

**HARMONY PUBLIC SCHOOLS**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2020**





# HARMONY PUBLIC SCHOOLS

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**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, 2020**

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Harmony Public Schools was review and <sup>x</sup> approved \_\_\_\_\_disapproved for the year ended **June 30, 2020**, at a meeting of the governing body of said charter school on the 14th day of November, 2020.

DocuSigned by:

*Dr. Hakduran Koc*

11/14/2020

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Signature of Board Secretary

DocuSigned by:

*Dr. Oner U. Celepikay*

11/14/2020

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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, 2020, 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 9, 2020, 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 9, 2020

**HARMONY PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 36,131,087	\$ 22,754,619
Restricted cash	35,295,071	32,398,840
Investments	85,456,437	91,628,739
Receivables	65,099,280	56,885,964
Other receivables	1,821,298	1,224,987
Prepays	149,002	470,214
<b>Total Current Assets</b>	<u>223,952,175</u>	<u>205,363,363</u>
<b>Property and Equipment:</b>		
Land	47,722,900	43,715,145
Buildings and improvements	383,332,834	369,856,048
Furniture and equipment	35,607,930	27,290,722
Construction in progress	16,052,288	11,201,175
Right-of-use asset under lease	130,482,095	113,257,505
	<u>613,198,047</u>	<u>565,320,595</u>
Less: Accumulated depreciation and amortization	<u>(156,077,464)</u>	<u>(134,032,369)</u>
	<u>457,120,583</u>	<u>431,288,226</u>
<b>Other Assets:</b>		
Deposits	<u>232,452</u>	<u>251,674</u>
<b>Total Assets</b>	<u>\$ 681,305,210</u>	<u>\$ 636,903,263</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 9,242,906	\$ 8,653,508
Accrued liabilities	1,296,464	957,323
Wages payable	29,332,738	25,294,167
Payroll taxes payable	11,908,600	10,233,769
Interest payable	7,040,432	7,146,545
Due to state	-	4,884
Deferred revenue	76,675	355,855
Current portion of lease liability	3,778,367	831,608
Current portion of notes payable	-	-
Current portion of bonds payable	6,315,000	6,045,000
<b>Total Current Liabilities</b>	<u>68,991,182</u>	<u>59,522,659</u>
<b>Long-term Liabilities:</b>		
Lease liability net of current portion	105,686,800	95,357,352
Notes payable	26,196,190	6,843,752
Bonds payable net of premium, discount, issuance costs and current portion	<u>380,797,277</u>	<u>388,076,679</u>
<b>Total Liabilities</b>	<u>581,671,449</u>	<u>549,800,442</u>
<b>Net Assets:</b>		
Without donor restrictions	28,878,221	30,512,788
With donor restrictions	<u>70,755,540</u>	<u>56,590,033</u>
<b>Total Net Assets</b>	<u>99,633,761</u>	<u>87,102,821</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 681,305,210</u>	<u>\$ 636,903,263</u>

**HARMONY PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2019</b>
<b>Support and Revenue</b>				
Federal grants	\$ -	\$ 44,046,699	\$ 44,046,699	\$ 34,669,509
State and local grants	-	349,669,234	349,669,234	316,014,660
Donations	-	-	-	32,160
Interest Income	2,171,431	-	2,171,431	2,509,808
Other income	7,964,888	984,651	8,949,539	12,848,170
Net assets released from restrictions	380,953,084	(380,953,084)	-	-
<b>Total revenues</b>	<b>391,089,403</b>	<b>13,747,500</b>	<b>404,836,903</b>	<b>366,074,307</b>
<b>Expenses</b>				
Salaries	235,196,736	-	235,196,736	204,500,188
Employee benefits	24,454,859	-	24,454,859	18,613,117
Payroll tax expense	4,183,335	-	4,183,335	3,931,450
Professional fees	29,736,327	-	29,736,327	27,726,466
Occupancy	3,367,342	-	3,367,342	9,749,318
Equipment lease	4,906,506	-	4,906,506	4,828,511
Supplies	20,941,779	-	20,941,779	15,789,779
Interest	23,573,685	-	23,573,685	18,317,797
Repairs & maintenance	9,396,504	-	9,396,504	10,136,552
Utilities	5,906,878	-	5,906,878	6,011,255
Travel	2,423,642	-	2,423,642	3,444,321
Insurance	1,357,349	-	1,357,349	1,237,473
Other expense	7,317,518	-	7,317,518	6,818,394
Depreciation and amortization	19,698,407	-	19,698,407	13,099,012
Amortization of bond issuance costs	263,103	-	263,103	263,103
<b>Total Expenses</b>	<b>392,723,970</b>	<b>-</b>	<b>392,723,970</b>	<b>344,466,736</b>
Change in net assets from operations	(1,634,567)	13,747,500	12,112,933	21,607,571
<b>Non-Operating revenues (expenses)</b>				
Gain (Loss) on sale of investments	-	418,008	418,008	389,183
<b>Total Non-Operating revenues (expenses)</b>	<b>-</b>	<b>418,008</b>	<b>418,008</b>	<b>389,183</b>
<b>Total change in net assets</b>	<b>(1,634,567)</b>	<b>14,165,508</b>	<b>12,530,941</b>	<b>21,996,754</b>
<b>Net Assets, beginning of year, restated</b>	<b>30,512,788</b>	<b>56,590,032</b>	<b>87,102,820</b>	<b>65,106,066</b>
<b>Net Assets, end of year</b>	<b>\$ 28,878,221</b>	<b>\$ 70,755,540</b>	<b>\$ 99,633,761</b>	<b>\$ 87,102,820</b>

**HARMONY PUBLIC SCHOOLS**  
**STATEMENT OF CASH FLOWS**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 12,530,941	\$ 21,996,754
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets under capital lease	22,045,095	13,805,388
Amortization - premium on bonds	(1,227,506)	(1,227,505)
Amortization - bond issuance costs	263,106	263,103
(Increase) Decrease in receivables	(8,213,316)	(3,359,754)
(Increase) Decrease in other receivables	(596,311)	(265,265)
(Increase) Decrease in deposits	19,222	(1,162)
(Increase) Decrease in prepaids	321,212	(430,631)
Increase (Decrease) in accounts payable	589,398	2,475,121
Increase (Decrease) in wages payable	4,038,571	1,136,119
Increase (Decrease) in payroll taxes payable	1,674,832	386,766
Increase (Decrease) in accrued liabilities	339,141	29,159
Increase (Decrease) in due to state	(4,884)	(17,950)
Increase (Decrease) in deferred revenue	(279,180)	304,790
Increase (Decrease) in interest payable	(106,113)	(23,481)
<b>Net cash provided (used) by operating activities</b>	<u>31,394,208</u>	<u>35,071,452</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(30,652,862)	(16,568,733)
Sale of investment	6,172,302	(34,499,518)
<b>Net cash provided (used) by investing activities</b>	<u>(24,480,560)</u>	<u>(51,068,251)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans	19,352,438	6,843,752
Repayment of loans	-	(135,325)
Repayment of bonds	(6,045,001)	(4,515,000)
Payments on lease liability	(3,948,386)	(734,646)
<b>Net cash provided (used) by financing activities</b>	<u>9,359,051</u>	<u>1,458,781</u>
<b>Net increase (decrease) in cash</b>	16,272,699	(14,538,018)
<b>Cash at beginning of year</b>	55,153,459	69,691,477
<b>Cash at end of year</b>	<u>\$ 71,426,158</u>	<u>\$ 55,153,459</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 36,131,087	\$ 22,754,619
Restricted Cash	35,295,071	32,398,840
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 71,426,158</u>	<u>\$ 55,153,459</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 24,956,780</u>	<u>\$ 19,604,429</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 February 25, 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). HPS adopted the ASU on July 1, 2019 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The 2019 balances have been adjusted for this standard. Refer to the Prior Period Adjustment note for more detail.

*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 any 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 M., 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](http://www.trs.state.tx.us), under the TRS Publications Heading.

**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**C. Defined Pension Plan (continued)**

*Plan Description (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:

<u>TRS Pension Fund</u>	<u>Total Plan Assets</u>	<u>TRS Plan Fiduciary Net Position</u>	<u>Total Pension Liability</u>	<u>Net Pension Liability</u>	<u>Percent Funded</u>
2019	\$ 181,800,159,205	\$ 157,978,199,075	\$ 209,961,325,288	\$ 51,983,126,213	75.24%
2018	176,942,453,923	154,568,902,000	209,611,329,000	55,042,427,000	73.74%
2017	165,379,341,964	147,361,922,120	179,336,534,819	31,974,612,699	82.17%

*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 83<sup>rd</sup> 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 7.70 and 6.80% for both 2020 and 2019, respectively.

The charter school's employee contributions to the system for the year ended June 30, 2020 and June 30, 2019 were \$16,819,122 and \$14,991,994, respectively and were equal to the required contributions for the year. Total covered payroll was \$218,438,959 and \$194,325,257. Amounts paid as pension surcharges and Non-OASDI for 2020 were \$102,320 and \$3,276,478, respectively. Amounts paid as pension surcharges and Non-OASDI required amounts in 2019 were \$85,455 and \$2,860,614, respectively.

Other contributions made from federal and private grants contributed at a rate of 7.70% and 6.8% for 2020 and 2019. Contributions totaled \$1,254,915 and \$877,420 for the years ended June 30, 2020 and 2019. 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, 2019.

<b>TRS Care Other Post- Employment Benefits (OPEB)</b>	<b>Total Plan Assets</b>	<b>TRS-Care Plan Fiduciary Net Position</b>	<b>Total OPEB Liability</b>	<b>Net OPEB Liability</b>	<b>Percent Funded</b>
2019	\$ 1,475,508,564	\$ 1,292,022,349	\$ 48,583,247,239	\$ 47,291,224,890	2.66%
2018	1,001,649,953	798,574,633	50,729,490,103	49,930,915,470	1.57%
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*

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

	TRS-Care Plan Premium Rates	
	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	
	2020	2019
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

In fiscal year 2020, HPS contributed a total of \$1,901,903 of which, \$220,972 was for federally funded employees. Employees contributed a total \$1,419,806. Covered payroll for TRS-Care for fiscal year 2020 was \$218,438,959. In fiscal year 2019, HPS contributed a total of \$1,607,903 of which, \$160,649 was for federally funded employees. Employees contributed a total of \$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, 2020

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

Fair Value Measurements as of June 30, 2019 were as follows:

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>

Realized gains totaled \$418,008 and \$389,183 for 2020 and 2019, respectively.

*Certificate of Deposits*

HSA- El Paso, HSA - Waco and HAS – Houston hold several certificates of deposits with six-month maturities that totaled \$30.9 million and \$17.4 million as of June 30, 2020 and June 30, 2019, respectively. The interest rates range from 2.56% to 2.79%. The certificates of deposit mature between July 10, 2020 through June 24, 2030.

**G. 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. HPS increased its line of credit to \$60 million. The amount drawn on the loan during fiscal year 2020 was \$19,352,439. The ending balance at June 30, 2020 was \$26,196,190. The line of credit matures in April 2023.

## **H. Operating and Finance Leases**

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

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

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

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

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

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

### *Finance Leases*

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

- The lease transfers ownership of the underlying asset to HPS by the end of the lease term.
- The lease grants HPS an option to purchase the underlying asset that HPS is reasonably certain to exercise.
- The lease term is for a major part of the remaining economic life of the underlying asset. If the commencement date is at or near the end of the underlying asset's economic life, this test does not apply.
- The present value of the sum of (1) the lease payments and (2) any lessee residual value guarantee not reflected in the lease payments equal or exceed substantially all of the underlying asset's fair value.

**H. Operating and Finance Leases (continued)**

*Finance Leases (continued)*

- The underlying asset is of such specialized nature that is expected to have no alternative use to the lessor at the end of the lease term.

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

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

HPS amortizes the finance ROU asset on a straight-line basis over the period from the commencement date to the earlier (1) the end of the useful life of the ROU asset or (2) the end of the lease term. However, if the lease transfers ownership of the underlying asset to us, or if we are reasonably certain to exercise a purchase option to acquire the underlying, HPS amortizes the ROU asset to the end of the underlying asset's useful life. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

*Operating Leases*

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

For operating leases, HPS recognizes the ROU asset and a lease liability at lease commencement; the initial liability and ROU asset are calculated the same for operating leases as described above for finance leases.



**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**H. Operating and Finance Leases (continued)**

*Operating Leases (continued)*

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

HPS leases several buildings under two *finance lease* agreements. The leases expire in 2046 and 2048. The following is a schedule of future minimum payment required under HPS’s finance lease liabilities together with their present value as of June 30, 2020.

<u>Year Ending June 30</u>	
2021	\$ 6,031,792
2022	6,096,288
2023	6,190,045
2024	6,187,271
2025	6,184,200
Thereafter	<u>160,187,738</u>
Total payments due under finance lease liabilities	190,877,334
Less discount to present value	<u>(93,242,300)</u>
Total finance lease liabilities	<u><u>\$ 97,635,034</u></u>

ROU assets under finance lease, net are as follows:

Buildings	\$ 99,909,420
Accumulated Amortization	(8,504,147)
	<u><u>\$ 91,405,273</u></u>

**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**H. Operating and Finance Leases (continued)**

Finance lease costs and cash paid is disclosed below:

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

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

HPS has 11 buildings under 11 separate *operating leases*. The following is a schedule of future minimum payments required under HPS' operating lease liabilities together with their present value as of June 30, 2020.

Year Ending June 30,	Amount
2021	\$ 3,131,808
2022	2,305,126
2023	2,263,506
2024	2,270,606
2025	2,098,146
Thereafter	<u>1,461,416</u>
Total payments due under operating lease liabilities	\$ 13,530,608
Less discount to present value	<u>(1,700,475)</u>
	<u>\$ 11,830,133</u>

ROU assets under finance lease, net are as follows:

Buildings	\$ 30,572,675
Accumulated Amortization	<u>(20,005,740)</u>
	<u>\$ 10,566,935</u>

**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**H. Operating and Finance Leases (continued)**

Other required disclosures on HPS' operating leases are as follows:

Periodic lease cost	\$ 3,323,582
Accretion of lease liability	<u>(674,748)</u>
Adjustment to the Right-of-Use Asset	<u>\$ 2,648,834</u>

Rental Payments during fiscal year 2020	\$ 3,739,197
Accretion of lease liability	<u>(674,748)</u>
Decrease in operating lease liability	<u>\$ 3,064,449</u>

HPS' change in the lease liability is disclosed below for the current year.

Beginning operating lease liability (Implementation of New Standard)	\$ 14,894,581
Decrease in operating lease liability	<u>(3,064,449)</u>
Ending operating lease liability as of June 30, 2020	<u>\$ 11,830,132</u>

Cash paid in operating leases that is reported in the cash flow-operating activities totaled \$674,748.

**I. Restricted Cash**

Restricted cash at June 30, 2020 and 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)**

**J. 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, 2020, 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.	27,141,971
2014A Bonds, 1.5% - 5% interest; principal due annually commencing February 15, 2015; interest due semi-annually commencing February 15, 2015; maturity dates range from 2015 to 2044.	88,700,000
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.	103,480,000
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.	51,105,000
2017A Bonds, 3.0% - 5.0% interest; principal due annually commencing February 15, 2020; interest due in semi-annual installments, commencing February 15, 2018; maturity dates range from 2020 to 2047.	39,230,000
Total	363,531,971
Plus original issue premium	29,028,266
Less issuance costs on debt	(5,447,960)
Less current portion of debt	(6,315,000)
	\$ 380,797,277

**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**J. Bonds Payable (continued)**

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 6,315,000	\$ 18,933,992	\$ 25,248,992
2022	6,625,000	18,644,042	25,269,042
2023	6,925,000	18,339,692	25,264,692
2024	7,275,000	18,008,142	25,283,142
2025	7,630,000	17,644,392	25,274,392
Thereafter	328,761,971	148,269,225	477,031,196
Total	<u>363,531,971</u>	<u>\$ 239,839,485</u>	<u>\$ 603,371,456</u>
Plus original issue premium	29,028,266		
Less issuance cost on debt	<u>(5,447,960)</u>		
Amount of bonds net of discount and premium	<u>\$ 387,112,277</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, 2020 and June 30, 2019, the debt service reserve fund for the Series 2012A bonds had a cash balance of \$2,446,267 and \$2,709,249, respectively. The amounts in both fiscal years exceeded minimum balance requirements.

**K. 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
2021	\$ 2,544,119
2022	2,547,288
2023	2,549,961
2024	2,553,162
2025	2,549,404
Thereafter	7,497,472
Total	<u>\$ 20,241,406</u>

**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**L. Bond Debt Covenants**

The bond agreements contain certain restrictions and covenants. HPS is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must be equal to 1.10 times the annual debt service requirements. HPS's minimum available excess revenue requirements totaled \$27,808,749. At June 30, 2020, HPS met the covenant requirements holding available revenue of \$59.5 million. Additionally, HPS needs to maintain an operating reserve that covers 45 days of budgeted expenses at the end of each fiscal year. For the fiscal year ending June 30, 2020, HPS was required to have \$43,051,411 in operating accounts. At June 30, 2020, HPS met the covenant with an available cash balance of \$121,587,524.

**M. State Aid Revenue and Receivables**

During fiscal year 2020 and 2019, HPS earned approximately \$349.7 million and \$316.0 million in State Aid, which made up 86 percent of total revenue in both 2020 and 2019. As of June 30, 2020 and 2019, HPS had outstanding receivables of \$65.1 million and \$56.9 million, respectively. The various components of the outstanding receivables are shown below.

	2020	2019
Due from TEA - Federal Grants	\$ 10,167,874	\$ 4,778,590
Due from TEA - State Aid	52,991,567	50,658,409
Due from TEA - State Grants	545,441	257,421
Due from Federal Government	263,731	230,237
Due from Other	1,130,667	961,307
	<u>\$ 65,099,280</u>	<u>\$ 56,885,964</u>

**N. 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.

**O. Health Care Coverage**

During the years ended June 30, 2019 and 2020, employees of HPS were covered by a group insurance plan. The money will make health benefits contributions towards the employee's selected plan monthly as shown in the table below:

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

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

**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**P. Net Assets With Donor Restrictions**

Net assets with donor restrictions as of June 30, 2020 and 2019 are as follows:

	<u>As of June 30, 2020</u>	<u>As of June 30, 2019</u>
Federal Funds	\$ 2,464,532	\$ 1,442,782
State Funds	64,294,243	51,166,617
Local Funds	3,996,765	3,980,634
Total With Donor Restrictions	<u>\$ 70,755,540</u>	<u>\$ 56,590,033</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, 2020</u>	<u>For the Year Ended June 30, 2019</u>
State Funds	\$ 336,118,944	\$ 304,595,301
Federal Funds	44,834,140	34,669,589
Total Restrictions released	<u>\$ 380,953,084</u>	<u>\$ 339,264,890</u>

**Q. 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.

**R. Elimination Entries**

<u>Description</u>	<u>Balance Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated Balance</u>
Revenue	\$ 429,623,188	\$ (24,786,285)	\$ 404,836,903
Expenses	417,510,255	(24,786,285)	392,723,970
Change in operating net assets	<u>\$ 12,112,933</u>	<u>\$ -</u>	<u>\$ 12,112,933</u>

Eliminations consist of the following:

Central Office Allocation	\$ 23,876,285
Rental Income	910,000
Total	<u>\$ 24,786,285</u>

**S. Prior Period Adjustment**

HPS implemented ASU 2016-02 *Leases (Topic 842)* during fiscal year 2020. Because the standard is retroactive a prior period adjustment was necessary. The fiscal year 2019 column was also adjusted.

**HARMONY PUBLIC SCHOOLS**  
**NOTE TO FINANCIAL STATEMENTS (continued)**

**S. Prior Period Adjustment (continued)**

The effect on each individual District’s net assets as a result of implementing this standard is reflected below.

	Right-of-use Asset under operating lease	Right-of-use accumulated amortization	Operating lease liability	Net effect on net assets
Harmony Science Academy -San Antonio	\$ 7,319,848	\$ (2,772,497)	\$ 4,979,063	\$ (431,712)
Harmony Science Academy - El Paso	3,929,958	(2,869,942)	1,148,603	(88,587)
Harmony School of Excellence	3,912,861	(1,533,176)	2,506,926	(127,241)
Harmony Science Academy - Austin	15,410,008	(10,181,291)	6,241,910	(1,013,193)
<b>Total</b>	<b>\$ 30,572,675</b>	<b>\$ (17,356,906)</b>	<b>\$14,876,502</b>	<b>\$ (1,660,733)</b>

**T. 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						FY 2019
	Payroll Costs	Contracted Services	Supplies and Materials	Other Operating Costs	Debt (Interest and fees)	Total	
11 Instruction	\$ 186,432,753	\$ 9,205,540	\$ 16,610,933	\$ 996,250	\$ -	\$ 213,245,476	\$ 188,439,936
12 Instructional resources and media services	562	-	18,295	3,444	-	22,301	14,768
13 Curriculum development and instructional staff development	12,798,203	4,596,593	590,825	1,408,224	-	19,393,845	16,581,670
21 Instructional leadership	2,115,233	34,526	21	18,039	-	2,167,819	1,514,562
23 School leadership	33,246,254	1,878,547	156,885	676,644	-	35,958,330	28,814,731
31 Guidance, counseling and evaluation services	5,779,734	1,623,274	-	-	-	7,403,008	4,710,653
33 Health services	-	3,218	165,333	8,962	-	177,513	114,018
34 Student Transportation	-	1,214,980	-	-	-	1,214,980	1,174,694
35 Food service	1,761,733	9,268,464	14,905	34,520	-	11,079,622	10,002,437
36 Cocurricular/Extracurricular activities	-	104,589	1,563,537	2,406,870	-	4,074,996	5,315,124
41 General administration	15,767,664	3,318,898	314,436	2,833,635	-	22,234,633	19,377,383
51 Plant maintenance and operations	1,336,249	18,791,368	1,376,214	21,867,094	-	43,370,925	42,793,445
52 Security and monitoring services	228,803	1,222,036	29,739	48,985	-	1,529,563	1,637,966
53 Data processing services	4,367,742	2,051,524	100,656	195,514	-	6,715,436	5,096,985
71 Debt service	-	-	-	-	24,135,523	24,135,523	18,878,364
<b>Total</b>	<b>\$ 263,834,930</b>	<b>\$ 53,313,557</b>	<b>\$ 20,941,779</b>	<b>\$ 30,498,181</b>	<b>\$ 24,135,523</b>	<b>\$ 392,723,970</b>	<b>\$ 344,466,736</b>

**U. 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.

**V. Liquidity and Availability**

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 20,555,087	\$ 17,901,181
Receivables	1,130,667	961,307
	<u>\$ 21,685,754</u>	<u>\$ 18,862,488</u>



## **HARMONY PUBLIC SCHOOLS**

### ***NOTE TO FINANCIAL STATEMENTS (continued)***

#### **V. Liquidity and Availability (continued)**

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.

#### **W. Evaluation of Subsequent Events**

HPS has evaluated subsequent events through November 2, 2020, which is the date the financial statements were available to be issued. The following events are important to note:

##### Texas Education Agency's Response to COVID-19

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Harris County, also declared a local state of disaster.

Subsequent to the Governor's disaster declaration students in Texas did not receive in person instruction for the remainder of the 2019-2020 school year. TEA instituted an ADA hold harmless for the last two six-week attendance reporting periods of the 2019-2020 school year as follows: the average daily attendance (ADA) as calculated through the end of the fourth six-weeks will be adjusted to account for historical differences in rates of attendance from the first four six-week periods and the last two six-week periods. Once ADA is adjusted for historical rates of attendance, TEA will then reduce ADA in an amount necessary to ensure each LEA receives total state and CARES funding equal to the amount that would have been available through the Foundation School Program plus an amount to cover equitable services for private schools.

TEA instituted an ADA hold harmless for the first two six-week attendance reporting periods of the 2020-2021 school year as follows: if an LEA's Refined ADA counts during those first two six-week reporting periods are less than the ADA hold harmless projections (described in the paragraph below), the first two six-week attendance reporting periods for 2020-2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. For purposes of the hold harmless calculation, TEA will not consider each six weeks attendance period independent of each other. TEA will replace attendance numbers for each eligible LEA's 2020-2021 first two six-week attendance periods with projected ADA and student FTE numbers calculating using a three-year average trend of final numbers from the 2017-2018 through the 2019-2020 school years, unless this projection is both 15% higher and 100 ADA higher than the 2020-2021 LPE projections. In the latter case, 2020-2021 LPE counts will be used

**HARMONY PUBLIC SCHOOLS**  
*NOTE TO FINANCIAL STATEMENTS (continued)*

**X. Related Party Transactions.**

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

## 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, 2020, and our report thereon dated November 9, 2020, which expressed an unmodified opinion on those financial statements, appears on page 2. 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 28 to 83 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 9, 2020

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - HOUSTON**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 2,431,137	\$ 1,447,120
Restricted cash	8,111,979	7,448,788
Investments	9,219,137	9,014,001
Receivables	6,683,312	5,969,828
Other receivables	128,237	254,114
<b>Total Current Assets</b>	<u>26,573,802</u>	<u>24,133,851</u>
<b>Property and Equipment:</b>		
Land	7,225,861	7,225,861
Buildings and improvements	61,055,671	60,982,348
Furniture and equipment	3,928,394	3,413,093
Construction in progress	765,986	365,172
	<u>72,975,912</u>	<u>71,986,474</u>
Less: Accumulated depreciation	<u>(22,262,367)</u>	<u>(20,087,650)</u>
	<u>50,713,545</u>	<u>51,898,824</u>
<b>Total Assets</b>	<u>\$ 77,287,347</u>	<u>\$ 76,032,675</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 576,177	\$ 522,034
Accrued liabilities	11,736	99,223
Wages payable	2,937,653	2,446,830
Payroll taxes payable	1,140,161	1,015,060
Interest payable	1,180,603	1,197,644
Due to state	-	1,300
Deferred revenue	10,232	15,289
Current portion of capital lease liability	-	-
Current portion of notes payable	-	-
Current portion of bonds payable	92,961	994,445
<b>Total Current Liabilities</b>	<u>5,949,523</u>	<u>6,291,825</u>
<b>Long-term Liabilities:</b>		
Notes payable net of current portion	326,908	325,483
Bonds payable net of premium, discount, issuance costs and current portion	<u>60,150,380</u>	<u>60,334,638</u>
<b>Total Liabilities</b>	<u>66,426,811</u>	<u>66,951,946</u>
<b>Net Assets:</b>		
Without donor restrictions	9,650,472	8,118,868
With donor restrictions	<u>1,210,064</u>	<u>961,861</u>
<b>Total Net Assets</b>	<u>10,860,536</u>	<u>9,080,729</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 77,287,347</u>	<u>\$ 76,032,675</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - AUSTIN**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 1,970,552	\$ 2,923,305
Restricted cash	3,396,153	3,130,470
Investments	6,429,099	6,306,742
Receivables	7,941,036	6,648,973
Other receivables	219,901	33,568
Prepays	754	754
<b>Total Current Assets</b>	<u>19,957,495</u>	<u>19,043,812</u>
<b>Property and Equipment:</b>		
Land	3,647,473	3,647,473
Buildings and improvements	35,716,423	35,223,571
Furniture and equipment	3,884,910	2,945,116
Construction in progress	326,466	-
Right-of-use asset under financing lease	15,410,008	15,410,008
	<u>58,985,280</u>	<u>57,226,168</u>
Less: Accumulated depreciation	<u>(22,616,293)</u>	<u>(19,996,240)</u>
	<u>36,368,987</u>	<u>37,229,928</u>
<b>Other Assets:</b>		
Deposits	125,889	125,889
<b>Total Assets</b>	<u>\$ 56,452,371</u>	<u>\$ 56,399,629</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,113,997	\$ 630,329
Wages payable	3,433,583	2,833,632
Payroll taxes payable	1,344,323	1,109,392
Interest payable	689,382	698,670
Deferred revenue	62,198	303,434
Current portion of lease liability	1,263,218	
Current portion of bonds payable	594,734	571,042
<b>Total Current Liabilities</b>	<u>8,501,435</u>	<u>6,146,499</u>
<b>Long-term Liabilities:</b>		
Lease liability net of current portion	3,449,853	6,241,910
Bonds payable net of premium, discount, issuance costs and current portion	<u>36,844,298</u>	<u>37,527,679</u>
<b>Total Liabilities</b>	<u>48,795,586</u>	<u>49,916,088</u>
<b>Net Assets:</b>		
Without donor restrictions	2,990,604	3,021,532
With donor restrictions	<u>4,666,181</u>	<u>3,462,009</u>
<b>Total Net Assets</b>	<u>7,656,785</u>	<u>6,483,541</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 56,452,371</u>	<u>\$ 56,399,629</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - SAN ANTONIO**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 3,330,298	\$ 3,585,663
Restricted cash	4,110,901	3,711,325
Investments	7,504,760	7,385,684
Receivables	8,581,626	7,694,808
Other receivables	95,209	101,956
Prepays	2,803	2,803
<b>Total Current Assets</b>	<u>23,625,597</u>	<u>22,482,239</u>
<b>Property and Equipment:</b>		
Land	4,118,563	4,118,563
Buildings and improvements	49,665,613	49,431,319
Furniture and equipment	3,957,488	2,940,018
Construction in progress	1,020,277	171,060
Right-of-use asset under financing lease	7,319,848	7,319,848
	<u>66,081,789</u>	<u>63,980,808</u>
Less: Accumulated depreciation and amortization	<u>(15,821,688)</u>	<u>(13,208,806)</u>
	<u>50,260,101</u>	<u>50,772,002</u>
<b>Other Assets:</b>		
Deposits	26,890	26,890
<b>Total Assets</b>	<u>\$ 73,912,588</u>	<u>\$ 73,281,131</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 962,936	\$ 1,085,306
Accrued liabilities	9,739	19,125
Wages payable	3,682,759	3,096,293
Payroll taxes payable	1,542,793	1,294,453
Interest payable	884,726	897,442
Due to state	-	2,823
Current portion of lease liability	744,814	-
Current portion of notes payable	-	-
Current portion of bonds payable	764,927	732,630
<b>Total Current Liabilities</b>	<u>8,592,694</u>	<u>7,128,072</u>
<b>Long-term Liabilities:</b>		
Lease liability net of current portion	3,530,342	4,979,063
Notes payable net of current portion	864,019	127,398
Bonds payable net of premium, discount, issuance costs and current portion	48,559,634	49,458,953
<b>Total Liabilities</b>	<u>61,546,689</u>	<u>61,693,486</u>
<b>Net Assets:</b>		
Without donor restrictions	3,024,106	2,886,205
With donor restrictions	9,341,793	8,701,440
<b>Total Net Assets</b>	<u>12,365,899</u>	<u>11,587,645</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 73,912,588</u>	<u>\$ 73,281,131</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - EL PASO**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 10,146,491	\$ 1,475,852
Restricted cash	909,634	835,171
Investments	7,873,742	15,756,045
Receivables	6,166,899	5,881,283
Other receivables	124,619	35,417
Prepays	4,500	4,500
<b>Total Current Assets</b>	<u>25,225,885</u>	<u>23,988,268</u>
<b>Property and Equipment:</b>		
Land	154,893	154,893
Buildings and improvements	11,715,436	11,648,298
Furniture and equipment	3,873,515	2,719,014
Construction in progress	643,232	339,429
Asset under capital lease	26,704,113	26,704,113
	<u>43,091,189</u>	<u>41,565,747</u>
Less: Accumulated depreciation and amortization	<u>(14,937,022)</u>	<u>(12,581,986)</u>
	<u>28,154,167</u>	<u>28,983,761</u>
<b>Other Assets:</b>		
Deposits	<u>22,613</u>	<u>22,613</u>
<b>Total Assets</b>	<u>\$ 53,402,665</u>	<u>\$ 52,994,642</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,003,071	\$ 724,895
Accrued liabilities	1,714	961
Wages payable	3,037,445	2,544,638
Payroll taxes payable	1,223,941	1,045,382
Interest payable	183,405	186,577
Due to state	-	150
Deferred revenue	4,245	37,000
Current portion of capital lease liability	469,756	255,514
Current portion of loans payable	437,545	199,426
Current portion of bonds payable	190,323	181,913
<b>Total Current Liabilities</b>	<u>6,551,445</u>	<u>5,176,456</u>
<b>Long-term Liabilities:</b>		
Lease liability	22,619,849	23,553,685
Bonds payable net of premium, discount, issuance costs and current portion	<u>9,774,762</u>	<u>9,990,825</u>
<b>Total Liabilities</b>	<u>38,946,056</u>	<u>38,720,966</u>
<b>Net Assets:</b>		
Without donor restrictions	1,502,491	2,198,409
With donor restrictions	<u>12,954,118</u>	<u>12,075,267</u>
<b>Total Net Assets</b>	<u>14,456,609</u>	<u>14,273,676</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 53,402,665</u>	<u>\$ 52,994,642</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF EXCELLENCE**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 4,744,445	\$ 3,145,787
Restricted cash	5,933,597	5,555,308
Investments	9,174,196	9,005,699
Receivables	10,273,471	8,166,048
Other receivables	204,225	581,380
Prepays	3,500	3,500
<b>Total Current Assets</b>	<u>30,333,434</u>	<u>26,457,722</u>
<b>Property and Equipment:</b>		
Land	8,233,479	6,735,457
Buildings and improvements	67,034,297	59,118,705
Furniture and equipment	4,980,039	3,764,277
Construction in progress	3,083,053	2,377,242
Right-of-use asset under financing lease	21,137,451	3,912,861
	<u>104,468,319</u>	<u>75,908,542</u>
Less: Accumulated depreciation and amortization	<u>(23,329,516)</u>	<u>(20,255,560)</u>
	<u>81,138,803</u>	<u>55,652,982</u>
<b>Other Assets:</b>		
Deposits	5,500	15,582
<b>Total Assets</b>	<u>\$ 111,477,737</u>	<u>\$ 82,126,286</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,419,369	\$ 988,374
Wages payable	4,340,111	3,450,258
Payroll taxes payable	1,813,421	1,457,191
Interest payable	1,130,416	1,146,755
Current portion of lease liability	608,362	-
Current portion of notes payable	-	-
Current portion of bonds payable	1,895,191	905,899
<b>Total Current Liabilities</b>	<u>11,206,870</u>	<u>7,948,477</u>
<b>Long-term Liabilities:</b>		
Lease liability	18,644,184	2,506,926
Notes payable net of current portion	11,230,607	2,223,125
Bonds payable net of premium, discount, issuance costs and current portion	<u>60,200,958</u>	<u>62,296,833</u>
<b>Total Liabilities</b>	<u>101,282,619</u>	<u>74,975,361</u>
<b>Net Assets:</b>		
Without donor restrictions	1,437,285	1,575,192
With donor restrictions	<u>8,757,833</u>	<u>5,575,733</u>
<b>Total Net Assets</b>	<u>10,195,118</u>	<u>7,150,925</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 111,477,737</u>	<u>\$ 82,126,286</u>



**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - WACO**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 10,392,984	\$ 5,538,698
Restricted cash	6,323,277	5,871,174
Investments	30,646,936	29,840,438
Receivables	17,595,135	15,583,158
Other receivables	183,349	90,547
<b>Total Current Assets</b>	<u>65,141,681</u>	<u>56,924,015</u>
<b>Property and Equipment:</b>		
Land	17,350,088	17,350,088
Buildings and improvements	115,925,728	111,307,168
Furniture and equipment	10,170,598	8,010,216
Construction in progress	8,943,966	7,581,005
Right-to-Use Asset	44,365,775	44,365,775
	<u>196,756,155</u>	<u>188,614,252</u>
Less: Accumulated depreciation and amortization	<u>(41,333,214)</u>	<u>(34,473,626)</u>
	<u>155,422,941</u>	<u>154,140,626</u>
<b>Other Assets:</b>		
Deposits	60,700	60,700
<b>Total Assets</b>	<u>\$ 220,625,322</u>	<u>\$ 211,125,341</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 2,881,220	\$ 3,201,498
Accrued liabilities	1,230,371	865,266
Wages payable	7,112,636	6,595,804
Payroll taxes payable	2,897,577	2,650,129
Interest payable	2,106,293	2,141,886
Due to state	-	611
Current portion of lease liability	524,062	416,523
Current portion of notes payable	-	-
Current portion of bonds payable	2,172,622	2,080,623
<b>Total Current Liabilities</b>	<u>18,924,781</u>	<u>17,952,340</u>
<b>Long-term Liabilities:</b>		
Capital lease liability	42,367,995	42,859,528
Notes payable net of current portion	10,707,111	3,775,130
Bonds payable net of premium, discount, issuance costs and current portion	<u>120,236,417</u>	<u>122,730,499</u>
<b>Total Liabilities</b>	<u>192,236,304</u>	<u>187,317,497</u>
<b>Net Assets:</b>		
Without donor restrictions	1,798,992	3,194,952
With donor restrictions	<u>26,590,026</u>	<u>20,612,892</u>
<b>Total Net Assets</b>	<u>28,389,018</u>	<u>23,807,844</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 220,625,322</u>	<u>\$ 211,125,341</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF SCIENCE - HOUSTON**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 3,105,535	\$ 2,236,394
Restricted cash	6,479,911	5,824,241
Investments	7,441,196	7,271,936
Receivables	7,265,825	6,131,075
Other receivables	106,913	64,389
Prepays	24,526	24,526
<b>Total Current Assets</b>	<u>24,423,906</u>	<u>21,552,561</u>
<b>Property and Equipment:</b>		
Land	6,992,543	4,482,810
Buildings and improvements	40,684,547	40,653,707
Furniture and equipment	2,739,050	1,930,474
Construction in progress	444,999	367,267
Right-of-use asset under finance leases	15,544,900	15,544,900
	<u>66,406,039</u>	<u>62,979,158</u>
Less: Accumulated depreciation and amortization	<u>(13,949,516)</u>	<u>(11,806,126)</u>
	<u>52,456,523</u>	<u>51,173,032</u>
<b>Total Assets</b>	<u>\$ 76,880,429</u>	<u>\$ 72,725,593</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 981,589	\$ 415,902
Accrued liabilities	33,339	1,301
Wages payable	2,982,515	2,731,071
Payroll taxes payable	1,192,557	1,067,972
Interest payable	786,339	797,788
Deferred revenue	-	132
Current portion of lease liability	168,155	159,571
Current portion of bonds payable	579,285	554,559
<b>Total Current Liabilities</b>	<u>6,723,779</u>	<u>5,728,296</u>
<b>Long-term Liabilities:</b>		
Financing lease liability, net of current portion	15,074,577	15,216,240
Notes payable net of current portion	2,630,000	193,190
Bonds payable net of premium, discount, issuance costs and current portion	43,562,479	44,227,537
<b>Total Long-term Liabilities</b>	<u>61,267,056</u>	
<b>Total Liabilities</b>	<u>67,990,835</u>	<u>65,365,263</u>
<b>Net Assets:</b>		
Without donor restrictions	1,712,240	2,191,287
With donor restrictions	7,177,354	5,169,043
<b>Total Net Assets</b>	<u>8,889,594</u>	<u>7,360,330</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 76,880,429</u>	<u>\$ 72,725,593</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 9,645	\$ 2,401,800
Restricted cash	29,619	31,503
Investments	7,167,371	7,048,194
Receivables	591,976	810,791
Other receivables	749,705	54,476
Prepays	112,919	434,131
<b>Total Current Assets</b>	<u>8,661,235</u>	<u>10,780,895</u>
<b>Property and Equipment:</b>		
Buildings and improvements	1,535,119	1,490,932
Furniture and equipment	2,073,620	1,568,514
Construction in progress	824,309	-
	<u>4,433,048</u>	<u>3,059,446</u>
Less: Accumulated depreciation	(1,827,532)	(1,622,375)
	<u>2,605,516</u>	<u>1,437,071</u>
<b>Total Assets</b>	<u>\$ 11,266,751</u>	<u>\$ 12,217,966</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 285,137	\$ 1,015,019
Accrued liabilities	28,975	41,598
Wages payable	1,806,036	1,595,641
Payroll taxes payable	753,827	594,190
Interest payable	79,268	79,783
Current portion of bonds payable	24,957	23,889
<b>Total Current Liabilities</b>	<u>2,978,200</u>	<u>3,350,120</u>
<b>Long-term Liabilities:</b>		
Bonds payable net of premium, discount, issuance costs and current portion	<u>1,468,349</u>	<u>1,509,715</u>
<b>Total Liabilities</b>	<u>4,446,549</u>	<u>4,859,835</u>
<b>Net Assets:</b>		
Without donor restrictions	6,820,202	7,358,131
With donor restrictions	-	-
<b>Total Net Assets</b>	<u>6,820,202</u>	<u>7,358,131</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 11,266,751</u>	<u>\$ 12,217,966</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - HOUSTON**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2019</b>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 2,061,667	\$ -	\$ 2,061,667	\$ 2,159,883
5750	339,670	55,408	395,078	467,707
	<b>Total Local Support</b>	<b>55,408</b>	<b>2,456,745</b>	<b>2,627,590</b>
<b>State Program Revenues:</b>				
5810	-	35,525,961	35,525,961	32,163,664
				State program revenues distributed by
5820	-	425,258	425,258	229,243
				Texas Education Agency
	<b>Total State Program Revenues</b>	<b>35,951,219</b>	<b>35,951,219</b>	<b>32,392,907</b>
<b>Federal Program Revenues:</b>				
5920	-	3,877,719	3,877,719	3,380,428
				Federal revenues distributed by
				Texas Education Agency
5930	-	26,699	26,699	-
				Federal revenue distributed by other state of
				Texas government agencies (other than TEA)
5940	-	938,523	938,523	649,676
				Federal revenues distributed directly from
				the Federal Government
	<b>Total Federal Program Revenues</b>	<b>4,842,941</b>	<b>4,842,941</b>	<b>4,030,104</b>
<b>Net assets released from restrictions:</b>				
	40,648,836	(40,648,836)	-	-
				Restrictions satisfied by payments
	<b>Total Revenues</b>	<b>200,732</b>	<b>43,250,905</b>	<b>39,050,601</b>
<b>Expenses</b>				
11	22,528,037	-	22,528,037	20,214,104
12	670	-	670	2,898
13	2,023,180	-	2,023,180	1,681,340
				Curriculum development and instructional
				staff development
21	119,151	-	119,151	16
				Instructional leadership
23	3,715,079	-	3,715,079	3,048,212
				School leadership
31	972,100	-	972,100	590,428
				Guidance, counseling and evaluation services
33	17,836	-	17,836	6,689
				Health services
34	0	-	-	21,267
				Student transportation
35	1,055,497	-	1,055,497	1,026,000
				Food service
36	310,941	-	310,941	331,939
				Cocurricular/Extracurricular activities
41	2,367,821	-	2,367,821	2,273,817
				General administration
51	4,568,883	-	4,568,883	4,726,653
				Plant maintenance and operations
52	187,808	-	187,808	287,904
				Security and monitoring services
53	523,326	-	523,326	466,555
				Data processing services
71	3,128,240	-	3,128,240	3,169,190
				Debt service
	<b>Total Expenses</b>	<b>-</b>	<b>41,518,569</b>	<b>37,847,012</b>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - HOUSTON**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ 1,531,604	\$ 200,732	\$ 1,732,336	\$ 1,203,589
<b>Non-Operating revenues (expenses)</b>				
8989 Gain (Loss) on sale of investments	-	47,471	47,471	70,331
<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>47,471</u>	<u>47,471</u>	<u>70,331</u>
<b>Total Change in net assets</b>	<u>1,531,604</u>	<u>248,203</u>	<u>1,779,807</u>	<u>1,273,920</u>
<b>Net Assets, beginning of year</b>	<u>8,118,868</u>	<u>961,861</u>	<u>9,080,729</u>	<u>7,806,809</u>
<b>Net Assets, end of year</b>	<u>\$ 9,650,472</u>	<u>\$ 1,210,064</u>	<u>\$ 10,860,536</u>	<u>\$ 9,080,729</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - AUSTIN**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2019</b>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 737,391	\$ -	\$ 737,391	\$ 2,462,311
5750	441,070	97,901	538,971	829,742
	<b>Total Local Support</b>	<b>97,901</b>	<b>1,276,362</b>	<b>3,292,053</b>
<b>State Program Revenues:</b>				
5810	-	41,330,439	41,330,439	37,164,866
5820	-	479,287	479,287	257,565
5830	-	-	-	-
	<b>Total State Program Revenues</b>	<b>41,809,726</b>	<b>41,809,726</b>	<b>37,422,431</b>
<b>Federal Program Revenues:</b>				
5920	-	3,985,069	3,985,069	3,139,438
5930	-	11,091	11,091	35,000
5940	-	824,343	824,343	431,501
	<b>Total Federal Program Revenues</b>	<b>4,820,503</b>	<b>4,820,503</b>	<b>3,605,939</b>
<b>Net assets released from restrictions:</b>				
	Restrictions satisfied by payments	45,553,599	(45,553,599)	-
	<b>Total Revenues</b>	<b>46,732,060</b>	<b>47,906,591</b>	<b>44,320,423</b>
<b>Expenses</b>				
11	25,513,382	-	25,513,382	21,469,090
12	1,819	-	1,819	1,536
13	2,409,143	-	2,409,143	1,959,306
21	193,973	-	193,973	97,336
23	4,193,132	-	4,193,132	3,445,202
31	838,679	-	838,679	437,554
33	33,957	-	33,957	9,906
34	699,305	-	699,305	778,255
35	1,443,251	-	1,443,251	1,098,692
36	399,758	-	399,758	599,150
41	2,848,421	-	2,848,421	2,704,012
51	5,415,137	-	5,415,137	6,011,431
52	100,702	-	100,702	91,186
53	515,779	-	515,779	346,475
71	2,156,550	-	2,156,550	1,813,688
	<b>Total Expenses</b>	<b>-</b>	<b>46,762,988</b>	<b>40,862,819</b>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - AUSTIN**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ (30,928)	\$ 1,174,531	\$ 1,143,603	\$ 3,457,604
<b>Non-Operating revenues (expenses)</b>				
8989 Gain (Loss) on sale of investments	-	29,642	29,642	48,794
<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>29,642</u>	<u>29,642</u>	<u>48,794</u>
<b>Total Change in net assets</b>	<u>(30,928)</u>	<u>1,204,173</u>	<u>1,173,245</u>	<u>3,506,398</u>
<b>Net Assets, beginning of year as restated</b>	<u>3,021,532</u>	<u>3,462,008</u>	<u>6,483,540</u>	<u>2,977,142</u>
<b>Net Assets, end of year</b>	<u>\$ 2,990,604</u>	<u>\$ 4,666,181</u>	<u>\$ 7,656,785</u>	<u>\$ 6,483,540</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - SAN ANTONIO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 585,610	\$ -	\$ 585,610	\$ 854,711
5750	475,905	94,891	570,796	806,977
	<u>1,061,515</u>	<u>94,891</u>	<u>1,156,406</u>	<u>1,661,688</u>
<b>Total Local Support</b>				
<b>State Program Revenues:</b>				
5810	-	45,005,623	45,005,623	42,466,730
5820	-	493,527	493,527	226,839
	<u>-</u>	<u>45,499,150</u>	<u>45,499,150</u>	<u>42,693,569</u>
<b>Total State Program Revenues</b>				
<b>Federal Program Revenues:</b>				
5920	-	5,300,364	5,300,364	4,383,272
5930	-	43,597	43,597	-
5940	-	889,554	889,554	431,194
	<u>-</u>	<u>6,233,515</u>	<u>6,233,515</u>	<u>4,814,466</u>
<b>Total Federal Program Revenues</b>				
<b>Net assets released from restrictions:</b>				
	51,196,271	(51,196,271)	-	-
	<u>52,257,786</u>	<u>631,285</u>	<u>52,889,071</u>	<u>49,169,723</u>
<b>Total Revenues</b>				
<b>Expenses</b>				
11	29,434,935	-	29,434,935	25,035,941
12	381	-	381	1,963
13	-	-	-	-
	2,563,241	-	2,563,241	1,945,603
21	280,771	-	280,771	191,544
23	4,851,004	-	4,851,004	3,796,665
31	875,389	-	875,389	651,431
33	19,237	-	19,237	17,342
34	60,265	-	60,265	52,663
35	1,750,178	-	1,750,178	1,809,163
36	504,494	-	504,494	686,720
41	3,295,459	-	3,295,459	2,952,039
51	5,167,021	-	5,167,021	5,418,801
52	260,228	-	260,228	273,725
53	749,417	-	749,417	637,558
71	2,307,865	-	2,307,865	2,317,722
	<u>52,119,885</u>	<u>-</u>	<u>52,119,885</u>	<u>45,788,880</u>
<b>Total Expenses</b>				



**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - SAN ANTONIO**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ 137,901	\$ 631,285	\$ 769,186	\$ 3,380,843
<b>Non-Operating revenues (expenses)</b>				
8989 Gain (Loss) on sale of investments	-	9,068	9,068	2,804
<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>9,068</u>	<u>9,068</u>	<u>2,804</u>
<b>Total Change in net assets</b>	<u>137,901</u>	<u>640,353</u>	<u>778,254</u>	<u>3,383,647</u>
<b>Net Assets, beginning of year as restated</b>	<u>2,886,205</u>	<u>8,701,440</u>	<u>11,587,645</u>	<u>8,203,998</u>
<b>Net Assets, end of year</b>	<u>\$ 3,024,106</u>	<u>\$ 9,341,793</u>	<u>\$ 12,365,899</u>	<u>\$ 11,587,645</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - EL PASO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 454,798	\$ -	\$ 454,798	\$ 413,476
5750	552,929	136,656	689,585	821,540
	<u>1,007,727</u>	<u>136,656</u>	<u>1,144,383</u>	<u>1,235,016</u>
<b>Total Local Support</b>				
<b>State Program Revenues:</b>				
5810	-	35,983,237	35,983,237	33,054,364
5820	-	460,798	460,798	55,363
	<u>-</u>	<u>36,444,035</u>	<u>36,444,035</u>	<u>33,109,727</u>
<b>Total State Program Revenues</b>				
<b>Federal Program Revenues:</b>				
5920	-	3,679,607	3,679,607	3,119,717
5930	-	16,883	16,883	-
5940	-	880,839	880,839	652,996
	<u>-</u>	<u>4,577,329</u>	<u>4,577,329</u>	<u>3,772,713</u>
<b>Total Federal Program Revenues</b>				
<b>Net assets released from restrictions:</b>				
	40,373,982	(40,373,982)	-	-
	<u>41,381,709</u>	<u>784,038</u>	<u>42,165,747</u>	<u>38,117,456</u>
<b>Total Revenues</b>				
<b>Expenses</b>				
11	23,055,961	-	23,055,961	19,904,808
12	-	-	-	-
13	2,269,992	-	2,269,992	2,075,845
21	158,974	-	158,974	103,937
23	3,998,430	-	3,998,430	3,261,464
31	569,280	-	569,280	343,644
33	16,705	-	16,705	13,116
35	1,529,636	-	1,529,636	1,481,611
36	510,280	-	510,280	547,046
41	3,048,636	-	3,048,636	2,591,751
51	4,524,659	-	4,524,659	4,771,600
52	198,618	-	198,618	188,629
53	581,267	-	581,267	454,178
71	1,615,189	-	1,615,189	484,207
	<u>42,077,627</u>	<u>-</u>	<u>42,077,627</u>	<u>36,221,836</u>
<b>Total Expenses</b>				

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - EL PASO**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ (695,918)	\$ 784,038	\$ 88,120	\$ 1,895,620
<b>Non-Operating revenues (expenses)</b>				
8989 Gain (Loss) on early extinguishment of bonds	-	94,813	94,813	83,895
<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>94,813</u>	<u>94,813</u>	<u>83,895</u>
<b>Total Change in net assets</b>	<u>(695,918)</u>	<u>878,851</u>	<u>182,933</u>	<u>1,979,515</u>
<b>Net Assets, beginning of year as restated</b>	<u>2,198,409</u>	<u>12,075,267</u>	<u>14,273,676</u>	<u>12,294,161</u>
<b>Net Assets, end of year</b>	<u>\$ 1,502,491</u>	<u>\$ 12,954,118</u>	<u>\$ 14,456,609</u>	<u>\$ 14,273,676</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF EXCELLENCE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 672,280	\$ -	\$ 672,280	\$ 846,509
5750	871,955	177,210	1,049,165	1,119,492
	<u>1,544,235</u>	<u>177,210</u>	<u>1,721,445</u>	<u>1,966,001</u>
<b>Total Local Support</b>				
<b>State Program Revenues:</b>				
5810	-	54,700,005	54,700,005	45,921,590
5820	-	711,264	711,264	164,431
	<u>-</u>	<u>55,411,269</u>	<u>55,411,269</u>	<u>46,086,021</u>
<b>Total State Program Revenues</b>				
<b>Federal Program Revenues:</b>				
5920	-	5,628,237	5,628,237	3,674,804
5930	-	7,299	7,299	-
5940	-	1,234,047	1,234,047	604,986
	<u>-</u>	<u>6,869,583</u>	<u>6,869,583</u>	<u>4,279,790</u>
<b>Total Federal Program Revenues</b>				
<b>Net assets released from restrictions:</b>				
	59,323,609	(59,323,609)	-	-
	<u>60,867,844</u>	<u>3,134,453</u>	<u>64,002,297</u>	<u>52,331,812</u>
<b>Total Revenues</b>				
<b>Expenses</b>				
11	34,491,509	-	34,491,509	27,158,026
12	6,410	-	6,410	4,083
13	2,971,334	-	2,971,334	2,215,387
21	201,668	-	201,668	98,615
23	5,346,489	-	5,346,489	3,885,252
31	699,279	-	699,279	502,262
33	20,409	-	20,409	16,433
34	262,190	-	262,190	296,109
35	1,650,228	-	1,650,228	1,582,708
36	673,849	-	673,849	907,528
41	3,473,277	-	3,473,277	3,101,738
51	6,591,273	-	6,591,273	6,464,770
52	209,680	-	209,680	173,540
53	592,183	-	592,183	445,531
71	3,815,973	-	3,815,973	2,951,675
	<u>61,005,751</u>	<u>-</u>	<u>61,005,751</u>	<u>49,803,657</u>
<b>Total Expenses</b>				

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF EXCELLENCE**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ (137,907)	\$ 3,134,453	\$ 2,996,546	\$ 2,528,155
<b>Non-Operating revenues (expenses)</b>				
7951 Gain (Loss) on sale of real or personal property	-	-	-	54,335
8989 Gain (Loss) on sale of investments	-	47,647	47,647	-
<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>47,647</u>	<u>47,647</u>	<u>54,335</u>
<b>Total change in net assets</b>	<u>(137,907)</u>	<u>3,182,100</u>	<u>3,044,193</u>	<u>2,582,490</u>
<b>Net Assets, beginning of year as restated</b>	<u>1,575,192</u>	<u>5,575,733</u>	<u>7,150,925</u>	<u>4,568,435</u>
<b>Net Assets, end of year</b>	<u>\$ 1,437,285</u>	<u>\$ 8,757,833</u>	<u>\$ 10,195,118</u>	<u>\$ 7,150,925</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - WACO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 1,113,658	\$ -	\$ 1,113,658	\$ 1,347,222
5750	1,170,645	293,313	1,463,958	1,882,534
	<u>2,284,303</u>	<u>293,313</u>	<u>2,577,616</u>	<u>3,229,756</u>
<b>Total Local Support</b>				
<b>State Program Revenues:</b>				
5810	-	95,676,193	95,676,193	89,414,903
5820	-	1,016,345	1,016,345	425,507
5830	-	-	-	10,126
	<u>-</u>	<u>96,692,538</u>	<u>96,692,538</u>	<u>89,850,536</u>
<b>Total State Program Revenues</b>				
<b>Federal Program Revenues:</b>				
5920	-	8,612,074	8,612,074	7,463,676
5930	-	77,126	77,126	-
5940	-	1,465,214	1,465,214	785,714
	<u>-</u>	<u>10,154,414</u>	<u>10,154,414</u>	<u>8,249,390</u>
<b>Total Federal Program Revenues</b>				
<b>Net assets released from restrictions:</b>				
	101,300,162	(101,300,162)	-	-
	<u>103,584,465</u>	<u>5,840,103</u>	<u>109,424,568</u>	<u>101,329,682</u>
<b>Total Revenues</b>				
<b>Expenses</b>				
11	56,331,886	-	56,331,886	54,198,489
12	12,866	-	12,866	215
13	4,038,231	-	4,038,231	4,049,554
21	280,930	-	280,930	306,594
23	9,317,527	-	9,317,527	7,769,386
31	2,532,023	-	2,532,023	1,455,760
33	49,081	-	49,081	36,794
34	193,220	-	193,220	26,400
35	2,743,583	-	2,743,583	2,205,336
36	1,055,207	-	1,055,207	1,542,184
41	5,781,089	-	5,781,089	5,831,473
51	13,060,705	-	13,060,705	11,906,492
52	402,733	-	402,733	423,116
53	1,314,808	-	1,314,808	985,193
71	7,866,536	-	7,866,536	5,580,667
	<u>104,980,425</u>	<u>-</u>	<u>104,980,425</u>	<u>96,317,653</u>
<b>Total Expenses</b>				

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - WACO**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ (1,395,960)	\$ 5,840,103	\$ 4,444,143	\$ 5,012,029
<b>Non-Operating revenues (expenses)</b>				
8989 Gain (Loss) on sale of investments	-	137,031	137,031	78,044
<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>137,031</u>	<u>137,031</u>	<u>78,044</u>
<b>Total Change in net assets</b>	<u>(1,395,960)</u>	<u>5,977,134</u>	<u>4,581,174</u>	<u>5,090,073</u>
<b>Net Assets, beginning of year</b>	<u>3,194,952</u>	<u>20,612,892</u>	<u>23,807,844</u>	<u>18,717,771</u>
<b>Net Assets, end of year</b>	<u>\$ 1,798,992</u>	<u>\$ 26,590,026</u>	<u>\$ 28,389,018</u>	<u>\$ 23,807,844</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF SCIENCE - HOUSTON**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2019</b>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 789,281	\$ -	\$ 789,281	\$ 866,367
5750	Revenue from curricular 570,705	129,272	699,977	871,971
	<b>Total Local Support</b>	1,359,986	1,489,258	1,738,338
<b>State Program Revenues:</b>				
5810	Foundation School Program Act Revenues	-	37,420,096	34,224,058
5820	State program revenues distributed by Texas Education Agency	-	441,201	235,411
	<b>Total State Program Revenues</b>	-	37,861,297	34,459,469
<b>Federal Program Revenues:</b>				
5920	Federal revenues distributed by Texas Education Agency	-	2,862,982	2,983,225
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	37,091	-
5940	Federal revenues distributed directly from the Federal Government	-	500,724	131,262
	<b>Total Federal Program Revenues</b>	-	3,400,797	3,114,487
<b>Net assets released from restrictions:</b>				
	Restrictions satisfied by payments	39,409,037	(39,409,037)	-
	<b>Total Revenues</b>	40,769,023	1,982,329	42,751,352
<b>Expenses</b>				
11	Instruction	22,617,227	-	21,064,967
12	Instructional resources and media services	155	-	4,073
13	Curriculum development and instructional staff development	1,798,177	-	1,596,215
21	Instructional leadership	222,981	-	176,806
23	School leadership	3,892,043	-	3,247,084
31	Guidance, counseling and evaluation services	911,124	-	724,244
33	Health services	20,288	-	13,738
35	Food service	907,249	-	797,751
36	Cocurricular/Extracurricular activities	620,467	-	700,557
41	General administration	2,401,390	-	2,209,327
51	Plant maintenance and operations	3,902,160	-	3,971,155
52	Security and monitoring services	150,356	-	190,576
53	Data processing services	620,278	-	478,895
71	Debt service	3,184,175	-	2,379,104
	<b>Total Expenses</b>	41,248,070	-	37,554,492



**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF SCIENCE - HOUSTON**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ (479,047)	\$ 1,982,329	\$ 1,503,282	\$ 1,757,802
<b>Non-Operating revenues (expenses)</b>				
8989 Gain (Loss) on sale of investments	-	25,982	25,982	27,428
<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>25,982</u>	<u>25,982</u>	<u>27,428</u>
<b>Total Change in net assets</b>	<u>(479,047)</u>	<u>2,008,311</u>	<u>1,529,264</u>	<u>1,785,230</u>
<b>Net Assets, beginning of year</b>	<u>2,191,287</u>	<u>5,169,043</u>	<u>7,360,330</u>	<u>5,575,100</u>
<b>Net Assets, end of year</b>	<u>\$ 1,712,240</u>	<u>\$ 7,177,354</u>	<u>\$ 8,889,594</u>	<u>\$ 7,360,330</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
<b>Revenues</b>				
<b>Local Support:</b>				
5740	\$ 24,085,040	\$ -	\$ 24,085,040	\$ 23,821,411
	<b>Total Local Support</b>	<b>-</b>	<b>24,085,040</b>	<b>23,821,411</b>
<b>Federal Program Revenues:</b>				
5940				
	-	3,147,617	3,147,617	2,802,620
	<b>Total Federal Program Revenues</b>	<b>3,147,617</b>	<b>3,147,617</b>	<b>2,802,620</b>
<b>Net assets released from restrictions:</b>				
	3,147,617	(3,147,617)	-	-
	<b>Total Revenues</b>	<b>-</b>	<b>27,232,657</b>	<b>26,624,031</b>
<b>Expenses</b>				
11	203,714	-	203,714	302,887
13				
	5,303,860	-	5,303,860	4,944,209
21	709,371	-	709,371	539,714
23	644,626	-	644,626	361,466
31	5,134	-	5,134	5,330
35	-	-	-	1,176
41	14,950,436	-	14,950,436	13,255,057
51	3,534,221	-	3,534,221	2,834,882
52	19,438	-	19,438	9,290
53	2,365,145	-	2,365,145	1,815,980
71	60,995	-	60,995	182,111
	<b>Total Expenses</b>	<b>-</b>	<b>27,796,940</b>	<b>24,252,102</b>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Change in net assets from operations	\$ (564,283)	\$ -	\$ (564,283)	\$ 2,371,929
<b>Non-Operating revenues (expenses)</b>				
8989 Gain (Loss) on sale of investments	<u>26,354</u>	<u>-</u>	<u>26,354</u>	<u>23,552</u>
<b>Total Non-Operating revenues (expenses)</b>	<u>26,354</u>	<u>-</u>	<u>26,354</u>	<u>23,552</u>
<b>Total Change in net assets</b>	<u>(537,929)</u>	<u>-</u>	<u>(537,929)</u>	<u>2,395,481</u>
<b>Net Assets, beginning of year</b>	<u>7,358,131</u>	<u>-</u>	<u>7,358,131</u>	<u>4,962,650</u>
<b>Net Assets, end of year</b>	<u>\$ 6,820,202</u>	<u>\$ -</u>	<u>\$ 6,820,202</u>	<u>\$ 7,358,131</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - HOUSTON**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,779,807	\$ 1,273,920
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,174,717	2,131,115
Amortization - premium on bonds	(135,519)	(138,973)
Amortization - bond issuance costs	44,258	45,460
(Increase) Decrease in receivables	(713,484)	(241,189)
(Increase) Decrease in other receivables	125,877	(13,294)
Increase (Decrease) in accounts payable	54,143	17,800
Increase (Decrease) in wages payable	490,823	12,429
Increase (Decrease) in payroll taxes payable	125,101	53,235
Increase (Decrease) in accrued liabilities	(87,487)	(148,306)
Increase (Decrease) in interest payable	(17,041)	(16,519)
Increase (Decrease) in due to state	(1,300)	(15,049)
Increase (Decrease) in deferred revenue	(5,057)	(12,650)
<b>Net cash provided (used) by operating activities</b>	<u>3,834,838</u>	<u>2,947,979</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(989,438)	(624,632)
Purchase of investment	(205,136)	(4,347,211)
<b>Net cash provided (used) by investing activities</b>	<u>(1,194,574)</u>	<u>(4,971,843)</u>
<b>Cash flows from financing activities</b>		
Repayment from bonds (reclassification of bond proceeds)	-	(44,749)
Repayment of loans	(325,483)	(15,270)
Repayment of bonds	(994,481)	(917,495)
Proceeds from loans	326,908	325,483
<b>Net cash provided (used) by financing activities</b>	<u>(993,056)</u>	<u>(652,031)</u>
<b>Net increase (decrease) in cash</b>	1,647,208	(2,675,895)
<b>Cash at beginning of year</b>	8,895,908	11,571,803
<b>Cash at end of year</b>	<u>\$ 10,543,116</u>	<u>\$ 8,895,908</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 2,431,137	\$ 1,447,120
Restricted Cash	8,111,979	7,448,788
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 10,543,116</u>	<u>\$ 8,895,908</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 3,200,174</u>	<u>\$ 3,242,957</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - AUSTIN**  
**STATEMENT OF CASH FLOWS**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,173,245	\$ 3,506,398
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,620,053	1,183,933
Amortization - premium on bonds	(114,020)	(245,540)
Amortization - bond issuance costs	25,287	71,019
(Increase) Decrease in accounts receivable	(1,292,063)	(565,005)
(Increase) Decrease in other receivables	(186,333)	160,363
Increase (Decrease) in deferred revenue	(241,236)	303,434
Increase (Decrease) in accounts payable	483,668	178,579
Increase (Decrease) in wages payable	599,951	43,867
Increase (Decrease) in payroll taxes payable	234,931	27,912
Increase (Decrease) in accrued liabilities	-	(62,324)
Increase (Decrease) in interest payable	(9,288)	(7,900)
<b>Net cash provided (used) by operating activities</b>	<u>3,294,195</u>	<u>4,594,736</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,759,112)	(449,800)
Purchase of investment	(122,357)	(1,934,658)
<b>Net cash provided (used) by investing activities</b>	<u>(1,881,469)</u>	<u>(2,384,458)</u>
<b>Cash flows from financing activities</b>		
Repayment of bonds (reclassification of bond proceeds)	-	(1,704,666)
Repayment of loans	-	(15,752)
Repayment of bonds	(570,957)	(270,408)
Payments on lease liability	(1,528,839)	-
<b>Net cash provided (used) by financing activities</b>	<u>(2,099,796)</u>	<u>(1,990,826)</u>
<b>Net increase (decrease) in cash</b>	(687,070)	219,452
<b>Cash at beginning of year</b>	6,053,775	5,834,323
<b>Cash at end of year</b>	<u>\$ 5,366,705</u>	<u>\$ 6,053,775</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 1,970,552	\$ 2,923,305
Restricted Cash	3,396,153	3,130,470
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 5,366,705</u>	<u>\$ 6,053,775</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 2,224,629</u>	<u>\$ 2,011,353</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - SAN ANTONIO**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 778,254	\$ 3,383,647
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	2,612,882	1,716,987
Amortization - premium on bonds	(167,398)	(178,978)
Amortization - bond issuance costs	33,032	37,059
(Increase) Decrease in receivables	(886,818)	(644,647)
(Increase) Decrease in other receivables	6,747	(37,397)
(Increase) Decrease in deposits	-	(1,162)
Increase (Decrease) in accounts payable	(122,370)	563,119
Increase (Decrease) in wages payable	586,466	105,326
Increase (Decrease) in payroll taxes payable	248,340	91,395
Increase (Decrease) in accrued liabilities	(9,386)	(929)
Increase (Decrease) in interest payable	(12,716)	(13,835)
Increase (Decrease) in due to state	(2,823)	(812)
<b>Net cash provided (used) by operating activities</b>	<u>3,064,210</u>	<u>5,019,773</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,100,981)	(925,706)
Purchase of investment	(119,076)	(1,399,558)
<b>Net cash provided (used) by investing activities</b>	<u>(2,220,057)</u>	<u>(2,325,264)</u>
<b>Cash flows from financing activities</b>		
Payments on lease liability	(703,907)	(150,092)
Repayment of loans	-	(14,403)
Repayment of bonds	(732,656)	(481,640)
Proceeds from loans	736,621	127,398
<b>Net cash provided (used) by financing activities</b>	<u>(699,942)</u>	<u>(518,737)</u>
<b>Net increase (decrease) in cash</b>	144,211	2,175,772
<b>Cash at beginning of year</b>	7,296,988	5,121,216
<b>Cash at end of year</b>	<u>\$ 7,441,199</u>	<u>\$ 7,296,988</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 3,330,298	\$ 3,585,663
Restricted Cash	4,110,901	3,711,325
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 7,441,199</u>	<u>\$ 7,296,988</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 2,414,207</u>	<u>\$ 2,436,048</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - EL PASO**  
**STATEMENT OF CASH FLOWS**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 182,933	\$ 1,979,515
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of right-to-use assets under leases	2,355,036	877,599
Amortization - premium on bonds	(32,206)	(18,044)
Amortization - bond issuance costs	6,332	1,409
(Increase) Decrease in accounts receivable	(285,616)	(678,267)
(Increase) Decrease in other receivables	(89,202)	(265)
(Increase) Decrease in prepaids	-	3,500
Increase (Decrease) in due to state	(150)	150
Increase (Decrease) in accounts payable	278,176	73,802
Increase (Decrease) in wages payable	492,807	139,601
Increase (Decrease) in payroll taxes payable	178,559	(92,102)
Increase (Decrease) in deferred revenue	(32,755)	34,000
Increase (Decrease) in accrued liabilities	753	134
Increase (Decrease) in interest payable	(3,172)	(2,031)
<b>Net cash provided (used) by operating activities</b>	<u>3,051,495</u>	<u>2,319,001</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,525,442)	(997,507)
Sale of investment	7,882,303	(7,586,960)
<b>Net cash provided (used) by investing activities</b>	<u>6,356,861</u>	<u>(8,584,467)</u>
<b>Cash flows from financing activities</b>		
Proceeds from debt	-	199,426
Repayment of loans	-	(14,588)
Repayment of bonds	(181,779)	46,642
Repayment of leases	(481,475)	(224,341)
<b>Net cash provided (used) by financing activities</b>	<u>(663,254)</u>	<u>7,139</u>
<b>Net increase (decrease) in cash</b>	8,745,102	(6,258,327)
<b>Cash at beginning of year</b>	2,311,023	8,569,350
<b>Cash at end of year</b>	<u>\$ 11,056,125</u>	<u>\$ 2,311,023</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 10,146,491	\$ 1,475,852
Restricted Cash	909,634	835,171
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 11,056,125</u>	<u>\$ 2,311,023</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 1,636,267</u>	<u>\$ 489,806</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF EXCELLENCE**  
**STATEMENT OF CASH FLOWS**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 3,044,193	\$ 2,582,490
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,073,956	2,079,673
Amortization - premium on bonds	(240,749)	(241,108)
Amortization - bond issuance costs	40,262	40,385
(Increase) Decrease in receivables	(2,107,423)	(553,704)
(Increase) Decrease in other receivables	377,155	(535,259)
(Increase) Decrease in deposits	10,082	-
Increase (Decrease) in accounts payable	430,995	369,494
Increase (Decrease) in wages payable	889,853	197,619
Increase (Decrease) in payroll taxes payable	356,230	59,374
Increase (Decrease) in accrued liabilities	-	(104)
Increase (Decrease) in interest payable	(16,339)	(13,263)
<b>Net cash provided (used) by operating activities</b>	<u>5,858,215</u>	<u>3,985,597</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(11,335,187)	(2,627,714)
Sale of investments	(168,497)	(3,455,911)
<b>Net cash provided (used) by investing activities</b>	<u>(11,503,684)</u>	<u>(6,083,625)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bonds (reclassification of bond proceeds)	-	(4,639)
Lease liability payment	(478,970)	-
Repayment of loans	-	(17,747)
Repayment of bonds	(906,096)	(810,627)
Proceeds from loans	9,007,482	2,223,125
<b>Net cash provided (used) by financing activities</b>	<u>7,622,416</u>	<u>1,390,112</u>
<b>Net increase (decrease) in cash</b>	1,976,947	(707,916)
<b>Cash at beginning of year</b>	8,701,095	9,409,011
<b>Cash at end of year</b>	<u>\$ 10,678,042</u>	<u>\$ 8,701,095</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 4,744,445	\$ 3,145,787
Restricted Cash	5,933,597	5,555,308
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 10,678,042</u>	<u>\$ 8,701,095</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 3,986,356</u>	<u>\$ 3,118,536</u>



**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - WACO**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2020**  
**(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,581,174	\$ 5,090,073
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization asset under capital lease	6,859,588	4,248,641
Amortization - premium on bonds	(400,897)	(287,317)
Amortization - bond issuance costs	79,333	39,835
(Increase) Decrease in receivables	(2,011,977)	(691,491)
(Increase) Decrease in other receivables	(92,802)	(16,507)
Increase (Decrease) in accounts payable	(320,278)	1,019,895
Increase (Decrease) in wages payable	516,832	183,313
Increase (Decrease) in payroll taxes payable	247,448	109,261
Increase (Decrease) in accrued liabilities	365,105	453,036
Increase (Decrease) due to state	(611)	(2,239)
Increase (Decrease) deferred revenue	-	(11,920)
Increase (Decrease) in interest payable	(35,593)	(5,635)
<b>Net cash provided (used) by operating activities</b>	<u>9,787,322</u>	<u>10,128,945</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(8,141,903)	(9,681,551)
Sale of investments	(806,498)	(7,917,579)
<b>Net cash provided (used) by investing activities</b>	<u>(8,948,401)</u>	<u>(17,599,130)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bonds (reclassification of bond proceeds)	-	1,472,185
Proceeds from loan	6,931,981	3,730,499
Repayment of bonds	(2,080,519)	(1,412,281)
Repayment of capital lease liability	(383,994)	(341,210)
<b>Net cash provided (used) by financing activities</b>	<u>4,467,468</u>	<u>3,449,193</u>
<b>Net increase (decrease) in cash</b>	5,306,389	(4,020,992)
<b>Cash at beginning of year</b>	11,409,872	15,430,864
<b>Cash at end of year</b>	<u>\$ 16,716,261</u>	<u>\$ 11,409,872</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 10,392,984	\$ 5,538,698
Restricted Cash	6,323,277	5,871,174
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 16,716,261</u>	<u>\$ 11,409,872</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 8,118,128</u>	<u>\$ 5,686,827</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF SCIENCE - HOUSTON**  
**STATEMENT OF CASH FLOWS**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,529,264	\$ 1,785,230
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of assets under capital lease	2,143,390	1,383,591
Amortization - premium on bonds	(119,365)	(100,194)
Amortization - bond issuance costs	33,597	26,933
(Increase) Decrease in receivables	(1,134,750)	579,259
(Increase) Decrease in other receivables	(42,524)	(22,623)
Increase (Decrease) in accounts payable	565,687	(148,185)
Increase (Decrease) in wages payable	251,444	432,317
Increase (Decrease) in payroll taxes payable	124,585	135,447
Increase (Decrease) in accrued liabilities	32,038	(2,751)
Increase (Decrease) in deferred revenue	(132)	(8,074)
Increase (Decrease) in interest payable	(11,449)	(9,475)
<b>Net cash provided (used) by operating activities</b>	<u>3,371,785</u>	<u>4,051,475</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(3,426,881)	(1,058,549)
Purchase of investment	(169,260)	(3,735,720)
<b>Net cash provided (used) by investing activities</b>	<u>(3,596,141)</u>	<u>(4,794,269)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bonds (reclassification of bond proceeds)	-	248,475
Repayment of notes	-	(12,933)
Payments on leases	(133,076)	(169,090)
Repayment of bonds	(554,567)	(464,953)
Proceeds from note payable	2,436,810	193,190
<b>Net cash provided (used) by financing activities</b>	<u>1,749,167</u>	<u>(205,311)</u>
<b>Net increase (decrease) in cash</b>	1,524,811	(948,105)
<b>Cash at beginning of year</b>	8,060,635	9,008,740
<b>Cash at end of year</b>	<u>\$ 9,585,446</u>	<u>\$ 8,060,635</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 3,105,535	\$ 2,236,394
Restricted Cash	6,479,911	5,824,241
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 9,585,446</u>	<u>\$ 8,060,635</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 3,254,436</u>	<u>\$ 2,427,800</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**STATEMENT OF CASH FLOWS**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (537,929)	\$ 2,395,481
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	205,157	183,849
Amortization - premium on bonds	(17,352)	(17,351)
Amortization - bond issuance costs	1,005	1,003
(Increase) Decrease in receivables	218,815	(564,710)
(Increase) Decrease in other receivables	(695,229)	208,856
(Increase) Decrease in prepaids	321,212	(434,131)
Increase (Decrease) in accounts payable	(729,882)	330,465
Increase (Decrease) in wages payable	210,395	21,647
Increase (Decrease) in payroll taxes payable	159,637	2,244
Increase (Decrease) in accrued liabilities	(12,623)	(139,446)
Increase (Decrease) in interest payable	(515)	45,177
<b>Net cash provided (used) by operating activities</b>	<u>(877,309)</u>	<u>2,033,084</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,373,602)	(203,273)
Sale (purchase) of investments	(119,177)	(4,121,922)
<b>Net cash provided (used) by investing activities</b>	<u>(1,492,779)</u>	<u>(4,325,195)</u>
<b>Cash flows from financing activities</b>		
Repayment of bonds	(23,951)	(20,756)
<b>Net cash provided (used) by financing activities</b>	<u>(23,951)</u>	<u>(20,756)</u>
<b>Net increase (decrease) in cash</b>	(2,394,039)	(2,312,867)
<b>Cash at beginning of year</b>	2,433,303	4,746,170
<b>Cash at end of year</b>	<u>\$ 39,264</u>	<u>\$ 2,433,303</u>
<b>Cash Per the Statement of Financial Position</b>		
Cash	\$ 9,645	\$ 2,401,800
Restricted Cash	29,619	31,503
<b>Total Cash per the Statement of Financial Position</b>	<u>\$ 39,264</u>	<u>\$ 2,433,303</u>
<u>Supplemental Disclosures</u>		
Cash paid during the year for:		
Interest	<u>\$ 122,583</u>	<u>\$ 191,102</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - HOUSTON**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 26,583,062	\$ 22,944,654
6200 Professional and Contracted Services	7,061,880	7,560,911
6300 Supplies and Materials	1,907,799	1,313,369
6400 Other Operating Costs	2,837,588	2,858,888
6500 Debt	<u>3,128,240</u>	<u>3,169,190</u>
<b>Total Expenses</b>	<u>\$ 41,518,569</u>	<u>\$ 37,847,012</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - AUSTIN**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 30,290,099	\$ 25,251,619
6200 Professional and Contracted Services	10,247,453	10,155,691
6300 Supplies and Materials	2,606,654	1,777,359
6400 Other Operating Costs	1,462,232	1,864,462
6500 Debt	<u>2,156,550</u>	<u>1,813,688</u>
<b>Total Expenses</b>	<u>\$ 46,762,988</u>	<u>\$ 40,862,819</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - SAN ANTONIO**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 34,507,711	\$ 28,716,856
6200 Professional and Contracted Services	9,149,324	9,720,903
6300 Supplies and Materials	2,434,629	2,123,198
6400 Other Operating Costs	3,720,356	2,910,201
6500 Debt	<u>2,307,865</u>	<u>2,317,722</u>
<b>Total Expenses</b>	<u>\$ 52,119,885</u>	<u>\$ 45,788,880</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - EL PASO**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 27,879,607	\$ 23,474,288
6200 Professional and Contracted Services	6,963,490	8,703,278
6300 Supplies and Materials	2,209,835	1,519,788
6400 Other Operating Costs	3,409,506	2,040,275
6500 Debt	1,615,189	484,207
	<u>1,615,189</u>	<u>484,207</u>
<b>Total Expenses</b>	<u>\$ 42,077,627</u>	<u>\$ 36,221,836</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF EXCELLENCE**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 38,838,122	\$ 31,104,090
6200 Professional and Contracted Services	10,369,435	10,718,440
6300 Supplies and Materials	3,757,259	1,562,573
6400 Other Operating Costs	4,224,962	3,466,879
6500 Debt	<u>3,815,973</u>	<u>2,951,675</u>
<b>Total Expenses</b>	<u>\$ 61,005,751</u>	<u>\$ 49,803,657</u>



**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - WACO**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 63,871,292	\$ 58,992,568
6200 Professional and Contracted Services	18,844,245	21,013,800
6300 Supplies and Materials	5,449,827	4,470,714
6400 Other Operating Costs	8,948,525	6,259,904
6500 Debt	<u>7,866,536</u>	<u>5,580,667</u>
<b>Total Expenses</b>	<u>\$ 104,980,425</u>	<u>\$ 96,317,653</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF SCIENCE - HOUSTON**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 26,966,985	\$ 23,490,223
6200 Professional and Contracted Services	6,256,373	7,285,331
6300 Supplies and Materials	2,078,907	2,501,292
6400 Other Operating Costs	2,761,630	1,898,542
6500 Debt	<u>3,184,175</u>	<u>2,379,104</u>
<b>Total Expenses</b>	<u>\$ 41,248,070</u>	<u>\$ 37,554,492</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**SCHEDULE OF EXPENSES**  
*For the Year Ended June 30, 2020*  
*(With Comparative Totals for 2019)*

	<u>2020</u>	<u>2019</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 14,898,052	\$ 13,070,457
6200 Professional and Contracted Services	9,207,642	7,475,463
6300 Supplies and Materials	496,869	521,486
6400 Other Operating Costs	3,133,382	3,002,585
6500 Debt	<u>60,995</u>	<u>182,111</u>
<b>Total Expenses</b>	<u>\$ 27,796,940</u>	<u>\$ 24,252,102</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - HOUSTON**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 5,094,198	\$ 5,448,918	\$ -
1110	Investments	-	9,219,137	-
1510	Land and improvements	-	7,225,861	-
1520	Buildings and improvements	-	61,055,671	-
1539	Furniture and equipment	-	3,918,897	9,497
1580	Construction in progress	-	765,986	-
Total Property and Equipment		<u>\$ 5,094,198</u>	<u>\$ 87,634,470</u>	<u>\$ 9,497</u>

**HARMONY SCIENCE ACADEMY - AUSTIN**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 2,655,843	\$ 2,710,863	\$ -
1110	Investments	-	6,429,099	-
1510	Land and improvements	-	3,647,473	-
1520	Buildings and improvements	1,124,900	34,363,323	228,200
1529	Right-to-use assets under leases		15,410,008	
1539	Furniture and equipment	43,871	3,782,374	58,665
1580	Construction in progress	-	326,466	-
	Total Property and Equipment	<u>\$ 3,824,614</u>	<u>\$ 66,669,606</u>	<u>\$ 286,865</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - SAN ANTONIO**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 2,463,941	\$ 4,907,647	\$ 69,611
1110	Investments	-	7,504,760	-
1510	Land and improvements	-	4,118,563	-
1520	Buildings and improvements	-	49,665,613	-
1529	Right-of-use asset under financing le	-	7,319,848	-
1539	Furniture and equipment	-	3,957,488	-
1580	Construction in progress	-	1,020,277	-
Total Property and Equipment		<u>\$ 2,463,941</u>	<u>\$ 78,494,196</u>	<u>\$ 69,611</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - EL PASO**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 1,222,315	\$ 9,833,810	\$ -
1110	Investments	-	7,873,742	-
1510	Land and improvements	-	154,893	-
1520	Buildings and improvements	-	11,715,436	-
1529	Assets under capital lease	-	26,704,113	-
1539	Furniture and equipment	-	3,873,515	-
1580	Construction in progress	-	643,232	-
	<b>Total Property and Equipment</b>	<b>\$ 1,222,315</b>	<b>\$ 60,798,741</b>	<b>\$ -</b>

**HARMONY SCHOOL OF EXCELLENCE**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 3,981,620	\$ 6,696,422	\$ -
1110	Investments	-	9,174,196	-
1510	Land and improvements	-	8,233,479	-
1520	Buildings and improvements	391,313	66,637,711	5,273
1529	Right-to-use assets under leases	-	21,137,451	-
1539	Furniture and equipment	-	4,851,001	129,038
1580	Construction in Progress	-	3,083,053	-
	Total Property and Equipment	<u>\$ 4,372,933</u>	<u>\$ 119,813,313</u>	<u>\$ 134,311</u>



**HARMONY SCIENCE ACADEMY - WACO**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 2,678,191	\$ 13,077,528	\$ 960,542
1110	Investments	-	30,646,936	-
1510	Land and improvements	-	17,350,088	-
1520	Buildings and improvements	71,079	115,764,554	90,095
1529	Assets under capital lease	-	44,365,775	-
1539	Furniture and equipment	119,836	10,027,743	23,019
1580	Construction in progress	-	8,943,966	-
	<b>Total Property and Equipment</b>	<b>\$ 2,869,106</b>	<b>\$ 240,176,590</b>	<b>\$ 1,073,656</b>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF SCIENCE - HOUSTON**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1110	Cash	\$ 2,419,715	\$ 7,165,731	\$ -
1110	Investments	-	7,441,196	-
1510	Land and improvements	-	6,992,543	-
1520	Buildings and improvements	81,730	40,548,531	54,286
1529	Right-of-use asset under financing lease	-	15,544,900	-
1539	Furniture and equipment	36,049	2,679,772	23,229
1580	Construction in Progress	-	444,999	-
	<b>Total Property and Equipment</b>	<u>\$ 2,537,494</u>	<u>\$ 80,817,672</u>	<u>\$ 77,515</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**SCHEDULE OF CAPITAL ASSETS**  
*For the Year Ended June 30, 2020*

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash	\$ 39,264	\$ -	\$ -
1110	Investments	-	7,167,371	-
1520	Buildings and improvements	-	1,535,119	-
1539	Furniture and equipment	-	2,073,620	-
1580	Construction in progress	-	824,309	-
Total Property and Equipment		<u>\$ 39,264</u>	<u>\$ 11,600,419</u>	<u>\$ -</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - HOUSTON**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 2,042,249	\$ 2,061,249	\$ 2,061,667	\$ 418
5750	Revenue from curricular	439,875	486,375	395,078	(91,297)
	<b>Total Local Support</b>	<u>2,482,124</u>	<u>2,547,624</u>	<u>2,456,745</u>	<u>(90,879)</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	32,696,893	35,733,487	35,525,961	(207,526)
5820	State program revenues distributed by Texas Education Agency	391,169	368,176	425,258	57,082
	<b>Total State Program Revenues</b>	<u>33,088,062</u>	<u>36,101,663</u>	<u>35,951,219</u>	<u>(150,444)</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	3,504,929	3,998,637	3,877,719	(120,918)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	12,433	26,699	14,266
5940	Federal revenues distributed directly from the Federal Government	773,420	1,387,345	938,523	(448,822)
	<b>Total Federal Program Revenues</b>	<u>4,278,349</u>	<u>5,398,415</u>	<u>4,842,941</u>	<u>(555,474)</u>
	<b>Total Revenues</b>	<u>39,848,535</u>	<u>44,047,702</u>	<u>43,250,905</u>	<u>(796,797)</u>
<b>Expenses</b>					
11	Instruction	20,552,870	22,697,851	22,528,037	169,814
12	Instructional resources and media services	2,250	677	670	7
13	Curriculum development and instructional staff development	2,022,631	2,139,592	2,023,180	116,412
21	Instructional leadership	-	117,866	119,151	(1,285)
23	School leadership	3,207,615	3,901,825	3,715,079	186,746
31	Guidance, counseling and evaluation services	896,421	1,069,522	972,100	97,422
33	Health services	15,700	19,272	17,836	1,436
35	Food service	1,140,000	1,308,709	1,055,497	253,212
36	Cocurricular/Extracurricular activities	368,000	418,280	310,941	107,339
41	General administration	2,451,556	2,601,895	2,367,821	234,074
51	Plant maintenance and operations	4,561,273	5,040,313	4,568,883	471,430
52	Security and monitoring services	209,000	220,302	187,808	32,494
53	Data processing services	565,153	578,275	523,326	54,949
71	Debt service	3,191,590	3,191,590	3,128,240	63,350
	<b>Total Expenses</b>	<u>39,184,059</u>	<u>43,305,969</u>	<u>41,518,569</u>	<u>1,787,400</u>
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	47,471	47,471
	<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>47,471</u>	<u>47,471</u>
	<b>Change in net assets</b>	<u>664,476</u>	<u>741,733</u>	<u>1,779,807</u>	<u>1,038,074</u>
	<b>Net Assets, beginning of year as restated</b>	<u>9,080,729</u>	<u>9,080,729</u>	<u>9,080,729</u>	<u>-</u>
	<b>Net Assets, end of year</b>	<u>\$ 9,745,205</u>	<u>\$ 9,822,462</u>	<u>\$ 10,860,536</u>	<u>\$ 1,038,074</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - AUSTIN**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 455,284	\$ 856,189	\$ 737,391	\$ (118,798)
5750	Revenue from curricular	942,625	769,625	538,971	(230,654)
	<b>Total Local Support</b>	<u>1,397,909</u>	<u>1,625,814</u>	<u>1,276,362</u>	<u>(349,452)</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	37,605,218	40,756,842	41,330,439	573,597
5820	State program revenues distributed by Texas Education Agency	451,918	450,572	479,287	28,715
	<b>Total State Program Revenues</b>	<u>38,057,136</u>	<u>41,207,414</u>	<u>41,809,726</u>	<u>602,312</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	3,253,849	4,297,315	3,985,069	(312,246)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	35,000	10,865	11,091	226
5940	Federal revenues distributed directly from the Federal Government	710,360	1,210,272	824,343	(385,929)
	<b>Total Federal Program Revenues</b>	<u>3,999,209</u>	<u>5,518,452</u>	<u>4,820,503</u>	<u>(697,949)</u>
	<b>Total Revenues</b>	<u>43,454,254</u>	<u>48,351,680</u>	<u>47,906,591</u>	<u>(445,089)</u>
<b>Expenses</b>					
11	Instruction	22,467,349	25,100,607	25,513,382	(412,775)
12	Instructional resources and media services	15,384	1,274	1,819	(545)
13	Curriculum development and instructional staff development	1,628,411	2,412,098	2,409,143	2,955
21	Instructional leadership	171,783	203,672	193,973	9,699
23	School leadership	3,465,289	4,253,594	4,193,132	60,462
31	Guidance, counseling and evaluation services	595,770	926,378	838,679	87,699
33	Health services	11,500	39,964	33,957	6,007
34	Student (pupil) transportation	844,850	697,911	699,305	(1,394)
35	Food service	1,330,000	1,755,700	1,443,251	312,449
36	Cocurricular/Extracurricular activities	829,000	577,600	399,758	177,842
41	General administration	2,639,109	2,978,457	2,848,421	130,036
51	Plant maintenance and operations	5,969,988	6,379,062	5,415,137	963,925
52	Security and monitoring services	108,000	122,100	100,702	21,398
53	Data processing services	498,351	522,524	515,779	6,745
71	Debt service	1,810,989	1,810,989	2,156,550	(345,561)
	<b>Total Expenses</b>	<u>42,385,773</u>	<u>47,781,930</u>	<u>46,762,988</u>	<u>1,018,942</u>
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	29,642	29,642
	<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>29,642</u>	<u>29,642</u>
	<b>Change in net assets</b>	<u>1,068,481</u>	<u>569,750</u>	<u>1,173,245</u>	<u>603,495</u>
	<b>Net Assets, beginning of year</b>	<u>6,483,540</u>	<u>6,483,540</u>	<u>6,483,540</u>	<u>-</u>
	<b>Net Assets, end of year</b>	<u>\$ 7,552,021</u>	<u>\$ 7,053,290</u>	<u>\$ 7,656,785</u>	<u>\$ 603,495</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - SAN ANTONIO**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget</b>
		<b>Original</b>	<b>Final</b>		
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 738,542	\$ 709,007	\$ 585,610	\$ (123,397)
5750	Revenue from curricular	713,107	755,107	570,796	(184,311)
	<b>Total Local Support</b>	<u>1,451,649</u>	<u>1,464,114</u>	<u>1,156,406</u>	<u>(307,708)</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	43,098,035	45,370,381	45,005,623	(364,758)
5820	State program revenues distributed by Texas Education Agency	424,182	457,492	493,527	36,035
	<b>Total State Program Revenues</b>	<u>43,522,217</u>	<u>45,827,873</u>	<u>45,499,150</u>	<u>(328,723)</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	4,627,945	5,379,586	5,300,364	(79,222)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	34,299	43,597	9,298
5940	Federal revenues distributed directly from the Federal Government	789,340	1,417,590	889,554	(528,036)
	<b>Total Federal Program Revenues</b>	<u>5,417,285</u>	<u>6,831,475</u>	<u>6,233,515</u>	<u>(597,960)</u>
	<b>Total Revenues</b>	<u>50,391,151</u>	<u>54,123,462</u>	<u>52,889,071</u>	<u>(1,234,391)</u>
<b>Expenses</b>					
11	Instruction	26,993,609	29,457,825	29,434,935	22,890
12	Instructional resources and media services	1,625	583	381	202
13	Curriculum development and instructional staff development	2,394,724	2,667,603	2,563,241	104,362
21	Instructional leadership	184,998	272,897	280,771	(7,874)
23	School leadership	4,160,134	4,999,736	4,851,004	148,732
31	Guidance, counseling and evaluation services	964,994	1,182,862	875,389	307,473
33	Health services	13,550	23,444	19,237	4,207
34	Student transportation	-	63,000	60,265	2,735
35	Food service	1,940,000	2,141,644	1,750,178	391,466
36	Cocurricular/Extracurricular activities	580,937	640,594	504,494	136,100
41	General administration	3,447,785	3,522,172	3,295,459	226,713
51	Plant maintenance and operations	5,383,147	5,392,069	5,167,021	225,048
52	Security and monitoring services	311,182	319,066	260,228	58,838
53	Data processing services	753,895	772,136	749,417	22,719
71	Debt service	2,306,843	2,306,843	2,307,865	(1,022)
	<b>Total Expenses</b>	<u>49,437,423</u>	<u>53,762,474</u>	<u>52,119,885</u>	<u>1,642,589</u>
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	9,068	9,068
	<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>9,068</u>	<u>9,068</u>
	<b>Change in net assets</b>	<u>953,728</u>	<u>360,988</u>	<u>778,254</u>	<u>417,266</u>
	<b>Net Assets, beginning of year</b>	<u>11,587,645</u>	<u>11,587,645</u>	<u>11,587,645</u>	<u>-</u>
	<b>Net Assets, end of year</b>	<u>\$ 12,541,373</u>	<u>\$ 11,948,633</u>	<u>\$ 12,365,899</u>	<u>\$ 417,266</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - EL PASO**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
		<u>Original</u>	<u>Final</u>		
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 424,815	\$ 480,379	\$ 454,798	\$ (25,581)
5750	Revenue from curricular	816,000	736,000	689,585	(46,415)
	<b>Total Local Support</b>	<u>1,240,815</u>	<u>1,216,379</u>	<u>1,144,383</u>	<u>(71,996)</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	33,419,329	36,446,643	35,983,237	(463,406)
5820	State program revenues distributed by Texas Education Agency	<u>378,307</u>	<u>392,009</u>	<u>460,798</u>	<u>68,789</u>
	<b>Total State Program Revenues</b>	<u>33,797,636</u>	<u>36,838,652</u>	<u>36,444,035</u>	<u>(394,617)</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	3,488,036	4,708,777	3,679,607	(1,029,170)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	13,372	16,883	3,511
5940	Federal revenues distributed directly from the Federal Government	<u>830,340</u>	<u>1,405,915</u>	<u>880,839</u>	<u>(525,076)</u>
	<b>Total Federal Program Revenues</b>	<u>4,318,376</u>	<u>6,128,064</u>	<u>4,577,329</u>	<u>(1,550,735)</u>
	<b>Total Revenues</b>	<u>39,356,827</u>	<u>44,183,095</u>	<u>42,165,747</u>	<u>(2,017,348)</u>
<b>Expenses</b>					
11	Instruction	21,209,033	23,771,561	23,055,961	715,600
12	Instructional resources and media services	2,000	-	-	-
13	Curriculum development and instructional staff development	<u>2,495,957</u>	<u>2,396,647</u>	<u>2,269,992</u>	<u>126,655</u>
21	Instructional leadership	98,904	176,780	158,974	17,806
23	School leadership	3,224,278	4,178,173	3,998,430	179,743
31	Guidance, counseling and evaluation services	550,747	630,145	569,280	60,865
33	Health services	21,500	17,792	16,705	1,087
35	Food service	1,570,000	1,698,910	1,529,636	169,274
36	Cocurricular/Extracurricular activities	608,000	540,678	510,280	30,398
41	General administration	2,839,276	3,211,858	3,048,636	163,222
51	Plant maintenance and operations	4,699,022	5,859,038	4,524,659	1,334,379
52	Security and monitoring services	190,000	214,286	198,618	15,668
53	Data processing services	650,202	638,311	581,267	57,044
71	Debt service	<u>529,545</u>	<u>529,545</u>	<u>1,615,189</u>	<u>(1,085,644)</u>
	<b>Total Expenses</b>	<u>38,688,464</u>	<u>43,863,724</u>	<u>42,077,627</u>	<u>1,786,097</u>
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	94,813	94,813
	<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>94,813</u>	<u>94,813</u>
	<b>Change in net assets</b>	<u>668,363</u>	<u>319,371</u>	<u>182,933</u>	<u>(136,438)</u>
	<b>Net Assets, beginning of year as restated</b>	<u>14,273,676</u>	<u>14,273,676</u>	<u>14,273,676</u>	<u>-</u>
	<b>Net Assets, end of year</b>	<u>\$ 14,942,039</u>	<u>\$ 14,593,047</u>	<u>\$ 14,456,609</u>	<u>\$ (136,438)</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF EXCELLENCE**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget</b>
		<b>Original</b>	<b>Final</b>		
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 807,239	\$ 676,775	\$ 672,280	\$ (4,495)
5750	Revenue from curricular	1,273,658	1,258,658	1,049,165	(209,493)
	<b>Total Local Support</b>	<u>2,080,897</u>	<u>1,935,433</u>	<u>1,721,445</u>	<u>(213,988)</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	50,354,127	54,471,301	54,700,005	228,704
5820	State program revenues distributed by Texas Education Agency	513,777	627,719	711,264	83,545
	<b>Total State Program Revenues</b>	<u>50,867,904</u>	<u>55,099,020</u>	<u>55,411,269</u>	<u>312,249</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	4,740,508	5,687,354	5,628,237	(59,117)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	6,200	7,299	1,099
5940	Federal revenues distributed directly from the Federal Government	849,960	1,646,988	1,234,047	(412,941)
	<b>Total Federal Program Revenues</b>	<u>5,590,468</u>	<u>7,340,542</u>	<u>6,869,583</u>	<u>(470,959)</u>
	<b>Total Revenues</b>	<u>58,539,269</u>	<u>64,374,995</u>	<u>64,002,297</u>	<u>(372,698)</u>
<b>Expenses</b>					
11	Instruction	31,717,986	33,655,342	34,491,509	(836,167)
12	Instructional resources and media services	7,000	8,304	6,410	1,894
13	Curriculum development and instructional staff development	2,289,664	2,980,563	2,971,334	9,229
21	Instructional leadership	99,373	201,280	201,668	(388)
23	School leadership	4,688,550	5,530,354	5,346,489	183,865
31	Guidance, counseling and evaluation services	706,129	832,176	699,279	132,897
33	Health services	22,910	29,400	20,409	8,991
34	Student (pupil) transportation	263,000	262,386	262,190	196
35	Food service	1,710,000	1,967,389	1,650,228	317,161
36	Cocurricular/Extracurricular activities	1,034,600	981,530	673,849	307,681
41	General administration	3,421,796	3,633,711	3,473,277	160,434
51	Plant maintenance and operations	7,598,794	8,288,197	6,591,273	1,696,924
52	Security and monitoring services	183,050	280,911	209,680	71,231
53	Data processing services	628,249	584,702	592,183	(7,481)
71	Debt service	2,910,859	3,245,715	3,815,973	(570,258)
	<b>Total Expenses</b>	<u>57,281,960</u>	<u>62,481,960</u>	<u>61,005,751</u>	<u>1,476,209</u>
	Change in net assets from operations	1,257,309	1,893,035	2,996,546	1,103,511
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	47,647	47,647
	<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>47,647</u>	<u>47,647</u>
	<b>Change in net assets</b>	<u>1,257,309</u>	<u>1,893,035</u>	<u>3,044,193</u>	<u>1,151,158</u>
	<b>Net Assets, beginning of year as restated</b>	<u>7,150,925</u>	<u>7,150,925</u>	<u>7,150,925</u>	<u>-</u>
	<b>Net Assets, end of year</b>	<u>\$ 8,408,234</u>	<u>\$ 9,043,960</u>	<u>\$ 10,195,118</u>	<u>\$ 1,151,158</u>



**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCIENCE ACADEMY - WACO**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget</b>
		<b>Original</b>	<b>Final</b>		
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 1,173,779	\$ 1,166,199	\$ 1,113,658	\$ (52,541)
5750	Revenue from curricular	1,997,650	1,747,650	1,463,958	(283,692)
	<b>Total Local Support</b>	<u>3,171,429</u>	<u>2,913,849</u>	<u>2,577,616</u>	<u>(336,233)</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	86,693,804	95,364,554	95,676,193	311,639
	State program revenues distributed by				
5820	Texas Education Agency	1,108,636	998,725	1,016,345	17,620
	<b>Total State Program Revenues</b>	<u>87,802,440</u>	<u>96,363,279</u>	<u>96,692,538</u>	<u>329,259</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by				
	Texas Education Agency	7,154,603	9,178,033	8,612,074	(565,959)
5930	Federal revenue distributed by other state of				
	Texas government agencies (other than				
	TEA)	-	64,562	77,126	12,564
5940	Federal revenues distributed directly from				
	the Federal Government	1,303,080	2,316,061	1,465,214	(850,847)
	<b>Total Federal Program Revenues</b>	<u>8,457,683</u>	<u>11,558,656</u>	<u>10,154,414</u>	<u>(1,404,242)</u>
	<b>Total Revenues</b>	<u>99,431,552</u>	<u>110,835,784</u>	<u>109,424,568</u>	<u>(1,411,216)</u>
<b>Expenses</b>					
11	Instruction	52,417,913	56,012,206	56,331,886	(319,680)
12	Instructional resources and media services	-	12,866	12,866	-
13	Curriculum development and instructional				
	staff development	4,124,510	4,630,819	4,038,231	592,588
21	Instructional leadership	302,818	320,711	280,930	39,781
23	School leadership	7,595,001	9,697,702	9,317,527	380,175
31	Guidance, counseling and evaluation services	1,824,717	2,753,876	2,532,023	221,853
33	Health services	53,700	54,030	49,081	4,949
34	Student (pupil) transportation	300,000	218,311	193,220	25,091
35	Food service	2,650,000	3,755,334	2,743,583	1,011,751
36	Cocurricular/Extracurricular activities	1,655,000	1,383,661	1,055,207	328,454
41	General administration	6,095,830	5,974,280	5,781,089	193,191
51	Plant maintenance and operations	12,050,545	14,876,970	13,060,705	1,816,265
52	Security and monitoring services	370,735	512,938	402,733	110,205
53	Data processing services	1,370,965	1,390,870	1,314,808	76,062
71	Debt service	5,642,671	5,642,671	7,866,536	(2,223,865)
	<b>Total Expenses</b>	<u>96,454,405</u>	<u>107,237,245</u>	<u>104,980,425</u>	<u>2,256,820</u>
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	137,031	137,031
	<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>137,031</u>	<u>137,031</u>
	<b>Change in net assets</b>	<u>2,977,147</u>	<u>3,598,539</u>	<u>4,581,174</u>	<u>982,635</u>
	<b>Net Assets, beginning of year as restated</b>	<u>23,807,844</u>	<u>23,807,844</u>	<u>23,807,844</u>	<u>-</u>
	<b>Net Assets, end of year</b>	<u>\$ 26,784,991</u>	<u>\$ 27,406,383</u>	<u>\$ 28,389,018</u>	<u>\$ 982,635</u>

**HARMONY PUBLIC SCHOOLS**  
**HARMONY SCHOOL OF SCIENCE - HOUSTON**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance from Final Budget</b>
		<b>Original</b>	<b>Final</b>		
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 780,915	\$ 746,296	\$ 789,281	\$ 42,985
5750	Revenue from curricular	863,250	912,250	699,977	(212,273)
	<b>Total Local Support</b>	<u>1,644,165</u>	<u>1,658,546</u>	<u>1,489,258</u>	<u>(169,288)</u>
<b>State Program Revenues:</b>					
5810	Foundation School Program Act Revenues	34,621,033	37,001,717	37,420,096	418,379
5820	State program revenues distributed by Texas Education Agency	385,239	406,376	441,201	34,825
	<b>Total State Program Revenues</b>	<u>35,006,272</u>	<u>37,408,093</u>	<u>37,861,297</u>	<u>453,204</u>
<b>Federal Program Revenues:</b>					
5920	Federal revenues distributed by Texas Education Agency	2,397,137	3,004,154	2,862,982	(141,172)
5930	Federal revenue distributed by other state of Texas government agencies (other than TEA)	-	25,131	37,091	11,960
5940	Federal revenues distributed directly from the Federal Government	269,840	686,046	500,724	(185,322)
	<b>Total Federal Program Revenues</b>	<u>2,666,977</u>	<u>3,715,331</u>	<u>3,400,797</u>	<u>(314,534)</u>
	<b>Total Revenues</b>	<u>39,317,414</u>	<u>42,781,970</u>	<u>42,751,352</u>	<u>(30,618)</u>
<b>Expenses</b>					
11	Instruction	21,260,381	22,774,939	22,617,227	157,712
12	Instructional resources and media services	1,750	155	155	-
13	Curriculum development and instructional staff development	1,871,930	1,832,264	1,798,177	34,087
21	Instructional leadership	201,642	219,910	222,981	(3,071)
23	School leadership	3,383,355	4,009,326	3,892,043	117,283
31	Guidance, counseling and evaluation services	772,117	1,020,729	911,124	109,605
33	Health services	17,500	25,305	20,288	5,017
35	Food service	930,000	1,116,204	907,249	208,955
36	Cocurricular/Extracurricular activities	707,500	792,136	620,467	171,669
41	General administration	2,180,069	2,536,856	2,401,390	135,466
51	Plant maintenance and operations	4,111,615	4,802,800	3,902,160	900,640
52	Security and monitoring services	162,915	166,260	150,356	15,904
53	Data processing services	607,690	674,497	620,278	54,219
71	Debt service	2,413,170	2,413,170	3,184,175	(771,005)
	<b>Total Expenses</b>	<u>38,621,634</u>	<u>42,384,551</u>	<u>41,248,070</u>	<u>1,136,481</u>
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	25,982	25,982
	<b>Total Non-Operating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>25,982</u>	<u>25,982</u>
	<b>Change in net assets</b>	<u>695,780</u>	<u>397,419</u>	<u>1,529,264</u>	<u>1,131,845</u>
	<b>Net Assets, beginning of year as restated</b>	<u>7,360,330</u>	<u>7,360,330</u>	<u>7,360,330</u>	<u>-</u>
	<b>Net Assets, end of year</b>	<u>\$ 8,056,110</u>	<u>\$ 7,757,749</u>	<u>\$ 8,889,594</u>	<u>\$ 1,131,845</u>

**HARMONY PUBLIC SCHOOLS**  
**CENTRAL OFFICE**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended June 30, 2020*

		<u>Budgeted Amounts</u>			<u>Variance from</u>
		<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>					
<b>Local Support:</b>					
5740	Other Revenues from local sources	\$ 24,366,449	24,278,362	\$ 24,085,040	\$ (193,322)
	<b>Total Local Support</b>	24,366,449	24,278,362	24,085,040	(193,322)
<b>Federal Program Revenues:</b>					
5940	Federal revenues distributed directly from the Federal Government	2,979,487	3,686,344	3,147,617	(538,727)
	<b>Total Federal Program Revenues</b>	2,979,487	3,686,344	3,147,617	(538,727)
	<b>Total Revenues</b>	27,345,936	27,964,706	27,232,657	(732,049)
<b>Expenses</b>					
11	Instruction	277,000	203,837	203,714	123
13	Curriculum development and instructional staff development	4,901,466	5,494,412	5,303,860	190,552
21	Instructional leadership	484,378	557,057	709,371	(152,314)
23	School leadership	543,000	811,598	644,626	166,972
31	Guidance, Counseling and Evaluation Services	6,000	5,134	5,134	-
35	Food services	1,500	-	-	-
41	General administration	15,773,971	15,056,675	14,950,436	106,239
51	Plant maintenance and operations	3,298,804	3,613,664	3,534,221	79,443
52	Security and monitoring services	52,000	20,571	19,438	1,133
53	Data processing services	1,940,017	2,075,215	2,365,145	(289,930)
71	Debt service	67,800	76,850	60,995	15,855
81	Facilities acquisition and construction	-	-	-	-
	<b>Total Expenses</b>	27,345,936	27,915,013	27,796,940	118,073
<b>Non-Operating revenues (expenses)</b>					
8989	Gain (Loss) on sale of investments	-	-	26,354	26,354
	<b>Total Non-Operating revenues (expenses)</b>	-	-	26,354	26,354
	<b>Change in net assets</b>	-	49,693	(537,929)	(587,622)
	<b>Net Assets, beginning of year</b>	7,358,131	7,358,131	7,358,131	-
	<b>Net Assets, end of year</b>	\$ 7,358,131	\$ 7,407,824	\$ 6,820,202	\$ (587,622)



**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, 2020, 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 9, 2020.

**Internal Control over Financial Reporting**

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

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

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

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. These procedures performed included tests designed to verify Harmony Public School's compliance with the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) during fiscal year 2020. 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.

*Whitley Penn LLP*

Houston, Texas  
November 9, 2020

**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, 2020. 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, 2020.

### **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 9, 2020



**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2020*

**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>
Cares Act, Section 18003, Elementary and Secondary School Emergency Relief Fund (ESSER) Grant	84.425D
Education Innovation and Research	84.411B
Teacher Incentive Fund	84.374A
Child Nutrition Cluster	10.553/10.555

Dollar threshold used to distinguish Between Type A and Type B federal programs: \$1,314,807

Auditee qualified as low-risk auditee? Yes

**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<b>Direct:</b>			
<i>Education Innovation and Research (EIR)</i>	84.411B	U411B180014	\$ 1,742,840
<i>Teacher Incentive Fund</i>	84.374A	U374A160039	8,138,022
<b>Pass-Through Texas Education Agency:</b>			
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101227816	1,142,033
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101161807	2,659,961
<i>Title I 1003 School Improvement</i>	84.010A	20610141161807	95,450
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101071806	1,269,947
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101101846	1,558,872
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101101858	1,368,160
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101101862	818,282
<i>Title I, Part A - Improving Basic Programs</i>	84.010A	20610101015828	1,696,401
<b>Total CFDA # 84.010</b>			<u>10,609,106</u>
<i>IDEA-B Formula</i>	84.027A	206600012278166000	546,873
<i>IDEA-B Formula</i>	84.027A	206600011618076000	1,331,845
<i>IDEA-B Formula</i>	84.027A	206600010718066600	511,648
<i>IDEA-B Formula</i>	84.027A	206600011018466600	475,623
<i>IDEA-B Formula</i>	84.027A	206600011018586600	680,753
<i>IDEA-B Formula</i>	84.027A	206600011018626600	523,502
<i>IDEA-B Formula</i>	84.027A	206600010158286600	619,935
<i>IDEA-B High Cost Risk Pool</i>	84.027A	66002006	95,985
<b>Total Special Education Cluster (84.027)</b>			<u>4,786,164</u>
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110008	19,011
<i>2019-21 PCSP Start-Up</i>	84.282A	195900137110003	781,413
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110003	61,266
<i>2017-19 PCSP Start-Up</i>	84.282A	175900087110007	5,402
<b>Total CFDA # 84.282</b>			<u>867,092</u>
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	20694501227816	131,375
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	20694501161807	311,614
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	20694501071806	153,050
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	20694501101846	158,940
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	20694501101858	175,730
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	20694501101862	119,698
<i>TITLE II, PART A SUPPORTING EFFECTIVE INSTRUCTION</i>	84.367A	20694501015828	230,666
<i>2019-2020 Principal Prep Grant, Cycle 2</i>	84.367A	196945677110009	289,358
<i>2019-2020 Principal Prep Grant, Cycle 2</i>	84.367A	196945677110012	294,455
<i>2019-2020 Principal Prep Grant, Cycle 2</i>	84.367A	196945677110010	234,934
<i>2019-2020 Principal Prep Grant, Cycle 2</i>	84.367A	196945677110018	166,844
<i>2019-2020 Principal Prep Grant, Cycle 2</i>	84.367A	196945677110007	292,521
<i>2019-2020 Principal Prep Grant, Cycle 2</i>	84.367A	196945677110008	230,043
<i>2019-2020 Principal Prep Grant, Cycle 2</i>	84.367A	196945677110011	291,908
<b>Total CFDA # 84.367</b>			<u>3,081,135</u>

**HARMONY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

(1) Federal Grantor/Pass Through Grantor Program Title	(2) Number	(2A) Identifying Number	(3) Expenditures
<b>U.S. Department of Education (continued)</b>			
<b>Pass-Through Texas Education Agency (continued):</b>			
<i>Title III, Part A - ELA</i>	84.365A	20671001227816	160,077
<i>Title III, Part A - ELA</i>	84.365A	20671001161807	259,483
<i>Title III, Part A - ELA</i>	84.365A	20671001071806	77,577
<i>Title III, Part A - ELA</i>	84.365A	20671001101846	95,853
<i>Title III, Part A - ELA</i>	84.365A	20671001101858	133,083
<i>Title III, Part A - ELA</i>	84.365A	20671001101862	70,438
<i>Title III, Part A - ELA</i>	84.365A	20671001015828	137,260
<b>Total CFDA # 84.365</b>			933,771
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	20680101227816	77,483
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	20680101161807	188,424
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	20680101071806	83,474
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	20680101101846	111,367
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	20680101101858	94,845
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	20680101101862	59,260
<i>Title IV, Part A funds Transferred to Title I Part A</i>	84.424A	20680101015828	115,014
<b>Total CFDA # 84.424</b>			729,867
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001227816	606,773
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001161807	1,317,492
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001071806	271,057
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001101846	486,956
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001101858	707,276
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001101862	440,743
<i>Cares Act, Section 18003 Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID-19</i>	84.425D	20521001015828	358,782
<b>Total CFDA # 84.425</b>			4,189,079
<i>Summer School Program Fundign for English Learneres (ELs)</i>	84.369A	69551902	9,350
<i>Summer School Program Fundign for English Learneres (ELs)</i>	84.369A	69551902	5,343
<i>Summer School Program Fundign for English Learneres (ELs)</i>	84.369A	69551902	2,671
<i>Summer School Program Fundign for English Learneres (ELs)</i>	84.369A	69551902	4,007
<i>Summer School Program Fundign for English Learneres (ELs)</i>	84.369A	69551902	5,343
<i>Summer School Program Fundign for English Learneres (ELs)</i>	84.369A	69551902	5,343
<i>Summer School Program Fundign for English Learneres (ELs)</i>	84.369A	69551902	4,007
<b>Total CFDA # 84.369</b>			36,064
<b>Total U.S. Department of Education</b>			<b>35,113,140</b>
<b>U.S. Department of Agriculture</b>			
<b>Passed-Through Texas Education Agency:</b>			
<b>Federal Food Service Reimbursement:</b>			
<i>School Breakfast Program (SBP)</i>	10.553	71401901	103,846
<i>School Breakfast Program (SBP)</i>	10.553	71402001	1,262,358
<i>School Breakfast Program (SBP)</i>	10.553	52402001	303,158
<i>National School Lunch Prg-NSLP</i>	10.555	71302001	6,020,731
<i>National School Lunch Prg-NSLP</i>	10.555	71301901	543,588
<i>National School Lunch Prg-NSLP</i>	10.555	52302001	480,092
<b>Total Child Nutrition Cluster (10.553,10.555)</b>			8,713,773
<b>Total U. S. Department of Agriculture</b>			<b>8,713,773</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 43,826,913</b>

**HARMONY PUBLIC SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020**. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of HPS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HPS.

**Note 3 - Indirect Cost Rate**

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

**Note 4 - Title I, Part A Transferability**

As described in the U.S. Department of Education Cross-Cutting Section (CFDA 84.000), Sections II.B.3 *Activities Allowed or Unallowed - Transferability (SEAs and LEAs)* and IV.3 *Other Information - Transferability* of the 2020 OMB Compliance Supplement, expenditures of funds should be included in the audit universe and total expenditures of the receiving program. For fiscal year 2020, 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).

**HARMONY PUBLIC SCHOOLS**  
***SCHEDULE OF PRIOR YEAR FINDINGS***  
***For the Year Ended June 30, 2020***

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

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

**I. Prior Audit Findings**

None Noted

**HARMONY PUBLIC SCHOOLS**  
***CORRECTIVE ACTION PLAN***  
***FOR THE YEAR ENDED JUNE 30, 2020***

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

**I. Corrective Action Plan**

Not Applicable