

HARMONY PUBLIC SCHOOLS
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019



HARMONY PUBLIC SCHOOLS

TABLE OF CONTENTS

June 30, 2019

	<u>Page</u>
Certificate of Board	i
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	7
Report of Independent Auditors on Supplemental Information	21
Supplemental Financial Statements	
Statements of Financial Position for Harmony Science Academy - Houston	22
Statements of Financial Position for Harmony Science Academy - Austin	23
Statements of Financial Position for Harmony Science Academy - San Antonio	24
Statements of Financial Position for Harmony Science Academy - El Paso	25
Statements of Financial Position for Harmony School of Excellence	26
Statements of Financial Position for Harmony Science Academy - Waco	27
Statements of Financial Position for Harmony School of Science - Houston	28
Statements of Financial Position for Central Office	29
Statements of Activities for Harmony Science Academy - Houston	30
Statements of Activities for Harmony Science Academy - Austin	32
Statements of Activities for Harmony Science Academy - San Antonio	34
Statements of Activities for Harmony Science Academy - El Paso	36
Statements of Activities for Harmony School of Excellence	38
Statements of Activities for Harmony Science Academy - Waco	40
Statements of Activities for Harmony School of Science - Houston	42
Statements of Activities for Central Office	44
Statements of Cash Flows for Harmony Science Academy - Houston	46
Statements of Cash Flows for Harmony Science Academy - Austin	47
Statements of Cash Flows for Harmony Science Academy - San Antonio	48
Statements of Cash Flows for Harmony Science Academy - El Paso	49
Statements of Cash Flows for Harmony School of Excellence	50
Statements of Cash Flows for Harmony Science Academy - Waco	51
Statements of Cash Flows for Harmony School of Science - Houston	52
Statements of Cash Flows for Central Office	53

HARMONY PUBLIC SCHOOLS

TABLE OF CONTENTS (continued)

June 30, 2019

	<u>Page</u>
Supplemental Schedules	
Schedule of Expenses for Harmony Science Academy - Houston	54
Schedule of Expenses for Harmony Science Academy - Austin	55
Schedule of Expenses for Harmony Science Academy - San Antonio	56
Schedule of Expenses for Harmony Science Academy - El Paso	57
Schedule of Expenses for Harmony School of Excellence	58
Schedule of Expenses for Harmony Science Academy - Waco	59
Schedule of Expenses for Harmony School of Science - Houston	60
Schedule of Expenses for Central Office	61
Schedule of Capital Assets for Harmony Science Academy - Houston	62
Schedule of Capital Assets for Harmony Science Academy - Austin	63
Schedule of Capital Assets for Harmony Science Academy - San Antonio	64
Schedule of Capital Assets for Harmony Science Academy - El Paso	65
Schedule of Capital Assets for Harmony School of Excellence	66
Schedule of Capital Assets for Harmony Science Academy - Waco	67
Schedule of Capital Assets for Harmony School of Science - Houston	68
Schedule of Capital Assets for Central Office	69
Budgetary Comparison Schedule for Harmony Science Academy - Houston	70
Budgetary Comparison Schedule for Science Academy - Austin	71
Budgetary Comparison Schedule for Harmony Science Academy - San Antonio	72
Budgetary Comparison Schedule for Harmony Science Academy - El Paso	73
Budgetary Comparison Schedule for Harmony School of Excellence	74
Budgetary Comparison Schedule for Harmony Science Academy - Waco	75
Budgetary Comparison Schedule for Harmony School of Science - Houston	76
Budgetary Comparison Schedule for Central Office	77
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	81
Schedule of Findings and Questioned Costs	83
Summary Schedule of Prior Audit Findings	84
Corrective Action Plan	85
Schedule of Expenditures of Federal Awards	86
Notes to Schedule of Expenditures of Federal Awards	88

HARMONY PUBLIC SCHOOLS

071-806

101-858

015-828

101-846

227-816

161-807

101-862

(Federal Employer Identification Number: 76-0615245)

CERTIFICATE OF BOARD

June 30, 2019

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Harmony Public Schools was review and approved disapproved for the year ended June 30, 2019, at a meeting of the governing body of said charter school on the 16th day of November, 2019.



Signature of Board Secretary



Signature of Board President



FINANCIAL STATEMENTS



REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Harmony Public Schools (a nonprofit organization) ("HPS"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors of
Harmony Public Schools

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HPS as of June 30, 2019, 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

Report on Summarized Comparative Information

We have previously audited HPS' June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of HPS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HPS's internal control over financial reporting and compliance.



Houston, Texas
November 8, 2019

HARMONY PUBLIC SCHOOLS
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 22,754,619	\$ 37,399,851
Restricted cash	32,398,840	32,291,626
Investments	91,628,739	57,129,221
Receivables	56,885,964	53,526,210
Other receivables	1,224,987	959,722
Prepays	470,214	39,583
Total Current Assets	<u>205,363,363</u>	<u>181,346,213</u>
Property and Equipment:		
Land	43,715,145	43,726,764
Buildings and improvements	369,856,048	362,393,710
Furniture and equipment	27,290,722	26,318,725
Construction in progress	11,201,175	3,055,158
Asset under capital lease	82,684,830	45,089,152
	<u>534,747,920</u>	<u>480,583,509</u>
Less: Accumulated depreciation and amortization	<u>(116,675,463)</u>	<u>(102,870,075)</u>
	<u>418,072,457</u>	<u>377,713,434</u>
Other Assets:		
Deposits	<u>251,674</u>	<u>250,512</u>
Total Assets	<u>\$ 623,687,494</u>	<u>\$ 559,310,159</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 8,653,508	\$ 6,178,387
Accrued liabilities	957,323	928,164
Wages payable	25,294,167	24,158,048
Payroll taxes payable	10,233,769	9,847,004
Interest payable	7,146,545	7,170,026
Due to state	4,884	22,834
Deferred revenue	355,855	51,065
Current portion of capital lease liability	831,608	604,037
Current portion of notes payable	-	135,325
Current portion of bonds payable	6,045,000	4,514,999
Total Current Liabilities	<u>59,522,659</u>	<u>53,609,889</u>
Long-term Liabilities:		
Capital lease liability net of current portion	80,480,850	43,847,389
Notes payable	6,843,752	-
Bonds payable net of premium, discount, issuance costs and current portion	<u>388,076,679</u>	<u>395,086,081</u>
Total Liabilities	<u>534,923,940</u>	<u>492,543,359</u>
Net Assets:		
Without donor restrictions	30,512,788	21,543,180
With donor restrictions	<u>58,250,766</u>	<u>45,223,620</u>
Total Net Assets	<u>88,763,554</u>	<u>66,766,800</u>
Total Liabilities and Net Assets	<u>\$ 623,687,494</u>	<u>\$ 559,310,159</u>

HARMONY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018
Support and Revenue				
Federal grants	\$ -	\$ 34,669,509	\$ 34,669,509	\$ 34,567,523
State and local grants	-	316,014,660	316,014,660	295,829,677
Donations	32,160	-	32,160	460,437
Interest Income	2,509,808	-	2,509,808	1,457,541
Other income	11,629,486	1,218,684	12,848,170	13,208,694
Net assets released from restrictions	339,264,890	(339,264,890)	-	-
Total revenues	353,436,344	12,637,963	366,074,307	345,523,872
Expenses				
Salaries	204,500,188	-	204,500,188	195,991,340
Employee benefits	18,613,117	-	18,613,117	18,349,382
Payroll tax expense	3,931,450	-	3,931,450	3,730,381
Professional fees	27,726,466	-	27,726,466	26,680,449
Occupancy	9,749,318	-	9,749,318	8,799,845
Equipment lease	4,828,511	-	4,828,511	3,376,322
Supplies	15,789,779	-	15,789,779	20,475,511
Interest	18,317,797	-	18,317,797	18,316,062
Repairs & maintenance	10,136,552	-	10,136,552	9,198,351
Utilities	6,011,255	-	6,011,255	5,959,226
Travel	3,444,321	-	3,444,321	3,435,899
Insurance	1,237,473	-	1,237,473	1,066,521
Other expense	6,818,394	-	6,818,394	6,624,242
Depreciation and amortization	13,099,012	-	13,099,012	12,900,155
Amortization of bond issuance costs	263,103	-	263,103	260,417
Total Expenses	344,466,736	-	344,466,736	335,164,103
Operating expenses				
Change in net assets from operations	8,969,608	12,637,963	21,607,571	10,359,769
Net Operating Assets, beginning of year	21,543,180	45,223,620	66,766,800	58,346,001
Net Operating Assets, end of year	30,512,788	57,861,583	88,374,371	68,705,770
Non-Operating revenues (expenses)				
Gain (loss on sale of real and personal property)	-	-	-	18,162
Gain (Loss) on sale of investments	-	389,183	389,183	-
Total Non-Operating revenues (expenses)	-	389,183	389,183	18,162
Total change in net assets	8,969,608	13,027,146	21,996,754	10,377,931
Net Assets, beginning of year, restated	21,543,180	45,223,620	66,766,800	56,388,869
Net Assets, end of year	\$ 30,512,788	\$ 58,250,766	\$ 88,763,554	\$ 66,766,800

HARMONY PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 21,996,754	\$ 10,377,931
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets under capital lease	13,805,388	12,900,155
Amortization - premium on bonds	(1,227,505)	(1,229,482)
Amortization - bond issuance costs	263,103	260,415
(Increase) Decrease in receivables	(3,359,754)	(3,505,996)
(Increase) Decrease in other receivables	(265,265)	(512,447)
(Increase) Decrease in deposits	(1,162)	118,266
(Increase) Decrease in prepaids	(430,631)	-
Increase (Decrease) in accounts payable	2,475,121	(2,081,052)
Increase (Decrease) in wages payable	1,136,119	3,198,830
Increase (Decrease) in payroll taxes payable	386,766	1,029,763
Increase (Decrease) in accrued liabilities	29,159	603,540
Increase (Decrease) in due to state	(17,950)	8,508
Increase (Decrease) in deferred revenue	304,790	51,065
Increase (Decrease) in interest payable	(23,481)	408,197
Net cash provided (used) by operating activities	<u>35,071,452</u>	<u>21,627,693</u>
Cash flows from investing activities		
Purchase of fixed assets	(16,568,733)	(20,900,078)
Purchase of investment	(34,499,518)	(26,819,968)
Net cash provided (used) by investing activities	<u>(51,068,251)</u>	<u>(47,720,046)</u>
Cash flows from financing activities		
Proceeds from loans	6,843,752	-
Repayment of loans	(135,325)	(381,418)
Repayment of bonds	(4,515,000)	(4,323,026)
Payments on capital lease liability	(734,646)	-
Net cash provided (used) by financing activities	<u>1,458,781</u>	<u>(4,704,444)</u>
Net increase (decrease) in cash	(14,538,018)	(30,796,797)
Cash at beginning of year	<u>69,691,477</u>	<u>100,488,274</u>
Cash at end of year	<u>\$ 55,153,459</u>	<u>\$ 69,691,477</u>
Cash Per the Statement of Financial Position		
Cash	\$ 22,754,619	\$ 37,399,851
Restricted Cash	<u>32,398,840</u>	<u>32,291,626</u>
Total Cash per the Statement of Financial Position	<u>\$ 55,153,459</u>	<u>\$ 69,691,477</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 19,604,429</u>	<u>\$ 19,128,433</u>



HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS

A. Organization

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

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

B. Summary of Significant Accounting Policies

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

HPS adopted the ASU on July 1, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. However, there is no adjustment necessary to prior year reported total changes in net assets or net assets as a result of the adoption.

Principles of Consolidation

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

Support and Revenue

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

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

Support and revenue are recorded based on the accrual method.

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies (continued)

Cash Donations and Donated Services

Cash donations are considered to be available for use without donor restrictions unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the organization.

Contributions

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

Property and Equipment

Property and equipment purchased by HPS is recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of five to thirty-nine years for depreciable assets. Gains and losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to unrestricted net assets.

Pledges and Accounts Receivable

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

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

Functional Expenses

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

Income Taxes

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

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Investments

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

Fair Value Measurements

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

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2: Significant direct or indirect, observable inputs other than quoted prices;

Level 3: Unobservable inputs based on assumptions of the reporting entity.

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

Estimates

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

Compensated Absences

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

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies (continued)

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

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

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

C. Defined Pension Plan

Plan Description

The charter school contributes to the Teacher Retirement System of Texas ("TRS"), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers the retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas.

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

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

C. Defined Pension Plan (continued)

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Comprehensive Annual Financial Report available dated August 31, 2018 and August 31, 2019 indicated the following:

TRS Pension Fund	Total Plan Assets	TRS Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Percent Funded
2018	\$ 176,942,453,923	\$ 154,568,902,000	\$ 209,611,329,000	\$ 55,042,427,000	73.74%
2017	165,379,341,964	147,361,922,120	179,336,534,819	31,974,612,699	82.17%
2016	152,925,647,000	134,008,637,473	171,797,150,487	37,788,513,014	78.00%

Funding Policy

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. 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. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. The member contribution rate for 2019 and 2018 was 7.70%. Employer and state contributions were 6.80% for both 2019 and 2018.

Funding Policy

The charter school's employee contributions to the system for the year ended June 30, 2019 and June 30, 2018 were \$14,991,994 and \$13,949,737, respectively and were equal to the required contributions for the year. Total covered payroll was \$194,325,257 and \$182,976,867. Amounts paid as pension surcharges and Non-OASDI for 2019 were \$85,455 and \$2,860,614, respectively. Amounts paid as pension surcharges and Non-OASDI required amounts in 2018 were \$85,244 and \$2,716,761, respectively.

Other contributions made from federal and private grants contributed at a rate of 7.7% \$877,420 and \$808,440 for the year ending June 30, 2019 and 2018. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan and the charter school was not assessed a surcharge.

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

D. Defined Other Post-Employment Benefit Plan

Plan Description

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

Similar to the TRS Pension Plan discussed in Note C, charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer OPEB plans. Assets contributed to a multi-employer OPEB plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Comprehensive Annual Financial Report available dated August 31, 2018.

TRS Care Other Post-Employment Benefits (OPEB)	Total Plan Assets	TRS-Care Plan Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2018	\$ 1,001,649,953	\$ 798,574,633	\$ 50,729,490,103	\$ 49,930,915,470	1.57%
2017	\$ 526,397,969	\$ 399,536,000	\$ 43,885,785,000	\$ 43,486,249,000	0.92%

OPEB Plan Fiduciary Net Position

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

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter 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 the 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.

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

D. Defined Other Post-Employment Benefit Plan (continued)

Benefits Provided (continued)

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

TRS-Care Monthly for Retirees				
Effective January 1, 2018 - December 31, 2018				
	Medicare		Non-Medicare	
Retiree or Surviving Spouse	\$	135	\$	200
Retiree and Spouse		529		689
Retiree or Surviving Spouse and Children		468		408
Retiree and Family		1,020		999

Contributions

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

	Contribution Rates	
	2019	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.00%
Employers	0.75%	0.55%
Federal/Private Funding remitted by Employers	1.25%	1.00%

Contributions

In fiscal year 2018, HPS contributed a total of \$1,607,903 of which, \$160,649 was for federally funded employees. Employees contributed a total \$1,263,184. Covered payroll for TRS-Care for fiscal year 2019 was \$194,325,257.

E. Budget

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

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

F. Investments

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

Fair Value Measurements as of June 30, 2019

Type of Investment	Level 1	Level 2	Level 3	Totals
Money Market/Commercial Paper	\$ 30,684,989	\$ -	\$ -	\$ 30,684,989
Certificates of Deposit	17,453,777	-	-	17,453,777
US Government Agencies	43,489,973	-	-	43,489,973
Total Investments at Fair Value:	<u>\$ 91,628,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,628,739</u>

Fair Value Measurements as of June 30, 2018 were as follows:

Type of Investment	Level 1	Level 2	Level 3	Totals
Money Market/Commercial Paper	\$ 22,094,706	\$ -	\$ -	\$ 22,094,706
Certificates of Deposit	17,285,067	-	-	17,285,067
US Government Agencies	17,749,448	-	-	17,749,448
Total Investments at Fair Value:	<u>\$ 57,129,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,129,221</u>

Realized gains totaled \$389,183 and \$0 for 2019 and 2018, respectively.

Certificate of Deposits

HSA- El Paso and HAS - Waco hold several certificates of deposits with six-month maturities that totaled \$17,453,777 and \$17,285,067 as of June 30, 2019 and June 30, 2018, respectively. The interest rates range from 2.56 % to 2.79%. The certificates of deposit mature on September 12, 2019, January 20, 2020, and January 23, 2020.

G. Operating Lease Commitment

HPS is currently leasing office equipment and buildings within non-cancelable operating lease agreements. HPS's minimum annual lease commitment is as follows:

Year Ending June 30,	Amount
2020	\$ 3,728,437
2021	3,162,682
2022	2,365,558
2023	2,261,416
2024	2,269,340
Thereafter	3,732,142
Total	<u>\$ 17,519,575</u>

Operating lease expense totaled \$10,639,318 and \$12,176,167 for the years ended June 30, 2019 and June 30, 2018, respectively.

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

H. Notes Payable

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

Note payable to a bank for capital expansion of school facilities, secured by certificate of deposit held with lender. The loan is dated January 23, 2015, has a face amount of \$1,500,000, and carries a variable interest rate equal to the rate of interest on the certificate of deposit plus 1%. The initial rate of interest is 1.45%. Interest is payable monthly. The date of maturity is January 23, 2019. The date of maturity on the certificate of deposit is January 23, 2020. The balance of the loan has been paid off as of July 19, 2018.

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

I. Capital Leases

HPS leases several buildings under two capital lease agreements. The leases expire in 2046 and 2048. The future minimum lease payments are as follows:

Year Ending June 30,	Payments
2020	\$ 4,881,934
2021	4,997,816
2022	5,034,051
2023	5,088,201
2024	5,086,458
Thereafter	137,384,251
Total minimum lease payments	162,472,711
Less amount representing interest	(81,160,253)
Capital lease obligation	<u>\$ 81,312,458</u>

Assets under capital lease, net of accumulated depreciation are as follows:

Buildings	\$ 82,684,830
Accumulated Amortization	(3,329,504)
	<u>\$ 79,355,326</u>

Amortization for the fiscal year ended June 30, 2019 was \$734,646. There was no amortization to report for the year ended June 30, 2018.

J. Restricted Cash

Restricted cash at June 30, 2019 consisted of project fund, debt service fund, debt service reserve fund, and sinking fund bond cash accounts. These funds are to be solely used in the construction and acquisition of new facilities and repayment of bond liabilities and cannot be used for normal operating expenditures.

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

K. Bonds Payable

HPS has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Series Bonds, 2012A, 2014A, 2015, 2016A and 2017A in the amounts of: \$31,350,000; \$101,555,000; \$106,745,000; \$55,405,000; and \$40,540,000, respectively. HPS has also received proceeds from Taxable Educational Revenue Bonds, Q Series (Qualified School Construction Bonds) 2010Q, 2011Q, and 2014Q in the amounts of \$39,910,000; \$5,085,000; and \$8,880,000, respectively. The bonds are limited obligations of the issuer, payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower.

Bonds payable at June 30, 2019, consist of the following:

2010 Q Bonds, 8.13% interest; Principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing February 15, 2011; bond matures in 2027.	\$ 39,910,000
2011Q Bonds, 8.75% interest; principal is deposited annually to a sinking fund account; interest is due in semi-annual installments, commencing November 15, 2011; maturity dates range from 2014 to 2026.	5,085,000
2012A Bonds, 4% - 5% interest; principal due annually commencing February 15, 2014; interest due semi-annually commencing August 15, 2012; maturity dates range from 2014 - 2042.	27,816,973
2014A Bonds, 1.5% - 5% interest; principal due annually commencing February 15, 2015; interest due semi-annually commencing February 15, 2015; maturity dates range from 2015 to 2044.	91,305,000
2014Q Bonds, 4.733% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing February 15, 2015; maturity dates range from 2017 to 2036.	8,880,000
2015 Bonds, 2% - 5% interest; principal due annually commencing February 15, 2016; interest due semi-annually commencing February 15, 2016; maturity dates range from 2016 to 2041.	103,980,000
2016A Bonds, 2% - 5% interest; principal due annually commencing February 15, 2017; interest due semi-annually commencing August 15, 2016; maturity dates range from 2017 to 2046.	52,060,000
2017A Bonds, 3.0% - 5.0% interest; principal due annually commencing February 15, 2020; interest due in semi-annual installments, commencing February 15, 2018; maturity dates range from 2020 to 2047.	<u>40,540,000</u>
Total	369,576,973
Plus original issue premium	30,255,772
Less issuance costs on debt	(5,711,066)
Less current portion of debt	<u>(6,045,000)</u>
	<u>\$ 388,076,679</u>

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

K. Bonds Payable (continued)

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 6,045,000	\$ 19,211,391	\$ 25,256,391
2021	6,315,000	18,933,991	25,248,991
2022	6,625,000	18,644,041	25,269,041
2023	6,925,000	18,339,692	25,264,692
2024	7,275,000	18,008,142	25,283,142
Thereafter	336,391,973	165,913,617	502,305,590
Total	<u>369,576,973</u>	<u>\$ 259,050,874</u>	<u>\$ 628,627,847</u>
Plus original issue premium	30,255,772		
Less issuance cost on debt	<u>(5,711,066)</u>		
Amount of bonds net of discount and premium	<u>\$ 394,121,679</u>		

HPS must maintain debt service reserve funds for the outstanding Series 2012A bonds, which funds are required to maintain minimum balances equal to the lesser of Maximum Annual Debt Service on the Bonds, 1.25 time the average annual Debt Service on the Bonds, or ten percent of the initial principal amount of the Bonds. At June 30, 2019 and June 30, 2018, the debt service reserve fund for the Series 2012A bonds had a cash balance of \$2,709,249 and \$2,664,643, respectively. The amounts in both fiscal years exceeded minimum balance requirements.

L. Bond Sinking Fund Obligations

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

Future sinking fund obligations of notes payable are as follows:

Year Ending June 30,	Deposits
2020	\$ 2,532,802
2021	2,544,119
2022	2,550,288
2023	2,549,961
2024	2,553,162
Thereafter	<u>12,375,053</u>
Total	<u>\$ 25,105,385</u>

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

M. Bond Debt Covenants

The bond agreements contain certain restrictions and covenants. HPS is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must be equal to 1.10 times the annual debt service requirements. HPS's minimum available excess revenue requirements totaled \$26,299,725. At June 30, 2019, HPS met the covenant requirements holding available revenue of \$53,258,799. Additionally, HPS needs to maintain an operating reserve that covers 45 days of budgeted expenses at the end of each fiscal year. For the fiscal year ending June 30, 2019, HPS was required to have \$42,630,904 in operating accounts. At June 30, 2019, HPS met the covenant with an available cash balance of \$114,383,358.

N. State Aid Revenue and Receivables

During fiscal year 2019 and 2018, HPS earned approximately \$316.0 million and \$291.6 million in State Aid, which made up 86 and 84 percent of total revenue, respectively. As of June 30, 2019 and 2018, HPS had outstanding receivables of \$56.9 million and \$54.4 million, respectively. The various components of the outstanding receivables are shown below.

	2019	2018
Due from TEA - Federal Grants	\$ 4,778,590	\$ 3,596,571
Due from TEA - State Aid	50,658,409	48,428,528
Due from TEA - State Grants	257,421	41,995
Due from Federal Government	230,237	482,685
Due from Other	961,307	976,431
	<u>\$ 56,885,964</u>	<u>\$ 53,526,210</u>

O. Commitments and Contingencies

HPS receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

P. Health Care Coverage

During the years ended June 30, 2018 and 2019, employees of HPS were covered by a group insurance plan. The money will make health benefits contributions towards the employee's selected plan monthly as shown in the table below:

Role/Salary Band	HPS Contribution
1	\$825.00
2, 3	\$625.00
4	\$425.00
5, 6	\$325.00
Teacher	\$325.00
Non-exempt	\$325.00

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

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

Q. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2019 and 2018 are as follows:

	<u>As of June 30, 2019</u>	<u>As of June 30, 2018</u>
Federal Funds	\$ 1,442,782	\$ 2,535,168
State Funds	52,827,350	41,507,152
Local Funds	<u>3,980,634</u>	<u>1,181,300</u>
Total With Donor Restrictions	<u>\$ 58,250,766</u>	<u>\$ 45,223,620</u>

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

	<u>For the Year Ended June 30, 2019</u>	<u>For the Year Ended June 30, 2018</u>
State Funds	\$ 304,595,301	\$ 293,891,492
Federal Funds	<u>34,669,589</u>	<u>35,325,561</u>
Total Restrictions released	<u>\$ 339,264,890</u>	<u>\$ 329,217,053</u>

R. Lawsuits and Contingencies

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

S. Elimination Entries

<u>Description</u>	<u>Balance Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated Balance</u>
Revenue	\$ 390,256,022	\$ (24,181,715)	\$ 366,074,307
Expenses	<u>368,648,451</u>	<u>(24,181,715)</u>	<u>344,466,736</u>
Change in operating net assets	<u>\$ 21,607,571</u>	<u>\$ -</u>	<u>\$ 21,607,571</u>

Eliminations consist of the following:

Central Office Allocation	\$ 23,291,715
Rental Income	<u>890,000</u>
Total	<u>\$ 24,181,715</u>

T. Prior Period Adjustment

In reviewing its lease agreements, management determined that its 2016 lease agreement which was classified as an operating lease in prior years should have been treated as a capital lease. As such, the asset under capital lease (\$45,089,152), related amortization (\$2,594,858) and capital lease liability (\$44,451,426) resulted in a prior period adjustment of \$1,957,132. Of this amount, \$1,287,103 impacted Houston Science Academy – Waco. The remaining \$670,029 impacted Harmony Science Academy – El Paso. The beginning balance as of July 1, 2018 before the prior period adjustment was \$68,723,932. The restated balance reflected in the statement of activities is \$66,766,800.

HARMONY PUBLIC SCHOOLS
NOTE TO FINANCIAL STATEMENTS (continued)

U. Functional Expenses

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

Expense by Functional Category	Expenses by Object Class					Total
	Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)	
11 Instruction	\$ 164,466,711	\$ 11,929,829	\$ 10,646,508	\$ 1,396,888	\$ -	\$ 188,439,936
12 Instructional resources and media services	-	-	11,169	3,599	-	14,768
13 Curriculum development and instructional staff development	11,267,760	3,223,463	430,583	1,659,864	-	16,581,670
21 Instructional leadership	1,487,336	11,402	1,938	13,886	-	1,514,562
23 School leadership	26,465,228	1,533,518	160,201	655,784	-	28,814,731
31 Guidance, counseling and evaluation services	4,684,041	12,048	14,564	-	-	4,710,653
33 Health services	-	10,201	98,639	5,178	-	114,018
34 Student Transportation	-	1,174,694	-	-	-	1,174,694
35 Food service	338,827	9,609,873	2,752	50,985	-	10,002,437
36 Cocurricular/Extracurricular activities	-	222,126	2,206,501	2,886,497	-	5,315,124
41 General administration	13,571,811	2,718,217	300,546	2,786,809	-	19,377,383
51 Plant maintenance and operations	1,138,538	25,651,201	1,375,986	14,627,720	-	42,793,445
52 Security and monitoring services	190,191	1,393,051	4,312	50,412	-	1,637,966
53 Data processing services	3,434,312	962,479	536,080	164,114	-	5,096,985
71 Debt service	-	-	-	-	18,878,364	18,878,364
	<u>\$ 227,044,755</u>	<u>\$ 58,452,102</u>	<u>\$ 15,789,779</u>	<u>\$ 24,301,736</u>	<u>\$ 18,878,364</u>	<u>\$ 344,466,736</u>

V. Comparative Totals and Reclassifications

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived. In addition, some amounts from the prior year were reclassified to align with the current year presentation.

W. Liquidity and Availability

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

Cash and cash equivalents	\$ 17,901,181
Receivables	961,307
	<u>\$ 18,862,488</u>

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

X. Evaluation of Subsequent Events

HPS has evaluated subsequent events through November 9, 2019 the date which the financial statements were available to be issued.

**REPORT OF INDEPENDENT AUDITORS ON
SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of Harmony Public Schools as of and for the year ended June 30, 2019, and our report thereon dated November 8, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules for individual charter schools on pages 22 to 77 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Houston, Texas
November 8, 2019

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 1,447,120	\$ 4,763,704
Restricted cash	7,448,788	6,808,099
Investments	9,014,001	4,666,790
Receivables	5,969,828	5,728,639
Other receivables	254,114	240,820
Total Current Assets	<u>24,133,851</u>	<u>22,208,052</u>
Property and Equipment:		
Land	7,225,861	7,225,861
Buildings and improvements	60,982,348	60,711,858
Furniture and equipment	3,413,093	3,375,680
Construction in progress	365,172	48,443
	<u>71,986,474</u>	<u>71,361,842</u>
Less: Accumulated depreciation	(20,087,650)	(17,956,535)
	<u>51,898,824</u>	<u>53,405,307</u>
Total Assets	<u>\$ 76,032,675</u>	<u>\$ 75,613,359</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 522,034	\$ 504,234
Accrued liabilities	99,223	247,529
Wages payable	2,446,830	2,434,401
Payroll taxes payable	1,015,060	961,825
Interest payable	1,197,644	1,214,163
Due to state	1,300	16,349
Deferred revenue	15,289	27,939
Current portion of notes payable	-	15,270
Current portion of bonds payable	994,445	917,470
Total Current Liabilities	<u>6,291,825</u>	<u>6,339,180</u>
Long-term Liabilities:		
Notes payable net of current portion	325,483	-
Bonds payable net of premium, discount, issuance costs and current portion	<u>60,334,638</u>	<u>61,467,370</u>
Total Liabilities	<u>66,951,946</u>	<u>67,806,550</u>
Net Assets:		
Without donor restrictions	8,118,868	6,475,812
With donor restrictions	<u>961,861</u>	<u>1,330,997</u>
Total Net Assets	<u>9,080,729</u>	<u>7,806,809</u>
Total Liabilities and Net Assets	<u>\$ 76,032,675</u>	<u>\$ 75,613,359</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 2,923,305	\$ 1,135,509
Restricted cash	3,130,470	4,698,814
Investments	6,306,742	4,372,084
Receivables	6,648,973	6,083,968
Other receivables	33,568	193,931
Prepays	754	754
Total Current Assets	<u>19,043,812</u>	<u>16,485,060</u>
Property and Equipment:		
Land	3,647,473	3,647,473
Buildings and improvements	35,223,571	34,852,802
Furniture and equipment	2,945,116	2,863,116
Construction in progress	-	2,968
	<u>41,816,160</u>	<u>41,366,359</u>
Less: Accumulated depreciation	<u>(9,814,949)</u>	<u>(8,631,016)</u>
	<u>32,001,211</u>	<u>32,735,343</u>
Other Assets:		
Deposits	125,889	125,889
Total Assets	<u>\$ 51,170,912</u>	<u>\$ 49,346,292</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 630,329	\$ 451,750
Accrued liabilities	-	62,324
Wages payable	2,833,632	2,789,765
Payroll taxes payable	1,109,392	1,081,480
Interest payable	698,670	706,570
Deferred revenue	303,434	-
Current portion of notes payable	-	15,752
Current portion of bonds payable	571,042	270,383
Total Current Liabilities	<u>6,146,499</u>	<u>5,378,024</u>
Long-term Liabilities:		
Bonds payable net of premium, discount, issuance costs and current portion	<u>37,527,679</u>	<u>39,977,932</u>
Total Liabilities	<u>43,674,178</u>	<u>45,355,956</u>
Net Assets:		
Without donor restrictions	3,021,532	711,846
With donor restrictions	4,475,202	3,278,490
Total Net Assets	<u>7,496,734</u>	<u>3,990,336</u>
Total Liabilities and Net Assets	<u>\$ 51,170,912</u>	<u>\$ 49,346,292</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 3,585,663	\$ 1,691,032
Restricted cash	3,711,325	3,430,184
Investments	7,385,684	5,986,126
Receivables	7,694,808	7,050,161
Other receivables	101,956	64,559
Prepays	2,803	2,803
Total Current Assets	<u>22,482,239</u>	<u>18,224,865</u>
Property and Equipment:		
Land	4,118,563	4,118,563
Buildings and improvements	49,431,319	48,729,111
Furniture and equipment	2,940,018	2,656,034
Construction in progress	171,060	231,546
	<u>56,660,960</u>	<u>55,735,254</u>
Less: Accumulated depreciation	<u>(10,436,309)</u>	<u>(8,719,322)</u>
	<u>46,224,651</u>	<u>47,015,932</u>
Other Assets:		
Deposits	<u>26,890</u>	<u>25,728</u>
Total Assets	<u>\$ 68,733,780</u>	<u>\$ 65,266,525</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,085,306	\$ 522,187
Accrued liabilities	19,125	20,054
Wages payable	3,096,293	2,990,967
Payroll taxes payable	1,294,453	1,203,058
Interest payable	897,442	911,277
Due to state	2,823	3,635
Current portion of notes payable	-	14,404
Current portion of bonds payable	<u>732,630</u>	<u>481,656</u>
Total Current Liabilities	<u>7,128,072</u>	<u>6,147,238</u>
Long-term Liabilities:		
Notes payable net of current portion	127,398	-
Bonds payable net of premium, discount, issuance costs and current portion	<u>49,458,953</u>	<u>50,483,577</u>
Total Liabilities	<u>56,714,423</u>	<u>56,630,815</u>
Net Assets:		
Without donor restrictions	2,886,205	2,470,274
With donor restrictions	<u>9,133,152</u>	<u>6,165,436</u>
Total Net Assets	<u>12,019,357</u>	<u>8,635,710</u>
Total Liabilities and Net Assets	<u>\$ 68,733,780</u>	<u>\$ 65,266,525</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 1,475,852	\$ 8,010,808
Restricted cash	835,171	558,542
Investments	15,756,045	8,169,085
Receivables	5,881,283	5,203,016
Other receivables	35,417	35,152
Prepays	4,500	8,000
Total Current Assets	<u>23,988,268</u>	<u>21,984,603</u>
Property and Equipment:		
Land	154,893	154,893
Buildings and improvements	11,648,298	11,122,496
Furniture and equipment	2,719,014	2,586,738
Construction in progress	339,429	-
Asset under capital lease	22,774,155	16,938,934
	<u>37,635,789</u>	<u>30,803,061</u>
Less: Accumulated depreciation and amortization	<u>(9,712,044)</u>	<u>(8,834,445)</u>
	<u>27,923,745</u>	<u>21,968,616</u>
Other Assets:		
Deposits	22,613	22,613
Total Assets	<u>\$ 51,934,626</u>	<u>\$ 43,975,832</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 724,895	\$ 651,093
Accrued liabilities	961	827
Wages payable	2,544,638	2,405,037
Payroll taxes payable	1,045,382	1,137,484
Interest payable	186,577	188,608
Due to state	150	-
Deferred revenue	37,000	3,000
Current portion of capital lease liability	255,514	240,932
Current portion of loans payable	199,426	14,588
Current portion of bonds payable	181,913	136,894
Total Current Liabilities	<u>5,176,456</u>	<u>4,778,463</u>
Long-term Liabilities:		
Capital lease liability	22,405,082	16,808,791
Bonds payable net of premium, discount, issuance costs and current portion	9,990,825	10,005,830
Total Liabilities	<u>37,572,363</u>	<u>31,593,084</u>
Net Assets:		
Without donor restrictions	2,198,409	1,790,961
With donor restrictions	12,163,854	10,591,787
Total Net Assets	<u>14,362,263</u>	<u>12,382,748</u>
Total Liabilities and Net Assets	<u>\$ 51,934,626</u>	<u>\$ 43,975,832</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 3,145,787	\$ 4,137,165
Restricted cash	5,555,308	5,271,846
Investments	9,005,699	5,549,789
Receivables	8,166,048	7,612,344
Other receivables	581,380	46,121
Prepays	<u>3,500</u>	<u>3,500</u>
Total Current Assets	<u>26,457,722</u>	<u>22,620,765</u>
Property and Equipment:		
Land	6,735,457	6,735,457
Buildings and improvements	59,118,705	58,937,042
Furniture and equipment	3,764,277	3,663,632
Construction in progress	<u>2,377,242</u>	<u>31,836</u>
	71,995,681	69,367,967
Less: Accumulated depreciation	<u>(18,722,384)</u>	<u>(16,642,711)</u>
	<u>53,273,297</u>	<u>52,725,256</u>
Other Assets:		
Deposits	<u>15,582</u>	<u>15,582</u>
Total Assets	<u>\$ 79,746,601</u>	<u>\$ 75,361,603</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 988,374	\$ 618,880
Accrued liabilities	-	104
Wages payable	3,450,258	3,252,639
Payroll taxes payable	1,457,191	1,397,817
Interest payable	1,146,755	1,160,018
Current portion of notes payable		17,747
Current portion of bonds payable	<u>905,899</u>	<u>810,638</u>
Total Current Liabilities	<u>7,948,477</u>	<u>7,257,843</u>
Long-term Liabilities:		
Notes payable net of current portion	2,223,125	-
Bonds payable net of premium, discount, issuance costs and current portion	<u>62,296,833</u>	<u>63,408,084</u>
Total Liabilities	<u>72,468,435</u>	<u>70,665,927</u>
Net Assets:		
Without donor restrictions	1,575,192	1,091,231
With donor restrictions	<u>5,702,974</u>	<u>3,604,445</u>
Total Net Assets	<u>7,278,166</u>	<u>4,695,676</u>
Total Liabilities and Net Assets	<u>\$ 79,746,601</u>	<u>\$ 75,361,603</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 5,538,698	\$ 9,073,940
Restricted cash	5,871,174	6,356,924
Investments	29,840,438	21,922,859
Receivables	15,583,158	14,891,667
Other receivables	90,547	74,040
Total Current Assets	<u>56,924,015</u>	<u>52,319,430</u>
Property and Equipment:		
Land	17,350,088	17,361,707
Buildings and improvements	111,307,168	107,152,432
Furniture and equipment	8,010,216	7,786,977
Construction in progress	7,581,005	2,265,810
Asset under capital lease	44,365,775	28,150,218
	<u>188,614,252</u>	<u>162,717,144</u>
Less: Accumulated depreciation and amortization	<u>(34,473,626)</u>	<u>(30,224,985)</u>
	<u>154,140,626</u>	<u>132,492,159</u>
Other Assets:		
Deposits	<u>60,700</u>	<u>60,700</u>
Total Assets	<u>\$ 211,125,341</u>	<u>\$ 184,872,289</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 3,201,498	\$ 2,181,603
Accrued liabilities	865,266	412,230
Wages payable	6,595,804	6,412,491
Payroll taxes payable	2,650,129	2,540,868
Interest payable	2,141,886	2,147,521
Due to state	611	2,850
Deferred revenue	-	11,920
Current portion of capital lease liability	416,523	383,569
Current portion of notes payable	-	44,631
Current portion of bonds payable	2,080,623	1,412,281
Total Current Liabilities	<u>17,952,340</u>	<u>15,549,964</u>
Long-term Liabilities:		
Capital lease liability	42,859,528	27,018,135
Notes payable net of current portion	3,775,130	-
Bonds payable net of premium, discount, issuance costs and current portion	<u>122,730,499</u>	<u>123,586,419</u>
Total Liabilities	<u>187,317,497</u>	<u>166,154,518</u>
Net Assets:		
Without donor restrictions	3,194,952	2,268,427
With donor restrictions	<u>20,612,892</u>	<u>16,449,344</u>
Total Net Assets	<u>23,807,844</u>	<u>18,717,771</u>
Total Liabilities and Net Assets	<u>\$ 211,125,341</u>	<u>\$ 184,872,289</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 2,236,394	\$ 3,882,265
Restricted cash	5,824,241	5,126,475
Investments	7,271,936	3,536,216
Receivables	6,131,075	6,710,334
Other receivables	64,389	41,766
Prepays	24,526	24,526
Total Current Assets	<u>21,552,561</u>	<u>19,321,582</u>
Property and Equipment:		
Land	4,482,810	4,482,810
Buildings and improvements	40,653,707	39,922,779
Furniture and equipment	1,930,474	1,818,034
Construction in progress	367,267	152,086
Asset under capital lease	15,544,900	-
	<u>62,979,158</u>	<u>46,375,709</u>
Less: Accumulated depreciation	<u>(11,806,126)</u>	<u>(10,422,535)</u>
	<u>51,173,032</u>	<u>35,953,174</u>
Total Assets	<u>\$ 72,725,593</u>	<u>\$ 55,274,756</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 415,902	\$ 564,087
Accrued liabilities	1,301	4,052
Wages payable	2,731,071	2,298,754
Payroll taxes payable	1,067,972	932,525
Interest payable	797,788	807,263
Deferred revenue	132	8,206
Current portion of capital lease liability	159,571	-
Current portion of notes payable	-	12,933
Current portion of bonds payable	554,559	464,948
Total Current Liabilities	<u>5,728,296</u>	<u>5,092,768</u>
Long-term Liabilities:		
Capital lease liability net of current portion	15,216,240	-
Notes payable net of current portion	193,190	-
Bonds payable net of premium, discount, issuance costs and current portion	<u>44,227,537</u>	<u>44,606,888</u>
Total Liabilities	<u>65,365,263</u>	<u>49,699,656</u>
Net Assets:		
Without donor restrictions	2,191,287	1,780,919
With donor restrictions	<u>5,169,043</u>	<u>3,794,181</u>
Total Net Assets	<u>7,360,330</u>	<u>5,575,100</u>
Total Liabilities and Net Assets	<u>\$ 72,725,593</u>	<u>\$ 55,274,756</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash	\$ 2,401,800	\$ 4,705,428
Restricted cash	31,503	40,742
Investments	7,048,194	2,926,272
Receivables	810,791	246,081
Other receivables	54,476	263,332
Prepays	434,131	
Total Current Assets	<u>10,780,895</u>	<u>8,181,855</u>
Property and Equipment:		
Buildings and improvements	1,490,932	965,190
Furniture and equipment	1,568,514	1,568,514
Construction in progress	-	322,469
	<u>3,059,446</u>	<u>2,856,173</u>
Less: Accumulated depreciation	(1,622,375)	(1,438,526)
	<u>1,437,071</u>	<u>1,417,647</u>
Total Assets	<u>\$ 12,217,966</u>	<u>\$ 9,599,502</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 1,015,019	\$ 684,552
Accrued liabilities	41,598	181,044
Wages payable	1,595,641	1,573,994
Payroll taxes payable	594,190	591,946
Interest payable	79,783	34,606
Current portion of bonds payable	23,889	20,729
Total Current Liabilities	<u>3,350,120</u>	<u>3,086,871</u>
Long-term Liabilities:		
Bonds payable net of premium, discount, issuance costs and current portion	<u>1,509,715</u>	<u>1,549,981</u>
Total Liabilities	<u>4,859,835</u>	<u>4,636,852</u>
Net Assets:		
Without donor restrictions	7,358,131	4,962,650
With donor restrictions	-	-
Total Net Assets	<u>7,358,131</u>	<u>4,962,650</u>
Total Liabilities and Net Assets	<u>\$ 12,217,966</u>	<u>\$ 9,599,502</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Revenues				
Local Support:				
5740	\$ 2,159,883	\$ -	\$ 2,159,883	\$ 1,847,743
5750	390,246	77,461	467,707	604,807
	<u>2,550,129</u>	<u>77,461</u>	<u>2,627,590</u>	<u>2,452,550</u>
Total Local Support				
State Program Revenues:				
5810	-	32,163,664	32,163,664	31,307,967
				State program revenues distributed by
5820	-	229,243	229,243	405,755
				Texas Education Agency
	<u>-</u>	<u>32,392,907</u>	<u>32,392,907</u>	<u>31,713,722</u>
Total State Program Revenues				
Federal Program Revenues:				
5920	-	3,380,428	3,380,428	3,132,391
				Federal revenues distributed by
				Texas Education Agency
5940	-	649,676	649,676	628,080
				Federal revenues distributed directly from
				the Federal Government
	<u>-</u>	<u>4,030,104</u>	<u>4,030,104</u>	<u>3,760,471</u>
Total Federal Program Revenues				
Net assets released from restrictions:				
	36,939,939	(36,939,939)	-	-
				Restrictions satisfied by payments
	<u>39,490,068</u>	<u>(439,467)</u>	<u>39,050,601</u>	<u>37,926,743</u>
Total Revenues				
Expenses				
11	20,214,104	-	20,214,104	19,847,744
12	2,898	-	2,898	3,350
13	1,681,340	-	1,681,340	1,515,811
				Curriculum development and instructional
				staff development
21	16	-	16	137,602
				Instructional leadership
23	3,048,212	-	3,048,212	3,051,568
				School leadership
31	590,428	-	590,428	566,278
				Guidance, counseling and evaluation services
33	6,689	-	6,689	5,646
				Health services
34	21,267	-	21,267	-
				Student transportation
35	1,026,000	-	1,026,000	1,076,503
				Food service
36	331,939	-	331,939	484,985
				Cocurricular/Extracurricular activities
41	2,273,817	-	2,273,817	1,906,715
				General administration
51	4,726,653	-	4,726,653	4,382,505
				Plant maintenance and operations
52	287,904	-	287,904	248,286
				Security and monitoring services
53	466,555	-	466,555	440,713
				Data processing services
71	3,169,190	-	3,169,190	3,189,750
				Debt service
	<u>37,847,012</u>	<u>-</u>	<u>37,847,012</u>	<u>36,857,456</u>
Total Expenses				

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Change in net assets from operations	\$ 1,643,056	\$ (439,467)	\$ 1,203,589	\$ 1,069,287
Non-Operating revenues (expenses)				
8989 Gain (Loss) on sale of investments	-	70,331	70,331	-
Total Non-Operating revenues (expenses)	<u>-</u>	<u>70,331</u>	<u>70,331</u>	<u>-</u>
Total Change in net assets	<u>1,643,056</u>	<u>(369,136)</u>	<u>1,273,920</u>	<u>1,069,287</u>
Net Assets, beginning of year as restated	<u>6,475,812</u>	<u>1,330,997</u>	<u>7,806,809</u>	<u>6,737,522</u>
Net Assets, end of year	<u>\$ 8,118,868</u>	<u>\$ 961,861</u>	<u>\$ 9,080,729</u>	<u>\$ 7,806,809</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Revenues				
Local Support:				
5740	\$ 2,462,311	\$ -	\$ 2,462,311	\$ 1,952,024
5750	722,264	107,478	829,742	805,808
	<u>3,184,575</u>	<u>107,478</u>	<u>3,292,053</u>	<u>2,757,832</u>
Total Local Support				
State Program Revenues:				
5810	-	37,164,866	37,164,866	34,003,960
5820				
		257,565	257,565	456,509
5830				
	-	-	-	15,000
	<u>-</u>	<u>37,422,431</u>	<u>37,422,431</u>	<u>34,475,469</u>
Total State Program Revenues				
Federal Program Revenues:				
5920		3,139,438	3,139,438	3,458,024
5930		35,000	35,000	-
5940		431,501	431,501	550,583
	<u>-</u>	<u>3,605,939</u>	<u>3,605,939</u>	<u>4,008,607</u>
Total Federal Program Revenues				
Net assets released from restrictions:				
	39,988,634	(39,988,634)	-	-
	<u>43,173,209</u>	<u>1,147,214</u>	<u>44,320,423</u>	<u>41,241,908</u>
Total Revenues				
Expenses				
11	21,469,090	-	21,469,090	22,480,792
12	1,536	-	1,536	7,030
13				
	1,959,306	-	1,959,306	1,554,888
21	97,336	-	97,336	347,877
23	3,445,202	-	3,445,202	3,215,138
31	437,554	-	437,554	375,625
33	9,906	-	9,906	12,904
34	778,255	-	778,255	432,601
35	1,098,692	-	1,098,692	1,141,501
36	599,150	-	599,150	645,740
41	2,704,012	-	2,704,012	2,990,761
51	6,011,431	-	6,011,431	5,872,893
52	91,186	-	91,186	66,518
53	346,475	-	346,475	285,062
71	1,813,688	-	1,813,688	1,808,904
	<u>40,862,819</u>	<u>-</u>	<u>40,862,819</u>	<u>41,238,234</u>
Total Expenses				

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Change in net assets from operations	\$ 2,310,390	\$ 1,147,214	\$ 3,457,604	\$ 3,674
Non-Operating revenues (expenses)				
8989 Gain (Loss) on sale of investments	-	48,794	48,794	-
Total Non-Operating revenues (expenses)	<u>-</u>	<u>48,794</u>	<u>48,794</u>	<u>-</u>
Total Change in net assets	<u>2,310,390</u>	<u>1,196,008</u>	<u>3,506,398</u>	<u>3,674</u>
Net Assets, beginning of year as restated	<u>711,142</u>	<u>3,279,194</u>	<u>3,990,336</u>	<u>3,986,662</u>
Net Assets, end of year	<u>\$ 3,021,532</u>	<u>\$ 4,475,202</u>	<u>\$ 7,496,734</u>	<u>\$ 3,990,336</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Revenues				
Local Support:				
5740	\$ 854,711	\$ -	\$ 854,711	\$ 702,707
5750	677,678	129,299	806,977	850,066
	<u>1,532,389</u>	<u>129,299</u>	<u>1,661,688</u>	<u>1,552,773</u>
Total Local Support				
State Program Revenues:				
5810	-	42,466,730	42,466,730	37,889,757
5820				
		226,839	226,839	510,950
5830				
	-	-	-	15,000
	<u>-</u>	<u>42,693,569</u>	<u>42,693,569</u>	<u>38,415,707</u>
Total State Program Revenues				
Federal Program Revenues:				
5920		4,383,272	4,383,272	5,186,728
5940		431,194	431,194	652,989
	<u>-</u>	<u>4,814,466</u>	<u>4,814,466</u>	<u>5,839,717</u>
Total Federal Program Revenues				
Net assets released from restrictions:				
	44,672,422	(44,672,422)	-	-
	<u>46,204,811</u>	<u>2,964,912</u>	<u>49,169,723</u>	<u>45,808,197</u>
Total Revenues				
Expenses				
11	25,035,941	-	25,035,941	25,797,293
12	1,963	-	1,963	1,364
13				
	1,945,603	-	1,945,603	1,597,662
21	191,544	-	191,544	230,295
23	3,796,665	-	3,796,665	3,894,407
31	651,431	-	651,431	641,015
33	17,342	-	17,342	9,702
34	52,663	-	52,663	-
35	1,809,163	-	1,809,163	1,530,374
36	686,720	-	686,720	599,533
41	2,952,039	-	2,952,039	2,848,021
51	5,418,801	-	5,418,801	5,652,128
52	273,725	-	273,725	138,945
53	637,558	-	637,558	601,198
71	2,317,722	-	2,317,722	2,426,698
	<u>45,788,880</u>	<u>-</u>	<u>45,788,880</u>	<u>45,968,635</u>
Total Expenses				

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Change in net assets from operations	\$ 415,931	\$ 2,964,912	\$ 3,380,843	\$ (160,438)
Non-Operating revenues (expenses)				
8989 Gain (Loss) on sale of investments	-	2,804	2,804	-
Total Non-Operating revenues (expenses)	<u>-</u>	<u>2,804</u>	<u>2,804</u>	<u>-</u>
Total Change in net assets	<u>415,931</u>	<u>2,967,716</u>	<u>3,383,647</u>	<u>(160,438)</u>
Net Assets, beginning of year as restated	<u>2,470,274</u>	<u>6,165,436</u>	<u>8,635,710</u>	<u>8,796,148</u>
Net Assets, end of year	<u>\$ 2,886,205</u>	<u>\$ 9,133,152</u>	<u>\$ 12,019,357</u>	<u>\$ 8,635,710</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Revenues				
Local Support:				
5740	\$ 413,476	\$ -	\$ 413,476	\$ 326,961
5750	618,518	203,022	821,540	871,432
	1,031,994	203,022	1,235,016	1,198,393
State Program Revenues:				
5810	-	33,054,364	33,054,364	30,238,717
5820	-	55,363	55,363	544,245
	-	33,109,727	33,109,727	30,782,962
Federal Program Revenues:				
5920	-	3,119,717	3,119,717	2,948,894
5940	-	652,996	652,996	544,172
	-	3,772,713	3,772,713	3,493,066
Net assets released from restrictions:				
	35,597,290	(35,597,290)	-	-
	36,629,284	1,488,172	38,117,456	35,474,421
Expenses				
11	19,904,808	-	19,904,808	19,559,113
12	-	-	-	576
13	2,075,845	-	2,075,845	1,566,649
21	103,937	-	103,937	364,434
23	3,261,464	-	3,261,464	3,141,672
31	343,644	-	343,644	305,667
33	13,116	-	13,116	12,918
35	1,481,611	-	1,481,611	1,197,550
36	547,046	-	547,046	520,936
41	2,591,751	-	2,591,751	2,497,547
51	4,771,600	-	4,771,600	4,718,280
52	188,629	-	188,629	146,586
53	454,178	-	454,178	473,756
71	484,207	-	484,207	488,273
	36,221,836	-	36,221,836	34,993,957

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Change in net assets from operations	\$ 407,448	\$ 1,488,172	\$ 1,895,620	\$ 480,464
Non-Operating revenues (expenses)				
8989 Gain (Loss) on early extinguishment of bonds	-	83,895	83,895	-
Total Non-Operating revenues (expenses)	<u>-</u>	<u>83,895</u>	<u>83,895</u>	<u>-</u>
Total Change in net assets	<u>407,448</u>	<u>1,572,067</u>	<u>1,979,515</u>	<u>480,464</u>
Net Assets, beginning of year as restated	<u>1,790,961</u>	<u>10,591,787</u>	<u>12,382,748</u>	<u>11,902,284</u>
Net Assets, end of year	<u>\$ 2,198,409</u>	<u>\$ 12,163,854</u>	<u>\$ 14,362,263</u>	<u>\$ 12,382,748</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Revenues				
Local Support:				
5740	\$ 846,509	\$ -	\$ 846,509	\$ 672,022
5750	927,820	191,672	1,119,492	1,194,972
	<u>1,774,329</u>	<u>191,672</u>	<u>1,966,001</u>	<u>1,866,994</u>
Total Local Support				
State Program Revenues:				
5810	-	45,921,590	45,921,590	43,159,654
5820	-	164,431	164,431	747,956
	<u>-</u>	<u>46,086,021</u>	<u>46,086,021</u>	<u>43,907,610</u>
Total State Program Revenues				
Federal Program Revenues:				
5920	-	3,674,804	3,674,804	3,715,571
5940	-	604,986	604,986	521,564
	<u>-</u>	<u>4,279,790</u>	<u>4,279,790</u>	<u>4,237,135</u>
Total Federal Program Revenues				
Net assets released from restrictions:				
	48,513,289	(48,513,289)	-	-
	<u>50,287,618</u>	<u>2,044,194</u>	<u>52,331,812</u>	<u>50,011,739</u>
Total Revenues				
Expenses				
11	27,158,026	-	27,158,026	26,891,418
12	4,083	-	4,083	2,133
13	2,215,387	-	2,215,387	1,617,656
21	98,615	-	98,615	349,228
23	3,885,252	-	3,885,252	4,035,539
31	502,262	-	502,262	468,118
33	16,433	-	16,433	15,467
34	296,109	-	296,109	263,662
35	1,582,708	-	1,582,708	1,387,450
36	907,528	-	907,528	828,831
41	3,101,738	-	3,101,738	2,937,698
51	6,464,770	-	6,464,770	6,077,450
52	173,540	-	173,540	152,612
53	445,531	-	445,531	579,186
71	2,951,675	-	2,951,675	2,947,212
	<u>49,803,657</u>	<u>-</u>	<u>49,803,657</u>	<u>48,553,660</u>
Total Expenses				

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Change in net assets from operations	\$ 483,961	\$ 2,044,194	\$ 2,528,155	\$ 1,458,079
Non-Operating revenues (expenses)				
7951 Gain (Loss) on sale of real or personal property	-	-	-	18,162
8989 Gain (Loss) on sale of investments	-	54,335	54,335	-
Total Non-Operating revenues (expenses)	<u>-</u>	<u>54,335</u>	<u>54,335</u>	<u>18,162</u>
Total change in net assets	<u>483,961</u>	<u>2,098,529</u>	<u>2,582,490</u>	<u>1,476,241</u>
Net Assets, beginning of year as restated	<u>1,091,231</u>	<u>3,604,445</u>	<u>4,695,676</u>	<u>3,219,435</u>
Net Assets, end of year	<u>\$ 1,575,192</u>	<u>\$ 5,702,974</u>	<u>\$ 7,278,166</u>	<u>\$ 4,695,676</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Revenues				
Local Support:				
5740	\$ 1,347,222	\$ -	\$ 1,347,222	\$ 1,559,558
5750	1,544,776	337,758	1,882,534	1,835,673
	<u>2,891,998</u>	<u>337,758</u>	<u>3,229,756</u>	<u>3,395,231</u>
State Program Revenues:				
5810	-	89,414,903	89,414,903	83,867,228
5820				
		425,507	425,507	1,139,268
5830				
	-	10,126	10,126	5,224
	<u>-</u>	<u>89,850,536</u>	<u>89,850,536</u>	<u>85,011,720</u>
Federal Program Revenues:				
5920				
		7,463,676	7,463,676	7,113,045
5940				
	-	785,714	785,714	1,059,888
	<u>-</u>	<u>8,249,390</u>	<u>8,249,390</u>	<u>8,172,933</u>
Net assets released from restrictions:				
	94,352,180	(94,352,180)	-	-
	<u>97,244,178</u>	<u>4,085,504</u>	<u>101,329,682</u>	<u>96,579,884</u>
Expenses				
11	54,198,489	-	54,198,489	53,639,361
12	215	-	215	2,059
13				
	4,049,554	-	4,049,554	3,797,935
21	306,594	-	306,594	488,261
23	7,769,386	-	7,769,386	7,708,060
31	1,455,760	-	1,455,760	1,181,202
33	36,794	-	36,794	36,741
34	26,400	-	26,400	-
35	2,205,336	-	2,205,336	2,197,034
36	1,542,184	-	1,542,184	1,608,582
41	5,831,473	-	5,831,473	5,567,912
51	11,906,492	-	11,906,492	11,103,706
52	423,116	-	423,116	369,347
53	985,193	-	985,193	1,482,947
71	5,580,667	-	5,580,667	5,538,144
	<u>96,317,653</u>	<u>-</u>	<u>96,317,653</u>	<u>94,721,291</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Change in net assets from operations	\$ 926,525	\$ 4,085,504	\$ 5,012,029	\$ 1,858,593
Non-Operating revenues (expenses)				
8989 Gain (Loss) on sale of investments	-	78,044	78,044	-
Total Non-Operating revenues (expenses)	<u>-</u>	<u>78,044</u>	<u>78,044</u>	<u>-</u>
Total Change in net assets	<u>926,525</u>	<u>4,163,548</u>	<u>5,090,073</u>	<u>1,858,593</u>
Net Assets, beginning of year as restated	<u>2,268,427</u>	<u>16,449,344</u>	<u>18,717,771</u>	<u>16,859,178</u>
Net Assets, end of year	<u>\$ 3,194,952</u>	<u>\$ 20,612,892</u>	<u>\$ 23,807,844</u>	<u>\$ 18,717,771</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018
Revenues				
Local Support:				
5740	\$ 866,367	\$ -	\$ 866,367	\$ 794,060
5750	699,977	171,994	871,971	891,021
	Total Local Support	171,994	1,738,338	1,685,081
State Program Revenues:				
5810	-	34,224,058	34,224,058	31,170,767
5820	-	235,411	235,411	340,772
5830	-	-	-	10,948
	Total State Program Revenues	34,459,469	34,459,469	31,522,487
Federal Program Revenues:				
5920	-	2,983,225	2,983,225	2,518,269
5940	-	131,262	131,262	161,588
	Total Federal Program Revenues	3,114,487	3,114,487	2,679,857
Net assets released from restrictions:				
	Restrictions satisfied by payments	36,398,516	(36,398,516)	-
	Total Revenues	37,964,860	39,312,294	35,887,425
Expenses				
11	Instruction	21,064,967	-	21,064,967
12	Instructional resources and media services	4,073	-	4,073
13	Curriculum development and instructional staff development	1,596,215	-	1,596,215
21	Instructional leadership	176,806	-	176,806
23	School leadership	3,247,084	-	3,247,084
31	Guidance, counseling and evaluation services	724,244	-	724,244
33	Health services	13,738	-	13,738
35	Food service	797,751	-	797,751
36	Cocurricular/Extracurricular activities	700,557	-	700,557
41	General administration	2,209,327	-	2,209,327
51	Plant maintenance and operations	3,971,155	-	3,971,155
52	Security and monitoring services	190,576	-	190,576
53	Data processing services	478,895	-	478,895
71	Debt service	2,379,104	-	2,379,104
	Total Expenses	37,554,492	-	32,572,899

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Change in net assets from operations	\$ 410,368	\$ 1,347,434	\$ 1,757,802	\$ 3,314,526
Net Operating Assets, beginning of year as restated	<u>1,780,919</u>	<u>3,794,181</u>	<u>5,575,100</u>	<u>2,147,161</u>
Net Operating Assets, end of year	<u>2,191,287</u>	<u>5,141,615</u>	<u>7,332,902</u>	<u>5,461,687</u>
Non-Operating revenues (expenses)				
8989 Gain (Loss) on sale of investments	-	27,428	27,428	-
Total Non-Operating revenues (expenses)	<u>-</u>	<u>27,428</u>	<u>27,428</u>	<u>-</u>
Total Change in net assets	<u>410,368</u>	<u>1,374,862</u>	<u>1,785,230</u>	<u>3,314,526</u>
Net Assets, beginning of year as restated	<u>1,780,919</u>	<u>3,794,181</u>	<u>5,575,100</u>	<u>2,260,574</u>
Net Assets, end of year	<u>\$ 2,191,287</u>	<u>\$ 5,169,043</u>	<u>\$ 7,360,330</u>	<u>\$ 5,575,100</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
Revenues				
Local Support:				
5740	\$ 23,821,411	-	\$ 23,821,411	\$ 22,800,770
	Total Local Support	-	23,821,411	22,800,770
Federal Program Revenues:				
5940		2,802,620	2,802,620	2,375,737
	Total Federal Program Revenues	2,802,620	2,802,620	2,375,737
Net assets released from restrictions:				
	2,802,620	(2,802,620)	-	-
	Total Revenues	-	26,624,031	25,176,507
Expenses				
11	Instruction	302,887	-	268,922
13	Curriculum development and instructional staff development	4,944,209	-	4,374,936
21	Instructional leadership	539,714	-	548,419
23	School leadership	361,466	-	918,098
31	Guidance, Counseling and Evaluation Services	5,330	-	-
35	Food services	1,176	-	-
41	General administration	13,255,057	-	13,360,250
51	Plant maintenance and operations	2,834,882	-	2,130,983
52	Security and monitoring services	9,290	-	10,340
53	Data processing services	1,815,980	-	1,136,688
71	Debt service	182,111	-	92,287
	Total Expenses	-	24,252,102	22,840,923

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018
Operating expenses (continued)				
Change in net assets from operations	\$ 2,371,929	\$ -	\$ 2,371,929	\$ 2,335,584
Net Operating Assets, beginning of year as restated	<u>3,576,852</u>	<u>-</u>	<u>3,576,852</u>	<u>1,241,268</u>
Net Operating Assets, end of year	<u>5,948,781</u>	<u>-</u>	<u>5,948,781</u>	<u>3,576,852</u>
Non-Operating revenues (expenses)				
8989 Gain (Loss) on sale of investments	23,552	-	23,552	-
Total Non-Operating revenues (expenses)	<u>23,552</u>	<u>-</u>	<u>23,552</u>	<u>-</u>
Total Change in net assets	<u>2,395,481</u>	<u>-</u>	<u>2,395,481</u>	<u>2,335,584</u>
Net Assets, beginning of year, restated	<u>4,962,650</u>	<u>-</u>	<u>4,962,650</u>	<u>2,627,066</u>
Net Assets, end of year	<u>\$ 7,358,131</u>	<u>\$ -</u>	<u>\$ 7,358,131</u>	<u>\$ 4,962,650</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 1,273,920	\$ 1,069,287
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,131,115	2,152,668
Amortization - premium on bonds	(138,973)	(270,934)
Amortization - bond issuance costs	45,460	44,288
(Increase) Decrease in receivables	(241,189)	26,202
(Increase) Decrease in other receivables	(13,294)	(193,549)
Increase (Decrease) in accounts payable	17,800	(26,027)
Increase (Decrease) in wages payable	12,429	306,303
Increase (Decrease) in payroll taxes payable	53,235	667,956
Increase (Decrease) in accrued liabilities	(148,306)	(367,658)
Increase (Decrease) in interest payable	(16,519)	(19,370)
Increase (Decrease) in due to state	(15,049)	16,349
Increase (Decrease) in deferred revenue	(12,650)	27,939
Net cash provided (used) by operating activities	<u>2,947,979</u>	<u>3,433,454</u>
Cash flows from investing activities		
Purchase of fixed assets	(624,632)	(399,153)
Purchase of investment	(4,347,211)	(2,985,638)
Net cash provided (used) by investing activities	<u>(4,971,843)</u>	<u>(3,384,791)</u>
Cash flows from financing activities		
Repayment from bonds (reclassification of bond proceeds)	(44,749)	(1,071,062)
Repayment of loans	(15,270)	(43,312)
Repayment of bonds	(917,495)	(878,377)
Proceeds from loans	325,483	-
Net cash provided (used) by financing activities	<u>(652,031)</u>	<u>(1,992,751)</u>
Net increase (decrease) in cash	(2,675,895)	(1,944,088)
Cash at beginning of year	11,571,803	13,515,891
Cash at end of year	<u>\$ 8,895,908</u>	<u>\$ 11,571,803</u>
Cash Per the Statement of Financial Position		
Cash	\$ 1,447,120	\$ 4,763,704
Restricted Cash	7,448,788	6,808,099
Total Cash per the Statement of Financial Position	<u>\$ 8,895,908</u>	<u>\$ 11,571,803</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 3,242,957</u>	<u>\$ 3,264,755</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 3,506,398	\$ 3,674
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,183,933	1,127,318
Amortization - premium on bonds	(245,540)	(200,816)
Amortization - bond issuance costs	71,019	25,346
(Increase) Decrease in accounts receivable	(565,005)	62,453
(Increase) Decrease in other receivables	160,363	(193,931)
Increase (Decrease) in deferred revenue	303,434	-
Increase (Decrease) in accounts payable	178,579	(742,811)
Increase (Decrease) in wages payable	43,867	349,819
Increase (Decrease) in payroll taxes payable	27,912	735,886
Increase (Decrease) in accrued liabilities	(62,324)	(657,332)
Increase (Decrease) in interest payable	(7,900)	79,082
Net cash provided (used) by operating activities	<u>4,594,736</u>	<u>588,688</u>
Cash flows from investing activities		
Purchase of fixed assets	(449,800)	(1,631,631)
Purchase of investment	(1,934,658)	(3,304,047)
Net cash provided (used) by investing activities	<u>(2,384,458)</u>	<u>(4,935,678)</u>
Cash flows from financing activities		
Repayment of bonds (reclassification of bond proceeds)	(1,704,666)	(985,621)
Repayment of loans	(15,752)	(44,680)
Repayment of bonds	(270,408)	(259,000)
Net cash provided (used) by financing activities	<u>(1,990,826)</u>	<u>(1,289,301)</u>
Net increase (decrease) in cash	219,452	(5,636,291)
Cash at beginning of year	5,834,323	11,470,614
Cash at end of year	<u>\$ 6,053,775</u>	<u>\$ 5,834,323</u>
Cash Per the Statement of Financial Position		
Cash	\$ 2,923,305	\$ 1,135,509
Restricted Cash	3,130,470	4,698,814
Total Cash per the Statement of Financial Position	<u>\$ 6,053,775</u>	<u>\$ 5,834,323</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 2,011,353</u>	<u>\$ 1,788,078</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 3,383,647	\$ (160,438)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,716,987	1,644,028
Amortization - premium on bonds	(178,978)	(168,318)
Amortization - bond issuance costs	37,059	32,329
(Increase) Decrease in receivables	(644,647)	(1,162,075)
(Increase) Decrease in other receivables	(37,397)	4,707
(Increase) Decrease in deposits	(1,162)	47,750
Increase (Decrease) in accounts payable	563,119	(927,050)
Increase (Decrease) in wages payable	105,326	739,547
Increase (Decrease) in payroll taxes payable	91,395	860,049
Increase (Decrease) in accrued liabilities	(929)	(607,557)
Increase (Decrease) in interest payable	(13,835)	157,831
Increase (Decrease) in due to state	(812)	3,635
Net cash provided (used) by operating activities	<u>5,019,773</u>	<u>464,438</u>
Cash flows from investing activities		
Purchase of fixed assets	(925,706)	(11,214,090)
Sale of investment	(1,399,558)	380,490
Net cash provided (used) by investing activities	<u>(2,325,264)</u>	<u>(10,833,600)</u>
Cash flows from financing activities		
Repayment of bonds (reclassification of bonds)	(150,092)	4,645,474
Repayment of loans	(14,403)	(40,856)
Repayment of bonds	(481,640)	(461,674)
Proceeds from loans	127,398	-
Net cash provided (used) by financing activities	<u>(518,737)</u>	<u>4,142,944</u>
Net increase (decrease) in cash	2,175,772	(6,226,218)
Cash at beginning of year	<u>5,121,216</u>	<u>11,347,434</u>
Cash at end of year	<u>\$ 7,296,988</u>	<u>\$ 5,121,216</u>
Cash Per the Statement of Financial Position		
Cash	\$ 3,585,663	\$ 1,691,032
Restricted Cash	<u>3,711,325</u>	<u>3,430,184</u>
Total Cash per the Statement of Financial Position	<u>\$ 7,296,988</u>	<u>\$ 5,121,216</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 2,436,048</u>	<u>\$ 2,362,581</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 1,979,515	\$ 480,464
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets under capital lease	877,599	693,369
Amortization - premium on bonds	(18,044)	(42,570)
Amortization - bond issuance costs	1,409	6,296
(Increase) Decrease in accounts receivable	(678,267)	13,976
(Increase) Decrease in other receivables	(265)	24,800
(Increase) Decrease in deposits	-	15,800
(Increase) Decrease in prepaids	3,500	-
Increase (Decrease) in due to state	150	-
Increase (Decrease) in accounts payable	73,802	341,699
Increase (Decrease) in wages payable	139,601	488,510
Increase (Decrease) in payroll taxes payable	(92,102)	833,826
Increase (Decrease) in deferred revenue	34,000	3,000
Increase (Decrease) in accrued liabilities	134	(536,980)
Increase (Decrease) in interest payable	(2,031)	10,283
Net cash provided (used) by operating activities	<u>2,319,001</u>	<u>2,332,473</u>
Cash flows from investing activities		
Purchase of fixed assets	(997,507)	(767,467)
Purchase of investment	(7,586,960)	(7,671,878)
Net cash provided (used) by investing activities	<u>(8,584,467)</u>	<u>(8,439,345)</u>
Cash flows from financing activities		
Proceeds from debt	199,426	-
Repayment of loans	(14,588)	(127,760)
Proceeds of bonds	46,642	(130,808)
Repayment of capital lease liability	(224,341)	-
Net cash provided (used) by financing activities	<u>7,139</u>	<u>(258,568)</u>
Net increase (decrease) in cash	(6,258,327)	(6,365,440)
Cash at beginning of year	<u>8,569,350</u>	<u>14,934,790</u>
Cash at end of year	<u>\$ 2,311,023</u>	<u>\$ 8,569,350</u>
Cash Per the Statement of Financial Position		
Cash	\$ 1,475,852	\$ 8,010,808
Restricted Cash	835,171	558,542
Total Cash per the Statement of Financial Position	<u>\$ 2,311,023</u>	<u>\$ 8,569,350</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 489,806</u>	<u>\$ 495,587</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 2,582,490	\$ 1,476,241
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,079,673	2,133,034
Amortization - premium on bonds	(241,108)	(318,944)
Amortization - bond issuance costs	40,385	40,242
(Increase) Decrease in receivables	(553,704)	(1,106,928)
(Increase) Decrease in other receivables	(535,259)	8,884
(Increase) Decrease in deposits	-	35,000
Increase (Decrease) in accounts payable	369,494	(843,786)
Increase (Decrease) in wages payable	197,619	538,995
Increase (Decrease) in payroll taxes payable	59,374	1,014,599
Increase (Decrease) in accrued liabilities	(104)	(804,666)
Increase (Decrease) in interest payable	(13,263)	(5,326)
Net cash provided (used) by operating activities	<u>3,985,597</u>	<u>2,167,345</u>
Cash flows from investing activities		
Purchase of fixed assets	(2,627,714)	(943,718)
Purchase of investment	(3,455,911)	807,604
Net cash provided (used) by investing activities	<u>(6,083,625)</u>	<u>(136,114)</u>
Cash flows from financing activities		
Proceeds from bonds (reclassification of bond proceeds)	(4,639)	(770,146)
Repayment of loans	(17,747)	(50,337)
Repayment of bonds	(810,627)	(777,918)
Proceeds from loans	2,223,125	-
Net cash provided (used) by financing activities	<u>1,390,112</u>	<u>(1,598,401)</u>
Net increase (decrease) in cash	(707,916)	432,830
Cash at beginning of year	<u>9,409,011</u>	<u>8,976,181</u>
Cash at end of year	<u>\$ 8,701,095</u>	<u>\$ 9,409,011</u>
Cash Per the Statement of Financial Position		
Cash	\$ 3,145,787	\$ 4,137,165
Restricted Cash	5,555,308	5,271,846
Total Cash per the Statement of Financial Position	<u>\$ 8,701,095</u>	<u>\$ 9,409,011</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 3,118,536</u>	<u>\$ 3,105,084</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 5,090,073	\$ 1,858,593
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization asset under capital lease	4,248,641	3,799,148
Amortization - premium on bonds	(287,317)	(431,612)
Amortization - bond issuance costs	39,835	76,803
(Increase) Decrease in receivables	(691,491)	(132,731)
(Increase) Decrease in other receivables	(16,507)	12,208
(Increase) Decrease in deposits	-	13,377
Increase (Decrease) in accounts payable	1,019,895	(64,513)
Increase (Decrease) in wages payable	183,313	640,438
Increase (Decrease) in payroll taxes payable	109,261	1,732,225
Increase (Decrease) in accrued liabilities	453,036	(1,394,535)
Increase (Decrease) due to state	(2,239)	2,850
Increase (Decrease) deferred revenue	(11,920)	11,920
Increase (Decrease) in interest payable	(5,635)	167,935
Net cash provided (used) by operating activities	<u>10,128,945</u>	<u>6,292,106</u>
Cash flows from investing activities		
Purchase of fixed assets	(9,681,551)	(4,890,351)
Purchase of investment	(7,917,579)	(14,665,216)
Net cash provided (used) by investing activities	<u>(17,599,130)</u>	<u>(19,555,567)</u>
Cash flows from financing activities		
Proceeds from bonds (reclassification of bond proceeds)	1,472,185	(717,892)
Proceeds from loan	3,730,499	(124,176)
Repayment of bonds	(1,412,281)	(1,351,384)
Repayment of capital lease liability	(341,210)	-
Net cash provided (used) by financing activities	<u>3,449,193</u>	<u>(2,193,452)</u>
Net increase (decrease) in cash	(4,020,992)	(15,456,913)
Cash at beginning of year	<u>15,430,864</u>	<u>30,887,777</u>
Cash at end of year	<u>\$ 11,409,872</u>	<u>\$ 15,430,864</u>
Cash Per the Statement of Financial Position		
Cash	\$ 5,538,698	\$ 9,073,940
Restricted Cash	<u>5,871,174</u>	<u>6,356,924</u>
Total Cash per the Statement of Financial Position	<u>\$ 11,409,872</u>	<u>\$ 15,430,864</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 5,686,827</u>	<u>\$ 5,583,686</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 1,785,230	\$ 3,314,526
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets under capital lease	1,383,591	1,213,637
Amortization - premium on bonds	(100,194)	(170,987)
Amortization - bond issuance costs	26,933	33,668
(Increase) Decrease in receivables	579,259	(1,228,575)
(Increase) Decrease in other receivables	(22,623)	(633)
Increase (Decrease) in accounts payable	(148,185)	5,794
Increase (Decrease) in wages payable	432,317	105,293
Increase (Decrease) in payroll taxes payable	135,447	645,568
Increase (Decrease) in accrued liabilities	(2,751)	(590,376)
Increase (Decrease) in deferred revenue	(8,074)	8,206
Increase (Decrease) in interest payable	(9,475)	9,259
Net cash provided (used) by operating activities	<u>4,051,475</u>	<u>3,345,380</u>
Cash flows from investing activities		
Purchase of fixed assets	(1,058,549)	(462,263)
Purchase of investment	(3,735,720)	638,932
Net cash provided (used) by investing activities	<u>(4,794,269)</u>	<u>176,669</u>
Cash flows from financing activities		
Proceeds from bonds (reclassification of bond proceeds)	248,475	(619,061)
Repayment of notes	(12,933)	(36,683)
Repayment of capital lease	(169,090)	
Repayment of bonds	(464,953)	(445,904)
Proceeds from debt	193,190	-
Net cash provided (used) by financing activities	<u>(205,311)</u>	<u>(1,101,648)</u>
Net increase (decrease) in cash	(948,105)	2,420,401
Cash at beginning of year	9,008,740	6,588,339
Cash at end of year	<u>\$ 8,060,635</u>	<u>\$ 9,008,740</u>
Cash Per the Statement of Financial Position		
Cash	\$ 2,236,394	\$ 3,882,265
Restricted Cash	5,824,241	5,126,475
Total Cash per the Statement of Financial Position	<u>\$ 8,060,635</u>	<u>\$ 9,008,740</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 2,427,800</u>	<u>\$ 2,442,295</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 2,395,481	\$ 2,335,584
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	183,849	136,955
Amortization - premium on bonds	(17,351)	(18,635)
Amortization - bond issuance costs	1,003	1,443
(Increase) Decrease in receivables	(564,710)	49,919
(Increase) Decrease in other receivables	208,856	(201,186)
(Increase) Decrease in deposits	-	4,356
(Increase) Decrease in prepaids	(434,131)	-
Increase (Decrease) in accounts payable	330,465	175,640
Increase (Decrease) in wages payable	21,647	29,925
Increase (Decrease) in payroll taxes payable	2,244	366,859
Increase (Decrease) in accrued liabilities	(139,446)	(278,884)
Increase (Decrease) in interest payable	45,177	8,502
Net cash provided (used) by operating activities	<u>2,033,084</u>	<u>2,610,478</u>
Cash flows from investing activities		
Purchase of fixed assets	(203,273)	(591,404)
Purchase of investments	(4,121,922)	(20,216)
Net cash provided (used) by investing activities	<u>(4,325,195)</u>	<u>(611,620)</u>
Cash flows from financing activities		
Proceeds from bonds	-	(19,935)
Repayment of bonds	(20,756)	-
Net cash provided (used) by financing activities	<u>(20,756)</u>	<u>(19,935)</u>
Net increase (decrease) in cash	(2,312,867)	1,978,923
Cash at beginning of year	<u>4,746,170</u>	<u>2,767,247</u>
Cast at end of year	<u>\$ 2,433,303</u>	<u>\$ 4,746,170</u>
Cash Per the Statement of Financial Position		
Cash	\$ 2,401,800	\$ 4,705,428
Restricted Cash	31,503	40,742
Total Cash per the Statement of Financial Position	<u>\$ 2,433,303</u>	<u>\$ 4,746,170</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 191,102</u>	<u>\$ 86,367</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 22,944,654	\$ 22,106,273
6200 Professional and Contracted Services	7,560,911	6,877,666
6300 Supplies and Materials	1,313,369	1,780,766
6400 Other Operating Costs	2,858,888	2,903,001
6500 Debt	<u>3,169,190</u>	<u>3,189,750</u>
Total Expenses	<u>\$ 37,847,012</u>	<u>\$ 36,857,456</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 25,251,619	\$ 25,395,517
6200 Professional and Contracted Services	10,155,691	9,885,502
6300 Supplies and Materials	1,777,359	2,242,615
6400 Other Operating Costs	1,864,462	1,905,696
6500 Debt	<u>1,813,688</u>	<u>1,808,904</u>
Total Expenses	<u>\$ 40,862,819</u>	<u>\$ 41,238,234</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 28,716,856	\$ 27,763,435
6200 Professional and Contracted Services	9,720,903	9,463,667
6300 Supplies and Materials	2,123,198	3,545,558
6400 Other Operating Costs	2,910,201	2,769,277
6500 Debt	<u>2,317,722</u>	<u>2,426,698</u>
Total Expenses	<u>\$ 45,788,880</u>	<u>\$ 45,968,635</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 23,474,288	\$ 22,233,183
6200 Professional and Contracted Services	8,703,278	8,199,416
6300 Supplies and Materials	1,519,788	2,098,048
6400 Other Operating Costs	2,040,275	1,975,037
6500 Debt	<u>484,207</u>	<u>488,273</u>
Total Expenses	<u>\$ 36,221,836</u>	<u>\$ 34,993,957</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 31,104,090	\$ 29,644,748
6200 Professional and Contracted Services	10,718,440	10,007,339
6300 Supplies and Materials	1,562,573	2,598,646
6400 Other Operating Costs	3,466,879	3,355,715
6500 Debt	<u>2,951,675</u>	<u>2,947,212</u>
Total Expenses	<u>\$ 49,803,657</u>	<u>\$ 48,553,660</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 58,992,568	\$ 57,787,272
6200 Professional and Contracted Services	21,013,800	19,657,758
6300 Supplies and Materials	4,470,714	5,528,867
6400 Other Operating Costs	6,259,904	6,209,250
6500 Debt	<u>5,580,667</u>	<u>5,538,144</u>
Total Expenses	<u>\$ 96,317,653</u>	<u>\$ 94,721,291</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 23,490,223	\$ 20,403,343
6200 Professional and Contracted Services	7,285,331	5,921,837
6300 Supplies and Materials	2,501,292	1,980,635
6400 Other Operating Costs	1,898,542	1,873,692
6500 Debt	<u>2,379,104</u>	<u>2,393,392</u>
Total Expenses	<u>\$ 37,554,492</u>	<u>\$ 32,572,899</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2019
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
Expenses		
6100 Payroll Costs	\$ 13,070,457	\$ 12,737,332
6200 Professional and Contracted Services	7,475,463	6,583,960
6300 Supplies and Materials	521,486	700,376
6400 Other Operating Costs	3,002,585	2,732,899
6500 Debt	<u>182,111</u>	<u>86,356</u>
Total Expenses	<u>\$ 24,252,102</u>	<u>\$ 22,840,923</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 4,465,155	\$ 4,361,764	\$ 68,989
1110	Investments	-	9,014,001	-
1510	Land and improvements	-	7,225,861	-
1520	Buildings and improvements	-	60,982,348	-
1539	Furniture and equipment	-	3,413,093	-
1580	Construction in progress	-	365,172	-
	Total Property and Equipment	<u>\$ 4,465,155</u>	<u>\$ 85,362,239</u>	<u>\$ 68,989</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 2,682,394	\$ 3,339,752	\$ 31,629
1110	Investments	-	6,306,742	-
1510	Land and improvements	-	3,647,473	-
1520	Buildings and improvements	1,124,900	33,870,471	228,200
1539	Furniture and equipment	43,871	2,842,580	58,665
	Total Property and Equipment	<u>\$ 3,851,165</u>	<u>\$ 50,007,018</u>	<u>\$ 318,494</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 2,883,691	\$ 3,766,143	\$ 647,154
1110	Investments	-	7,385,684	-
1510	Land and improvements	-	4,118,563	-
1520	Buildings and improvements	-	49,431,319	-
1539	Furniture and equipment	-	2,940,018	-
1580	Construction in progress	-	171,060	-
	Total Property and Equipment	<u>\$ 2,883,691</u>	<u>\$ 67,812,787</u>	<u>\$ 647,154</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 1,122,753	\$ 897,715	\$ 290,555
1110	Investments	-	15,756,045	-
1510	Land and improvements	-	154,893	-
1520	Buildings and improvements	-	11,648,298	-
1529	Assets under capital lease	-	22,774,155	-
1539	Furniture and equipment	-	2,719,014	-
1580	Construction in progress	-	339,429	-
	Total Property and Equipment	\$ 1,122,753	\$ 54,289,549	\$ 290,555

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 3,408,636	\$ 5,248,310	\$ 44,149
1110	Investments	-	9,005,699	-
1510	Land and improvements	-	6,735,457	-
1520	Buildings and improvements	371,207	58,742,225	5,273
1539	Furniture and equipment	-	3,635,239	129,038
1580	Construction in Progress	-	2,377,242	-
	Total Property and Equipment	\$ 3,779,843	\$ 85,744,172	\$ 178,460

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 3,150,525	\$ 8,109,599	\$ 149,748
1110	Investments	-	29,840,438	-
1510	Land and improvements	-	17,350,088	-
1520	Buildings and improvements	-	111,217,073	90,095
1529	Assets under capital lease	-	44,365,775	-
1539	Furniture and equipment	119,836	7,867,361	23,019
1580	Construction in progress	26,473	7,554,532	-
	Total Property and Equipment	\$ 3,296,834	\$ 226,304,866	\$ 262,862

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 3,889,354	\$ 4,171,281	\$ -
1110	Investments	-	7,271,936	-
1510	Land and improvements	-	4,482,810	-
1520	Buildings and improvements	81,730	40,517,691	54,286
1529	Assets under capital lease	-	15,544,900	-
1539	Furniture and equipment	36,049	1,871,196	23,229
1580	Construction in Progress	-	367,267	-
	Total Property and Equipment	<u>\$ 4,007,133</u>	<u>\$ 74,227,081</u>	<u>\$ 77,515</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
SCHEDULE OF CAPITAL ASSETS
For the Year Ended June 30, 2019

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 2,433,303	\$ -	\$ -
1110	Investments	-	7,048,194	-
1520	Buildings and improvements	-	1,490,932	-
1539	Furniture and equipment	-	1,568,514	-
Total Property and Equipment		<u>\$ 2,433,303</u>	<u>\$ 10,107,640</u>	<u>\$ -</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - HOUSTON
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 1,820,103	\$ 2,187,963	\$ 2,159,883	\$ (28,080)
5750	Revenue from curricular	605,160	478,435	467,707	(10,728)
	Total Local Support	<u>2,425,263</u>	<u>2,666,398</u>	<u>2,627,590</u>	<u>(38,808)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	31,738,805	32,161,241	32,163,664	2,423
5820	State program revenues distributed by Texas Education Agency	253,088	184,936	229,243	44,307
	Total State Program Revenues	<u>31,991,893</u>	<u>32,346,177</u>	<u>32,392,907</u>	<u>46,730</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	3,403,236	3,464,533	3,380,428	(84,105)
5940	Federal revenues distributed directly from the Federal Government	153,000	800,980	649,676	(151,304)
	Total Federal Program Revenues	<u>3,556,236</u>	<u>4,265,513</u>	<u>4,030,104</u>	<u>(235,409)</u>
	Total Revenues	<u>37,973,392</u>	<u>39,278,088</u>	<u>39,050,601</u>	<u>(227,487)</u>
Expenses					
11	Instruction	19,997,332	20,439,937	20,214,104	225,833
12	Instructional resources and media services	7,000	2,898	2,898	-
13	Curriculum development and instructional staff development	1,993,035	1,825,457	1,681,340	144,117
21	Instructional leadership	-	15	16	(1)
23	School leadership	3,006,368	3,130,263	3,048,212	82,051
31	Guidance, counseling and evaluation services	336,771	589,565	590,428	(863)
33	Health services	8,500	6,568	6,689	(121)
34	Student transportation	-	24,000	21,267	2,733
35	Food service	1,083,000	1,107,000	1,026,000	81,000
36	Cocurricular/Extracurricular activities	515,000	522,565	331,939	190,626
41	General administration	2,044,429	2,298,395	2,273,817	24,578
51	Plant maintenance and operations	4,513,330	4,725,361	4,726,653	(1,292)
52	Security and monitoring services	134,500	305,872	287,904	17,968
53	Data processing services	327,403	479,278	466,555	12,723
71	Debt service	3,236,919	3,174,384	3,169,190	5,194
	Total Expenses	<u>37,203,587</u>	<u>38,631,558</u>	<u>37,847,012</u>	<u>784,546</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	70,331	70,331
	Total Non-Operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>70,331</u>	<u>70,331</u>
	Change in net assets	<u>769,805</u>	<u>646,530</u>	<u>1,273,920</u>	<u>627,390</u>
	Net Assets, beginning of year	<u>7,806,809</u>	<u>7,806,809</u>	<u>7,806,809</u>	<u>-</u>
	Net Assets, end of year	<u>\$ 8,576,614</u>	<u>\$ 8,453,339</u>	<u>\$ 9,080,729</u>	<u>\$ 627,390</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - AUSTIN
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from</u> <u>Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 419,222	\$ 2,794,671	\$ 2,462,311	\$ (332,360)
5750	Revenue from curricular	829,685	839,996	829,742	(10,254)
	Total Local Support	<u>1,248,907</u>	<u>3,634,667</u>	<u>3,292,053</u>	<u>(342,614)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	36,422,274	37,212,230	37,164,866	(47,364)
5820	State program revenues distributed by Texas Education Agency	<u>307,950</u>	<u>249,327</u>	<u>257,565</u>	<u>8,238</u>
	Total State Program Revenues	<u>36,730,224</u>	<u>37,461,557</u>	<u>37,422,431</u>	<u>(39,126)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	3,181,827	3,297,113	3,139,438	(157,675)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	35,000	35,000	35,000	-
5940	Federal revenues distributed directly from the Federal Government	<u>92,950</u>	<u>530,900</u>	<u>431,501</u>	<u>(99,399)</u>
	Total Federal Program Revenues	<u>3,309,777</u>	<u>3,863,013</u>	<u>3,605,939</u>	<u>(257,074)</u>
	Total Revenues	<u>41,288,908</u>	<u>44,959,237</u>	<u>44,320,423</u>	<u>(638,814)</u>
Expenses					
11	Instruction	21,687,066	22,072,737	21,469,090	603,647
12	Instructional resources and media services	16,350	1,536	1,536	-
13	Curriculum development and instructional staff development	1,310,366	2,078,298	1,959,306	118,992
21	Instructional leadership	235,872	97,124	97,336	(212)
23	School leadership	3,259,137	3,536,057	3,445,202	90,855
31	Guidance, counseling and evaluation services	217,769	424,001	437,554	(13,553)
33	Health services	9,500	9,906	9,906	-
34	Student (pupil) transportation	850,000	847,500	778,255	69,245
35	Food service	1,190,900	1,272,924	1,098,692	174,232
36	Cocurricular/Extracurricular activities	705,000	750,267	599,150	151,117
41	General administration	2,839,624	2,748,044	2,704,012	44,032
51	Plant maintenance and operations	6,026,566	6,356,941	6,011,431	345,510
52	Security and monitoring services	77,411	117,103	91,186	25,917
53	Data processing services	231,874	347,129	346,475	654
71	Debt service	<u>1,833,784</u>	<u>1,813,726</u>	<u>1,813,688</u>	<u>38</u>
	Total Expenses	<u>40,491,219</u>	<u>42,473,293</u>	<u>40,862,819</u>	<u>1,610,474</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	48,794	48,794
	Total Non-Operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>48,794</u>	<u>48,794</u>
	Change in net assets	<u>797,689</u>	<u>2,485,944</u>	<u>3,506,398</u>	<u>971,660</u>
	Net Assets, beginning of year	<u>3,990,336</u>	<u>3,990,336</u>	<u>3,990,336</u>	<u>-</u>
	Net Assets, end of year	<u>\$ 4,788,025</u>	<u>\$ 6,476,280</u>	<u>\$ 7,496,734</u>	<u>\$ 971,660</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - SAN ANTONIO
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>			<u>Variance from</u>
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 480,422	\$ 719,895	\$ 854,711	\$ 134,816
5750	Revenue from curricular	851,771	819,595	806,977	(12,618)
	Total Local Support	<u>1,332,193</u>	<u>1,539,490</u>	<u>1,661,688</u>	<u>122,198</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	39,309,540	42,481,532	42,466,730	(14,802)
5820	State program revenues distributed by Texas Education Agency	<u>276,723</u>	<u>215,244</u>	<u>226,839</u>	<u>11,595</u>
	Total State Program Revenues	<u>39,586,263</u>	<u>42,696,776</u>	<u>42,693,569</u>	<u>(3,207)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	4,078,244	4,443,532	4,383,272	(60,260)
5940	Federal revenues distributed directly from the Federal Government	<u>124,300</u>	<u>600,501</u>	<u>431,194</u>	<u>(169,307)</u>
	Total Federal Program Revenues	<u>4,202,544</u>	<u>5,044,033</u>	<u>4,814,466</u>	<u>(229,567)</u>
	Total Revenues	<u>45,121,000</u>	<u>49,280,299</u>	<u>49,169,723</u>	<u>(110,576)</u>
Expenses					
11	Instruction	24,982,546	26,318,808	25,035,941	1,282,867
12	Instructional resources and media services	6,625	1,905	1,963	(58)
13	Curriculum development and instructional staff development	1,995,464	2,260,465	1,945,603	314,862
21	Instructional leadership	169,561	190,126	191,544	(1,418)
23	School leadership	3,707,671	3,936,911	3,796,665	140,246
31	Guidance, counseling and evaluation services	359,996	647,915	651,431	(3,516)
33	Health services	10,927	13,956	17,342	(3,386)
34	Student transportation	-	60,000	52,663	7,337
35	Food service	1,570,000	1,835,741	1,809,163	26,578
36	Cocurricular/Extracurricular activities	680,000	818,318	686,720	131,598
41	General administration	2,999,490	3,089,108	2,952,039	137,069
51	Plant maintenance and operations	4,814,878	5,809,069	5,418,801	390,268
52	Security and monitoring services	137,300	356,734	273,725	83,009
53	Data processing services	429,409	672,471	637,558	34,913
71	Debt service	<u>2,344,058</u>	<u>2,302,520</u>	<u>2,317,722</u>	<u>(15,202)</u>
	Total Expenses	<u>44,207,925</u>	<u>48,314,047</u>	<u>45,788,880</u>	<u>2,525,167</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	2,804	2,804
	Total Non-Operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>2,804</u>	<u>2,804</u>
	Change in net assets	<u>913,075</u>	<u>966,252</u>	<u>3,383,647</u>	<u>2,417,395</u>
	Net Assets, beginning of year	<u>8,635,710</u>	<u>8,635,710</u>	<u>8,635,710</u>	<u>-</u>
	Net Assets, end of year	<u>\$ 9,548,785</u>	<u>\$ 9,601,962</u>	<u>\$ 12,019,357</u>	<u>\$ 2,417,395</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - EL PASO
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>			<u>Variance from</u>
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 220,773	420,224	\$ 413,476	\$ (6,748)
5750	Revenue from curricular	874,549	839,388	821,540	(17,848)
Total Local Support		<u>1,095,322</u>	<u>1,259,612</u>	<u>1,235,016</u>	<u>(24,596)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	31,518,564	32,950,219	33,054,364	104,145
5820	State program revenues distributed by Texas Education Agency	78,192	38,501	55,363	16,862
Total State Program Revenues		<u>31,596,756</u>	<u>32,988,720</u>	<u>33,109,727</u>	<u>121,007</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	3,085,781	3,291,568	3,119,717	(171,851)
5940	Federal revenues distributed directly from the Federal Government	107,500	841,837	652,996	(188,841)
Total Federal Program Revenues		<u>3,193,281</u>	<u>4,133,405</u>	<u>3,772,713</u>	<u>(360,692)</u>
Total Revenues		<u>35,885,359</u>	<u>38,381,737</u>	<u>38,117,456</u>	<u>(264,281)</u>
Expenses					
11	Instruction	19,397,721	20,328,447	19,904,808	423,639
12	Instructional resources and media services	8,500	-	-	-
13	Curriculum development and instructional staff development	2,083,936	2,171,675	2,075,845	95,830
21	Instructional leadership	182,726	99,097	103,937	(4,840)
23	School leadership	3,101,396	3,463,075	3,261,464	201,611
31	Guidance, counseling and evaluation services	249,235	327,222	343,644	(16,422)
33	Health services	19,500	13,405	13,116	289
35	Food service	1,286,409	1,426,409	1,481,611	(55,202)
36	Cocurricular/Extracurricular activities	577,000	731,125	547,046	184,079
41	General administration	2,744,635	2,678,104	2,591,751	86,353
51	Plant maintenance and operations	4,596,303	4,988,406	4,771,600	216,806
52	Security and monitoring services	157,000	211,522	188,629	22,893
53	Data processing services	292,023	473,577	454,178	19,399
71	Debt service	536,415	486,706	484,207	2,499
Total Expenses		<u>35,232,799</u>	<u>37,398,770</u>	<u>36,221,836</u>	<u>1,176,934</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	83,895	83,895
Total Non-Operating revenues (expenses)		<u>-</u>	<u>-</u>	<u>83,895</u>	<u>83,895</u>
Change in net assets		<u>652,560</u>	<u>982,967</u>	<u>1,979,515</u>	<u>996,548</u>
Net Assets, beginning of year as restated		<u>12,382,748</u>	<u>12,382,748</u>	<u>12,382,748</u>	<u>-</u>
Net Assets, end of year		<u>\$ 13,035,308</u>	<u>\$ 13,365,715</u>	<u>\$ 14,362,263</u>	<u>\$ 996,548</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF EXCELLENCE
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>			<u>Variance from</u>
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 545,153	\$ 824,875	\$ 846,509	\$ 21,634
5750	Revenue from curricular	1,187,778	1,150,308	1,119,492	(30,816)
	Total Local Support	<u>1,732,931</u>	<u>1,975,183</u>	<u>1,966,001</u>	<u>(9,182)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	44,935,058	45,844,936	45,921,590	76,654
5820	State program revenues distributed by Texas Education Agency	205,563	146,405	164,431	18,026
	Total State Program Revenues	<u>45,140,621</u>	<u>45,991,341</u>	<u>46,086,021</u>	<u>94,680</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	3,687,741	3,680,981	3,674,804	(6,177)
5940	Federal revenues distributed directly from the Federal Government	127,000	838,653	604,986	(233,667)
	Total Federal Program Revenues	<u>3,814,741</u>	<u>4,519,634</u>	<u>4,279,790</u>	<u>(239,844)</u>
	Total Revenues	<u>50,688,293</u>	<u>52,486,158</u>	<u>52,331,812</u>	<u>(154,346)</u>
Expenses					
11	Instruction	27,074,222	28,166,526	27,158,026	1,008,500
12	Instructional resources and media services	11,400	4,082	4,083	(1)
13	Curriculum development and instructional staff development	2,419,477	2,383,282	2,215,387	167,895
21	Instructional leadership	177,693	96,061	98,615	(2,554)
23	School leadership	4,006,398	3,942,981	3,885,252	57,729
31	Guidance, counseling and evaluation services	313,236	519,958	502,262	17,696
33	Health services	26,100	16,388	16,433	(45)
34	Student (pupil) transportation	325,000	341,500	296,109	45,391
35	Food service	1,400,000	1,535,000	1,582,708	(47,708)
36	Cocurricular/Extracurricular activities	976,000	1,136,100	907,528	228,572
41	General administration	3,208,046	3,124,283	3,101,738	22,545
51	Plant maintenance and operations	6,262,991	6,926,997	6,464,770	462,227
52	Security and monitoring services	166,600	187,242	173,540	13,702
53	Data processing services	315,537	450,892	445,531	5,361
71	Debt service	2,946,776	2,941,702	2,951,675	(9,973)
	Total Expenses	<u>49,629,476</u>	<u>51,772,994</u>	<u>49,803,657</u>	<u>1,969,337</u>
	Change in net assets from operations	1,058,817	713,164	2,528,155	1,814,991
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	54,335	54,335
	Total Non-Operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>54,335</u>	<u>54,335</u>
	Change in net assets	<u>1,058,817</u>	<u>713,164</u>	<u>2,582,490</u>	<u>1,869,326</u>
	Net Assets, beginning of year as restated	<u>4,695,676</u>	<u>4,695,676</u>	<u>4,695,676</u>	<u>-</u>
	Net Assets, end of year	<u>\$ 5,754,493</u>	<u>\$ 5,408,840</u>	<u>\$ 7,278,166</u>	<u>\$ 1,869,326</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCIENCE ACADEMY - WACO
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 913,509	\$ 1,249,363	\$ 1,347,222	\$ 97,859
5750	Revenue from curricular	<u>1,967,260</u>	<u>1,942,012</u>	<u>1,882,534</u>	<u>(59,478)</u>
	Total Local Support	<u>2,880,769</u>	<u>3,191,375</u>	<u>3,229,756</u>	<u>38,381</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	92,538,877	89,463,448	89,414,903	(48,545)
State program revenues distributed by					
5820	Texas Education Agency	523,073	407,395	425,507	18,112
5830	State program revenues distributed by Texas Education Agency	<u>-</u>	<u>10,119</u>	<u>10,126</u>	<u>7</u>
	Total State Program Revenues	<u>93,061,950</u>	<u>89,880,962</u>	<u>89,850,536</u>	<u>(30,426)</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	7,639,038	7,659,303	7,463,676	(195,627)
5940	Federal revenues distributed directly from the Federal Government	<u>175,500</u>	<u>1,130,428</u>	<u>785,714</u>	<u>(344,714)</u>
	Total Federal Program Revenues	<u>7,814,538</u>	<u>8,789,731</u>	<u>8,249,390</u>	<u>(540,341)</u>
	Total Revenues	<u>103,757,257</u>	<u>101,862,068</u>	<u>101,329,682</u>	<u>(532,386)</u>
Expenses					
11	Instruction	57,636,461	55,567,037	54,198,489	1,368,548
12	Instructional resources and media services	16,300	217	215	2
13	Curriculum development and instructional staff development	4,700,288	4,537,025	4,049,554	487,471
21	Instructional leadership	279,776	301,659	306,594	(4,935)
23	School leadership	8,012,493	7,981,263	7,769,386	211,877
31	Guidance, counseling and evaluation services	738,448	1,437,366	1,455,760	(18,394)
33	Health services	45,334	35,670	36,794	(1,124)
34	Student (pupil) transportation	-	27,000	26,400	600
35	Food service	2,409,000	2,646,000	2,205,336	440,664
36	Cocurricular/Extracurricular activities	1,534,450	1,785,087	1,542,184	242,903
41	General administration	6,370,768	5,946,207	5,831,473	114,734
51	Plant maintenance and operations	12,972,028	12,529,451	11,906,492	622,959
52	Security and monitoring services	513,996	517,448	423,116	94,332
53	Data processing services	913,920	1,020,039	985,193	34,846
71	Debt service	<u>5,660,472</u>	<u>5,615,084</u>	<u>5,580,667</u>	<u>34,417</u>
	Total Expenses	<u>101,803,734</u>	<u>99,946,553</u>	<u>96,317,653</u>	<u>3,628,900</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	78,044	78,044
	Total Non-Operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>78,044</u>	<u>78,044</u>
	Change in net assets	<u>1,953,523</u>	<u>1,915,515</u>	<u>5,090,073</u>	<u>3,174,558</u>
	Net Assets, beginning of year as restated	<u>18,717,771</u>	<u>18,717,771</u>	<u>18,717,771</u>	<u>-</u>
	Net Assets, end of year	<u>\$ 20,671,294</u>	<u>\$ 20,633,286</u>	<u>\$ 23,807,844</u>	<u>\$ 3,174,558</u>

HARMONY PUBLIC SCHOOLS
HARMONY SCHOOL OF SCIENCE - HOUSTON
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 650,730	\$ 857,216	\$ 866,367	\$ 9,151
5750	Revenue from curricular	973,181	884,185	871,971	(12,214)
	Total Local Support	<u>1,623,911</u>	<u>1,741,401</u>	<u>1,738,338</u>	<u>(3,063)</u>
State Program Revenues:					
5810	Foundation School Program Act Revenues	34,093,050	34,148,635	34,224,058	75,423
5820	State program revenues distributed by Texas Education Agency	405,567	221,929	235,411	13,482
	Total State Program Revenues	<u>34,498,617</u>	<u>34,370,564</u>	<u>34,459,469</u>	<u>88,905</u>
Federal Program Revenues:					
5920	Federal revenues distributed by Texas Education Agency	2,941,818	3,019,036	2,983,225	(35,811)
5940	Federal revenues distributed directly from the Federal Government	28,500	340,201	131,262	(208,939)
	Total Federal Program Revenues	<u>2,970,318</u>	<u>3,359,237</u>	<u>3,114,487</u>	<u>(244,750)</u>
	Total Revenues	<u>39,092,846</u>	<u>39,471,202</u>	<u>39,312,294</u>	<u>(158,908)</u>
Expenses					
11	Instruction	21,483,734	21,843,672	21,064,967	778,705
12	Instructional resources and media services	1,000	4,155	4,073	82
13	Curriculum development and instructional staff development	1,574,958	1,670,307	1,596,215	74,092
21	Instructional leadership	376,066	185,325	176,806	8,519
23	School leadership	3,102,119	3,309,786	3,247,084	62,702
31	Guidance, counseling and evaluation services	273,095	718,341	724,244	(5,903)
33	Health services	16,500	14,306	13,738	568
35	Food service	845,000	945,118	797,751	147,367
36	Cocurricular/Extracurricular activities	740,000	898,535	700,557	197,978
41	General administration	2,420,993	2,261,933	2,209,327	52,606
51	Plant maintenance and operations	4,330,149	4,064,325	3,971,155	93,170
52	Security and monitoring services	117,000	217,113	190,576	26,537
53	Data processing services	332,608	491,822	478,895	12,927
71	Debt service	2,439,430	2,377,202	2,379,104	(1,902)
	Total Expenses	<u>38,052,652</u>	<u>39,001,940</u>	<u>37,554,492</u>	<u>1,447,448</u>
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	27,428	27,428
	Total Non-Operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>27,428</u>	<u>27,428</u>
	Change in net assets	<u>1,040,194</u>	<u>469,262</u>	<u>1,785,230</u>	<u>1,315,968</u>
	Net Assets, beginning of year as restated	<u>5,575,100</u>	<u>5,575,100</u>	<u>5,575,100</u>	<u>-</u>
	Net Assets, end of year	<u>\$ 6,615,294</u>	<u>\$ 6,044,362</u>	<u>\$ 7,360,330</u>	<u>\$ 1,315,968</u>

HARMONY PUBLIC SCHOOLS
CENTRAL OFFICE
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

		<u>Budgeted Amounts</u>			<u>Variance from</u>
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
Revenues					
Local Support:					
5740	Other Revenues from local sources	\$ 23,555,489	23,639,381	\$ 23,821,411	\$ 182,030
Total Local Support		23,555,489	23,639,381	23,821,411	182,030
Federal Program Revenues:					
5940	Federal revenues distributed directly from the Federal Government	-	3,340,401	2,802,620	(537,781)
Total Federal Program Revenues		-	3,340,401	2,802,620	(537,781)
Total Revenues		23,555,489	26,979,782	26,624,031	(355,751)
Expenses					
11	Instruction	230,000	290,538	302,887	(12,349)
13	Curriculum development and instructional staff development	3,472,784	5,324,771	4,944,209	380,562
21	Instructional leadership	539,998	583,863	539,714	44,149
23	School leadership	485,000	555,421	361,466	193,955
31	Guidance, Counseling and Evaluation Services	-	5,065	5,330	(265)
35	Food services	-	1,117	1,176	(59)
41	General administration	14,474,861	14,396,146	13,255,057	1,141,089
51	Plant maintenance and operations	2,282,900	2,838,275	2,834,882	3,393
52	Security and monitoring services	24,700	9,438	9,290	148
53	Data processing services	1,492,771	1,828,388	1,815,980	12,408
71	Debt service	90,000	140,000	182,111	(42,111)
81	Facilities acquisition and construction	-	341,941	-	341,941
Total Expenses		23,093,014	26,314,963	24,252,102	2,062,861
Non-Operating revenues (expenses)					
8989	Gain (Loss) on sale of investments	-	-	23,552	23,552
Total Non-Operating revenues (expenses)		-	-	23,552	23,552
Change in net assets		462,475	664,819	2,395,481	1,730,662
Net Assets, beginning of year		4,962,650	4,962,650	4,962,650	-
Net Assets, end of year		\$ 5,425,125	\$ 5,627,469	\$ 7,358,131	\$ 1,730,662



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Harmony Public Schools ("HPS") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control over Financial Reporting

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

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

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

To the Board of Directors of
Harmony Public Schools

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HPS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. These procedures performed included tests designed to verify Harmony Public School's compliance with the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) during fiscal year 2019. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Houston, Texas
November 8, 2019

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY *UNIFORM GUIDANCE***

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

Report on Compliance for Each Major Federal Program

We have audited Harmony Public Schools' ("HPS") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of HPS's major federal programs for the year ended June 30, 2019. HPS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs,

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of HPS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HPS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of HPS's compliance.

To the Board of Directors of
Harmony Public Schools

Opinion on Each Major Federal Program

In our opinion, HPS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of HPS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered HPS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HPS's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
November 8, 2019

HARMONY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Title I, Part A Improving Basic Programs	84.010A
Title II, Part A Supporting Effective Instruction	84.367A
2019-2020 Principal Prep Grant, Cycle 2	84.367A

Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$1,040,085
Auditee qualified as low-risk auditee?	Yes

HARMONY PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2019

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

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

The Summary Schedule of Prior Audit Findings for the year ended June 30, 2019, has been prepared to address these requirements.

I. Prior Audit Findings

None Noted

HARMONY PUBLIC SCHOOLS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

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

The Corrective Action Plan for the year ended June 30, 2019, has been prepared to address these requirements.

I. Corrective Action Plan

Not Applicable

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct:			
<i>Education Innovation and Research (EIR)</i>	84.411B	U411B180014	\$ 230,237
<i>Teacher Incentive Fund</i>	84.374A	U374A160039	<u>6,259,712</u>
Total Direct			<u>6,489,949</u>
Pass-Through Texas Education Agency:			
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	19610101227816	990,468
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	19610101161807	2,500,124
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	19610101071806	1,058,916
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	19610101101846	1,490,831
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	19610101101858	1,274,786
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	19610101101862	783,131
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	19610101015828	1,514,873
<i>IDEA-B Formula*</i>	84.027A	196600012278166600	562,713
<i>IDEA-B Formula*</i>	84.027A	196600011618076600	1,404,035
<i>IDEA-B Formula*</i>	84.027A	196600010718066600	509,219
<i>IDEA-B Formula*</i>	84.027A	196600011018466600	535,599
<i>IDEA-B Formula*</i>	84.027A	196600011018586600	684,170
<i>IDEA-B Formula*</i>	84.027A	196600011018626600	505,600
<i>IDEA-B Formula*</i>	84.027A	196600010158286600	689,980
<i>IDEA-B High Cost Risk Pool*</i>	84.027A	66001906	102,008
<i>IDEA-B High Cost Risk Pool*</i>	84.027A	66001715	3,024
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110005	157,756
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110008	780,989
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110009	12,522
<i>2017-19 PCSP Start-Up</i>	84.282A	165900037110003	12,584
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110003	81,906
<i>2017-19 PCSP Start-Up</i>	84.282A	165900037110002	20,135
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110004	800,000
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110006	40,477
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110007	16,234
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	19694501227816	120,415
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	19694501161807	306,009
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	19694501071806	133,468
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	19694501101846	153,449
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	19694501101858	163,772
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	19694501101862	98,225
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	19694501015828	170,060

HARMONY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

(1) Federal Grantor/Pass Through Grantor Program Title	(2) Number	(2A) Identifying Number	(3) Expenditures
U.S. Department of Education (continued)			
Pass-Through Texas Education Agency (continued):			
2019-2020 Principal Prep Grant, Cycle 2	84.367A	196945677110009	\$ 300
2019-2020 Principal Prep Grant, Cycle 2	84.367A	196945677110012	290
2019-2020 Principal Prep Grant, Cycle 2	84.367A	196945677110010	726
2019-2020 Principal Prep Grant, Cycle 2	84.367A	196945677110007	197
2019-2020 Principal Prep Grant, Cycle 2	84.367A	196945677110008	670
2019-2020 Principal Prep Grant, Cycle 2	84.367A	196945677110011	360
Title III, Part A - ELA	84.365A	19671001227816	140,304
Title III, Part A - ELA	84.365A	19671001161807	238,088
Title III, Part A - ELA	84.365A	19671001071806	70,883
Title III, Part A - ELA	84.365A	19671001101846	87,634
Title III, Part A - ELA	84.365A	19671001101858	100,159
Title III, Part A - ELA	84.365A	19671001101862	53,744
Title III, Part A - ELA	84.365A	19671001015828	115,626
Title IV, Part A, Subpart I ***	84.424A	19680101227816	72,632
Title IV, Part A, Subpart I ***	84.424A	19680101161807	171,980
Title IV, Part A, Subpart I ***	84.424A	19680101071806	68,929
Title IV, Part A, Subpart I ***	84.424A	19680101101846	96,761
Title IV, Part A, Subpart I ***	84.424A	19680101101858	75,542
Title IV, Part A, Subpart I ***	84.424A	19680101101862	53,995
Title IV, Part A, Subpart I ***	84.424A	19680101015828	87,664
Total Passed-Through Texas Education Agency			<u>19,113,962</u>
Total U.S. Department of Education			<u>25,603,911</u>
U.S. Department of Agriculture			
Passed-Through Texas Education Agency:			
<u>Federal Food Service Reimbursement:</u>			
School Breakfast Program (SBP) **	10.553	71401801	234,797
School Breakfast Program (SBP) **	10.553	71401901	1,148,390
National School Lunch Prg-NSLP **	10.555	71301801	1,234,800
National School Lunch Prg-NSLP **	10.555	71301901	6,412,611
Total Passed-Through Texas Education Agency			<u>9,030,598</u>
Passed-Through Texas Department of Agriculture:			
2017 NSLP Equipment Assistance Grant	10.579	6TX300355	35,000
Total Passed-Through Texas Department of Agriculture			<u>35,000</u>
Total U. S. Department of Agriculture			<u>9,065,598</u>
Total Expenditures of Federal Awards			<u>\$ 34,669,509</u>

Total Special Education Cluster* \$4,996,348
Total Child Nutrition Cluster ** \$9,030,598
Total Title IV, Part A funds Transferred to Title I Part A *** \$627,503

HARMONY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of HPS under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of HPS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HPS.

Note 3 - Indirect Cost Rate

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

Note 4 - Title I, Part A Transferability

As described in the U.S. Department of Education Cross-Cutting Section (CFDA 84.000), sections III.A.3 *Activities Allowed or Unallowed - Transferability (SEAs and LEAs)* and IV.3 *Other Information - Transferability* of the 2019 OMB Compliance Supplement, expenditures of funds should be included in the audit universe and total expenditures of the receiving program. For fiscal year 2019, HPS transferred Title IV, Part A (CFDA 84.424) expenditures to its Title I, Part A (CFDA 84.010A) program as submitted to the Texas Education Agency in its consolidated application and as denoted on the Schedule of Expenditures of Federal Awards. As such, Title IV, Part A (CFDA 84.424) were included as part of Title I, Part A (CFDA 84.010).