Board approved the creation of the Harmony Education Solutions (HES), a limited liability company. The Board of HPS serves as the Board of HES. As of June 30, 2020, HES has received a license to sub-license Harmony's intellectual property and accompanying services. HPS applied to the Texas Education Agency for approval of the trademark licensing transaction between HES and HPS as required by Senate Bill 1454 passed by the Texas 86th Legislature. A percentage, ranging from 2 percent to 10 percent, of the licensing revenue generated by HES will be remitted to HPS. These payments will be considered related party transactions. As of June 30, 2020, HES did not generate any licensing revenue. In future years, the financial statements of HES will be consolidated with the financial statements of HPS and revenue paid by HES to HPS will be eliminated prior to consolidating the financial statements. For fiscal year 2021, HES generated \$595,001 in revenues and incurred \$560,940 in expenses. Cash for HES totaled \$133,077 as of June 30, 2021 and was offset by liabilities of \$99,016. HES did not remit any of its licensing revenue to HPS and as such elimination entries were not needed.



**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Harmony Public Schools
Houston, Texas

We have audited the financial statements of Harmony Public Schools as of and for the year ended June 30, 2021, and our report thereon dated November 5, 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 schools beginning on page 31 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas
November 5, 2021



HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 5,580,815	\$ 2,431,137
Restricted cash	8,785,809	8,111,979
Investments	9,441,896	9,219,137
Receivables	7,539,874	6,683,312
Other receivables	120,701	128,237
Prepays	134,877	-
Total Current Assets	<u>31,603,972</u>	<u>26,573,802</u>
Property and Equipment:		
Land	7,225,861	7,225,861
Buildings and improvements	61,449,118	61,055,671
Furniture and equipment	4,451,044	3,928,394
Construction in progress	1,366,493	765,986
	<u>74,492,516</u>	<u>72,975,912</u>
Less: Accumulated depreciation	(24,473,980)	(22,262,367)
	<u>50,018,536</u>	<u>50,713,545</u>
Total Assets	<u>\$ 81,622,508</u>	<u>\$ 77,287,347</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,286,524	\$ 576,177
Accrued liabilities	36	11,736
Wages payable	3,592,266	2,937,653
Payroll taxes payable	1,350,174	1,140,161
Interest payable	1,163,638	1,180,603
Deferred revenue	19,372	10,232
Current portion of bonds payable	1,092,425	92,961
Total Current Liabilities	<u>8,504,435</u>	<u>5,949,523</u>
Long-Term Liabilities:		
Notes payable net of current portion	845,656	326,908
Bonds payable net of premium, discount, issuance costs and current portion	<u>58,019,061</u>	<u>60,150,380</u>
Total Liabilities	<u>67,369,152</u>	<u>66,426,811</u>
Net Assets:		
Without donor restrictions	10,687,659	9,650,472
With donor restrictions	<u>3,565,697</u>	<u>1,210,064</u>
Total Net Assets	<u>14,253,356</u>	<u>10,860,536</u>
Total Liabilities and Net Assets	<u>\$ 81,622,508</u>	<u>\$ 77,287,347</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues				
Local Support:				
5740	\$ 1,812,672	\$ -	\$ 1,812,672	\$ 2,061,667
5750	119,517	1,557	121,074	395,078
	<u>1,932,189</u>	<u>1,557</u>	<u>1,933,746</u>	<u>2,456,745</u>
State Program Revenues:				
5810	-	39,586,213	39,586,213	35,525,961
5820	-	372,183	372,183	425,258
5830	-	21,315	21,315	-
	<u>-</u>	<u>39,979,711</u>	<u>39,979,711</u>	<u>35,951,219</u>
Federal Program Revenues:				
5920	-	4,209,526	4,209,526	3,877,719
5930	-	409,164	409,164	26,699
5940	-	634,978	634,978	938,523
	<u>-</u>	<u>5,253,668</u>	<u>5,253,668</u>	<u>4,842,941</u>
Net Assets Released from Restrictions:				
	42,843,666	(42,843,666)	-	-
	<u>44,775,855</u>	<u>2,391,270</u>	<u>47,167,125</u>	<u>43,250,905</u>
Expenses				
11	23,500,381	-	23,500,381	22,528,037
12	6,452	-	6,452	670
13	-	-	-	-
	2,818,587	-	2,818,587	2,023,180
21	234,389	-	234,389	119,151
23	3,829,357	-	3,829,357	3,715,079
31	817,771	-	817,771	972,100
33	45,212	-	45,212	17,836
34	-	-	-	-
35	535,545	-	535,545	1,055,497
36	250,554	-	250,554	310,941
41	2,648,331	-	2,648,331	2,367,821
51	5,363,849	-	5,363,849	4,568,883
52	130,253	-	130,253	187,808
53	481,489	-	481,489	523,326
71	3,076,498	-	3,076,498	3,128,240
	<u>43,738,668</u>	<u>-</u>	<u>43,738,668</u>	<u>41,518,569</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Change in net assets from operations	\$ 1,037,187	\$ 2,391,270	\$ 3,428,457	\$ 1,732,336
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	(35,637)	(35,637)	47,471
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(35,637)</u>	<u>(35,637)</u>	<u>47,471</u>
Total change in net assets	<u>1,037,187</u>	<u>2,355,633</u>	<u>3,392,820</u>	<u>1,779,807</u>
Net Assets, Beginning of Year	<u>9,650,472</u>	<u>1,210,064</u>	<u>10,860,536</u>	<u>9,080,729</u>
Net Assets, End of Year	<u>\$ 10,687,659</u>	<u>\$ 3,565,697</u>	<u>\$ 14,253,356</u>	<u>\$ 10,860,536</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 3,392,820	\$ 1,779,807
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,211,613	2,174,717
Amortization - premium on bonds	(135,520)	(135,519)
Amortization - bond issuance costs	44,260	44,258
(Increase) Decrease in receivables	(856,562)	(713,484)
(Increase) Decrease in other receivables	7,536	125,877
Increase (Decrease) in accounts payable	710,347	54,143
Increase (Decrease) in wages payable	654,613	490,823
Increase (Decrease) in payroll taxes payable	210,013	125,101
Increase (Decrease) in accrued liabilities	(11,700)	(87,487)
Increase (Decrease) in interest payable	(16,965)	(17,041)
Increase (Decrease) in due to state	-	(1,300)
Increase (Decrease) in deferred revenue	9,140	(5,057)
Net Cash Provided (Used) by Operating Activities	6,084,718	3,834,838
Cash Flows from Investing Activities		
Purchase of fixed assets	(1,516,604)	(989,438)
Purchase of investment	(222,759)	(205,136)
Net Cash Provided (Used) by Investing Activities	(1,739,363)	(1,194,574)
Cash Flows from Financing Activities		
Repayment of loans	(326,908)	(325,483)
Repayment of bonds	(1,040,595)	(994,481)
Proceeds from loans	845,656	326,908
Net Cash Provided (Used) by Financing Activities	(521,847)	(993,056)
Net increase (decrease) in cash	3,823,508	1,647,208
Cash at Beginning of Year	10,543,116	8,895,908
Cash at End of Year	\$ 14,366,624	\$ 10,543,116
Cash Per the Statement of Financial Position		
Cash	\$ 5,580,815	\$ 2,431,137
Restricted Cash	8,785,809	8,111,979
Total Cash per the Statement of Financial Position	\$ 14,366,624	\$ 10,543,116
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	\$ 3,146,244	\$ 3,200,174

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

		<u>2021</u>	<u>2020</u>
Expenses			
6100	Payroll costs	\$ 27,855,351	\$ 26,583,062
6200	Professional and contracted services	7,097,443	7,061,880
6300	Supplies and materials	2,967,009	1,907,799
6400	Other operating costs	2,742,367	2,837,588
6500	Debt	<u>3,076,498</u>	<u>3,128,240</u>
Total Expenses		<u>\$ 43,738,668</u>	<u>\$ 41,518,569</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 53,764	\$ 14,284,917	\$ 27,943
1110	Investments	-	9,441,896	-
1510	Land and improvements	-	7,225,861	-
1520	Buildings and improvements	-	61,449,118	-
1539	Furniture and equipment	-	4,441,547	9,497
1580	Construction in progress	-	1,366,493	-
Total Property and Equipment		\$ 53,764	\$ 98,209,832	\$ 37,440

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		<u>Budgeted Amounts</u>			<u>Variance from Final</u>
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 2,029,972	\$ 1,865,320	\$ 1,812,672	\$ (52,648)
5750	Revenue from curricular	440,307	270,130	121,074	(149,056)
	Total Local Support	<u>2,470,279</u>	<u>2,135,450</u>	<u>1,933,746</u>	<u>(201,704)</u>
State Program Revenues:					
5810	Foundation School Program Act revenues	36,825,527	40,165,582	39,586,213	(579,369)
5820	State program revenues distributed by Texas Education Agency	454,002	702,977	372,183	(330,794)
5830	State program revenues from State of Texas Government Agencies	-	-	21,315	21,315
	Total State Program Revenues	<u>37,279,529</u>	<u>40,868,559</u>	<u>39,979,711</u>	<u>(888,848)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	4,647,291	4,868,763	4,209,526	(659,237)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	-	409,164	409,164
5940	Federal revenues distributed directly from the Federal Government	216,275	810,200	634,978	(175,222)
	Total Federal Program Revenues	<u>4,863,566</u>	<u>5,678,963</u>	<u>5,253,668</u>	<u>(425,295)</u>
	Total Revenues	<u>44,613,374</u>	<u>48,682,972</u>	<u>47,167,125</u>	<u>(1,515,847)</u>
Expenses					
11	Instruction	22,933,529	24,390,260	23,500,381	889,879
12	Instructional resources and media services	-	11,900	6,452	5,448
13	Curriculum development and instructional staff development	2,144,360	2,938,378	2,818,587	119,791
21	Instructional leadership	29,811	232,600	234,389	(1,789)
23	School leadership	3,802,110	4,222,348	3,829,357	392,991
31	Guidance, counseling and evaluation services	1,387,238	854,533	817,771	36,762
33	Health services	32,800	71,215	45,212	26,003
35	Food service	1,247,212	708,017	535,545	172,472
36	Cocurricular/Extracurricular activities	366,872	282,573	250,554	32,019
41	General administration	2,994,760	2,917,684	2,648,331	269,353
51	Plant maintenance and operations	4,811,378	6,160,708	5,363,849	796,859
52	Security and monitoring services	242,500	213,073	130,253	82,820
53	Data processing services	673,663	509,297	481,489	27,808
71	Debt service	3,096,909	3,093,909	3,076,498	17,411
	Total Expenses	<u>43,763,142</u>	<u>46,606,495</u>	<u>43,738,668</u>	<u>2,867,827</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	(35,637)	(35,637)
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(35,637)</u>	<u>(35,637)</u>
	Change in net assets	<u>850,232</u>	<u>2,076,477</u>	<u>3,392,820</u>	<u>1,316,343</u>
	Net Assets, Beginning of Year as Restated	<u>10,860,536</u>	<u>10,860,536</u>	<u>10,860,536</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 11,710,768</u>	<u>\$ 12,937,013</u>	<u>\$ 14,253,356</u>	<u>\$ 1,316,343</u>



HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 4,944,146	\$ 1,970,552
Restricted cash	3,695,135	3,396,153
Investments	6,541,761	6,429,099
Receivables	8,003,439	7,941,036
Other receivables	160,475	219,901
Prepays	182,918	754
Total Current Assets	<u>23,527,874</u>	<u>19,957,495</u>
Property and Equipment:		
Land	7,971,685	3,647,473
Buildings and improvements	36,221,602	35,716,423
Furniture and equipment	4,200,362	3,884,910
Construction in progress	522,408	326,466
Right-of-use asset under lease	12,496,293	15,410,008
	<u>61,412,350</u>	<u>58,985,280</u>
Less: Accumulated depreciation	<u>(15,410,869)</u>	<u>(22,616,293)</u>
	46,001,481	36,368,987
Other Assets:		
Deposits	159,006	125,889
Total Assets	<u>\$ 69,688,361</u>	<u>\$ 56,452,371</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 968,943	\$ 1,113,997
Accrued liabilities	500	-
Wages payable	3,810,937	3,433,583
Payroll taxes payable	1,483,007	1,344,323
Interest payable	680,062	689,382
Deferred revenue	62,198	62,198
Current portion of lease liability	1,747,146	1,263,218
Current portion of bonds payable	622,427	594,734
Total Current Liabilities	<u>9,375,220</u>	<u>8,501,435</u>
Long-Term Liabilities:		
Lease liability net of current portion	8,887,323	3,449,853
Notes payable	4,351,010	
Bonds payable net of premium, discount, issuance costs and current portion	36,133,226	36,844,298
Total Liabilities	<u>58,746,779</u>	<u>48,795,586</u>
Net Assets:		
Without donor restrictions	2,859,812	2,990,604
With donor restrictions	8,081,770	4,666,181
Total Net Assets	<u>10,941,582</u>	<u>7,656,785</u>
Total Liabilities and Net Assets	<u>\$ 69,688,361</u>	<u>\$ 56,452,371</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues				
Local Support:				
5740	\$ 555,491	\$ -	\$ 555,491	\$ 737,391
5750	58,724	12,593	71,317	538,971
	Total Local Support	12,593	626,808	1,276,362
State Program Revenues:				
5810	-	44,775,737	44,775,737	41,330,439
5820	-	389,648	389,648	479,287
5830	-	40,935	40,935	-
	Total State Program Revenues	45,206,320	45,206,320	41,809,726
Federal Program Revenues:				
5920	-	3,188,041	3,188,041	3,985,069
5930	-	444,314	444,314	11,091
5940	-	446,934	446,934	824,343
	Total Federal Program Revenues	4,079,289	4,079,289	4,820,503
Net Assets Released from Restrictions:				
	45,847,192	(45,847,192)	-	-
	Total Revenues	3,451,010	49,912,417	47,906,591
Expenses				
11	25,580,316	-	25,580,316	25,513,382
12	248	-	248	1,819
13	2,973,950	-	2,973,950	2,409,143
21	240,200	-	240,200	193,973
23	4,215,832	-	4,215,832	4,193,132
31	844,232	-	844,232	838,679
33	238,051	-	238,051	33,957
34	2,850	-	2,850	699,305
35	598,979	-	598,979	1,443,251
36	202,204	-	202,204	399,758
41	3,036,718	-	3,036,718	2,848,421
51	6,222,160	-	6,222,160	5,415,137
52	70,526	-	70,526	100,702
53	596,689	-	596,689	515,779
71	1,769,244	-	1,769,244	2,156,550
	Total Expenses	-	46,592,199	46,762,988

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Change in net assets from operations	\$ (130,792)	\$ 3,451,010	\$ 3,320,218	\$ 1,143,603
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	(35,421)	(35,421)	29,642
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(35,421)</u>	<u>(35,421)</u>	<u>29,642</u>
Total Change in net assets	<u>(130,792)</u>	<u>3,415,589</u>	<u>3,284,797</u>	<u>1,173,245</u>
Net Assets, Beginning of Year	<u>2,990,604</u>	<u>4,666,181</u>	<u>7,656,785</u>	<u>6,483,540</u>
Net Assets, End of Year	<u>\$ 2,859,812</u>	<u>\$ 8,081,770</u>	<u>\$ 10,941,582</u>	<u>\$ 7,656,785</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,284,797	\$ 1,173,245
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,140,204	2,620,053
Amortization - premium on bonds	(114,020)	(114,020)
Amortization - bond issuance costs	25,286	25,287
(Increase) Decrease in accounts receivable	(62,403)	(1,292,063)
(Increase) Decrease in other receivables	59,426	(186,333)
(Increase) Decrease in prepaids	(182,164)	-
Increase (Decrease) in deposits	(33,117)	(241,236)
Increase (Decrease) in accounts payable	(145,054)	483,668
Increase (Decrease) in wages payable	377,354	599,951
Increase (Decrease) in payroll taxes payable	138,684	234,931
Increase (Decrease) in accrued liabilities	500	-
Increase (Decrease) in interest payable	(9,320)	(9,288)
Net Cash Provided (Used) by Operating Activities	<u>6,480,173</u>	<u>3,294,195</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(5,340,785)	(1,759,112)
Purchase of investment	(112,662)	(122,357)
Net Cash Provided (Used) by Investing Activities	<u>(5,453,447)</u>	<u>(1,881,469)</u>
Cash Flows from Financing Activities		
Proceeds from loan	4,351,010	-
Repayment of bonds	(594,645)	(570,957)
Payments on lease liability	(1,510,515)	(1,528,839)
Net Cash Provided (Used) by Financing Activities	<u>2,245,850</u>	<u>(2,099,796)</u>
Net increase (decrease) in cash	3,272,576	(687,070)
Cash at Beginning of Year	5,366,705	6,053,775
Cash at End of Year	<u>\$ 8,639,281</u>	<u>\$ 5,366,705</u>
Cash Per the Statement of Financial Position		
Cash	\$ 4,944,146	\$ 1,970,552
Restricted Cash	3,695,135	3,396,153
Total Cash per the Statement of Financial Position	<u>\$ 8,639,281</u>	<u>\$ 5,366,705</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 1,837,924</u>	<u>\$ 2,224,629</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll costs	\$ 30,858,617	\$ 30,290,099
6200 Professional and contracted services	8,620,658	10,247,453
6300 Supplies and materials	3,296,710	2,606,654
6400 Other operating costs	2,046,970	1,462,232
6500 Debt	<u>1,769,244</u>	<u>2,156,550</u>
Total Expenses	<u>\$ 46,592,199</u>	<u>\$ 46,762,988</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 202,045	\$ 8,437,236	\$ -
1110	Investments	-	6,541,761	-
1510	Land and improvements	-	7,971,685	-
1520	Buildings and improvements	1,124,900	34,868,502	228,200
1529	Right-to-use assets under leases	-	12,496,293	-
1539	Furniture and equipment	43,871	4,097,826	58,665
1580	Construction in progress	-	522,408	-
Total Property and Equipment		\$ 1,370,816	\$ 74,935,711	\$ 286,865

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		Budgeted Amounts		Variance from Final	
		Original	Final	Actual Amounts	Budget
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 463,761	\$ 587,136	\$ 555,491	\$ (31,645)
5750	Revenue from curricular	740,196	276,202	71,317	(204,885)
	Total Local Support	<u>1,203,957</u>	<u>863,338</u>	<u>626,808</u>	<u>(236,530)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	42,326,734	45,334,073	44,775,737	(558,336)
5820	State program revenues distributed by Texas Education Agency	515,747	1,000,077	389,648	(610,429)
5830	State program revenues distributed directly from other state agencies	-	-	40,935	40,935
	Total State Program Revenues	<u>42,842,481</u>	<u>46,334,150</u>	<u>45,206,320</u>	<u>(1,127,830)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	3,834,096	3,594,783	3,188,041	(406,742)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	-	444,314	444,314
5940	Federal revenues distributed directly from the Federal Government	318,375	786,275	446,934	(339,341)
	Total Federal Program Revenues	<u>4,152,471</u>	<u>4,381,058</u>	<u>4,079,289</u>	<u>(301,769)</u>
	Total Revenues	<u>48,198,909</u>	<u>51,578,546</u>	<u>49,912,417</u>	<u>(1,666,129)</u>
Expenses					
11	Instruction	25,106,702	25,470,327	25,580,316	(109,989)
12	Instructional resources and media services	2,000	250	248	2
13	Curriculum development and instructional staff development	2,111,018	3,128,512	2,973,950	154,562
21	Instructional leadership	176,495	239,131	240,200	(1,069)
23	School leadership	4,230,952	4,342,326	4,215,832	126,494
31	Guidance, counseling and evaluation services	1,246,589	855,390	844,232	11,158
33	Health services	18,750	251,750	238,051	13,699
34	Student (pupil) transportation	635,098	22,998	2,850	20,148
35	Food service	1,674,832	848,471	598,979	249,492
36	Cocurricular/Extracurricular activities	609,500	267,639	202,204	65,435
41	General administration	2,889,223	3,262,845	3,036,718	226,127
51	Plant maintenance and operations	6,114,147	7,062,967	6,222,160	840,807
52	Security and monitoring services	95,575	87,175	70,526	16,649
53	Data processing services	654,764	660,581	596,689	63,892
71	Debt service	1,778,287	1,778,287	1,769,244	9,043
	Total Expenses	<u>47,343,932</u>	<u>48,278,649</u>	<u>46,592,199</u>	<u>1,686,450</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	(35,421)	(35,421)
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(35,421)</u>	<u>(35,421)</u>
	Change in net assets	<u>854,977</u>	<u>3,299,897</u>	<u>3,284,797</u>	<u>(15,100)</u>
	Net Assets, Beginning of Year	<u>7,656,785</u>	<u>7,656,785</u>	<u>7,656,785</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 8,511,762</u>	<u>\$ 10,956,682</u>	<u>\$ 10,941,582</u>	<u>\$ (15,100)</u>



HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 4,745,096	\$ 3,330,298
Restricted cash	4,574,703	4,110,901
Investments	7,690,245	7,504,760
Receivables	9,430,040	8,581,626
Other receivables	238,455	95,209
Prepays	164,301	2,803
Total Current Assets	<u>26,842,840</u>	<u>23,625,597</u>
Property and Equipment:		
Land	8,040,923	4,118,563
Buildings and improvements	49,962,846	49,665,613
Furniture and equipment	4,544,391	3,957,488
Construction in progress	1,978,883	1,020,277
Right-of-use asset under financing lease	4,906,228	7,319,848
	69,433,271	66,081,789
Less: Accumulated depreciation and amortization	<u>(15,702,096)</u>	<u>(15,821,688)</u>
	53,731,175	50,260,101
Other Assets:		
Deposits	26,890	26,890
Total Assets	<u>\$ 80,600,905</u>	<u>\$ 73,912,588</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,523,473	\$ 962,936
Accrued liabilities	58,974	9,739
Wages payable	4,539,395	3,682,759
Payroll taxes payable	1,847,985	1,542,793
Interest payable	870,573	884,726
Current portion of lease liability	783,399	744,814
Current portion of bonds payable	802,050	764,927
Total Current Liabilities	<u>10,425,849</u>	<u>8,592,694</u>
Long-Term Liabilities:		
Lease liability net of current portion	2,816,070	3,530,342
Notes payable net of current portion	5,577,941	864,019
Bonds payable net of premium, discount, issuance costs and current portion	47,623,193	48,559,634
Total Liabilities	<u>66,443,053</u>	<u>61,546,689</u>
Net Assets:		
Without donor restrictions	2,586,398	3,024,106
With donor restrictions	11,571,454	9,341,793
Total Net Assets	<u>14,157,852</u>	<u>12,365,899</u>
Total Liabilities and Net Assets	<u>\$ 80,600,905</u>	<u>\$ 73,912,588</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues				
Local Support:				
5740	\$ 585,268	\$ -	\$ 585,268	\$ 585,610
5750	105,639	2,054	107,693	570,796
	Total Local Support	2,054	692,961	1,156,406
State Program Revenues:				
5810	-	47,773,511	47,773,511	45,005,623
5820	-	476,335	476,335	493,527
5830	-	10,394	10,394	-
	Total State Program Revenues	48,260,240	48,260,240	45,499,150
Federal Program Revenues:				
5920	-	5,201,096	5,201,096	5,300,364
5930	-	356,625	356,625	43,597
5940	-	750,152	750,152	889,554
	Total Federal Program Revenues	6,307,873	6,307,873	6,233,515
Net Assets Released from Restrictions:				
	Restrictions satisfied by payments	(52,325,885)	-	-
	Total Revenues	2,244,282	55,261,074	52,889,071
Expenses				
11	29,748,638	-	29,748,638	29,434,935
12	1,011	-	1,011	381
13	-	-	-	-
	3,705,261	-	3,705,261	2,563,241
21	230,354	-	230,354	280,771
23	4,905,189	-	4,905,189	4,851,004
31	966,700	-	966,700	875,389
33	69,642	-	69,642	19,237
34	-	-	-	60,265
35	1,449,863	-	1,449,863	1,750,178
36	210,466	-	210,466	504,494
41	3,422,567	-	3,422,567	3,295,459
51	5,381,861	-	5,381,861	5,167,021
52	265,723	-	265,723	260,228
53	843,743	-	843,743	749,417
71	2,253,482	-	2,253,482	2,307,865
	Total Expenses	-	53,454,500	52,119,885

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Change in net assets from operations	\$ (437,708)	\$ 2,244,282	\$ 1,806,574	\$ 769,186
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	(14,621)	(14,621)	9,068
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(14,621)</u>	<u>(14,621)</u>	<u>9,068</u>
Total change in net assets	<u>(437,708)</u>	<u>2,229,661</u>	<u>1,791,953</u>	<u>778,254</u>
Net Assets, Beginning of Year	<u>3,024,106</u>	<u>9,341,793</u>	<u>12,365,899</u>	<u>11,587,645</u>
Net Assets, End of Year	<u>\$ 2,586,398</u>	<u>\$ 11,571,454</u>	<u>\$ 14,157,852</u>	<u>\$ 12,365,899</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,791,953	\$ 778,254
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	2,360,518	2,612,882
Amortization - premium on bonds	(167,400)	(167,398)
Amortization - bond issuance costs	33,033	33,032
(Increase) Decrease in receivables	(848,414)	(886,818)
(Increase) Decrease in other receivables	(143,246)	6,747
Increase (Decrease) in accounts payable	560,537	(122,370)
Increase (Decrease) in wages payable	856,636	586,466
Increase (Decrease) in payroll taxes payable	305,192	248,340
Increase (Decrease) in accrued liabilities	49,235	(9,386)
Increase (Decrease) in interest payable	(14,153)	(12,716)
Increase (Decrease) in due to state	-	(2,823)
Net Cash Provided (Used) by Operating Activities	<u>4,622,393</u>	<u>3,064,210</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(5,765,102)	(2,100,981)
Purchase of investment	(185,485)	(119,076)
Net Cash Provided (Used) by Investing Activities	<u>(5,950,587)</u>	<u>(2,220,057)</u>
Cash Flows from Financing Activities		
Payments on lease liability	(742,177)	(703,907)
Repayment of bonds	(764,951)	(732,656)
Proceeds from loans	4,713,922	736,621
Net Cash Provided (Used) by Financing Activities	<u>3,206,794</u>	<u>(699,942)</u>
Net increase (decrease) in cash	1,878,600	144,211
Cash at Beginning of Year	7,441,199	7,296,988
Cash at End of Year	<u>\$ 9,319,799</u>	<u>\$ 7,441,199</u>
Cash Per the Statement of Financial Position		
Cash	\$ 4,745,096	\$ 3,330,298
Restricted Cash	4,574,703	4,110,901
Total Cash per the Statement of Financial Position	<u>\$ 9,319,799</u>	<u>\$ 7,441,199</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 2,365,831</u>	<u>\$ 2,414,207</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll costs	\$ 35,272,465	\$ 34,507,711
6200 Professional and contracted services	8,783,619	9,149,324
6300 Supplies and materials	3,758,885	2,434,629
6400 Other operating costs	3,386,049	3,720,356
6500 Debt	<u>2,253,482</u>	<u>2,307,865</u>
Total Expenses	<u>\$ 53,454,500</u>	<u>\$ 52,119,885</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ -	\$ 8,767,505	\$ 552,294
1110	Investments	-	7,690,245	-
1510	Land and improvements	-	8,040,923	-
1520	Buildings and improvements	60,542	49,902,304	-
1529	Right-of-use asset under financing lease	-	4,906,228	-
1539	Furniture and equipment	8,240	4,536,151	-
1580	Construction in progress	-	1,978,883	-
Total Property and Equipment		\$ 68,782	\$ 85,822,239	\$ 552,294

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		<u>Budgeted Amounts</u>			<u>Variance from Final</u>
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 630,957	\$ 613,308	\$ 585,268	\$ (28,040)
5750	Revenue from curricular	806,372	297,924	107,693	(190,231)
	Total Local Support	<u>1,437,329</u>	<u>911,232</u>	<u>692,961</u>	<u>(218,271)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	46,098,948	47,743,898	47,773,511	29,613
5820	State program revenues distributed by Texas Education Agency	590,797	946,424	476,335	(470,089)
5830	State program revenues distributed directly from other state agencies	-	-	10,394	10,394
	Total State Program Revenues	<u>46,689,745</u>	<u>48,690,322</u>	<u>48,260,240</u>	<u>(430,082)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	6,146,801	6,498,361	5,201,096	(1,297,265)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	-	356,625	356,625
5940	Federal revenues distributed directly from the Federal Government	241,175	938,906	750,152	(188,754)
	Total Federal Program Revenues	<u>6,387,976</u>	<u>7,437,267</u>	<u>6,307,873</u>	<u>(1,129,394)</u>
	Total Revenues	<u>54,515,050</u>	<u>57,038,821</u>	<u>55,261,074</u>	<u>(1,777,747)</u>
Expenses					
11	Instruction	29,129,393	29,395,199	29,748,638	(353,439)
12	Instructional resources and media services	-	28,920	1,011	27,909
13	Curriculum development and instructional staff development	2,158,543	3,622,139	3,705,261	(83,122)
21	Instructional leadership	198,116	230,892	230,354	538
23	School leadership	4,779,787	5,130,432	4,905,189	225,243
31	Guidance, counseling and evaluation services	1,516,744	1,157,250	966,700	190,550
33	Health services	19,750	86,905	69,642	17,263
34	Student transportation	40,000	-	-	-
35	Food service	2,013,924	1,771,093	1,449,863	321,230
36	Cocurricular/Extracurricular activities	675,397	313,221	210,466	102,755
41	General administration	3,479,937	3,643,601	3,422,567	221,034
51	Plant maintenance and operations	5,991,041	6,411,328	5,381,861	1,029,467
52	Security and monitoring services	323,562	354,065	265,723	88,342
53	Data processing services	936,773	967,254	843,743	123,511
71	Debt service	2,294,066	2,291,066	2,253,482	37,584
	Total Expenses	<u>53,557,033</u>	<u>55,403,365</u>	<u>53,454,500</u>	<u>1,948,865</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	(14,621)	(14,621)
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(14,621)</u>	<u>(14,621)</u>
	Change in net assets	<u>958,017</u>	<u>1,635,456</u>	<u>1,791,953</u>	<u>156,497</u>
	Net Assets, Beginning of Year	<u>12,365,899</u>	<u>12,365,899</u>	<u>12,365,899</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 13,323,916</u>	<u>\$ 14,001,355</u>	<u>\$ 14,157,852</u>	<u>\$ 156,497</u>



HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 2,789,536	\$ 10,146,491
Restricted cash	1,001,700	909,634
Investments	15,633,168	7,873,742
Receivables	7,837,876	6,166,899
Other receivables	2,008,996	124,619
Prepays	155,335	4,500
Total Current Assets	<u>29,426,611</u>	<u>25,225,885</u>
Property and Equipment:		
Land	5,147,703	154,893
Buildings and improvements	16,664,465	11,715,436
Furniture and equipment	4,498,223	3,873,515
Construction in progress	5,291,271	643,232
Right-to-use asset	27,711,445	26,704,113
	<u>59,313,107</u>	<u>43,091,189</u>
Less: Accumulated depreciation and amortization	<u>(14,357,380)</u>	<u>(14,937,022)</u>
	44,955,727	28,154,167
Other Assets:		
Deposits	22,613	22,613
Total Assets	<u>\$ 74,404,951</u>	<u>\$ 53,402,665</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 2,177,890	\$ 1,003,071
Accrued liabilities	-	1,714
Wages payable	3,725,800	3,037,445
Payroll taxes payable	1,471,871	1,223,941
Interest payable	180,190	183,405
Deferred revenue	4,245	4,245
Current portion of lease liability	712,769	469,756
Current portion of loans payable		437,545
Current portion of bonds payable	200,035	190,323
Total Current Liabilities	<u>8,472,800</u>	<u>6,551,445</u>
Long-Term Liabilities:		
Lease liability	25,691,780	22,619,849
Notes payable	14,139,851	-
Bonds payable net of premium, discount, issuance costs and current portion	9,548,991	9,774,762
Total Liabilities	<u>57,853,422</u>	<u>38,946,056</u>
Net Assets:		
Without donor restrictions	903,759	1,502,491
With donor restrictions	15,647,770	12,954,118
Total Net Assets	<u>16,551,529</u>	<u>14,456,609</u>
Total Liabilities and Net Assets	<u>\$ 74,404,951</u>	<u>\$ 53,402,665</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues				
Local Support:				
5740	\$ 232,589	\$ -	\$ 232,589	\$ 454,798
5750	86,524	7,194	93,718	689,585
	Total Local Support	7,194	326,307	1,144,383
State Program Revenues:				
5810	-	42,242,378	42,242,378	35,983,237
5820	-	368,746	368,746	460,798
5830	-	48,500	48,500	-
	Total State Program Revenues	42,659,624	42,659,624	36,444,035
Federal Program Revenues:				
5920	-	4,744,254	4,744,254	3,679,607
5930	-	392,069	392,069	16,883
5940	-	669,453	669,453	880,839
	Total Federal Program Revenues	5,805,776	5,805,776	4,577,329
Net assets released from restrictions:				
	45,647,927	(45,647,927)	-	-
	Total Revenues	2,824,667	48,791,707	42,165,747
Expenses				
11	26,048,881	-	26,048,881	23,055,961
12	5,387	-	5,387	-
13	-	-	-	-
	2,773,515	-	2,773,515	2,269,992
21	258,413	-	258,413	158,974
23	4,107,391	-	4,107,391	3,998,430
31	834,050	-	834,050	569,280
33	104,026	-	104,026	16,705
35	849,903	-	849,903	1,529,636
36	211,539	-	211,539	510,280
41	2,864,657	-	2,864,657	3,048,636
51	7,088,800	-	7,088,800	4,524,659
52	141,951	-	141,951	198,618
53	748,455	-	748,455	581,267
71	528,804	-	528,804	1,615,189
	Total Expenses	-	46,565,772	42,077,627

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Change in net assets from operations	\$ (598,732)	\$ 2,824,667	\$ 2,225,935	\$ 88,120
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on early extinguishment of bonds	-	(131,015)	(131,015)	94,813
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(131,015)</u>	<u>(131,015)</u>	<u>94,813</u>
Total change in net assets	<u>(598,732)</u>	<u>2,693,652</u>	<u>2,094,920</u>	<u>182,933</u>
Net Assets, Beginning of Year	<u>1,502,491</u>	<u>12,954,118</u>	<u>14,456,609</u>	<u>14,273,676</u>
Net Assets, End of Year	<u>\$ 903,759</u>	<u>\$ 15,647,770</u>	<u>\$ 16,551,529</u>	<u>\$ 14,456,609</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 2,094,920	\$ 182,933
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	2,365,346	2,355,036
Amortization - premium on bonds	(32,206)	(32,206)
Amortization - bond issuance costs	6,332	6,332
(Increase) Decrease in accounts receivable	(1,670,977)	(285,616)
(Increase) Decrease in other receivables	(1,884,377)	(89,202)
(Increase) Decrease in prepaids	(150,835)	-
Increase (Decrease) in due to state	-	(150)
Increase (Decrease) in accounts payable	1,174,819	278,176
Increase (Decrease) in wages payable	688,355	492,807
Increase (Decrease) in payroll taxes payable	247,930	178,559
Increase (Decrease) in deferred revenue	-	(32,755)
Increase (Decrease) in accrued liabilities	(1,714)	753
Increase (Decrease) in interest payable	(3,215)	(3,172)
Net Cash Provided (Used) by Operating Activities	<u>2,834,378</u>	<u>3,051,495</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(15,214,586)	(1,525,442)
Sale of investment	(7,759,426)	7,882,303
Net Cash Provided (Used) by Investing Activities	<u>(22,974,012)</u>	<u>6,356,861</u>
Cash Flows from Financing Activities		
Proceeds from loan	13,702,306	-
Repayment of bonds	(190,185)	(181,779)
Repayment of leases	(637,376)	(481,475)
Net Cash Provided (Used) by Financing Activities	<u>12,874,745</u>	<u>(663,254)</u>
Net increase (decrease) in cash	(7,264,889)	8,745,102
Cash at Beginning of Year	<u>11,056,125</u>	<u>2,311,023</u>
Cash at End of Year	<u>\$ 3,791,236</u>	<u>\$ 11,056,125</u>
Cash Per the Statement of Financial Position		
Cash	\$ 2,789,536	\$ 10,146,491
Restricted Cash	1,001,700	909,634
Total Cash per the Statement of Financial Position	<u>\$ 3,791,236</u>	<u>\$ 11,056,125</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 1,629,026</u>	<u>\$ 1,636,267</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll costs	\$ 30,240,523	\$ 27,879,607
6200 Professional and contracted services	7,694,462	6,963,490
6300 Supplies and materials	3,942,107	2,209,835
6400 Other operating costs	3,045,537	3,409,506
6500 Debt	<u>1,643,143</u>	<u>1,615,189</u>
Total Expenses	<u>\$ 46,565,772</u>	<u>\$ 42,077,627</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 421,967	\$ 3,262,164	\$ 107,105
1110	Investments	-	15,633,168	-
1510	Land and improvements	-	5,147,703	-
1520	Buildings and improvements	-	16,664,465	-
1529	Assets under capital lease	-	27,711,445	-
1539	Furniture and equipment	-	4,498,223	-
1580	Construction in progress	-	5,291,271	-
Total Property and Equipment		\$ 421,967	\$ 78,208,439	\$ 107,105

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		<u>Budgeted Amounts</u>			Variance from Final
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 460,378	\$ 244,999	\$ 232,589	\$ (12,410)
5750	Revenue from curricular	978,770	275,731	93,718	(182,013)
	Total Local Support	<u>1,439,148</u>	<u>520,730</u>	<u>326,307</u>	<u>(194,423)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	42,088,134	42,637,811	42,242,378	(395,433)
5820	State program revenues distributed by Texas Education Agency	428,077	823,439	368,746	(454,693)
5830	State program revenues distributed directly from other state agencies	-	-	48,500	48,500
	Total State Program Revenues	<u>42,516,211</u>	<u>43,461,250</u>	<u>42,659,624</u>	<u>(801,626)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	5,606,319	5,208,408	4,744,254	(464,154)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	-	392,069	392,069
5940	Federal revenues distributed directly from the Federal Government	278,125	837,400	669,453	(167,947)
	Total Federal Program Revenues	<u>5,884,444</u>	<u>6,045,808</u>	<u>5,805,776</u>	<u>(240,032)</u>
	Total Revenues	<u>49,839,803</u>	<u>50,027,788</u>	<u>48,791,707</u>	<u>(1,236,081)</u>
Expenses					
11	Instruction	26,745,971	26,139,061	26,048,881	90,180
12	Instructional resources and media services	-	6,500	5,387	1,113
13	Curriculum development and instructional staff development	2,393,892	2,927,538	2,773,515	154,023
21	Instructional leadership	171,792	261,371	258,413	2,958
23	School leadership	4,209,943	4,329,254	4,107,391	221,863
31	Guidance, counseling and evaluation services	1,251,189	857,165	834,050	23,115
33	Health services	22,500	109,470	104,026	5,444
35	Food service	2,047,020	1,140,947	849,903	291,044
36	Cocurricular/Extracurricular activities	788,500	260,785	211,539	49,246
41	General administration	3,232,023	3,243,671	2,864,657	379,014
51	Plant maintenance and operations	6,378,406	7,470,795	7,088,800	381,995
52	Security and monitoring services	315,500	205,010	141,951	63,059
53	Data processing services	880,304	839,942	748,455	91,487
71	Debt service	486,116	562,616	528,804	33,812
	Total Expenses	<u>48,923,156</u>	<u>48,354,125</u>	<u>46,565,772</u>	<u>1,788,353</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	(131,015)	(131,015)
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(131,015)</u>	<u>(131,015)</u>
	Change in net assets	<u>916,647</u>	<u>1,673,663</u>	<u>2,094,920</u>	<u>421,257</u>
	Net Assets, Beginning of Year as Restated	<u>14,456,609</u>	<u>14,456,609</u>	<u>14,456,609</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 15,373,256</u>	<u>\$ 16,130,272</u>	<u>\$ 16,551,529</u>	<u>\$ 421,257</u>



HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 8,377,320	\$ 4,744,445
Restricted cash	6,348,847	5,933,597
Investments	9,238,329	9,174,196
Receivables	11,843,332	10,273,471
Other receivables	767,457	204,225
Prepays	205,712	3,500
Total Current Assets	<u>36,780,997</u>	<u>30,333,434</u>
Property and Equipment:		
Land	15,428,388	8,233,479
Buildings and improvements	67,912,097	67,034,297
Furniture and equipment	5,513,192	4,980,039
Right-of-use asset	19,600,222	21,137,451
Construction in progress	3,702,404	3,083,053
	<u>112,156,303</u>	<u>104,468,319</u>
Less: Accumulated depreciation and amortization	(24,884,033)	(23,329,516)
	<u>87,272,270</u>	<u>81,138,803</u>
Other Assets:		
Deposits	5,500	5,500
Total Assets	<u>\$ 124,058,767</u>	<u>\$ 111,477,737</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,893,595	\$ 1,419,369
Wages payable	5,016,154	4,340,111
Payroll taxes payable	2,039,750	1,813,421
Interest payable	1,113,883	1,130,416
Current portion of lease liability	662,003	608,362
Current portion of bonds payable	994,991	1,895,191
Total Current Liabilities	<u>11,720,376</u>	<u>11,206,870</u>
Long-Term Liabilities:		
Lease liability	18,032,481	18,644,184
Notes payable net of current portion	18,948,900	11,230,607
Bonds payable net of premium, discount, issuance costs and current portion	59,952,870	60,200,958
Total Long-Term Liabilities	<u>96,934,251</u>	<u>90,075,749</u>
Total Liabilities	<u>108,654,627</u>	<u>101,282,619</u>
Net Assets:		
Without donor restrictions	1,459,521	1,437,285
With donor restrictions	13,944,619	8,757,833
Total Net Assets	<u>15,404,140</u>	<u>10,195,118</u>
Total Liabilities and Net Assets	<u>\$ 124,058,767</u>	<u>\$ 111,477,737</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Revenues				
Local Support:				
5740	\$ 786,885	\$ -	\$ 786,885	\$ 672,280
5750	266,983	12,283	279,266	1,049,165
	<u>1,053,868</u>	<u>12,283</u>	<u>1,066,151</u>	<u>1,721,445</u>
Total Local Support				
State Program Revenues:				
5810	-	60,936,815	60,936,815	54,700,005
5820				
	-	464,080	464,080	711,264
5830				
	-	117,971	117,971	-
	<u>-</u>	<u>61,518,866</u>	<u>61,518,866</u>	<u>55,411,269</u>
Total State Program Revenues				
Federal Program Revenues:				
5920				
	-	4,812,622	4,812,622	5,628,237
5930				
	-	763,089	763,089	7,299
5940				
	-	842,826	842,826	1,234,047
	<u>-</u>	<u>6,418,537</u>	<u>6,418,537</u>	<u>6,869,583</u>
Total Federal Program Revenues				
Net assets released from restrictions:				
	62,630,423	(62,630,423)	-	-
	<u>62,630,423</u>	<u>(62,630,423)</u>	<u>-</u>	<u>-</u>
Total Revenues				
	<u>63,684,291</u>	<u>5,319,263</u>	<u>69,003,554</u>	<u>64,002,297</u>
Expenses				
11	35,461,828	-	35,461,828	34,491,509
12	1,349	-	1,349	6,410
13				
	4,004,214	-	4,004,214	2,971,334
21	241,451	-	241,451	201,668
23	5,512,145	-	5,512,145	5,346,489
31	854,425	-	854,425	699,279
33	140,828	-	140,828	20,409
34	73,349	-	73,349	262,190
35	1,131,709	-	1,131,709	1,650,228
36	480,125	-	480,125	673,849
41	3,782,747	-	3,782,747	3,473,277
51	8,033,287	-	8,033,287	6,591,273
52	191,548	-	191,548	209,680
53	833,352	-	833,352	592,183
71	2,919,698	-	2,919,698	3,815,973
	<u>63,662,055</u>	<u>-</u>	<u>63,662,055</u>	<u>61,005,751</u>
Total Expenses				

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Change in net assets from operations	\$ 22,236	\$ 5,319,263	\$ 5,341,499	\$ 2,996,546
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	(132,477)	(132,477)	47,647
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(132,477)</u>	<u>(132,477)</u>	<u>47,647</u>
Total Change in Net Assets	<u>22,236</u>	<u>5,186,786</u>	<u>5,209,022</u>	<u>3,044,193</u>
Net Assets, Beginning of Year	<u>1,437,285</u>	<u>8,757,833</u>	<u>10,195,118</u>	<u>7,150,925</u>
Net Assets, End of Year	<u>\$ 1,459,521</u>	<u>\$ 13,944,619</u>	<u>\$ 15,404,140</u>	<u>\$ 10,195,118</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 5,209,022	\$ 3,044,193
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,141,650	3,073,956
Amortization - premium on bonds	(240,748)	(240,749)
Amortization - bond issuance costs	40,261	40,262
(Increase) Decrease in receivables	(1,569,861)	(2,107,423)
(Increase) Decrease in other receivables	(563,232)	377,155
(Increase) Decrease in deposits	-	10,082
(Increase) Decrease in prepaids	(202,212)	-
Increase (Decrease) in accounts payable	474,226	430,995
Increase (Decrease) in wages payable	676,043	889,853
Increase (Decrease) in payroll taxes payable	226,329	356,230
Increase (Decrease) in accrued liabilities	-	-
Increase (Decrease) in interest payable	(16,533)	(16,339)
Net Cash Provided (Used) by Operating Activities	<u>7,174,945</u>	<u>5,858,215</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(9,226,979)	(11,335,187)
Sale of investments	(64,133)	(168,497)
Net Cash Provided (Used) by Investing Activities	<u>(9,291,112)</u>	<u>(11,503,684)</u>
Cash Flows from Financing Activities		
Lease liability payment	(606,200)	(478,970)
Repayment of bonds	(947,801)	(906,096)
Proceeds from loans	7,718,293	9,007,482
Net Cash Provided (Used) by Financing Activities	<u>6,164,292</u>	<u>7,622,416</u>
Net increase (decrease) in cash	4,048,125	1,976,947
Cash at Beginning of Year	<u>10,678,042</u>	<u>8,701,095</u>
Cash at End of Year	<u>\$ 14,726,167</u>	<u>\$ 10,678,042</u>
Cash Per the Statement of Financial Position		
Cash	\$ 8,377,320	\$ 4,744,445
Restricted Cash	6,348,847	5,933,597
Total Cash per the Statement of Financial Position	<u>\$ 14,726,167</u>	<u>\$ 10,678,042</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 3,684,984</u>	<u>\$ 3,986,356</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll Costs	\$ 40,664,724	\$ 38,838,122
6200 Professional and Contracted Services	9,889,728	10,369,435
6300 Supplies and Materials	4,832,414	3,757,259
6400 Other Operating Costs	4,504,345	4,224,962
6500 Debt	<u>3,770,844</u>	<u>3,815,973</u>
Total Expenses	<u>\$ 63,662,055</u>	<u>\$ 61,005,751</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 4,091,962	\$ 10,634,205	\$ -
1110	Investments	-	9,238,329	-
1510	Land and improvements	-	15,428,388	-
1520	Buildings and improvements	452,955	67,453,869	5,273
1529	Right-of-use asset	-	19,600,222	-
1539	Furniture and equipment	-	5,384,154	129,038
1580	Construction in Progress	-	3,702,404	-
	Total Property and Equipment	<u>\$ 4,544,917</u>	<u>\$ 131,441,571</u>	<u>\$ 134,311</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		<u>Budgeted Amounts</u>			Variance from Final
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 671,880	\$ 659,148	\$ 786,885	\$ 127,737
5750	Revenue from curricular	1,368,921	607,852	279,266	(328,586)
	Total Local Support	<u>2,040,801</u>	<u>1,267,000</u>	<u>1,066,151</u>	<u>(200,849)</u>
State Program Revenues:					
5810	Foundation School Program Act revenues	56,945,996	60,821,202	60,936,815	115,613
5820	State program revenues distributed by Texas Education Agency	615,825	1,119,720	464,080	(655,640)
5830	State program revenues distributed directly from other state agencies	-	-	117,971	117,971
	Total State Program Revenues	<u>57,561,821</u>	<u>61,940,922</u>	<u>61,518,866</u>	<u>(422,056)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	5,015,404	5,635,066	4,812,622	(822,444)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	-	763,089	763,089
5940	Federal revenues distributed directly from the Federal Government	358,375	1,058,500	842,826	(215,674)
	Total Federal Program Revenues	<u>5,373,779</u>	<u>6,693,566</u>	<u>6,418,537</u>	<u>(275,029)</u>
	Total Revenues	<u>64,976,401</u>	<u>69,901,488</u>	<u>69,003,554</u>	<u>(897,934)</u>
Expenses					
11	Instruction	35,558,229	35,776,899	35,461,828	315,071
12	Instructional resources and media services	-	4,014	1,349	2,665
13	Curriculum development and instructional staff development	2,389,393	4,040,520	4,004,214	36,306
21	Instructional leadership	196,557	237,361	241,451	(4,090)
23	School leadership	5,264,847	5,730,575	5,512,145	218,430
31	Guidance, counseling and evaluation services	1,216,532	916,249	854,425	61,824
33	Health services	25,800	155,685	140,828	14,857
34	Student (pupil) transportation	300,000	82,980	73,349	9,631
35	Food service	2,070,034	1,366,557	1,131,709	234,848
36	Cocurricular/Extracurricular activities	1,117,000	553,792	480,125	73,667
41	General administration	3,745,370	4,042,398	3,782,747	259,651
51	Plant maintenance and operations	7,405,426	9,446,016	8,033,287	1,412,729
52	Security and monitoring services	263,600	247,817	191,548	56,269
53	Data processing services	928,789	935,180	833,352	101,828
71	Debt service	3,272,122	3,102,622	2,919,698	182,924
	Total Expenses	<u>63,753,699</u>	<u>66,638,665</u>	<u>63,662,055</u>	<u>2,976,610</u>
	Change in net assets from operations	1,222,702	3,262,823	5,341,499	2,078,676
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	(132,477)	(132,477)
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(132,477)</u>	<u>(132,477)</u>
	Change in net assets	1,222,702	3,262,823	5,209,022	1,946,199
	Net Assets, Beginning of Year as Restated	<u>10,195,118</u>	<u>10,195,118</u>	<u>10,195,118</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 11,417,820</u>	<u>\$ 13,457,941</u>	<u>\$ 15,404,140</u>	<u>\$ 1,946,199</u>



HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 18,796,488	\$ 10,392,984
Restricted cash	6,804,144	6,323,277
Investments	30,274,719	30,646,936
Receivables	18,313,117	17,595,135
Other receivables	674,998	183,349
Prepays	354,080	-
Total Current Assets	<u>75,217,546</u>	<u>65,141,681</u>
Property and Equipment:		
Land	19,943,822	17,350,088
Buildings and improvements	117,595,889	115,925,728
Furniture and equipment	11,272,434	10,170,598
Construction in progress	11,505,710	8,943,966
Right-of-use asset	44,354,285	44,365,775
	<u>204,672,140</u>	<u>196,756,155</u>
Less: Accumulated depreciation and amortization	<u>(46,618,988)</u>	<u>(41,333,214)</u>
	158,053,152	155,422,941
Other Assets:		
Deposits	60,700	60,700
Total Assets	<u>\$ 233,331,398</u>	<u>\$ 220,625,322</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 3,432,897	\$ 2,881,220
Accrued liabilities	266,897	1,230,371
Wages payable	8,604,019	7,112,636
Payroll taxes payable	3,542,930	2,897,577
Interest payable	2,071,337	2,106,293
Current portion of lease liability	594,809	524,062
Current portion of bonds payable	2,279,316	2,172,622
Total Current Liabilities	<u>20,792,205</u>	<u>18,924,781</u>
Long-Term Liabilities:		
Lease liability	41,803,933	42,367,995
Notes payable net of current portion	14,396,159	10,707,111
Bonds payable net of premium, discount, issuance costs and current portion	117,635,640	120,236,417
Total Liabilities	<u>194,627,937</u>	<u>192,236,304</u>
Net Assets:		
Without donor restrictions	4,131,046	1,798,992
With donor restrictions	34,572,415	26,590,026
Total Net Assets	<u>38,703,461</u>	<u>28,389,018</u>
Total Liabilities and Net Assets	<u>\$ 233,331,398</u>	<u>\$ 220,625,322</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues				
Local Support:				
5740	\$ 3,072,497	\$ -	\$ 3,072,497	\$ 1,113,658
5750	286,384	20,058	306,442	1,463,958
	Total Local Support	20,058	3,378,939	2,577,616
State Program Revenues:				
5810	-	103,049,427	103,049,427	95,676,193
5820	-	858,774	858,774	1,016,345
5830	-	66,152	66,152	-
	Total State Program Revenues	103,974,353	103,974,353	96,692,538
Federal Program Revenues:				
5920	-	7,718,596	7,718,596	8,612,074
5930	-	625,261	625,261	77,126
5940	-	1,100,665	1,100,665	1,465,214
	Total Federal Program Revenues	9,444,522	9,444,522	10,154,414
	Net assets released from restrictions:			
	Restrictions satisfied by payments	(104,856,374)	-	-
	Total Revenues	8,582,559	116,797,814	109,424,568
Expenses				
11	57,639,836	-	57,639,836	56,331,886
12	3,186	-	3,186	12,866
13	6,168,206	-	6,168,206	4,038,231
21	248,225	-	248,225	280,930
23	9,905,768	-	9,905,768	9,317,527
31	2,233,430	-	2,233,430	2,532,023
33	522,221	-	522,221	49,081
34	7,328	-	7,328	193,220
35	1,572,101	-	1,572,101	2,743,583
36	540,878	-	540,878	1,055,207
41	6,239,502	-	6,239,502	5,781,089
51	13,560,425	-	13,560,425	13,060,705
52	485,399	-	485,399	402,733
53	1,387,242	-	1,387,242	1,314,808
71	5,369,454	-	5,369,454	7,866,536
	Total Expenses	-	105,883,201	104,980,425

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Change in net assets from operations	\$ 2,332,054	\$ 8,582,559	\$ 10,914,613	\$ 4,444,143
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	(600,170)	(600,170)	137,031
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(600,170)</u>	<u>(600,170)</u>	<u>137,031</u>
Total Change in Net Assets	<u>2,332,054</u>	<u>7,982,389</u>	<u>10,314,443</u>	<u>4,581,174</u>
Net Assets, Beginning of Year	<u>1,798,992</u>	<u>26,590,026</u>	<u>28,389,018</u>	<u>23,807,844</u>
Net Assets, End of Year	<u>\$ 4,131,046</u>	<u>\$ 34,572,415</u>	<u>\$ 38,703,461</u>	<u>\$ 28,389,018</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 10,314,443	\$ 4,581,174
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization asset under leases	5,285,774	6,859,588
Amortization - premium on bonds	(400,899)	(400,897)
Amortization - bond issuance costs	79,330	79,333
(Increase) Decrease in receivables	(717,982)	(2,011,977)
(Increase) Decrease in other receivables	(491,649)	(92,802)
(Increase) Decrease in prepaids	(354,080)	
Increase (Decrease) in accounts payable	551,677	(320,278)
Increase (Decrease) in wages payable	1,491,383	516,832
Increase (Decrease) in payroll taxes payable	645,353	247,448
Increase (Decrease) in accrued liabilities	(963,474)	365,105
Increase (Decrease) due to state	-	(611)
Increase (Decrease) in interest payable	(34,956)	(35,593)
Net Cash Provided (Used) by Operating Activities	<u>15,404,920</u>	<u>9,787,322</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(7,915,985)	(8,141,903)
Sale of investments	372,217	(806,498)
Net Cash Provided (Used) by Investing Activities	<u>(7,543,768)</u>	<u>(8,948,401)</u>
Cash Flows from Financing Activities		
Proceeds from loan	3,689,048	6,931,981
Repayment of bonds	(2,172,514)	(2,080,519)
Payments on leases	(493,315)	(383,994)
Net Cash Provided (Used) by Financing Activities	<u>1,023,219</u>	<u>4,467,468</u>
Net increase (decrease) in cash	8,884,371	5,306,389
Cash at Beginning of Year	<u>16,716,261</u>	<u>11,409,872</u>
Cash at End of Year	<u>\$ 25,600,632</u>	<u>\$ 16,716,261</u>
Cash Per the Statement of Financial Position		
Cash	\$ 18,796,488	\$ 10,392,984
Restricted Cash	6,804,144	6,323,277
Total Cash per the Statement of Financial Position	<u>\$ 25,600,632</u>	<u>\$ 16,716,261</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 7,393,562</u>	<u>\$ 8,118,128</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll costs	\$ 66,764,676	\$ 63,871,292
6200 Professional and contracted services	17,196,765	18,844,245
6300 Supplies and materials	7,666,424	5,449,827
6400 Other operating costs	6,747,596	8,948,525
6500 Debt	<u>7,507,740</u>	<u>7,866,536</u>
Total Expenses	<u>\$ 105,883,201</u>	<u>\$ 104,980,425</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 6,469	\$ 25,270,655	\$ 323,508
1110	Investments	-	30,274,719	-
1510	Land and improvements	-	19,943,822	-
1520	Buildings and improvements	71,079	117,434,715	90,095
1529	Right-of-use asset	-	44,354,285	-
1539	Furniture and equipment	119,836	11,129,579	23,019
1580	Construction in progress	-	11,505,710	-
Total Property and Equipment		\$ 197,384	\$ 259,913,485	\$ 436,622

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		Budgeted Amounts		Variance from Final	
		Original	Final	Actual Amounts	Budget
Revenues					
Local Support:					
5740	Other revenues from local sources	\$ 1,126,442	\$ 1,111,199	\$ 3,072,497	\$ 1,961,298
5750	Revenue from curricular	2,255,823	747,131	306,442	(440,689)
	Total Local Support	<u>3,382,265</u>	<u>1,858,330</u>	<u>3,378,939</u>	<u>1,520,609</u>
State Program Revenues:					
5810	Foundation School Program Act revenues	95,810,467	103,977,123	103,049,427	(927,696)
5820	State program revenues distributed by Texas Education Agency	1,137,976	1,755,429	858,774	(896,655)
5830	State program revenues distributed by Texas Education Agency	-	-	66,152	66,152
	Total State Program Revenues	<u>96,948,443</u>	<u>105,732,552</u>	<u>103,974,353</u>	<u>(1,758,199)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	7,926,464	8,682,585	7,718,596	(963,989)
5940	Federal revenues distributed directly from the Federal Government	466,017	1,750,567	1,100,665	(649,902)
	Total Federal Program Revenues	<u>8,392,481</u>	<u>10,433,152</u>	<u>9,444,522</u>	<u>(988,630)</u>
	Total Revenues	<u>108,723,189</u>	<u>118,024,034</u>	<u>116,797,814</u>	<u>(1,226,220)</u>
Expenses					
11	Instruction	55,622,171	57,276,580	57,639,836	(363,256)
12	Instructional resources and media services	-	6,274	3,186	3,088
13	Curriculum development and instructional staff development	4,071,371	5,957,117	6,168,206	(211,089)
21	Instructional leadership	215,937	242,255	248,225	(5,970)
23	School leadership	8,941,935	10,126,114	9,905,768	220,346
31	Guidance, counseling and evaluation services	3,685,197	2,319,279	2,233,430	85,849
33	Health services	47,100	605,292	522,221	83,071
34	Student (pupil) transportation	130,000	8,500	7,328	1,172
35	Food service	2,940,941	1,924,305	1,572,101	352,204
36	Cocurricular/Extracurricular activities	1,895,500	746,371	540,878	205,493
41	General administration	6,457,807	6,729,502	6,239,502	490,000
51	Plant maintenance and operations	13,862,384	17,241,541	13,560,425	3,681,116
52	Security and monitoring services	353,131	896,074	485,399	410,675
53	Data processing services	1,714,095	1,746,648	1,387,242	359,406
71	Debt service	5,786,993	5,608,203	5,369,454	238,749
	Total Expenses	<u>105,724,562</u>	<u>111,434,055</u>	<u>105,883,201</u>	<u>5,550,854</u>
Non-Operating Revenues (Expenses)					
8989	Gain (Loss) on sale of investments	-	-	(600,170)	(600,170)
	Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(600,170)</u>	<u>(600,170)</u>
	Change in net assets	<u>2,998,627</u>	<u>6,589,979</u>	<u>10,314,443</u>	<u>3,724,464</u>
	Net Assets, Beginning of Year	<u>28,389,018</u>	<u>28,389,018</u>	<u>28,389,018</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 31,387,645</u>	<u>\$ 34,978,997</u>	<u>\$ 38,703,461</u>	<u>\$ 3,724,464</u>



HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 4,061,274	\$ 3,105,535
Restricted cash	7,270,272	6,479,911
Investments	7,552,159	7,441,196
Receivables	7,488,602	7,265,825
Other receivables	1,169,044	106,913
Prepays	141,012	24,526
Total Current Assets	<u>27,682,363</u>	<u>24,423,906</u>
Property and Equipment:		
Land	9,184,269	6,992,543
Buildings and improvements	40,971,825	40,684,547
Furniture and equipment	3,058,404	2,739,050
Construction in progress	2,402,857	444,999
Right-of-use asset under finance leases	15,523,948	15,544,900
	<u>71,141,303</u>	<u>66,406,039</u>
Less: Accumulated depreciation and amortization	<u>(15,570,277)</u>	<u>(13,949,516)</u>
	<u>55,571,026</u>	<u>52,456,523</u>
Total Assets	<u>\$ 83,253,389</u>	<u>\$ 76,880,429</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,122,661	\$ 981,589
Accrued liabilities	14,236	33,339
Wages payable	3,496,056	2,982,515
Payroll taxes payable	1,362,916	1,192,557
Interest payable	777,062	786,339
Current portion of lease liability	178,918	168,155
Current portion of bonds payable	607,587	579,285
Total Current Liabilities	<u>7,559,436</u>	<u>6,723,779</u>
Long-Term Liabilities:		
Financing lease liability, net of current portion	14,885,669	15,074,577
Notes payable net of current portion	5,899,818	2,630,000
Bonds payable net of premium, discount, issuance costs and current portion	42,869,123	43,562,479
Total Long-Term Liabilities	<u>63,654,610</u>	<u>61,267,056</u>
Total Liabilities	<u>71,214,046</u>	<u>67,990,835</u>
Net Assets:		
Without donor restrictions	2,455,894	1,712,240
With donor restrictions	9,583,449	7,177,354
Total Net Assets	<u>12,039,343</u>	<u>8,889,594</u>
Total Liabilities and Net Assets	<u>\$ 83,253,389</u>	<u>\$ 76,880,429</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Revenues				
Local Support:				
5740	\$ 1,110,785	\$ -	\$ 1,110,785	\$ 789,281
5750	93,559	6,191	99,750	699,977
	<u>1,204,344</u>	<u>6,191</u>	<u>1,210,535</u>	<u>1,489,258</u>
Total Local Support				
State Program Revenues:				
5810	-	39,691,198	39,691,198	37,420,096
5820				
		523,658	523,658	441,201
5830	-	84,916	84,916	-
	<u>-</u>	<u>40,299,772</u>	<u>40,299,772</u>	<u>37,861,297</u>
Total State Program Revenues				
Federal Program Revenues:				
5920		2,860,555	2,860,555	2,862,982
5930		454,851	454,851	37,091
5940	-	524,525	524,525	500,724
	<u>-</u>	<u>3,839,931</u>	<u>3,839,931</u>	<u>3,400,797</u>
Total Federal Program Revenues				
Net Assets Released from Restrictions:				
	41,728,960	(41,728,960)	-	-
Total Revenues				
	<u>42,933,304</u>	<u>2,416,934</u>	<u>45,350,238</u>	<u>42,751,352</u>
Expenses				
11	24,186,992	-	24,186,992	22,617,227
12	212	-	212	155
13				
	2,594,781	-	2,594,781	1,798,177
21	35	-	35	222,981
23	4,012,987	-	4,012,987	3,892,043
31	925,417	-	925,417	911,124
33	82,655	-	82,655	20,288
35	412,008	-	412,008	907,249
36	233,546	-	233,546	620,467
41	2,207,220	-	2,207,220	2,401,390
51	4,411,362	-	4,411,362	3,902,160
52	118,782	-	118,782	150,356
53	655,356	-	655,356	620,278
71	2,348,297	-	2,348,297	3,184,175
	<u>42,189,650</u>	<u>-</u>	<u>42,189,650</u>	<u>41,248,070</u>
Total Expenses				

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Change in net assets from operations	\$ 743,654	\$ 2,416,934	\$ 3,160,588	\$ 1,503,282
Non-Operating Revenues (Expenses)				
8989 Gain (Loss) on sale of investments	-	(10,839)	(10,839)	25,982
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(10,839)</u>	<u>(10,839)</u>	<u>25,982</u>
Total Change in Net Assets	<u>743,654</u>	<u>2,406,095</u>	<u>3,149,749</u>	<u>1,529,264</u>
Net Assets, Beginning of Year	<u>1,712,240</u>	<u>7,177,354</u>	<u>8,889,594</u>	<u>7,360,330</u>
Net Assets, End of Year	<u>\$ 2,455,894</u>	<u>\$ 9,583,449</u>	<u>\$ 12,039,343</u>	<u>\$ 8,889,594</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,149,749	\$ 1,529,264
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets under leases	1,641,713	2,143,390
Amortization - premium on bonds	(119,363)	(119,365)
Amortization - bond issuance costs	33,599	33,597
(Increase) Decrease in receivables	(222,777)	(1,134,750)
(Increase) Decrease in other receivables	(1,062,131)	(42,524)
Increase (Decrease) in accounts payable	141,072	565,687
Increase (Decrease) in wages payable	513,541	251,444
Increase (Decrease) in payroll taxes payable	170,359	124,585
Increase (Decrease) in accrued liabilities	(19,103)	32,038
Increase (Decrease) in deferred revenue	-	(132)
Increase (Decrease) in interest payable	(9,277)	(11,449)
Net Cash Provided (Used) by Operating Activities	<u>4,100,896</u>	<u>3,371,785</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(4,756,216)	(3,426,881)
Purchase of investment	(110,963)	(169,260)
Net cash Provided (Used) by Investing Activities	<u>(4,867,179)</u>	<u>(3,596,141)</u>
Cash Flows from Financing Activities		
Payments on leases	(178,145)	(133,076)
Repayment of bonds	(579,290)	(554,567)
Proceeds from note payable	3,269,818	2,436,810
Net Cash Provided (Used) by Financing Activities	<u>2,512,383</u>	<u>1,749,167</u>
Net increase (decrease) in cash	1,746,100	1,524,811
Cash at Beginning of Year	9,585,446	8,060,635
Cash at End of Year	<u>\$ 11,331,546</u>	<u>\$ 9,585,446</u>
Cash Per the Statement of Financial Position		
Cash	\$ 4,061,274	\$ 3,105,535
Restricted Cash	7,270,272	6,479,911
Total Cash per the Statement of Financial Position	<u>\$ 11,331,546</u>	<u>\$ 9,585,446</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 3,046,975</u>	<u>\$ 3,254,436</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll costs	\$ 27,892,290	\$ 26,966,985
6200 Professional and contracted services	6,093,155	6,256,373
6300 Supplies and materials	3,054,417	2,078,907
6400 Other operating costs	2,042,697	2,761,630
6500 Debt	<u>3,107,091</u>	<u>3,184,175</u>
Total Expenses	<u>\$ 42,189,650</u>	<u>\$ 41,248,070</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ -	\$ 11,331,546	\$ -
1110	Investments	-	7,552,159	-
1510	Land and improvements	-	9,184,269	-
1520	Buildings and improvements	81,730	40,835,809	54,286
1529	Right-of-use asset	-	15,523,948	-
1539	Furniture and equipment	36,049	2,999,126	23,229
1580	Construction in Progress	-	2,402,857	-
Total Property and Equipment		\$ 117,779	\$ 89,829,714	\$ 77,515

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		Budgeted Amounts		Actual Amounts		Variance from
		Original	Final	Actual Amounts	Final Budget	
Revenues						
Local Support:						
5740	Other Revenues from local sources	\$ 831,333	\$ 692,170	\$ 1,110,785	\$ 418,615	
5750	Revenue from curricular	723,766	281,930	99,750	(182,180)	
	Total Local Support	1,555,099	974,100	1,210,535	236,435	
State Program Revenues:						
5810	Foundation School Program Act revenues	38,006,858	40,063,584	39,691,198	(372,386)	
5820	State program revenues distributed by					
	Texas Education Agency	611,514	986,905	523,658	(463,247)	
5830	State program revenue from State of Texas					
	government agencies (other than TEA)	-	-	84,916	84,916	
	Total State Program Revenues	38,618,372	41,050,489	40,299,772	(750,717)	
Federal Program Revenues:						
5920	Federal revenues distributed by					
	Texas Education Agency	2,888,913	3,464,052	2,860,555	(603,497)	
5930	Federal revenue distributed by other state of					
	Texas government agencies (other than TEA)	-	-	454,851	454,851	
5940	Federal revenues distributed directly from					
	the Federal Government	179,900	664,400	524,525	(139,875)	
	Total Federal Program Revenues	3,068,813	4,128,452	3,839,931	(288,521)	
	Total Revenues	43,242,284	46,153,041	45,350,238	(802,803)	
Expenses						
11	Instruction	23,411,706	24,338,240	24,186,992	151,248	
12	Instructional resources and media services	-	215	212	3	
13	Curriculum development and instructional					
	staff development	1,572,992	2,547,947	2,594,781	(46,834)	
21	Instructional leadership	214,870	52	35	17	
23	School leadership	3,882,175	4,148,810	4,012,987	135,823	
31	Guidance, counseling and evaluation services	1,454,608	996,191	925,417	70,774	
33	Health services	24,000	119,102	82,655	36,447	
35	Food service	1,058,337	655,066	412,008	243,058	
36	Cocurricular/Extracurricular activities	576,651	315,250	233,546	81,704	
41	General administration	2,415,479	2,400,035	2,207,220	192,815	
51	Plant maintenance and operations	4,464,779	5,709,394	4,411,362	1,298,032	
52	Security and monitoring services	203,250	169,086	118,782	50,304	
53	Data processing services	861,379	690,074	655,356	34,718	
71	Debt service	2,341,035	2,387,435	2,348,297	39,138	
	Total Expenses	42,481,261	44,476,897	42,189,650	2,287,247	
Non-Operating Revenues (Expenses)						
8989	Gain (Loss) on sale of investments	-	-	(10,839)	(10,839)	
	Total Non-Operating Revenues (Expenses)	-	-	(10,839)	(10,839)	
	Change in net assets	761,023	1,676,144	3,149,749	1,473,605	
	Net Assets, Beginning of Year	8,889,594	8,889,594	8,889,594	-	
	Net Assets, End of Year	\$ 9,650,617	\$ 10,565,738	\$ 12,039,343	\$ 1,473,605	



HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash	\$ 6,609,362	\$ 9,645
Restricted cash	24,164	29,619
Investments	5,879,363	7,167,371
Receivables	1,857,861	591,976
Other receivables	17,770	749,705
Prepays	86,205	112,919
Total Current Assets	<u>14,474,725</u>	<u>8,661,235</u>
Property and Equipment:		
Buildings and improvements	1,573,663	1,535,119
Furniture and equipment	2,128,536	2,073,620
Construction in progress	1,078,793	824,309
	<u>4,780,992</u>	<u>4,433,048</u>
Less: Accumulated depreciation	<u>(2,105,658)</u>	<u>(1,827,532)</u>
	<u>2,675,334</u>	<u>2,605,516</u>
Total Assets	<u>\$ 17,150,059</u>	<u>\$ 11,266,751</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 781,044	\$ 285,137
Accrued liabilities	4,682,253	28,975
Wages payable	1,958,110	1,806,036
Payroll taxes payable	889,412	753,827
Interest payable	78,822	79,268
Current portion of bonds payable	26,169	24,957
Total Current Liabilities	<u>8,415,810</u>	<u>2,978,200</u>
Long-term Liabilities:		
Notes payable net of current portion	40,822	-
Bonds payable net of premium, discount, issuance costs and current portion	<u>1,425,771</u>	<u>1,468,349</u>
Total Liabilities	<u>9,882,403</u>	<u>4,446,549</u>
Net Assets:		
Without donor restrictions	7,267,656	6,820,202
Total Net Assets	<u>7,267,656</u>	<u>6,820,202</u>
Total Liabilities and Net Assets	<u>\$ 17,150,059</u>	<u>\$ 11,266,751</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
Revenues				
Local Support:				
5740	\$ 27,106,188	\$ -	\$ 27,106,188	\$ 24,085,040
	<u>27,106,188</u>	<u>-</u>	<u>27,106,188</u>	<u>24,085,040</u>
Federal Program Revenues:				
5940	-	4,478,822	4,478,822	3,147,617
	<u>-</u>	<u>4,478,822</u>	<u>4,478,822</u>	<u>3,147,617</u>
Net assets released from restrictions:				
	4,478,822	(4,478,822)	-	-
	<u>31,585,010</u>	<u>-</u>	<u>31,585,010</u>	<u>27,232,657</u>
Expenses				
11	329,497	-	329,497	203,714
13	-	-	-	-
21	5,294,638	-	5,294,638	5,303,860
23	1,179,717	-	1,179,717	709,371
31	410,265	-	410,265	644,626
35	10,947	-	10,947	5,134
41	3,311	-	3,311	-
51	17,333,021	-	17,333,021	14,950,436
52	3,885,633	-	3,885,633	3,534,221
53	26,054	-	26,054	19,438
71	2,572,393	-	2,572,393	2,365,145
	66,533	-	66,533	60,995
	<u>31,112,009</u>	<u>-</u>	<u>31,112,009</u>	<u>27,796,940</u>
	\$ 473,001	\$ -	\$ 473,001	\$ (564,283)
Non-Operating Revenues (Expenses)				
8989	(25,547)	-	(25,547)	26,354
	<u>(25,547)</u>	<u>-</u>	<u>(25,547)</u>	<u>26,354</u>
	<u>447,454</u>	<u>-</u>	<u>447,454</u>	<u>(537,929)</u>
	<u>6,820,202</u>	<u>-</u>	<u>6,820,202</u>	<u>7,358,131</u>
	<u>\$ 7,267,656</u>	<u>\$ -</u>	<u>\$ 7,267,656</u>	<u>\$ 6,820,202</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 447,454	\$ (537,929)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	278,126	205,157
Amortization - premium on bonds	(17,352)	(17,352)
Amortization - bond issuance costs	1,005	1,005
(Increase) Decrease in receivables	(1,265,885)	218,815
(Increase) Decrease in other receivables	731,935	(695,229)
(Increase) Decrease in prepaids	26,714	321,212
Increase (Decrease) in accounts payable	495,907	(729,882)
Increase (Decrease) in wages payable	152,074	210,395
Increase (Decrease) in payroll taxes payable	135,585	159,637
Increase (Decrease) in accrued liabilities	4,653,278	(12,623)
Increase (Decrease) in interest payable	(446)	(515)
Net Cash Provided (Used) by Operating Activities	<u>5,638,395</u>	<u>(877,309)</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(347,944)	(1,373,602)
Sale (purchase) of investments	1,287,946	(119,177)
Net Cash Provided (Used) by Investing Activities	<u>940,002</u>	<u>(1,492,779)</u>
Cash Flows from Financing Activities		
Proceeds from note payable	40,822	-
Repayment of bonds	(24,957)	(23,951)
Net Cash Provided (Used) by Financing Activities	<u>15,865</u>	<u>(23,951)</u>
Net increase (decrease) in cash	6,594,262	(2,394,039)
Cash at Beginning of Year	<u>39,264</u>	<u>2,433,303</u>
Cash at End of Year	<u>\$ 6,633,526</u>	<u>\$ 39,264</u>
Cash Per the Statement of Financial Position		
Cash	\$ 6,609,362	\$ 9,645
Restricted Cash	24,164	29,619
Total Cash per the Statement of Financial Position	<u>\$ 6,633,526</u>	<u>\$ 39,264</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 130,270</u>	<u>\$ 122,583</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Expenses		
6100 Payroll costs	\$ 16,310,924	\$ 14,898,052
6200 Professional and contracted services	11,027,671	9,207,642
6300 Supplies and materials	663,108	496,869
6400 Other operating costs	3,043,773	3,133,382
6500 Debt	<u>66,533</u>	<u>60,995</u>
Total Expenses	<u>\$ 31,112,009</u>	<u>\$ 27,796,940</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2021

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 3,992,570	\$ 2,640,956	\$ -
1110	Investments	-	5,879,363	-
1520	Buildings and improvements	-	1,573,663	-
1539	Furniture and equipment	-	2,128,536	-
1580	Construction in progress	-	1,078,793	-
	Total Property and Equipment	\$ 3,992,570	\$ 13,301,311	\$ -

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 26,885,000	\$ 26,940,124	\$ 27,106,188	\$ 166,064
	Total Local Support	<u>26,885,000</u>	<u>26,940,124</u>	<u>27,106,188</u>	<u>166,064</u>
Federal Program Revenues:					
5940	Federal revenues distributed directly from the Federal Government	-	7,072,683	4,478,822	(2,593,861)
	Total Federal Program Revenues	<u>-</u>	<u>7,072,683</u>	<u>4,478,822</u>	<u>(2,593,861)</u>
	Total Revenues	<u>26,885,000</u>	<u>34,012,807</u>	<u>31,585,010</u>	<u>(2,427,797)</u>
Expenses					
11	Instruction	300,038	442,103	329,497	112,606
13	Curriculum development and instructional staff development	3,399,419	5,385,408	5,294,638	90,770
21	Instructional leadership	600,558	2,401,214	1,179,717	1,221,497
23	School leadership	50,000	507,312	410,265	97,047
31	Guidance, counseling and evaluation services	10,000	5,134	10,947	(5,813)
35	Food services	3,000	4,368	3,311	1,057
41	General administration	16,470,974	15,056,675	17,333,021	(2,276,346)
51	Plant maintenance and operations	3,546,489	3,613,664	3,885,633	(271,969)
52	Security and monitoring services	108,250	20,571	26,054	(5,483)
53	Data processing services	2,316,272	2,075,215	2,572,393	(497,178)
71	Debt service	80,000	76,850	66,533	10,317
81	Facilities acquisition and construction	-	40,000	-	40,000
	Total Expenses	<u>26,885,000</u>	<u>29,628,514</u>	<u>31,112,009</u>	<u>(1,483,495)</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	(25,547)	(25,547)
	Total Non-Operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(25,547)</u>	<u>(25,547)</u>
	Change in net assets	-	4,384,293	447,454	(3,936,839)
	Net Assets, Beginning of Year	<u>6,820,202</u>	<u>6,820,202</u>	<u>6,820,202</u>	<u>-</u>
	Net Assets, End of Year	<u>\$ 6,820,202</u>	<u>\$ 11,204,495</u>	<u>\$ 7,267,656</u>	<u>\$ (3,936,839)</u>

FEDERAL AWARDS 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 of
Harmony Public Schools
Houston, 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 Harmony Public Schools ("HPS") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 November 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered HPS'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 HPS's internal control. Accordingly, we do not express an opinion on the effectiveness of HPS'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 HPS'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. These procedures performed included tests designed to verify Harmony Public School's compliance with the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) during fiscal year 2021. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors of
Harmony Public Schools

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 "Whitley Penn LLP". The signature is written in a cursive style with a large initial 'W' and 'P'. The text is set against a light gray rectangular background.

Houston, Texas
November 5, 2021

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

To The Board of Directors of
Harmony Public Schools
Houston, Texas

Report on Compliance for Each Major Federal Program

We have audited Harmony Public Schools' ("HPS") (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 HPS's major federal programs for the year ended June 30, 2021. HPS'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 HPS'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 HPS'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 HPS's compliance.

Opinion on Each Major Federal Program

In our opinion, HPS 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 June 30, 2021.

To the Board of Directors of
Harmony Public Schools

Report on Internal Control over Compliance

Management of HPS 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 HPS'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 HPS'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 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas
November 5, 2021

HARMONY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number</u>
---	--

U.S. Department of Treasury

<i>Coronavirus Relief Fund (COVID-19)</i>	21.019
<i>Operation Connectivity Bulk Purchase Program Local Match Reimbursement Program, Texas Education Agency (COVID-19)</i>	21.019

U.S. Department of Education

Special Education Cluster:	
<i>IDEA-B Formula</i>	84.027
<i>IDEA-B High Cost Fund</i>	84.027

<i>Title III, Part A – ELA</i>	84.365
--------------------------------	--------

<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D
--	---------

<i>2020-21 PCSP Start-Up</i>	84.282
<i>2019-21 PCSP Start-Up</i>	84.282

Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$1,368,780
--	-------------

Auditee qualified as low-risk auditee?	Yes
--	-----

HARMONY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2021

II. Financial Statement Findings

None Reported

III. Federal Awards Findings and Questioned Costs

None Reported

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal Assistance Listing Number*	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct:			
<i>Education Innovation and Research (EIR)</i>	84.411B	U411B180014	\$ 987,295
<i>Teacher Incentive Fund</i>	84.374A	U374A160039	5,356,454
<i>Training Instructional Leadership Team (TILT/TSL)</i>	84.374A	S374A200021	<u>3,102,207</u>
<i>Total ALN 84.374</i>			<u>8,458,661</u>
Pass-Through Texas Education Agency:			
<i>Title I 1003 School Improvement</i>	84.010A	21610141161807	79,536
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	21610101227816	1,125,411
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101161807	78,185
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	21610101161807	2,302,445
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101071806	9,643
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	21610101071806	1,269,243
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101101846	33,433
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	21610101101846	1,521,935
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101101858	20,731
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	21610101101858	1,426,958
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101101862	44,246
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	21610101101862	900,581
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101015828	21,578
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	21610101015828	<u>1,481,842</u>
<i>Total ALN 84.010</i>			<u>10,315,767</u>
<i>IDEA-B Formula</i>	84.027A	216600012278166000	602,514
<i>IDEA-B Formula</i>	84.027A	216600011618076000	1,362,270
<i>IDEA-B Formula</i>	84.027A	216600010718066000	527,614.00
<i>IDEA-B Formula</i>	84.027A	216600011018466000	517,342.00
<i>IDEA-B Formula</i>	84.027A	216600011018586000	772,756.00
<i>IDEA-B Formula</i>	84.027A	216600011018626000	560,131.00
<i>IDEA-B Formula</i>	84.027A	216600010158286000	646,273.00
<i>IDEA-B High Cost Fund</i>	84.027A	66002106	151,007
Total Special Education Cluster (ALN 84.027)			<u>5,139,907</u>
<i>2020-21 PCSP Start-Up</i>	84.282A	205900137110006	800,000
<i>2019-21 PCSP Start-Up</i>	84.282A	195900137110003	18,587
<i>Total ALN 84.282</i>			<u>818,587</u>
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	21694501227816	123,654
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	21694501161807	295,438
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	21694501071806	167,874
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	21694501101846	182,181
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	21694501101858	195,273
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	21694501101862	87,426
<i>Title II, Part A Supporting Effective Instruction Transferred to Title I Part A</i>	84.367A	21694501015828	227,941
<i>Total ALN 84.367</i>			<u>1,279,787</u>

*ALN formerly known as CFDA.

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal Assistance Listing Number*	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (continued)			
Pass-Through Texas Education Agency (continued):			
<i>Title III, Part A - ELA</i>	84.365A	21671001227816	184,056
<i>Title III, Part A - ELA</i>	84.365A	21671001161807	275,027
<i>Title III, Part A - ELA</i>	84.365A	21671001071806	86,649
<i>Title III, Part A - ELA</i>	84.365A	21671001101846	116,044
<i>Title III, Part A - ELA</i>	84.365A	21671001101858	145,919
<i>Title III, Part A - ELA</i>	84.365A	21671001101862	80,693
<i>Title III, Part A - ELA</i>	84.365A	21671001015828	148,225
<i>Total ALN 84.365</i>			1,036,613
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	21680101227816	80,569
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	21680101161807	193,948
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	21680101071806	88,978
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	21680101101846	116,305
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	21680101101858	101,471
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	21680101101862	63,672
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	21680101015828	126,417
<i>Total ALN 84.424</i>			771,360
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001227816	277,542
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001161807	814,492
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001071806	705,794
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001101846	800,109
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001101858	407,053
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001101862	257,634
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001015828	1,030,065
<i>Total ALN 84.425</i>			4,292,689
<i>20-21 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	21420006227816	35,601
<i>20-21 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	21420006161807	71,157
<i>20-21 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	21420006071806	36,992
<i>20-21 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	21420006101846	51,415
<i>20-21 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	21420006101858	77,915
<i>20-21 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	21420006101862	49,669
<i>20-21 Perkins V: Strengthening CTE for 21st Century</i>	84.048A	21420006015828	63,539
<i>Total ALN 84.048</i>			386,288
<i>Instructional Continuity</i>	84.377A	17610740227816	12,815
<i>Instructional Continuity</i>	84.377A	17610740101858	5,184
<i>Instructional Continuity</i>	84.377A	17610740015828	6,050
<i>Instructional Continuity</i>	84.377A	17610740161807	7,110
<i>Instructional Continuity</i>	84.377A	17610740071806	3,765
<i>Instructional Continuity</i>	84.377A	17610740101846	5,432
<i>Total ALN 84.377</i>			40,356
Total U.S. Department of Education			33,527,310

*ALN formerly known as CFDA.

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal Assistance Listing Number*	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Passed Through the Texas Division of Emergency Management:			
<i>Coronavirus Relief Fund (COVID-19)</i>	21.019	2020-CF-21019	\$ 2,847,252
Passed Through the Office of the Governor of the State of Texas:			
<i>Operation Connectivity Bulk Purchase Program Local Match Reimbursement Program, Texas Education Agency (COVID-19)</i>	21.019	52202002	3,928,477
Passed Through Harris County:			
<i>Operation Connectivity Bulk Purchase Program Local Match Reimbursement Program, Harris County (COVID-19)</i>	21.019	39312101	598,120
<i>Total ALN 21.019</i>			<u>7,373,849</u>
Total U.S. Department of Treasury			<u>7,373,849</u>
U.S. Department of Agriculture			
Passed-Through Texas Education Agency:			
<u>Federal Food Service Reimbursement:</u>			
<i>School Breakfast Program (SBP)</i>	10.553	71402001	211,206
<i>School Breakfast Program (SBP)</i>	10.553	71402101	1,149,458
<i>School Breakfast Program (SBP)</i>	10.553	52402001	344,936
<i>National School Lunch Prg-NSLP</i>	10.555	71302101	2,555,431
<i>National School Lunch Prg-NSLP</i>	10.555	71302001	361,634
<i>National School Lunch Prg-NSLP</i>	10.555	52302001	102,190
Total Child Nutrition Cluster (10.553,10.555)			<u>4,724,855</u>
Total U. S. Department of Agriculture			<u>4,724,855</u>
Total Expenditures of Federal Awards			<u>\$ 45,626,014</u>

*ALN formerly known as CFDA.

HARMONY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - 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.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of HPS under programs of the federal government for the year ended June 30, 2021. 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 HPS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HPS.

Note 3 - Indirect Cost Rate

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. HPS has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Title I, Part A Transferability

As described in the U.S. Department of Education Cross-Cutting Section (CFDA 84.000), Sections II.B.3 *Activities Allowed or Unallowed - Transferability (SEAs and LEAs)* and IV.3 *Other Information - Transferability* of the 2021 OMB Compliance Supplement, expenditures of funds should be included in the audit universe and total expenditures of the receiving program. For fiscal year 2021, HPS transferred 100% Title IV, Part A (CFDA 84.424) expenditures to its Title I, Part A (CFDA 84.010A) program as submitted to the Texas Education Agency in its consolidated application and as denoted on the Schedule of Expenditures of Federal Awards. As such, Title IV, Part A (CFDA 84.424) were included as part of Title I, Part A (CFDA 84.010).

HARMONY PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

HARMONY PUBLIC SCHOOLS

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable