

**ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS**

**CONSOLIDATED FINANCIAL STATEMENTS WITH
COMPLIANCE REPORTING**

August 31, 2020 and 2019

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED FINANCIAL STATEMENTS WITH
COMPLIANCE REPORTING
August 31, 2020 and 2019

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**ORENDA EDUCATION
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Federal Employer Identification Number: 74-2774612

Certificate of Board

We, the undersigned, certify that the attached annual financial reports of the above-named charter holder were reviewed and (check one) approved disapproved for the year ended August 31, 2020, at a meeting of the Board of Directors of such charter holder on the 18th day of January, 2021.



Signature of Board Secretary



Signature of Board President

If the Board of Directors disapproved the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orenda Education dba Orenda
Charter Schools
Georgetown, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Orenda Education (the Charter Holder) dba Orenda Charter Schools, a nonprofit organization, which comprise the consolidated statements of financial position as of August 31, 2020 and 2019, and the related consolidated statements of activities (with comparative totals for 2019), functional expenses (with comparative totals for 2019), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Charter Holder as of August 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The specific-purpose financial statements on pages 23-31 and the supplementary schedules on pages 32-34 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2021 on pages 35-36 on our consideration of the Charter Holder'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 the Charter Holder's internal control over financial reporting and compliance.

Randy Walker & Co.

San Antonio, Texas
January 18, 2021

GENERAL-PURPOSE FINANCIAL STATEMENTS

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 13,415,541	\$ 9,752,599
Short-Term Investments	316,387	309,049
Accounts Receivable	28,875	40,360
Due from Texas Education Agency	1,347,398	1,285,062
Other Receivables	153,213	-
Prepaid Expenses	179,561	145,358
Total Current Assets	15,440,975	11,532,428
LONG-TERM ASSETS		
Restricted Cash	4,295,916	4,467,372
Long-Term Investments	1,101,646	1,173,651
Sinking Fund for Bonds Payable	1,567,707	1,357,586
Property and Equipment, net	40,404,424	41,245,920
Total Long-Term Assets	47,369,693	48,244,529
TOTAL ASSETS	\$ 62,810,668	\$ 59,776,957
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 498,746	\$ 782,506
Accrued Expenses	893,124	844,670
Due to Texas Education Agency	227,143	18,609
Deferred Revenue	52,437	45,094
Other Liabilities	67,663	55,386
Loan Payable - current	2,713	16,045
Bonds Payable - current	615,000	790,000
Total Current Liabilities	2,356,826	2,552,310
LONG-TERM LIABILITIES		
Loan Payable - long-term	-	2,705
Bonds Payable - long-term, net	44,302,027	44,658,663
Total Long-Term Liabilities	44,302,027	44,661,368
TOTAL LIABILITIES	46,658,853	47,213,678
NET ASSETS		
Without Donor Restrictions	8,166,027	7,460,626
With Donor Restrictions	7,985,788	5,102,653
TOTAL NET ASSETS	16,151,815	12,563,279
TOTAL LIABILITIES AND NET ASSETS	\$ 62,810,668	\$ 59,776,957

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

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020
(with comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
Contributions	\$ 436,485	\$ 200	\$ 436,685	\$ 570,498
Food Service Activity	301,082	-	301,082	394,024
Interest Income	263,976	-	263,976	268,582
Miscellaneous Revenue from Intermediate Sources	247,178	-	247,178	269,316
E-Rate Revenue	153,213	-	153,213	106,953
Athletic Activities	38,607	-	38,607	31,443
Earnings from Temporary Deposits and Investments	7,338	-	7,338	5,337
Total Local Support	<u>1,447,879</u>	<u>200</u>	<u>1,448,079</u>	<u>1,646,153</u>
State Program Revenues:				
Foundation School Program Act Revenues	-	16,452,861	16,452,861	15,049,358
State Program Revenues Distributed by Texas Education Agency	-	29,260	29,260	175,046
Total State Program Revenues	<u>-</u>	<u>16,482,121</u>	<u>16,482,121</u>	<u>15,224,404</u>
Federal Program Revenues:				
Federal Revenues Distributed Directly from the Federal Government	-	1,843,300	1,843,300	-
Federal Revenues Distributed by Texas Education Agency	-	509,895	509,895	446,356
Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	213,203	213,203	15,728
Total Federal Program Revenues	<u>-</u>	<u>2,566,398</u>	<u>2,566,398</u>	<u>462,084</u>
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	16,165,584	(16,165,584)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	<u>17,613,463</u>	<u>2,883,135</u>	<u>20,496,598</u>	<u>17,332,641</u>
OPERATING EXPENSES				
Program	14,283,919	-	14,283,919	13,160,209
General and Administrative	2,409,078	-	2,409,078	2,169,002
Fundraising	235,598	-	235,598	211,240
TOTAL OPERATING EXPENSES	<u>16,928,595</u>	<u>-</u>	<u>16,928,595</u>	<u>15,540,451</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY				
	684,868	2,883,135	3,568,003	1,792,190
NON-OPERATING ACTIVITY				
Investment Income	128,042	-	128,042	28,813
Unrealized (Loss) Gain on Escrow	(107,509)	-	(107,509)	90,340
Loss on Sale of Asset	-	-	-	(1,030)
TOTAL NON-OPERATING ACTIVITY	<u>20,533</u>	<u>-</u>	<u>20,533</u>	<u>118,123</u>
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY				
	705,401	2,883,135	3,588,536	1,910,313
NET ASSETS, Beginning of Year	<u>7,460,626</u>	<u>5,102,653</u>	<u>12,563,279</u>	<u>10,652,966</u>
NET ASSETS, End of Year	<u>\$ 8,166,027</u>	<u>\$ 7,985,788</u>	<u>\$ 16,151,815</u>	<u>\$ 12,563,279</u>

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

ORENDA EDUCATION
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2020
(with comparative totals for 2019)

	2020			2019 Total	
	Program	General and Administrative	Fundraising		Total
OPERATING EXPENSES					
Salaries	\$ 6,946,168	\$ 1,517,577	\$ 208,125	\$ 8,671,870	\$ 7,950,201
Payroll Taxes and Benefits	1,034,732	206,946	12,542	1,254,220	980,069
Total Payroll Expenses	7,980,900	1,724,523	220,667	9,926,090	8,930,270
Interest	1,955,620	102,930	-	2,058,550	1,962,914
Depreciation	1,182,676	62,246	-	1,244,922	858,674
General Supplies	729,759	50,762	428	780,949	487,968
Utilities	497,978	26,209	-	524,187	500,747
Rental Expense	440,743	48,971	-	489,714	768,854
Maintenance and Repair	465,641	7,090	-	472,731	330,233
Contract Labor	370,303	70,530	-	440,833	481,551
Amortization of Bond Issue Costs	245,444	12,918	-	258,362	258,362
Miscellaneous	56,768	67,431	13,416	137,615	159,105
Food	135,290	-	-	135,290	171,925
Insurance and Bonding	10,721	123,293	-	134,014	95,304
Travel	60,869	20,652	1,087	82,608	84,441
Instructional Materials	79,924	-	-	79,924	352,793
Educational Service Center	55,370	9,014	-	64,384	27,170
Professional Fees	-	59,144	-	59,144	37,387
Dues and Subscriptions	4,786	23,365	-	28,151	13,223
Gas and Fuel	11,127	-	-	11,127	19,530
TOTAL OPERATING EXPENSES	\$ 14,283,919	\$ 2,409,078	\$ 235,598	\$ 16,928,595	\$ 15,540,451

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

ORENDA EDUCATION
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CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets From Operations	\$ 3,588,536	\$ 1,910,313
Adjustments to Reconcile Net Excess to Net Cash		
Provided by Operations:		
Loss on Sale of Fixed Asset	-	1,030
Depreciation and Amortization	1,503,284	1,117,036
Unrealized Gain on Investments	(81,553)	(28,813)
Decrease (Increase) in Assets:		
Accounts Receivable	11,485	(18,013)
Due from Texas Education Agency	(62,336)	(16,673)
Other Receivables	(153,213)	-
Prepaid Expenses	(34,203)	62,263
(Decrease) Increase in Liabilities:		
Accounts Payable	(283,760)	(1,726,297)
Accrued Expenses	48,454	69,988
Due to Texas Education Agency	208,534	(61,351)
Deferred Revenue	7,343	12,425
Other Liabilities	12,277	(1,234)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,764,848	1,320,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(436,320)	(9,564,230)
Proceeds from Sale of Fixed Asset	-	18,000
Release of Escrow Funds	32,894	-
Sale of Investments	200,049	-
Purchases of Investments	(53,827)	(10,494)
NET CASH USED BY INVESTING ACTIVITIES	(257,204)	(9,556,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(16,037)	(15,559)
Payments into Sinking Fund	(210,121)	(175,999)
Payments on Bonds Payable	(790,000)	(755,000)
NET CASH USED BY FINANCING ACTIVITIES	(1,016,158)	(946,558)
NET INCREASE (DECREASE) IN CASH FLOWS	3,491,486	(9,182,608)
CASH AND CASH EQUIVALENTS, Beginning of Year	9,752,599	18,847,330
RESTRICTED CASH, Beginning of Year	4,467,372	4,555,249
LESS RESTRICTED CASH, End of Year	(4,295,916)	(4,467,372)
CASH AND CASH EQUIVALENTS, End of Year	\$ 13,415,541	\$ 9,752,599
Supplemental Disclosures:		
Interest	\$ 2,058,550	\$ 1,962,914

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

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 1 - Nature of Business and Significant Accounting Policies

Reporting Entity and Corporate Operations

Orenda Education (the Charter Holder) dba Orenda Charter Schools is a 501(c)(3) not-for-profit organization incorporated in the State of Texas in 1995. The Charter Holder is governed by a Board Directors comprised of five members. The Board of Directors is selected pursuant to the bylaws of the Charter Holder and has the authority to make decisions, appoint the chief executive officer of the Charter Holder, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter Holder.

In 2001, the State Board of Education of the State of Texas granted the organization an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the charter application Contract for Charter, Orenda Charter School (the School) was opened for the academic year 2002-2003. It was organized to provide educational services to students in grades Kindergarten through 12th grade, and the organization's Board of Directors governs its programs, services, activities, and functions.

As of August 31, 2020, the School operates five campus locations. Since the Charter Holder receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Principles of Consolidation

The accompanying consolidated financial statements as of August 31, 2020 and 2019, include the financial statements of the Charter Holder and the School. Intercompany transactions and balances have been eliminated in the consolidation.

Basis of Presentation

The consolidated financial statements of the Charter Holder have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The more significant of the Charter Holder's accounting policies are described below:

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with GAAP.

The Charter Holder is required to report information regarding its financial position and activities according to two classes of net assets:

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than the Charter Holder’s mission and purpose. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Grant Funds

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require a refund of all or part of the unused amount.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Charter Holder is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Charter Holder is also exempt from income and sales taxes. As of August 31, 2020, the tax years that remain subject to examination by taxing authorities begin with 2017.

Cash and Cash Equivalents

For consolidated financial statement purposes, the Charter Holder considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 1 - Nature of Business and Significant Accounting Policies (continued)

Restricted Cash

Restricted cash represents a portion of proceeds from a bond issuance (see Note 14) that are not available for operating purposes. The restricted cash is being held in a reserve account to pay off the Series 2011A bond under an optional redemption provision in the bond indenture that allows for the bond to be paid off on August 15, 2021 instead of on the original maturity date of August 15, 2041. At August 31, 2020 and 2019, restricted cash totaled \$4,295,916 and \$4,467,372 respectively.

Investments

Investments are comprised primarily of certificates of deposit and mutual funds that are recorded at fair value based on quoted market prices. There were no investment fees for the years ended August 31, 2020 and 2019. All dividends, interest, and unrealized/realized gains are reported as investment income in the accompanying consolidated statement of activities.

Contributions

The Charter Holder accounts for contributions as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment are defined as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from four to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

Functional Allocation of Expenses

The costs of providing the services and other activities of the Charter Holder have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as supplies, depreciation, maintenance and repair, and various other expenses which are allocated on the basis of square footage or some other reasonable basis.

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 1 - Nature of Business and Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the effect this new standard will have on its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This update was followed up in 2018 by ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU 2018-09, *Codification Improvements*. These pronouncements provide guidance regarding the reporting and disclosure requirements of investments, effective for periods beginning after December 15, 2018. The Charter Holder adopted these new pronouncements effective September 1, 2019. The change was applied retrospectively, but there is no cumulative effect on beginning net assets as of this date.

In 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for periods beginning after December 15, 2018. This pronouncement clarifies and improves the scope and the accounting guidance for contributions received and contributions made in order to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Charter Holder adopted this new pronouncement effective September 1, 2019. The change was applied retrospectively, but there is no cumulative effect on beginning net assets as of this date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 2 - Due from/to State and Federal Government

At August 31, 2020 and 2019, the School had \$1,347,398 and \$1,285,062, respectively, in receivables due from Texas Education Agency (TEA) related to various state grants and Foundation School Program (FSP) revenue. All amounts receivable are deemed by management to be fully collectible; therefore, no allowance for uncollectible accounts is considered necessary. At August 31, 2020 and 2019, the School had \$227,143 and \$18,609, respectively, due to TEA for settle-up of FSP revenue.

Note 3 - Concentration of Credit Risk

The Charter Holder maintains several cash and investment accounts in various financial institutions and investment companies. Cash account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. The Charter Holder also has an agreement with its bank institutions where the banks provide pledged collateral in the Charter Holder's name in the event deposits exceed FDIC limits. Therefore, the Charter Holder has no uninsured cash balances. Investment account balances are insured by the Securities Investor Protection Corporation up to \$500,000. At August 31, 2020 and 2019, respectively, uninsured investment account balances totaled \$475,364 and \$548,855.

Note 4 - Commitments and Contingencies

The Charter Holder 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 TEA 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 Holder have complex compliance requirements, and, should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by TEA or the grantor agency.

Note 5 - Regulated Industry

The majority of the Charter Holder's activities and revenues are a result of contracts with TEA. The Charter Holder's operations are concentrated in the education field. As such, the Charter Holder operates in a heavily regulated environment. The operations of the Charter Holder are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, TEA. Such administrative directives, rules, and regulations are subject to change by an act of Congress, an act of the state legislature, or an administrative change mandated by TEA. Funding may be changed or decreased as a result of the above legislative or administrative changes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 6 - Health and Life Insurance Coverage

During the years ended August 31, 2020 and 2019, employees of the School were covered by a health insurance plan and life insurance plan. The School contributed \$378 and \$367 per employee per month to the health plan during the years ended August 31, 2020 and 2019, respectively. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers. The School pays \$1.17 per employee per month for life insurance. The School's contributions towards health and life insurance were \$630,078 and \$585,353 for the years ended August 31, 2020 and 2019, respectively.

Note 7 - Long Term Debt

Long-term debt of the Charter Holder consisted of the following at August 31:

	2020	2019
Loan payable to Bank of America, due in monthly installments of principal and interest of \$1,365.36; interest rate at 2.99%; maturing in October 2020, at which time all unpaid principal and interest is payable in full; secured by school bus.	\$ 2,713	\$ 18,750
Less Current Portion	(2,713)	(16,045)
Total Long-Term Debt	\$ -	\$ 2,705

Future scheduled maturities of the loan payable are as follows:

For the Year Ending August 31,	
2021	\$ 2,713
Total	\$ 2,713

Interest expense on this loan was \$348 and \$825 for the years ended August 31, 2020 and 2019, respectively.

Note 8 - Paycheck Protection Program Loan

During the year ended August 31, 2020, the Charter Holder received a Paycheck Protection Program (PPP) loan of \$1,843,300 from the Small Business Administration as part of the CARES Act passed during the year to assist small businesses and non-profits affected by measures instituted in response to the COVID-19 pandemic. The amount was expended according to the time and purpose restrictions defined by the PPP. As of August 31, 2020, it was reasonably certain the loan would be forgiven. Therefore, it has been recognized as federal revenue in the statement of activities. The Charter Holder applied for forgiveness of the PPP loan in January 2021 and is awaiting approval.

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 9 - Property and Equipment

Property and equipment consisted of the following at August 31:

	Orenda Education (Charter Holder)	
	2020	2019
Land and Improvements, net	\$ 1,128,728	\$ 1,161,622
Buildings and Improvements	41,431,251	41,250,407
Furniture and Equipment	50,085	50,085
	42,610,064	42,462,114
Less Accumulated Depreciation	(3,626,827)	(2,583,891)
Total	\$ 38,983,237	\$ 39,878,223

As of August 31, 2020, and 2019, land and improvements of \$1,128,728 and \$1,161,622, respectively, is net of \$140,471 in escrow funds received for future roadway improvements. These funds consist of \$137,716 used to obtain a certificate of deposit as collateral for a letter of credit with a local financial institution and 2% for bank fees. The beneficiary of the letter of credit is the City of Georgetown.

	Orenda Charter School	
	2020	2019
Buildings and Improvements	\$ 1,179,179	\$ 992,991
Vehicles	271,753	271,753
Furniture and Equipment	1,454,399	1,385,111
	2,905,331	2,649,855
Less Accumulated Depreciation	(1,484,144)	(1,282,158)
Total	\$ 1,421,187	\$ 1,367,697

Depreciation expense for the years ended August 31, 2020 and 2019 was \$1,244,922 and \$858,674, respectively. Fixed asset additions are included in net assets released from restrictions on the consolidated statement of activities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 10 - Investments

The fair value of investments held was as follows at August 31:

	Orenda Education (Charter Holder)	
	2020	2019
Cash/Money Accounts	\$ 126,282	\$ 124,796
Stocks	5,271	5,690
Mutual Funds	970,093	1,043,165
Total	\$ 1,101,646	\$ 1,173,651

	Orenda Charter School	
	2020	2019
Cash/Money Accounts	\$ 220,698	\$ 27,849
Fixed Income - CDs	95,689	281,200
Total	\$ 316,387	\$ 309,049

Investment income consisted of the following at August 31:

	Orenda Education (Charter Holder)	
	2020	2019
Interest/Dividends	\$ 20,459	\$ 24,230
Capital Gain	26,030	-
Unrealized Gain	81,553	4,583
Total	\$ 128,042	\$ 28,813

	Orenda Charter School	
	2020	2019
Interest/Dividends	\$ 7,561	\$ 4,660
Unrealized (Loss) Gain	(223)	677
Total	\$ 7,338	\$ 5,337

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Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions were for the following purposes at August 31:

	2020	2019
Gateway Tech High School	\$ -	\$ 2,200
Kingsland School	-	8,559
New Horizons School	-	100
GWCP - Kinder	-	150
GWCP - Robotics	-	1,050
GWCP - Swim Program	-	41
GWCP - Video Board	-	500
GWCP - Lacrosse Scholarship	-	1,171
TTR Miscellaneous	2,000	2,000
TX Educator Excellence Grant	3,500	3,500
Gateway CPS Legacy	100	-
Foundation School Program	7,980,188	5,083,382
Total	<u>\$ 7,985,788</u>	<u>\$ 5,102,653</u>

Net assets released from restrictions are reflected in the consolidated statement of activities and include amounts capitalized as fixed assets.

Note 12 - Intercompany Transactions

The School reimburses the Charter Holder each month for certain expenses incurred to sponsor the school charter and to provide governance, executive planning, and financial and management services for the School. The total amount of these expenses was \$85,000 and \$81,500 for the years ended August 31, 2020 and 2019, respectively. This transaction is eliminated in the consolidated financial statements. However, the amount is reflected as professional services revenue in the statement of activities included in the specific purpose financial statements of the Charter Holder.

Furthermore, the School reimburses the Charter Holder for making the monthly bond payments for the Series A, B, and Q bonds. The total amount of these payments was \$2,586,599 and \$2,588,161 for the years ended August 31, 2020 and 2019, respectively. This transaction is eliminated in the consolidated financial statements. Because the Charter Holder is accepting the debt service payments in lieu of facility lease payments from the School, the amount is reflected as rent revenue in the statement of activities included in the specific purpose financial statements of the Charter Holder.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 12 - Intercompany Transactions (continued)

As of August 31, 2020 and 2019, there was a payable from the Charter Holder to the School for \$33,064 and \$14,476, respectively. These payables were for intercompany activities such as bond loan payments and miscellaneous purchases. The intercompany payable and corresponding intercompany receivable are eliminated in the consolidated financial statements.

The Charter Holder and the School have adopted policies that address intercompany transactions.

Note 13 - Operating Leases

The School has multiple operating lease agreements for office equipment and instructional facilities with various expiration dates. The School also leases space as needed throughout the year for sports and extracurricular activities and events. Rent expense for the years ended August 31, 2020 and 2019 was \$489,714 and \$768,854, respectively.

The following is a schedule of the operating lease obligations subsequent to August 31, 2020:

Year Ending August 31,	
2021	\$ 330,375
2022	252,706
2023	6,418
2024	<u>1,038</u>
Total	<u>\$ 590,537</u>

Note 14 - Bonds Payable

The Charter Holder's obligations under bonds payable include Taxable Education Revenue Bonds (Series 2011Q) and Education Revenue Bonds (Series 2011A) issued through the Texas Public Finance Authority Charter School Finance Corporation, and Taxable Education Revenue Bonds (Series 2011B) issued through the Newark Cultural Education Facilities Finance Corporation. These bonds are dated December 1, 2011. The Series 2011Q and A bonds closed and funded on December 1, 2011, and the Series 2011B bonds closed and funded on December 15, 2011, with all proceeds being held by the Bank of Texas. The bonds' proceeds will be used for property acquisition and construction at the Gateway College Preparatory Campus and were underwritten by Piper Jaffray & Co. The interest rates on the bonds range from 7.25% to 8%, and the terms of the bonds range from nine to thirty years.

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Note 14 - Bonds Payable (continued)

The Charter Holder's bond obligations also include Education Revenue Refunding Bonds (Series 2015A) and Taxable Education Revenue Refunding Bonds (Series 2015B) issued through the Newark Higher Education Finance Corporation. These bonds closed and funded on August 20, 2015, with all proceeds being held by Bank of Texas. The bonds' proceeds will be used for expansion of the Gateway College Preparatory Campus, and a portion has been restricted by the Charter Holder to pay off the Series 2011A bond in 2021 (see Note 1). The bonds were underwritten by Oppenheimer & Co. The interest rates on the bonds range from 1% to 4%, and the terms of the bonds range from four to twenty-nine years.

The Charter Holder's bond obligations also consist of Education Revenue Bonds (Series 2017) issued through the Newark Higher Education Finance Corporation. These bonds closed and funded on June 20, 2017, with all proceeds being held by Bank of Texas. The bonds' proceeds will be used for expansion of the Gateway College Preparatory Campus. The bonds were underwritten by Oppenheimer & Co. The interest rates on the bonds range from 3% to 5%, and the term of the bonds is thirty years. The bond issue included a premium of \$621,203.

All bonds are subject to optional bond call at any time prior to maturity.

As of August 31, bonds payable - long-term consisted of the following:

	<u>2020</u>	<u>2019</u>
Series 2011A	\$ 4,055,000	\$ 4,055,000
Series 2011B	-	195,000
Series 2011Q	5,250,000	5,250,000
Series 2015A	14,790,000	14,790,000
Series 2015B	-	140,000
Series 2017	22,355,000	22,810,000
	<u>46,450,000</u>	<u>47,240,000</u>
Less Current Maturities	(615,000)	(790,000)
Less Bond Issuance Costs, net	<u>(1,532,973)</u>	<u>(1,791,337)</u>
Total	<u>\$ 44,302,027</u>	<u>\$ 44,658,663</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 14 - Bonds Payable (continued)

Future minimum principal payments on the bonds payable are as follows:

Year Ending August 31,	
2021	\$ 615,000
2022	635,000
2023	660,000
2024	695,000
2025	730,000
Thereafter	<u>43,115,000</u>
Total	<u>\$ 46,450,000</u>

The Charter Holder makes monthly principal payments to the sinking fund in anticipation of payments to be made to the bondholders when due. The balance of the sinking fund as of August 31, 2020 and 2019 was \$1,567,707 and \$1,357,586, respectively.

As part of the loan agreements for the bonds, the Charter Holder is required to establish and maintain several trustee-held funds, which are not available for general use. Furthermore, the loan agreements contain certain financial covenants, with which the Charter Holder was in compliance for the years ended August 31, 2020 and 2019.

The Charter Holder receives an annual Qualified School Construction Bond federal subsidy to assist in the payment of interest on the bonds. During the years ended August 31, 2020 and 2019, the Charter Holder received the subsidy benefit of \$131,905 and \$262,968, respectively, which was paid directly to the bond trustee on behalf of the Charter Holder. Bond interest expense, net of this subsidy benefit, was \$2,058,202 and \$1,962,089 for the years ended August 31, 2020 and 2019, respectively.

Note 15 - Pension Plan Obligations

Plan Description

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

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 15 - Pension Plan Obligations (continued)

The TRS plan differs from a single-employer plan as follows:

- Charter schools are legally separate entities from the state and each other.
- Assets contributed by one charter school or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter school.
- The unfunded obligations get passed along to the other charter schools and ISDs.
- There is no withdrawal penalty for leaving the TRS system.

Total plan assets, accumulated benefit obligations, and % funded are as follows:

Total Plan Assets - \$184,361,871,000
Accumulated Benefit Obligations - \$209,719,687,047
The plan is 76.8% funded.

There are no collective-bargaining agreements.

Funding Policy

Under provisions in state law, plan members are required to contribute 7.7% of their annual covered salary and the state of Texas contributes an amount equal to 7.5% of the School's covered payroll. The School's contributions to TRS for the years ended August 31, 2020 and 2019 were \$429,885 and \$209,682, respectively, which include non-OASDI participating surcharges of \$125,484 and \$123,401, respectively. The School's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

Note 16 - Fair Value of Financial Instruments

The Charter Holder adopted the provisions of ASC 820, "*Fair Value Measurements and Disclosures*" (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect the Charter Holder's financial position or results of operations.

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 16 - Fair Value of Financial Instruments (continued)

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Charter Holder's current assets and liabilities as presented in the consolidated statements of financial position are Level 1. The Charter Holder does not have Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the consolidated statements of financial position approximate fair values because of the short maturities of those instruments.

Note 17 - Liquidity and Availability of Financial Resources

The following reflects the Charter Holder's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

	2020	2019
Cash and Cash Equivalents	\$ 13,415,541	\$ 9,752,599
Investments	1,418,033	1,482,700
Accounts Receivable	28,875	40,360
Due from Texas Education Agency	1,347,398	1,285,062
Total Financial Assets	16,209,847	12,560,721
Donor Restrictions (net of Foundation School Program)	(5,600)	(19,271)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 16,204,247	\$ 12,541,450

The Charter Holder's primary sources of cash flow include Foundation School Program funds from TEA, which are classified as net assets with donor restrictions on the consolidated statements of financial position. However, restrictions are part of the Charter Holder's mission that make them available for general expenditure within one year of the consolidated statement of financial position date. The Charter Holder has a consistent inflow of cash throughout the year to cover normal operating expenses.

ORENDA EDUCATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2020 and 2019

Note 18 - Subsequent Events

The Charter Holder has not experienced a decline in its student enrollment in fiscal year 2021 as a result of the ongoing COVID-19 pandemic. However, the Charter Holder continues to evaluate current economic conditions, and any potential financial impact cannot be reasonably estimated at this time.

The Charter Holder has evaluated subsequent events through January 18, 2021, which is the date the financial statements were available to be issued.

SPECIFIC-PURPOSE FINANCIAL STATEMENTS

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENTS OF FINANCIAL POSITION
August 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,937,568	\$ 3,845,323
Total Current Assets	3,937,568	3,845,323
LONG-TERM ASSETS		
Restricted Cash	4,295,916	4,467,372
Long-Term Investments	1,101,646	1,173,651
Sinking Fund for Bonds Payable	1,567,707	1,357,586
Property and Equipment, net	38,983,237	39,878,223
Total Long-Term Assets	45,948,506	46,876,832
TOTAL ASSETS	\$ 49,886,074	\$ 50,722,155
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 419,412	\$ 649,583
Other Liabilities	500	-
Accrued Expenses	11,520	11,430
Due to Orenda Education Charter School	33,064	14,476
Bonds Payable - current	615,000	790,000
Total Current Liabilities	1,079,496	1,465,489
LONG-TERM LIABILITIES		
Bonds Payable - long-term, net	44,302,027	44,658,663
Total Long-Term Liabilities	44,302,027	44,658,663
TOTAL LIABILITIES	45,381,523	46,124,152
NET ASSETS		
Without Donor Restrictions	4,504,451	4,584,232
With Donor Restrictions	100	13,771
TOTAL NET ASSETS	4,504,551	4,598,003
TOTAL LIABILITIES AND NET ASSETS	\$ 49,886,074	\$ 50,722,155

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENTS OF FINANCIAL POSITION
August 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 9,477,973	\$ 5,907,276
Short-Term Investments	316,387	309,049
Accounts Receivable	28,875	40,360
Due from Texas Education Agency	1,347,398	1,285,062
Due from Orenda Education (Charter Holder)	33,064	14,476
Other Receivables	153,213	-
Prepaid Expenses	179,561	145,358
Total Current Assets	11,536,471	7,701,581
LONG-TERM ASSETS		
Property and Equipment, net	1,421,187	1,367,697
Total Long-Term Assets	1,421,187	1,367,697
TOTAL ASSETS	\$ 12,957,658	\$ 9,069,278
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 79,334	\$ 132,923
Accrued Expenses	881,604	833,240
Due to Texas Education Agency	227,143	18,609
Deferred Revenue	52,437	45,094
Other Liabilities	67,163	55,386
Loan Payable - current	2,713	16,045
Total Current Liabilities	1,310,394	1,101,297
LONG-TERM LIABILITIES		
Loan Payable - long-term	-	2,705
Total Long-Term Liabilities	-	2,705
TOTAL LIABILITIES	1,310,394	1,104,002
NET ASSETS		
Without Donor Restrictions	3,661,576	2,876,394
With Donor Restrictions	7,985,688	5,088,882
TOTAL NET ASSETS	11,647,264	7,965,276
TOTAL LIABILITIES AND NET ASSETS	\$ 12,957,658	\$ 9,069,278

See independent auditor's report.

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020
(with comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUES AND OTHER SUPPORT				
Rent	\$ 2,586,599	\$ -	\$ 2,586,599	\$ 2,588,161
Contributions	436,485	200	436,685	570,498
Interest Income	263,976	-	263,976	268,582
Professional Services	85,000	-	85,000	81,500
Miscellaneous Income	15,724	-	15,724	29,271
Net Assets Released from Restrictions	13,871	(13,871)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	<u>3,401,655</u>	<u>(13,671)</u>	<u>3,387,984</u>	<u>3,538,012</u>
OPERATING EXPENSES				
Bond Interest	2,058,202	-	2,058,202	1,962,089
Depreciation and Amortization	1,301,298	-	1,301,298	958,732
Miscellaneous Expense	72,712	-	72,712	73,460
Salaries and Benefits	50,555	-	50,555	58,887
Professional Fees	19,202	-	19,202	7,174
Supplies and Equipment	-	-	-	14,729
TOTAL OPERATING EXPENSES	<u>3,501,969</u>	<u>-</u>	<u>3,501,969</u>	<u>3,075,071</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	<u>(100,314)</u>	<u>(13,671)</u>	<u>(113,985)</u>	<u>462,941</u>
NON-OPERATING ACTIVITY				
Investment Income	128,042	-	128,042	28,813
Unrealized (Loss) Gain on Escrow	(107,509)	-	(107,509)	90,340
TOTAL NON-OPERATING ACTIVITY	<u>20,533</u>	<u>-</u>	<u>20,533</u>	<u>119,153</u>
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	<u>(79,781)</u>	<u>(13,671)</u>	<u>(93,452)</u>	<u>582,094</u>
NET ASSETS, Beginning of Year	<u>4,584,232</u>	<u>13,771</u>	<u>4,598,003</u>	<u>4,015,909</u>
NET ASSETS, End of Year	<u>\$ 4,504,451</u>	<u>\$ 100</u>	<u>\$ 4,504,551</u>	<u>\$ 4,598,003</u>

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020
(with comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
5742 Earnings from Temporary Deposits and Investments	\$ 7,338	\$ -	\$ 7,338	\$ 5,337
5749 E-Rate Revenue	153,213	-	153,213	106,953
5751 Food Service Activity	301,082	-	301,082	394,024
5752 Athletic Activities	38,607	-	38,607	31,443
5769 Miscellaneous Revenue from Intermediate Sources	231,454	-	231,454	240,045
Total Local Support	731,694	-	731,694	777,802
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	16,452,861	16,452,861	15,049,358
5820 State Program Revenues Distributed by Texas Education Agency	-	29,260	29,260	175,046
Total State Program Revenues	-	16,482,121	16,482,121	15,224,404
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	509,895	509,895	446,356
5930 Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	213,203	213,203	15,728
5940 Federal Revenues Distributed Directly from the Federal Government	-	1,843,300	1,843,300	-
Total Federal Program Revenues	-	2,566,398	2,566,398	462,084
Net Assets Released From Restrictions				
Restrictions Satisfied By Payments	16,151,713	(16,151,713)	-	-
TOTAL OPERATING REVENUES AND OTHER SUPPORT	16,883,407	2,896,806	19,780,213	16,464,290
OPERATING EXPENSES				
11 Instruction	7,859,035	-	7,859,035	7,209,451
12 Instructional Resources and Media Services	32,877	-	32,877	32,617
13 Curriculum Development and Instructional Staff Development	194,715	-	194,715	152,667
21 Instructional Leadership	172,081	-	172,081	256,222
23 School Leadership	887,616	-	887,616	897,498
31 Guidance, Counseling, and Evaluation Services	448,109	-	448,109	376,108
33 Health Services	97,658	-	97,658	81,542
34 Student Transportation	55,916	-	55,916	96,418
35 Food Services	236,419	-	236,419	277,187
36 Extracurricular Activities	415,424	-	415,424	362,209
41 General Administration	732,889	-	732,889	547,614
51 Plant Maintenance and Operations	1,604,920	-	1,604,920	1,683,213
52 Security and Monitoring Services	150	-	150	321
53 Data Processing Services	589,673	-	589,673	406,101
71 Debt Service	2,586,947	-	2,586,947	2,588,986
81 Fundraising	183,796	-	183,796	166,887
TOTAL OPERATING EXPENSES	16,098,225	-	16,098,225	15,135,041
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY				
	785,182	2,896,806	3,681,988	1,329,249
NON-OPERATING ACTIVITY				
Loss on Sale of Asset	-	-	-	(1,030)
TOTAL NON-OPERATING ACTIVITY	-	-	-	(1,030)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY				
	785,182	2,896,806	3,681,988	1,328,219
NET ASSETS, Beginning of Year				
	2,876,394	5,088,882	7,965,276	6,637,057
NET ASSETS, End of Year				
	\$ 3,661,576	\$ 7,985,688	\$ 11,647,264	\$ 7,965,276

See independent auditor's report.

ORENDA EDUCATION (CHARTER HOLDER)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in Net Assets From Operations	\$ (93,452)	\$ 582,094
Adjustments to Reconcile Net Change to Net Cash		
Provided (Used) by Operations:		
Depreciation and Amortization	1,301,298	958,732
Unrealized Gain on Investments	(81,553)	(4,529)
Decrease in Assets:		
Due from Orenda Education Charter School	-	13,685
(Decrease) Increase in Liabilities:		
Accounts Payable	(230,171)	(1,813,518)
Other Liabilities	500	-
Accrued Expenses	90	180
Due to Orenda Education Charter School	18,588	14,476
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	915,300	(248,880)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(180,844)	(8,790,661)
Release of Escrow Funds	32,894	-
Sale of Investments	200,049	-
Purchases of Investments	(46,489)	(29,441)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	5,610	(8,820,102)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments into Sinking Fund	(210,121)	(175,999)
Payments on Bonds Payable	(790,000)	(755,000)
NET CASH USED BY FINANCING ACTIVITIES	(1,000,121)	(930,999)
NET DECREASE IN CASH FLOWS	(79,211)	(9,999,981)
CASH AND CASH EQUIVALENTS, Beginning of Year	3,845,323	13,757,427
RESTRICTED CASH, Beginning of Year	4,467,372	4,555,249
LESS RESTRICTED CASH, End of Year	(4,295,916)	(4,467,372)
CASH AND CASH EQUIVALENTS, End of Year	\$ 3,937,568	\$ 3,845,323
 Supplemental Disclosures		
Bond Interest	\$ 2,058,202	\$ 1,962,089

See independent auditor's report.

ORENDA EDUCATION (CHARTER SCHOOL)
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Foundation School Program Payments	\$ 16,405,749	\$ 14,944,834
Grant Payments	2,570,463	620,457
Miscellaneous Sources	724,351	790,227
Payments to Vendors for Goods and Services Rendered	(3,521,897)	(3,313,003)
Payments to Charter School Personnel for Services Rendered	(9,742,171)	(8,859,691)
Interest Payments	(2,586,947)	(2,588,986)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,849,548	1,593,838
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(255,476)	(773,569)
Proceeds from Sale of Fixed Asset	-	18,000
Purchase of Investments	(7,338)	(5,337)
NET CASH USED BY INVESTING ACTIVITIES	(262,814)	(760,906)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(16,037)	(15,559)
NET CASH USED BY FINANCING ACTIVITIES	(16,037)	(15,559)
NET INCREASE IN CASH FLOWS	3,570,697	817,373
CASH AND CASH EQUIVALENTS, Beginning of Year	5,907,276	5,089,903
CASH AND CASH EQUIVALENTS, End of Year	\$ 9,477,973	\$ 5,907,276
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operations:		
Change in Net Assets	\$ 3,681,988	\$ 1,328,219
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operations:		
Depreciation	201,986	158,304
Loss on Sale of Fixed Asset	-	1,030
Decrease (Increase) in Assets:		
Accounts Receivable	11,485	(18,013)
Due from Texas Education Agency	(62,336)	(16,673)
Due from Orenda Education (Charter Holder)	(18,588)	(14,476)
Other Receivables	(153,213)	-
Prepaid Expenses	(34,203)	62,263
(Decrease) Increase in Liabilities:		
Accounts Payable	(53,589)	87,221
Accrued Expenses	48,364	69,808
Due to Texas Education Agency	208,534	(61,351)
Due to Orenda Education (Charter Holder)	-	(13,685)
Deferred Revenue	7,343	12,425
Other Liabilities	11,777	(1,234)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,849,548	\$ 1,593,838
Supplemental Disclosures		
Bus Loan Interest	\$ 348	\$ 825

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
SCHEDULE OF EXPENSES
For the Years Ended August 31, 2020 and 2019

	2020	2019
Orenda Education (Consolidated)		
Expenses		
6100 Payroll Costs	\$ 9,841,090	\$ 8,848,770
6200 Professional and Contracted Services	2,135,993	2,227,442
6300 Supplies and Materials	1,007,290	1,040,638
6400 Other Operating Costs	1,627,310	1,202,325
6500 Debt	2,316,912	2,221,276
	Total Expenses \$ 16,928,595	\$ 15,540,451
	Total Expenses	Total Expenses
 Orenda Education (Charter Holder)		
Expenses		
6100 Payroll Costs	\$ 50,555	\$ 58,887
6200 Professional and Contracted Services	19,202	7,174
6300 Supplies and Materials	-	14,729
6400 Other Operating Costs	1,115,648	773,830
6500 Debt	2,316,564	2,220,451
	Total Expenses (net of eliminating entries) \$ 3,501,969	\$ 3,075,071
	Total Expenses (net of eliminating entries)	Total Expenses (net of eliminating entries)
 Orenda Education (Charter School)		
Expenses		
6100 Payroll Costs	\$ 9,790,535	\$ 8,789,883
6200 Professional and Contracted Services	2,116,791	2,220,268
6300 Supplies and Materials	1,007,290	1,025,909
6400 Other Operating Costs	511,662	428,495
6500 Debt	348	825
	Total Expenses (net of eliminating entries) \$ 13,426,626	\$ 12,465,380
	Total Expenses (net of eliminating entries)	Total Expenses (net of eliminating entries)

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
SCHEDULE OF CAPITAL ASSETS
August 31, 2020

Capital assets acquired with public funds, which constitute public property pursuant to Chapter 12 of the Texas Education Code, are as follows:

Orenda Education (Consolidated)	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 3,937,568	\$ 9,477,973	\$ -
1510 Land and Improvements	1,128,728	-	-
1515 Construction in Progress	-	-	-
1520 Buildings and Improvements	1,599,634	41,010,796	-
1531 Vehicles	-	271,753	-
1539 Furniture and Equipment	50,085	1,454,399	-
Total Capital Assets	\$ 6,716,015	\$ 52,214,921	\$ -

Orenda Education (Charter Holder)	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 3,937,568	\$ -	\$ -
1510 Land and Improvements	1,128,728	-	-
1515 Construction in Progress	-	-	-
1520 Buildings and Improvements	1,599,634	39,831,617	-
1539 Furniture and Equipment	50,085	-	-
Total Capital Assets	\$ 6,716,015	\$ 39,831,617	\$ -

Orenda Charter School	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ -	\$ 9,477,973	\$ -
1520 Buildings and Improvements	-	1,179,179	-
1531 Vehicles	-	271,753	-
1539 Furniture and Equipment	-	1,454,399	-
Total Capital Assets	\$ -	\$ 12,383,304	\$ -

See independent auditor's report.

ORENDA CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
Year Ended August 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES AND OTHER SUPPORT				
Local Support:				
5740 Other Revenues from Local Sources	\$ 22,000	\$ 22,000	\$ 160,551	\$ 138,551
5750 Revenue from Cocurricular/Enterprising	434,000	334,000	339,689	5,689
5760 Revenues from Intermediate Sources	318,500	218,500	231,454	12,954
Total Local Support	<u>774,500</u>	<u>574,500</u>	<u>731,694</u>	<u>157,194</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	16,964,198	16,964,198	16,452,861	(511,337)
5820 State Program Revenues Distributed by Texas Education Agency	150,000	150,000	29,260	(120,740) (1)
Total State Program Revenues	<u>17,114,198</u>	<u>17,114,198</u>	<u>16,482,121</u>	<u>(632,077)</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	413,616	413,616	509,895	96,279
5930 Federal Revenues Distributed by Agencies Other Than Texas Education Agency	-	-	213,203	213,203
5940 Federal Revenues Distributed Directly from the Federal Government	-	1,843,300	1,843,300	-
Total Federal Program Revenues	<u>413,616</u>	<u>2,256,916</u>	<u>2,566,398</u>	<u>309,482</u>
TOTAL OPERATING REVENUES AND OTHER SUPPORT	<u>18,302,314</u>	<u>19,945,614</u>	<u>19,780,213</u>	<u>(165,401)</u>
OPERATING EXPENSES				
11 Instructional	8,503,234	8,383,484	7,859,035	524,449
12 Instructional Resources and Media Services	38,381	40,881	32,877	8,004
13 Curriculum Development and Instructional Staff Development	175,401	218,101	194,715	23,386
21 Instructional Leadership	346,874	253,374	172,081	81,293
23 School Leadership	1,005,838	947,138	887,616	59,522
31 Guidance, Counseling and Evaluation Services	559,079	576,079	448,109	127,970
33 Health Services	105,052	120,052	97,658	22,394
34 Student Transportation	122,704	102,704	55,916	46,788
35 Food Services	320,084	290,584	236,419	54,165
36 Extracurricular Activities	497,956	499,706	415,424	84,282
41 General Administration	700,750	773,750	732,889	40,861
51 Plant Maintenance and Operations	1,600,641	1,620,641	1,604,920	15,721
52 Security and Monitoring Services	2,500	2,500	150	2,350
53 Data Processing Services	462,000	611,500	589,673	21,827
71 Debt Service	2,595,197	2,595,197	2,586,947	8,250
81 Fundraising	197,000	197,000	183,796	13,204
TOTAL OPERATING EXPENSES	<u>17,232,691</u>	<u>17,232,691</u>	<u>16,098,225</u>	<u>1,134,466</u>
CHANGE IN NET ASSETS	1,069,623	2,712,923	3,681,988	969,065
NET ASSETS, Beginning of Year	<u>7,965,276</u>	<u>7,965,276</u>	<u>7,965,276</u>	<u>-</u>
NET ASSETS, End of Year	<u>\$ 9,034,899</u>	<u>\$ 10,678,199</u>	<u>\$ 11,647,264</u>	<u>\$ 969,065</u>

(1) Unfavorable variance is due to the instructional materials allotment covering a 2-year period, and, therefore, the majority of funds will be used in the subsequent fiscal year for new textbook adoption.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
August 31, 2020
(with comparative totals for 2019)

	2020				2019 Total
	Orenda Education (Charter Holder)	Orenda Education Charter School	Eliminating Entries	Total	
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 3,937,568	\$ 9,477,973	\$ -	\$ 13,415,541	\$ 9,752,599
Short-Term Investments	-	316,387	-	316,387	309,049
Accounts Receivable	-	28,875	-	28,875	40,360
Due from Texas Education Agency	-	1,347,398	-	1,347,398	1,285,062
Due from Orenda Education (Charter Holder)	-	33,064	(33,064)	-	-
Other Receivables	-	153,213	-	153,213	-
Prepaid Expenses	-	179,561	-	179,561	145,358
Total Current Assets	<u>3,937,568</u>	<u>11,536,471</u>	<u>(33,064)</u>	<u>15,440,975</u>	<u>11,532,428</u>
LONG-TERM ASSETS					
Restricted Cash	4,295,916	-	-	4,295,916	4,467,372
Long-Term Investments	1,101,646	-	-	1,101,646	1,173,651
Sinking Fund for Bonds Payable	1,567,707	-	-	1,567,707	1,357,586
Property and Equipment, net	38,983,237	1,421,187	-	40,404,424	41,245,920
Total Long-Term Assets	<u>45,948,506</u>	<u>1,421,187</u>	<u>-</u>	<u>47,369,693</u>	<u>48,244,529</u>
TOTAL ASSETS	<u>\$ 49,886,074</u>	<u>\$ 12,957,658</u>	<u>\$ (33,064)</u>	<u>\$ 62,810,668</u>	<u>\$ 59,776,957</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts Payable	\$ 419,412	\$ 79,334	\$ -	\$ 498,746	\$ 782,506
Accrued Expenses	11,520	881,604	-	893,124	844,670
Due to Texas Education Agency	-	227,143	-	227,143	18,609
Due to Orenda Education (Charter School)	33,064	-	(33,064)	-	-
Deferred Revenue	-	52,437	-	52,437	45,094
Other Liabilities	500	67,163	-	67,663	55,386
Loan Payable - current	-	2,713	-	2,713	16,045
Bonds Payable - current	615,000	-	-	615,000	790,000
Total Current Liabilities	<u>1,079,496</u>	<u>1,310,394</u>	<u>(33,064)</u>	<u>2,356,826</u>	<u>2,552,310</u>
LONG-TERM LIABILITIES					
Loan Payable - long-term	-	-	-	-	2,705
Bonds Payable - long-term, net	44,302,027	-	-	44,302,027	44,658,663
Total Long-Term Liabilities	<u>44,302,027</u>	<u>-</u>	<u>-</u>	<u>44,302,027</u>	<u>44,661,368</u>
TOTAL LIABILITIES	<u>45,381,523</u>	<u>1,310,394</u>	<u>(33,064)</u>	<u>46,658,853</u>	<u>47,213,678</u>
NET ASSETS					
Without Donor Restrictions	4,504,451	3,661,576	-	8,166,027	7,460,626
With Donor Restrictions	100	7,985,688	-	7,985,788	5,102,653
TOTAL NET ASSETS	<u>4,504,551</u>	<u>11,647,264</u>	<u>-</u>	<u>16,151,815</u>	<u>12,563,279</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,886,074</u>	<u>\$ 12,957,658</u>	<u>\$ (33,064)</u>	<u>\$ 62,810,668</u>	<u>\$ 59,776,957</u>

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020
(with comparative totals for 2019)

	2020				2019
	Orenda Education (Charter Holder)	Orenda Education Charter School	Eliminating Entries	Total	Total
OPERATING REVENUES AND OTHER SUPPORT					
Local Support:					
Contributions	\$ 436,685	\$ -	\$ -	\$ 436,685	\$ 570,498
Food Service Activity	-	301,082	-	301,082	394,024
Interest Income	263,976	-	-	263,976	268,582
Miscellaneous Revenue from Intermediate Sources	15,724	231,454	-	247,178	269,316
E-Rate Revenue	-	153,213	-	153,213	106,953
Athletic Activities	-	38,607	-	38,607	31,443
Earnings from Temporary Deposits and Investments	-	7,338	-	7,338	5,337
Professional Services	85,000	-	(85,000)	-	-
Rent	2,586,599	-	(2,586,599)	-	-
Total Local Support	<u>3,387,984</u>	<u>731,694</u>	<u>(2,671,599)</u>	<u>1,448,079</u>	<u>1,646,153</u>
State Program Revenues:					
Foundation School Program Act Revenues	-	16,452,861	-	16,452,861	15,049,358
State Program Revenues Distributed by Texas Education Agency	-	29,260	-	29,260	175,046
Total State Program Revenues	<u>-</u>	<u>16,482,121</u>	<u>-</u>	<u>16,482,121</u>	<u>15,224,404</u>
Federal Program Revenues:					
Federal Revenues Distributed Directly from the Federal Government	-	1,843,300	-	1,843,300	-
Federal Revenues Distributed by Texas Education Agency	-	509,895	-	509,895	446,356
Federal Revenues Distributed by Other State of Texas Government Agencies (Other than TEA)	-	213,203	-	213,203	15,728
Total Federal Program Revenues	<u>-</u>	<u>2,566,398</u>	<u>-</u>	<u>2,566,398</u>	<u>462,084</u>
TOTAL OPERATING REVENUES AND OTHER SUPPORT	<u>3,387,984</u>	<u>19,780,213</u>	<u>(2,671,599)</u>	<u>20,496,598</u>	<u>17,332,641</u>
OPERATING EXPENSES	<u>3,501,969</u>	<u>16,098,225</u>	<u>(2,671,599)</u>	<u>16,928,595</u>	<u>15,540,451</u>
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	<u>(113,985)</u>	<u>3,681,988</u>	<u>-</u>	<u>3,568,003</u>	<u>1,792,190</u>
NON-OPERATING ACTIVITY					
Investment Income	128,042	-	-	128,042	28,813
Unrealized (Loss) Gain on Escrow	(107,509)	-	-	(107,509)	90,340
Loss on Sale of Asset	-	-	-	-	(1,030)
TOTAL NON-OPERATING ACTIVITY	<u>20,533</u>	<u>-</u>	<u>-</u>	<u>20,533</u>	<u>118,123</u>
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY	<u>(93,452)</u>	<u>3,681,988</u>	<u>-</u>	<u>3,588,536</u>	<u>1,910,313</u>
NET ASSETS, Beginning of Year	<u>4,598,003</u>	<u>7,965,276</u>	<u>-</u>	<u>12,563,279</u>	<u>10,652,966</u>
NET ASSETS, End of Year	<u>\$ 4,504,551</u>	<u>\$ 11,647,264</u>	<u>\$ -</u>	<u>\$ 16,151,815</u>	<u>\$ 12,563,279</u>

See independent auditor's report.

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2020
(with comparative totals for 2019)

	2020				2019 Total
	Orenda Education (Charter Holder)	Orenda Education Charter School	Eliminating Entries	Total	
OPERATING EXPENSES					
Salaries	\$ 46,860	\$ 8,625,010	\$ -	\$ 8,671,870	\$ 7,950,201
Payroll Taxes and Benefits	3,695	1,250,525	-	1,254,220	980,069
Total Payroll Expenses	50,555	9,875,535		9,926,090	8,930,270
Interest	2,058,202	2,586,947	(2,586,599)	2,058,550	1,962,914
Depreciation	1,042,936	201,986	-	1,244,922	858,674
General Supplies	-	780,949	-	780,949	487,968
Utilities	-	524,187	-	524,187	500,747
Rental Expense	-	489,714	-	489,714	768,854
Maintenance and Repair	-	472,731	-	472,731	330,233
Contract Labor	-	525,833	(85,000)	440,833	481,551
Amortization of Bond Issue Costs	258,362	-	-	258,362	258,362
Miscellaneous	72,712	64,903	-	137,615	159,105
Food	-	135,290	-	135,290	171,925
Insurance and Bonding	-	134,014	-	134,014	95,304
Travel	-	82,608	-	82,608	84,441
Instructional Materials	-	79,924	-	79,924	352,793
Educational Service Center	-	64,384	-	64,384	27,170
Professional Fees	19,202	39,942	-	59,144	37,387
Dues and Subscriptions	-	28,151	-	28,151	13,223
Gas and Fuel	-	11,127	-	11,127	19,530
Equipment	-	-	-	-	-
TOTAL OPERATING EXPENSES	\$ 3,501,969	\$ 16,098,225	\$ (2,671,599)	\$ 16,928,595	\$ 15,540,451

See independent auditor's report.

OTHER REQUIRED REPORTING

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
Orenda Education dba Orenda
Charter Schools
Georgetown, 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 consolidated financial statements of Orenda Education (the Charter Holder) dba Orenda Charter Schools, a nonprofit organization, which comprise the consolidated statement of financial position as of August 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Charter Holder’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Holder’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder’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 consolidated 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Holder's consolidated 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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Randy Walker & Co.

San Antonio, Texas
January 18, 2021

ORENDA EDUCATION
dba ORENDA CHARTER SCHOOLS
SUMMARY OF AUDIT FINDINGS
For the Year Ended August 31, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Noncompliance material to the financial statements	None

See independent auditor's report.