

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

**HENRY FORD ACADEMY:
ALAMEDA SCHOOL FOR ART + DESIGN**
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

FINANCIAL STATEMENTS
(With Independent Auditor's Report)

For The Year Ended August 31, 2021

HENRY FORD ACADEMY:
ALAMEDA SCHOOL FOR ART + DESIGN
San Antonio, Texas

(A Texas Charter School Sponsored by the Henry Ford Learning Institute)

FINANCIAL STATEMENTS

For the Year Ended August 31, 2021

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INTRODUCTORY SECTION

HENRY FORD ACADEMY:
ALAMEDA SCHOOL FOR ART + DESIGN

BEXAR

015-833

Name of Charter

County

Co. Dist. Number

We, the undersigned, certify that the attached financial statements of the above named charter school were reviewed and approved ___ disapproved for the year ended August 31, 2021 at a Henry Ford Learning Institute's Board of Directors meeting on the 27th day of January, 2022.

Deborah Parizek

Signature of Board Secretary

DocuSigned by:

Mike Schmidt

C815814930A14FF...

Signature of Board President

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

FINANCIAL SECTION

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Henry Ford Learning Institute (HFLI)
Dearborn, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Henry Ford Academy (the Academy): Alameda School for Art + Design (A Texas Nonprofit Charter School Sponsored by the HFLI), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy'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 Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of August 31, 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.

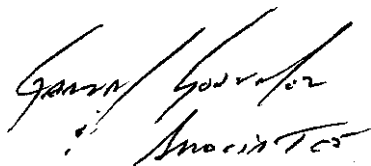
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplemental information, as listed in the table of contents, 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. This 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, this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Maria Tes". The signature is written in a cursive style with some loops and flourishes.

January 25, 2022

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2021

ASSETS

Current Assets

Cash	\$ 630,426
Due from State	82,954
Other Receivables	(901)
Total Current Assets	712,479

Non-Current Assets

Furniture and Equipment	98,864
Furniture and Equipment - Accumulated Depreciation	(98,864)
Total Non-Current Assets	-

Total Assets	\$ 712,479
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 13,848
Accrued Wages Payable	29,779
Payroll Deductions and Withholdings	11,997
Accrued Expenses	3,401
Due to Student Groups	6,959
Total Current Liabilities	65,984

Total Liabilities	65,984
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Net Assets

Without Donor Restrictions	546,495
With Donor Restrictions	100,000
Total Net Assets	646,495

Total Liabilities and Net Assets	\$ 712,479
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The accompanying notes to financial statements
form an integral part of this statement.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

STATEMENT OF ACTIVITIES

For The Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Local Support			
Food Service Activity	\$ 10	\$ -	\$ 10
In-Kind Contributions	-	-	-
Other Local Revenue	51	-	51
Total Local Support	61	-	61
State Program Revenues			
Foundation School Program	-	914,006	914,006
Other State Revenues	-	2,017	2,017
Total State Program Revenues	-	916,023	916,023
Federal Program Revenues			
ESEA, Title I Part A - Improving Basic Programs	-	26,886	26,886
IDEA, Part B - Formula	-	20,941	20,941
Elementary and Secondary School Emergency Relief Fund (ESSER)	-	22,119	22,119
School Breakfast Program	-	351	351
National School Lunch Program	-	905	905
School Programs Emergency Operational Cost Reimbursement Program	-	4,404	4,404
ESEA, Title II, Part A: Teacher/Principal Training and Recruiting	-	2,563	2,563
ESEA, Title III, Part A - LEP	-	33	33
Title IV, Part A	-	10,952	10,952
Total Federal Program Revenues	-	89,154	89,154
Net Assets Released From Restrictions			
Restrictions Satisfied By Payments	1,005,177	(1,005,177)	-
Total Revenues and Other Support	1,005,238	-	1,005,238
EXPENSES			
Program Services			
11 Instruction	424,329	-	424,329
13 Curriculum Development and Instructional Staff Development	2,793	-	2,793
21 Instructional Leadership	8,483	-	8,483
23 School Leadership	195,319	-	195,319
31 Guidance, Counseling and Evaluation Services	19,557	-	19,557
33 Health Services	5,087	-	5,087
34 Student (Pupil) Transportation	1,900	-	1,900
35 Food Services	14,687	-	14,687
36 Extracurricular Activities	935	-	935
Support Services			
41 General Administration	134,312	-	134,312
51 Facilities Maintenance and Operations	182,207	-	182,207
52 Security and Monitoring Services	5,117	-	5,117
53 Data Processing Services	16,932	-	16,932
61 Community Services	-	-	-
Total Expenses	1,011,658	-	1,011,658
Change in Net Assets	(6,420)	-	(6,420)
Net Assets, Beginning of Year	552,915	100,000	652,915
Net Assets, Ending of Year	\$ 546,495	\$ 100,000	\$ 646,495

The accompanying notes to financial statements
form an integral part of this statement.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

STATEMENT OF CASH FLOWS

For The Year Ended August 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School and Other Program Payments	\$ 864,199
Grant Payments	97,187
Miscellaneous Sources	61
Payments to Vendors for Goods and Services Rendered	(421,171)
Payments to Charter School Personnel for Services Rendered	(570,625)
Net Cash (Used) by Operating Activities	(30,349)
Net (Decrease) in Cash	(30,349)
Cash, Beginning of Year	660,775
Cash, End of Year	\$ 630,426
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED) BY OPERATING ACTIVITIES	
Change in Net Assets	\$ (6,420)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities	
(Increase) Decrease in Assets:	
Due from State	(43,792)
Other Receivables	6,936
Increase (Decrease) in Liabilities:	
Accounts Payable	(3,493)
Accrued Wages Payable	9,441
Payroll Deductions and Withholdings	3,985
Accrued Expenses	2,994
Net Cash (Used) by Operating Activities	\$ (30,349)

The accompanying notes to financial statements
form an integral part of this statement.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended August 31, 2021

	Payroll Costs	Professional & Contractual Services	Supplies & Materials	Other Operating Costs	Total
Program Services:					
Instruction	\$ 368,658	\$ 31,269	\$ 16,665	\$ 7,737	\$ 424,329
Curriculum Development and Instructional Staff Development	-	1,098	814	881	2,793
Instructional Leadership	460	7,950	3	70	8,483
School Leadership	170,277	13,075	6,884	5,083	195,319
Guidance, Counseling and Evaluation Services	13,184	5,735	-	638	19,557
Health Services	-	5,087	-	-	5,087
Student (Pupil) Transportation	-	1,900	-	-	1,900
Food Services	-	14,183	-	504	14,687
Extracurricular Activities	-	300	-	635	935
Total Program Services	<u>552,579</u>	<u>80,597</u>	<u>24,366</u>	<u>15,548</u>	<u>673,090</u>
Support Services:					
General Administration	34,466	95,816	537	3,493	134,312
Facilities Maintenance and Operations	-	178,975	292	2,940	182,207
Security and Monitoring Services	-	3,225	1,892	-	5,117
Data Processing Services	-	14,075	2,857	-	16,932
Community Services	-	-	-	-	-
Total Support Services	<u>34,466</u>	<u>292,091</u>	<u>5,578</u>	<u>6,433</u>	<u>338,568</u>
Total Expenses	<u>\$ 587,045</u>	<u>\$ 372,688</u>	<u>\$ 29,944</u>	<u>\$ 21,981</u>	<u>\$ 1,011,658</u>

The accompanying notes to financial statements
form an integral part of this statement.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Henry Ford Academy (the Academy): Alameda Academy for Art + Design is a Texas Charter School sponsored by the Charter Holder, Henry Ford Learning Institute (HFLI), a not-for-profit corporation incorporated in the state of Michigan on March 30, 1999 to create innovative small schools by providing startup, administrative, and ongoing support services to schools and education related entities that it helps launch in various communities. In 2009, the Texas State Board of Education granted HFLI an open-enrollment charter, pursuant to Chapter 12 of the Texas Education Code ("TEC"), to operate the Academy through July 31, 2014, which was then renewed through July 31, 2024. HFLI, the Charter Holder, only operates the Academy in the state of Texas and did not conduct any other charter or non-charter activities in the state of Texas.

The Academy is a college preparatory high school, where all enrolled students in 9th through 12th grade attend tuition-free. The Academy was opened in San Antonio, Texas as an art and design high school focusing on strong academics, art and design; and, as a public charter school.

The Academy is governed by HFLI's Board of Directors (the Board), which is comprised of eight members who are both appointed and elected. The Board has the authority to make decisions, appoint the Superintendent, and significantly influence operations of the Academy. The Board has the primary accountability for the fiscal affairs of the Academy.

The accompanying financial statements include only the financial position, the respective changes in net assets, cash flows, and functional expenses of the Academy and are not intended to be a complete financial statement presentation of the Academy's Sponsor and Charter Holder, HFLI.

The Academy receives funding from the Texas Education Agency ("TEA") based on the Academy's Average Daily Attendance ("ADA") Foundation Formula program. Since the Academy receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Presentation

The fiscal year of the HFLI is from January 1st to December 31st and separate audited financial statements are prepared as of that date. The accompanying financial statements of the Academy have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, income and expenses are recognized when earned or incurred.

The Academy accounts and reports its activities in accordance with the Financial Accounting Standards Board, *Accounting Standards Codification (FASB ASC)*, which is the source of generally accepted accounting principles (GAAP) for non-governmental entities. The accompanying financial statements and the related accounting system are also organized and prepared in accordance with the Special Supplement to Financial Accounting and Reporting — Nonprofit Charter School Chart of Accounts, a module of the TEA's *Financial Accountability Resource Guide* (the "Resource Guide").

In accordance with the FASB ASC, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions or relevant law. Accordingly, net assets of the Academy and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions — are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Net Assets With Donor Restrictions — are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met with the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

C. Cash and Cash Equivalents

The Academy considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. However, at August 31, 2021, cash is comprised of only demand checking accounts.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property and Equipment

Property and equipment are stated at historical cost, if purchased, or at fair value if donated. Furniture and equipment, as defined by the Academy are assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful life of the respective asset, which is five years.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but are charged to an expense. Major improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Property and equipment acquired with public funds received by the Academy for operations constitute public property pursuant to Chapter 12 of the Texas Education Code.

E. Use of Estimates

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

F. Income Taxes

HFLI, 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, except to the extent it has unrelated business income. HFLI has no unrelated business income; accordingly, a provision for income taxes has not been made in the accompanying financial statements. HFLI is not classified as a private foundation.

The amount of income tax benefit that may be disallowed by the IRS, if any, cannot be determined although HFLI expects such amounts, if any, to be immaterial. HFLI is subject to IRS and state examinations for a period of at least three (3) years after its IRS Form 990 has been filed. The Academy is included within HFLI's IRS Form 990 and does not separately file.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Revenues and Support

Revenues from the State's Available Foundation Fund are based on reported student attendance. Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support.

- Contributions with donor-imposed restrictions are reported as restricted support. Restricted support increases net assets with donor restrictions.
- Contributions without donor-imposed restrictions are reported as unrestricted support. Unrestricted support increases net assets without donor restrictions.

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

It is the Academy's policy to first apply restricted resources to its expenses and then unrestricted revenues.

H. Liquidity and Availability

The Academy maintains all funds in depository accounts to meet its immediate cash needs. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year as of August 31, 2021 are as follows:

Cash and Cash Equivalents	\$ 630,426
Due from State	82,954
Other Receivables	(901)
	<hr/> 712,479
Less: Financial Assets Not Available for General Expenditure - Grant funds restricted by charter holder	(100,000)
Total Financial Assets Available for General Expenditure	<hr/> <u>\$ 612,479</u>

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
(A Texas Charter School Sponsored by the Henry Ford Learning Institute)
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

II. CASH

At August 31, 2021, the carrying amount of the Academy's cash deposits were \$630,426 and the bank balance was \$642,835. The Academy maintains an account with Plains Capital Bank.

Concentration of Credit Risk - The Academy maintains its cash in a commercial bank which is insured by the Federal Deposit Insurance Corporation (FDIC). During the year, the Academy's cash balances exceeded the FDIC limit of \$250,000. Management believes the credit risk exposure to the Academy is mitigated by the strength of the financial institution.

III. PROPERTY AND EQUIPMENT

At August 31, 2021, property and equipment consists of the following:

Furniture and Equipment	\$ 98,864
Less: Accumulated Depreciation	<u>(98,864)</u>
Furniture and Equipment, net	<u>\$ -</u>

Depreciation expense totaled \$0 for the year ended August 31, 2021. Title to property and equipment may revert to the donor/grantor upon disposition or as directed by the resource provider.

IV. OPERATING LEASE

On December 6, 2019, the Academy entered into a lease agreement with the University of Texas System to lease space at the University of Texas at San Antonio downtown campus which serves as the Academy's primary location for office and classroom space. The lease began on January 1, 2020, and expires after eighteen months; and, may be renewed for an additional twelve months. The lease was renewed for an additional twelve months. During the school year, the Academy pays rent of \$11,384 per month, which is adjusted to a lower amount during non-school periods.

The future minimum rental payments required under this non-cancelable operating lease as of August 31, 2021, are as follows:

Year Ending August 31,	Amount
2022	<u>\$ 115,879</u>

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
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San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

V. CONTINGENCIES

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Academy has not been named or involved in any claims and legal actions.

In early 2020, the COVID-19 virus caused a global pandemic which resulted in an overall decline in economic activity. Management has taken steps to minimize the impact of COVID-19 on the operating and financial performance of the Academy. Although it is reasonably possible that the virus could have a negative effect on its operations in the future, the specific impact is not readily determinable as of the date of these financial statements. Accordingly, the financial statements as of and for the year ended August 31, 2021 have not been adjusted to reflect the impact that may result from the outcome of this uncertainty.

Grants

The Academy receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to 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 Academy 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 other grantor agency. Management is of the opinion that no material liability will result from such audits.

VI. REGULATED INDUSTRY

The majority of the Academy's activities and revenues are as a result of contracts with TEA and its operations are concentrated in the education field. As such, the Academy operates in a heavily regulated environment. The operations of the Academy 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.

Continued operations of the Academy are dependent upon the issuance of the charter by the Texas State Board of Education. Failure to meet accountability or financial ratings can result in the revocation of the charter.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
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NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

VII. PENSION PLAN OBLIGATIONS

Plan Description

The Academy participates in a cost-sharing, multiple-employer defined benefit pension plan (Plan), administered by the Teacher Retirement System of Texas (TRS), with one exception: all risks and costs are not shared by the Academy, 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' annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS 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 school or independent school district (ISD) may be used for the benefit of an employee of another charter school or ISD. The risk of participating in multi-employer pension plans is different from single-employer plans. If a participating charter school or ISD stops contributing to the Plan, the unfunded obligations of the Plan gets passed along to the remaining charter schools and ISDs. There is not a withdrawal penalty for leaving the TRS system; and, there is no collective-bargaining agreement.

Legal Name of Plan	Texas Retirement System of Texas
Plan's Employer Identification Number	N/A
Total Plan Assets	\$223,172,755,137
Accumulated Benefit Obligations	\$227,273,463,630
Percentage Plan was Funded	88.79%
Expiration Date of Collective-Bargaining Agreement	N/A
Funding Improvement Plan or Rehabilitation Plan – Implemented or Pending	N/A

Information obtained from the TRS 2021 CAFR

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
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San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

VII. PENSION PLAN OBLIGATIONS (Continued)

Funding Policy

Contribution requirements are not actuarially determined, but are established and amended by the Texas legislature, 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 TRS members during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Under provisions in state law, plan members and the state are each required to contribute 7.7% and 7.5%, respectively, of the plan member's annual covered salary; and, in certain instances, the Academy is required to make all or a portion of the member's contribution and on the portion of the employees' salaries that exceed the statutory minimum. The following table shows contribution rates by type of contributor:

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

For the year ended August 31, 2021, the Academy contributed \$10,954, the required contributions for the year, on behalf of its employees to TRS, which included \$7,865 for Non-OASDI members. The State also contributes to TRS on behalf of charter school employees; however, these contributions are not recognized in the Academy's financial statements under FASB accounting. The Academy's contributions to the Plan did not represent more than 5% of the total contributions to the Plan. There have been no changes that would affect the comparison of employer contributions from year to year.

VIII. OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The Academy 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. TRS-Care 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. TRS' annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications heading.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
 (A Texas Charter School Sponsored by the Henry Ford Learning Institute)
 San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

VIII. OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3).

Eligible retirees and dependents enrolled in Medicare may elect to participate in one of two Medicare Health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

Funding Policy

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, school districts, and charter schools, based upon member's annual compensation. 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 aggregate annual compensation paid to members during the fiscal year. Section 1575.203 establishes the active member's rate which is 0.65% of the member's annual compensation. Section 1575.204 establishes an employer contribution rate of not less than 0.25% and not more than 0.75% of the annual compensation of each active member. The actual employer contribution rate is prescribed by the Texas Legislature in the General Appropriations Act. The following table shows contribution rates to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2020	2021
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

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NOTES TO FINANCIAL STATEMENTS

For The Year Ended August 31, 2021

VIII. OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

For the year ended August 31, 2021, the Academy contributed \$3,687, the required contributions for the year, on behalf of its employees to TRS. The State also contributes to TRS on behalf of charter school employees; however, these contributions are not recognized in the Academy's financial statements under FASB accounting.

IX. HEALTH CARE COVERAGE

During the year ended August 31, 2021, employees of the Academy were covered by TRS Active-Care, a statewide health coverage program for public education employees established by the 77th Texas Legislature. The Academy contributed \$200 per employee, per month to the plan, while the state contributed \$75 per employee, per month to the plan. Employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

X. RELATED PARTY TRANSACTIONS

In a prior year, the Academy received a grant in the amount of \$200,000 from HFLI to address educational and operational costs associated with the ongoing implementation of its educational model as a member of the Henry Ford Academy Network of Schools. The grant funds belong to HFLI; however, the money has been granted to the Academy for future instructional support and facilities improvements as determined and approved by HFLI. During the 2020-2021 school year, the Academy did not use any of the \$100,000 grant funds remaining at August 31, 2020. Thus, at August 31, 2021, the \$100,000 grant balance is reflected as net assets with donor restrictions in the statement of financial position.

XI. SUBSEQUENT EVENTS

The Academy has evaluated any potential material subsequent events through January 25, 2022, the date of the audit report, and has determined that there have been no other events that have occurred that would require disclosure in, or adjustments to, the consolidated financial statements.

OTHER SUPPLEMENTAL INFORMATION

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
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SCHEDULE OF EXPENSES BY OBJECT CODE

For The Year Ended August 31, 2021

		<u>Totals</u>
EXPENSES		
6100	Payroll Costs	\$ 587,045
6200	Professional and Contracted Services	372,688
6300	Supplies and Materials	29,944
6400	Other Operating Costs	<u>21,981</u>
Total Expenses		<u>\$ 1,011,658</u>

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SCHEDULE OF FIXED ASSETS

For The Year Ended August 31, 2021

	Ownership Interest		
	Local	State	Federal
1539 Furniture and Equipment	\$ 88,813	\$ -	\$ 10,051
Total Property and Equipment	\$ 88,813	\$ -	\$ 10,051

Furniture and equipment with a cost of \$88,813 were acquired through in-kind contributions in prior years.

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
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BUDGETARY COMPARISON SCHEDULE OF REVENUES AND EXPENSES

For The Year Ended August 31, 2021

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES AND OTHER SUPPORT				
Local Support				
Food Service Activity	\$ 1,000	\$ 1,000	\$ 10	(1) \$ (990)
Other Local Revenue	31,000	31,000	51	(2) (30,949)
Total Local Support	32,000	32,000	61	(31,939)
State Program Revenues				
Foundation School Program	1,199,000	1,199,000	914,006	(3) (284,994)
Other State Revenues	25,100	25,100	2,017	(4) (23,083)
Total State Program Revenues	1,224,100	1,224,100	916,023	(308,077)
Federal Program Revenues				
ESEA Title I Part A - Improving Basic Programs	44,502	44,502	26,886	(17) (17,616)
IDEA, Part B - Formula	20,941	20,941	20,941	-
Elementary and Secondary School Emergency Relief Fund (ESSER)	22,178	22,178	22,119	(59)
School Breakfast Program	-	-	351	(5) 351
National School Lunch Program	10,900	10,900	905	(5) (9,995)
School Programs Emergency Operational Cost Reimbursement Progr	-	-	4,404	4,404
ESEA, Title II, Part A: Teacher/Principal Training and Recruiting	4,923	4,923	2,563	(17) (2,360)
ESEA, Title III, Part A - LEP	33	33	33	-
Title IV, Part A	18,306	18,306	10,952	(17) (7,354)
Total Federal Program Revenues	121,783	121,783	89,154	(32,629)
 Total Revenues and Other Support	 1,377,883	 1,377,883	 1,005,238	 (372,645)
EXPENSES				
11 Instruction	587,646	585,146	424,329	(6) 160,817
13 Curriculum Development and Instructional Staff Development	22,960	22,960	2,793	(7) 20,167
21 Instructional Leadership	8,483	8,483	8,483	-
23 School Leadership	200,865	198,365	195,319	3,046
31 Guidance, Counseling and Evaluation Services	64,752	64,752	19,557	(8) 45,195
32 Social Work Services	100	100	-	(9) 100
33 Health Services	5,100	5,100	5,087	13
34 Student (Pupil) Transportation	10,000	10,000	1,900	(10) 8,100
35 Food Services	46,000	46,000	14,687	(11) 31,313
36 Extracurricular Activities	4,920	4,920	935	(12) 3,985
41 General Administration	148,384	143,384	134,312	9,072
51 Facilities Maintenance and Operations	226,527	221,527	182,207	(13) 39,320
52 Security and Monitoring Services	28,500	28,500	5,117	(14) 23,383
53 Data Processing Services	23,146	23,146	16,932	(15) 6,214
61 Community Services	500	500	-	(16) 500
Total Expenses	1,377,883	1,362,883	1,011,658	351,225
Change in Net Assets	-	15,000	(6,420)	(21,420)
Net Assets, Beginning of Year	652,915	652,915	652,915	-
Net Assets, Ending of Year	\$ 652,915	\$ 667,915	\$ 646,495	\$ (21,420)

(Continued)

HENRY FORD ACADEMY: ALAMEDA SCHOOL FOR ART + DESIGN
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BUDGETARY COMPARISON SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended August 31, 2021

Below are management's explanations for variances exceeding 10% between original and final budgets and between actual results and final budgeted revenues/expenses.

- (1) Food Service Activity - Other Local Revenue – The original and final budget of \$1,000 for Food Service Activity revenues was based on previous year actuals for Food Service Activity revenues. For the 2021-2022 school year, the school will review the Food Service Activity Revenues as received throughout the year to determine if a final amendment is required to show the actual increase or decrease in revenues for the year. COVID 19 kept the students from participating in the Food Service Activity reducing the revenues.
- (2) Other Local Revenue - The original and final budget of \$31,000 for other local revenues was based on previous year actuals for other local revenues. For the 2021-2022 school year, the school will review other local revenues as received throughout the year to determine if a final amendment is required to show the actual increase or decrease in revenues for the year. COVID 19 kept attendance down from the previous year, reducing the revenues.
- (3) Foundation School Program Revenue - The original budget in the amount of 1,199,000 for Foundation School Program Revenue was based on previous year actuals for the Foundation School Program Revenues. For the 2021-2022 school year, the school will review the Foundation School Program revenues as received throughout the year to determine if a final amendment is required to show the actual increase or decrease in revenues for the year. COVID 19 kept the students from enrolling and attendance was down from the previous year.
- (4) Other State Revenues - The original budget in the amount of \$25,100 for the Other State Revenue was based on previous year actuals for the Other State Revenue Revenues. For the 2021-2022 school year, the school will review the Other State Revenues as received throughout the year to determine if a final amendment is required to show the actual increase or decrease in revenues for the year.
- (5) National School Lunch Program – Due to the COVID-19 Virus, school on site attendance and instruction was moved to remote instruction attendance reducing the amount received for the National School Lunch Program. For the 2021-2022 school year, the school will review the National School Lunch Program Revenues as received throughout the year to determine if a final amendment is required to show the actual increase or decrease in revenues for the year.
- (6) (11) Instruction – Instruction was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the final amended budget. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is appropriate.
- (7) (13) Curriculum Dev. – Curriculum Development was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the final amended budget. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.

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BUDGETARY COMPARISON SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended August 31, 2021

- (8) (31) Guidance, Counseling and Eval. Services – Guidance, Counseling and Evaluation Services was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the budgeted amount. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (9) (32) Social Work Services – Social Work Services was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the final amended budget. Staff will continue to monitor the expenditures throughout the 2021-2022 school year with the number of students to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (10) (34) Student (Pupil) Transportation – Student Pupil Transportation was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the budgeted amount. COVID-19 virus resulted in students being on virtual remote learning rather than on site at school. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (11) (35) Food Services – Food Services was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the final amended budget. COVID-19 virus resulted in students being on virtual remote learning rather than on site at school. Staff will continue to monitor the expenditures throughout the 2021-2022 school year with the number of students qualified for the program to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (12) (36) Extracurricular – Extracurricular was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the final amended budget. COVID-19 virus resulted in students being on virtual remote learning rather than on site at school. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (13) (51) Facilities Maintenance and Operations – Facilities Maintenance and Operations was budgeted originally on estimated expenditures based on previous year. The actual expenditures were more than the budgeted amount. Staff will continue to monitor the expenditures throughout the 2022-2023 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (14) (52) Security and Monitoring Services – Security and Monitoring Services was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the final amended budget. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.

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BUDGETARY COMPARISON SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended August 31, 2021

- (15) (53) Data Processing Services –Data Processing Services was budgeted originally on estimated expenditures based on previous year. The actual expenditures were less than the budgeted amount due to COVID-19. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (16) (61) Community Services – Community Services was budgeted originally on estimated expenditures based on previous year. The actual expenditures realized were less than the budgeted amount. Staff will continue to monitor the expenditures throughout the 2021-2022 school year to determine if a final amendment is required to show the actual increase or decrease in expenditures for the year.
- (17) The budgets were based on previous year actual amounts for these grants. For the 2021-2022 school year, the school will review the grant revenues as received throughout the year to determine if a final amendment is required to show the actual increase or decrease in revenues for the year. COVID 19 kept the students from enrolling and attendance was down from the previous year, therefore not all grant funds were expended.

Henry Ford Academy
San Antonio, Texas

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

Year Ended August 31, 2021

Description	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
None					

Henry Ford Academy
San Antonio, Texas

SCHEDULE OF RELATED PARTY TRANSACTIONS

Year Ended August 31, 2021

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

Henry Ford Academy
San Antonio, Texas

SCHEDULE OF RELATED PARTY COMPENSATION AND BENEFITS

Year Ended August 31, 2021

Related Party Name	Name of Relation of the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
<hr/>							
None							

GOVERNMENT AUDITING STANDARDS REPORT

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Henry Ford Learning Institute (HFLI)
Dearborn, Michigan

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 the Henry Ford Academy (the Academy): Alameda School for Art + Design (A Texas Nonprofit Charter School Sponsored by HFLI), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

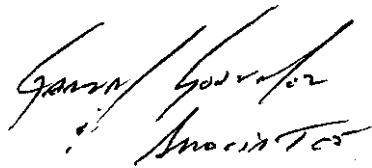
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ganna Gouvaloz
Director
Association of Teachers

January 25, 2022