

RIVERWALK EDUCATION FOUNDATION, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021

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RIVERWALK EDUCATION FOUNDATION, INC.

015-827

015-831

(Federal Employer Identification Number: 01-0758906)

CERTIFICATE OF BOARD

June 30, 2021

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Riverwalk Education Foundation, Inc. dba School of Science & Technology was reviewed and approved disapproved for the year ended June 30, 2021, at a meeting of the governing body of the charter holder on the 19 day of November, 2021.



Signature of Board Secretary



Signature of Board President

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWEF, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

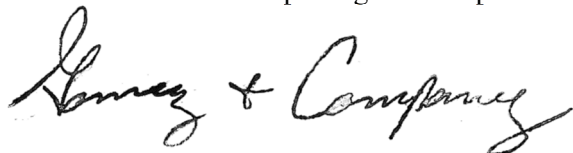
We have previously audited RWEF's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 19, 2021, on our consideration of RWEF, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RWEF, Inc.'s 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 RWEF, Inc.'s internal control over financial reporting and compliance.



Houston, TX
November 19, 2021

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 17,458,583	\$ 9,988,616
Restricted Cash	15,003,383	115,796,744
Grants Receivable	15,144,653	10,972,346
Other Receivables	55,428	803,000
Total Current Assets	47,662,047	137,560,706
Property and Equipment		
Land	23,422,163	7,985,764
Building and Improvements	154,508,582	68,298,553
Furniture and Equipment	7,538,761	6,545,095
Construction in Progress	11,424,926	1,899,560
Finance Lease Right-of-Use Assets	188,762	-
Operating Lease Right-of-Use Assets	18,436,978	-
	215,520,172	84,728,972
Less: Accumulated Depreciation	(16,167,865)	(8,937,963)
	199,352,307	75,791,009
Other Assets		
Deposits	554,804	899,903
TOTAL ASSETS	\$ 247,569,158	\$ 214,251,618
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 4,214,790	\$ 182,176
Wages Payable	6,058,250	4,705,132
Accrued Payroll Liabilities	780,867	639,244
Accrued Liabilities	1,695,353	1,373,245
Interest Payable	2,582,294	3,657,268
Current Portion of Deferred Rent	-	8,994
Current Portion of Finance Lease Liabilities	62,603	32,185
Current Portion of Operating Lease Liabilities	1,967,778	-
Current Portion of Notes Payable net of Issuance Costs	20,169	41,576
Current Portion of Bonds Payable	2,756,000	458,000
Total Current Liabilities	20,138,104	11,097,820
Long-Term Liabilities		
Deferred Rent net of Current Portion	-	21,736
Finance Lease Liabilities net of Current Portion	76,412	-
Operating Lease Liabilities net of Current Portion	14,544,767	-
Notes Payable net of Current Portion	12,319,976	497,576
Bonds Payable net of Premium, Issuance Costs, and Current Portion	187,386,896	190,329,182
Total Long-Term Liabilities	214,328,051	190,848,494
TOTAL LIABILITIES	234,466,155	201,946,314
Net Assets		
Without Donor Restrictions	5,103,762	5,103,762
With Donor Restrictions	7,999,241	7,201,542
TOTAL NET ASSETS	13,103,003	12,305,304
TOTAL LIABILITIES AND NET ASSETS	\$ 247,569,158	\$ 214,251,618

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues				
Local Support:				
Other revenues from local sources	\$ 1,018,361	\$ -	\$ 1,018,361	\$ 2,725,203
Interest Income	9,620	-	9,620	468,863
Total Local Support	1,027,981	-	1,027,981	3,194,066
State Program Revenues	-	79,139,998	79,139,998	55,640,827
Federal Program Revenues	-	6,209,355	6,209,355	4,455,278
State Revenues from State Agencies	-	-	-	343,820
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	84,551,654	(84,551,654)	-	-
Total Revenues	85,579,635	797,699	86,377,334	63,633,991
Expenses				
Program Services				
Instruction and Instructional-Related Services	53,176,883	-	53,176,883	38,590,124
Instructional and School Leadership	7,438,665	-	7,438,665	5,807,787
Total Program Services	60,615,548	-	60,615,548	44,397,911
Support Services				
Administrative Support Services	4,704,223	-	4,704,223	4,733,715
Ancillary Services	-	-	-	-
Support Services- Non-Student Based	12,081,488	-	12,081,488	7,920,357
Support Services- Student (Pupil)	2,387,695	-	2,387,695	2,550,705
Debt Service	5,725,421	-	5,725,421	2,008,552
Fundraising	65,260	-	65,260	-
Total Support Services	24,964,087	-	24,964,087	17,213,329
Total Expenses	85,579,635	-	85,579,635	61,611,240
Gain on Termination of Occupancy Lease	-	-	-	3,181,149
Gain on Liquidated Damages	-	-	-	800,000
Change in Net Assets	-	797,699	797,699	6,003,900
Net Assets, beginning of year	5,103,762	7,201,542	12,305,304	6,301,404
Net Assets, end of year	\$ 5,103,762	\$ 7,999,241	\$ 13,103,003	\$ 12,305,304

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	Program Services	Supporting Services			2021 Total	2020 Total
	Program Expense	General and Administrative	Fundraising	Total Supporting Services		
Expenses						
Salaries	\$ 43,234,774	\$ 3,612,309	\$ -	\$ 3,612,309	\$ 46,847,083	\$ 37,726,362
Payroll taxes	743,933	57,538	-	57,538	801,471	619,963
Employee benefits	4,760,091	447,803	-	447,803	5,207,894	4,230,857
Rental Expense	-	1,958,314	-	1,958,314	1,958,314	3,125,092
Maintenance and Repairs	149,873	2,096,115	-	2,096,115	2,245,988	1,406,534
Utilities	-	1,358,512	-	1,358,512	1,358,512	1,062,923
Depreciation and Amortization	-	5,119,180	-	5,119,180	5,119,180	1,697,965
Supplies	7,660,146	792,268	-	792,268	8,452,414	3,132,789
Travel	7,807	12,713	-	12,713	20,520	287,349
Equipment Lease	124,541	2,252	-	2,252	126,793	121,762
Insurance	-	416,451	-	416,451	416,451	118,012
Professional Fees	2,584,506	2,192,261	-	2,192,261	4,776,767	4,824,782
Training	400	-	-	-	400	14,816
Interest	-	5,911,708	-	5,911,708	5,911,708	1,877,168
Other	1,349,477	921,403	65,260	986,663	2,336,140	1,364,866
Total Expenses	\$ 60,615,548	\$ 24,898,827	\$ 65,260	\$ 24,964,087	\$ 85,579,635	\$ 61,611,240

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 797,699	\$ 6,003,900
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	5,305,467	1,566,581
Amortization expense	218,625	131,384
Amortization of Premium	(404,912)	(224,318)
(Increase) Decrease in Grants Receivable	(4,172,307)	(4,902,459)
(Increase) Decrease in Other Receivable	747,572	(803,000)
(Increase) Decrease in Deposits	345,099	294,912
Increase (Decrease) in Accounts Payable	4,032,618	107,662
Increase (Decrease) in Accrued Liabilities	322,109	544,126
Increase (Decrease) in Accrued Wages	1,353,118	1,879,013
Increase (Decrease) in Payroll Tax Payable	141,619	295,457
Increase (Decrease) in Interest Payable	(1,074,974)	3,561,881
Increase (Decrease) in Deferred Rent	(30,730)	(2,882,379)
Total Adjustments	6,783,304	(431,140)
Net Cash Provided (Used) by Operating Activities	7,581,003	5,572,759
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(112,166,697)	(66,720,903)
Net Cash Provided (Used) By Investing Activities	(112,166,697)	(66,720,903)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	11,846,237	473,739
Proceeds from Bonds	-	189,867,705
Repayment of Issuance Cost	-	(6,551,663)
Repayment of Capital Lease	(81,931)	(120,192)
Repayment of Loans	(44,006)	(3,832,229)
Repayment of Bonds	(458,000)	(450,000)
Net Cash Provided (Used) By Financing Activities	11,262,300	179,387,360
NET INCREASE (DECREASE) IN CASH	(93,323,394)	118,239,216
CASH AT BEGINNING OF YEAR	125,785,360	7,546,144
CASH AT END OF YEAR	\$ 32,461,966	\$ 125,785,360
<u>CASH PAID DURING THE YEAR FOR:</u>		
INTEREST	\$ 5,911,708	\$ 1,877,168

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

A. Organization:

The Riverwalk Education Foundation, Inc. (“RWEF, Inc.”) is a nonprofit organization that provides public education for students in grades K through 12. The foundation was incorporated in the State of Texas on September 6, 2002, under the Texas Non-Profit Corporation Act. On September 5, 2003, the Internal Revenue Service determined that the organization was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

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

The charter holder, Riverwalk Education, Inc. operates charter schools and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

NEW ACCOUNTING STANDARD - LEASES

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (topic 815), and Leases (topic 842): Effective Dates*; ASU 2020-02, *Financial Instruments – Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)*; and ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

RWEF, Inc. elected to adopt these ASUs using the modified retrospective approach required by the standards and implementing the standards using the effective date method, which established July 1, 2020 as both the effective date and date of initial application. RWEF, Inc. elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed RWEF, Inc. to carry forward the historical lease classification. In addition, RWEF, Inc. made the following elections: to use hindsight in determining the lease term for existing leases; to apply the short-term lease exception to all leases with a term of one year or less; and to use a risk-free discount rate for all operating leases, determined using a period comparable with that of the lease term.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

B. Summary of Significant Accounting Policies: (Continued)

NEW ACCOUNTING STANDARD – LEASES (Continued)

The adoption of the ASUs had a material impact on RWEF, Inc.'s statement of financial position and on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. ROU assets represent RWEF, Inc.'s right to use an underlying asset for the lease term, and lease liabilities represent RWEF, Inc.'s obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. RWEF, Inc. reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions

CLASSIFICATION OF NET ASSETS

Net assets of RWEF, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of RWEF, Inc. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

B. Summary of Significant Accounting Policies: (Continued)

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all of RWEF, Inc.'s accounts. All significant interagency balances and transactions have been eliminated.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the organization's multiple function expenditures.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use 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 with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give a contribution to RWEF, Inc. that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

B. Summary of Significant Accounting Policies: (Continued)

PROPERTY AND EQUIPMENT

Property and equipment purchased by RWEF, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All purchases and donations in excess of \$5,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture, fifteen years for building and land improvements, and thirty years for buildings. Gains or 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 net assets without donor restrictions.

INCOME TAXES

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

CASH AND CASH EQUIVALENTS

RWEF, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts with various banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account. At times, individual bank accounts exceeded federally insured limits. RWEF, Inc. has not experienced any losses on such accounts.

ESTIMATES

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

C. 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.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

C. Pension Plan: (Continued)

That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report form the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading. 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 latest TRS Comprehensive Annual Financial Report available dated August 31, 2020 provided the following information:

<u>Pension Fund</u>	<u>Total Plan Assets 2020</u>	<u>Total Pension Liability 2020</u>	<u>Percent Funded</u>
TRS	\$ 184,361,871,000	\$ 218,974,205,000	75.54%

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a 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. State law provides for a member contribution rate of 7.7% for fiscal year 2021. The state’s contribution rate as a non-employer contributing entity was 7.5% for fiscal year 2021. The charter school’s employee contributions to the system for the year ended June 30, 2021 were \$3,439,330 equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 7.5% totaling \$68,253 for the year ended June 30, 2021. The charter school’s contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was assessed a surcharge of \$11,426.

D. Budget:

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

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

E. Liquidity and Availability of Financial Assets:

The following reflects RWEF, Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end:		
Cash and cash equivalents	\$	32,461,966
Grants receivable		15,144,653
Other receivables		55,428
Total financial assets		<u>47,662,047</u>
Less those unavailable for general expenditures within one year, due to:		
Cash restrictions as to use		<u>15,003,383</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u><u>32,658,664</u></u>

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization. Excess cash is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months.

F. Leases:

Finance Leases

RWEF, Inc. is a party to seven finance lease agreements of copiers and accessory equipment. The leases are three years in length, are accompanied by bargain purchase options, and expire in 2023 and 2024. Future minimum payments required under finance lease obligations at June 30, 2021 are as follows:

<u>Twelve months ending June 30,</u>	<u>Amount</u>
2022	\$ 65,476
2023	65,476
2024	<u>12,255</u>
Total finance lease payments	143,207
Less: present value discount	<u>(4,192)</u>
Total finance lease liabilities	<u><u>\$ 139,015</u></u>

Finance lease costs totaled \$55,157, consisting of \$51,144 in amortization of right-of-use assets under finance leases and \$4,013 in interest costs related to finance lease liabilities.

Right-of-use assets under finance leases were as follows:

Copier equipment	\$ 188,762
Accumulated amortization	<u>(51,144)</u>
	<u><u>\$ 137,618</u></u>

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

F. Leases: (Continued)

Operating Leases

RWEF, Inc. is a party to five operating lease agreements of office and school buildings. Future minimum payments required under operating lease obligations at June 30, 2021 are as follows:

Twelve months ending June 30,	Amount
2022	\$ 2,121,126
2023	1,622,344
2024	1,502,603
2025	1,186,398
2026	1,138,306
Thereafter	<u>10,310,441</u>
Total operating lease payments	17,881,218
Less: present value discount	<u>(1,368,673)</u>
Total operating lease liabilities	<u>\$ 16,512,545</u>

Right-of-use assets under operating leases were as follows:

Buildings	\$ 18,436,978
Accumulated amortization	<u>(2,017,474)</u>
	<u>\$ 16,419,504</u>

G. Commitments and Contingencies:

The charter school 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 it 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. The school is economically dependent on these charter school funds.

H. Health Care Coverage:

During the year ended June 30, 2021, employees of RWEF, Inc. were covered by a Health Insurance Plan (the Plan). RWEF, Inc. contributed \$325 for teachers and nonexempt employees; \$425 for Assistant Principals; \$625 for Principals; and \$825 for Superintendents per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

I. Notes Payable:

The organization's obligations under notes payable consists of the following:

Note payable to Rasanet Construction, LLC, dba Sam&m Trade and Construction. The note is dated October 15, 2011, at a 6.0% interest rate, payable in 120 installments of \$4,012 and a face amount of \$361,400. The date of maturity is December 15, 2021. The note is secured by equipment, machinery, furniture and personal property.	\$ 20,169
Line of credit facility payable to a major bank with a limit of up to \$10,000,000. The agreement is dated April 16, 2020, carries a 2.75% interest rate, minimum payments include interest only with principal deferred until note maturity. The date of maturity is April 16, 2024. The note is secured by facilities, equipment, machinery, furniture and personal property.	885,566
Line of credit facility payable to a major bank with a limit of up to \$75,000,000. The agreement is dated January 24, 2020; carries a 2.59% interest rate; minimum payments include interest only with principal deferred until note maturity. The date of maturity is January 24, 2024. The note is secured by equipment, machinery, furniture and personal property.	11,434,410
Total notes payable	<u>12,340,145</u>
Less current portion	<u>(20,169)</u>
Total notes payable	<u>\$ 12,319,976</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 20,169	\$ 793,416	\$ 813,585
2023	-	793,000	793,000
2024	-	793,000	793,000
2025	12,319,976	396,500	12,716,476
Total	<u>\$ 12,340,145</u>	<u>\$ 2,775,916</u>	<u>\$ 15,116,061</u>

RWEF, Inc. has access to an additional revolving line of credit in an amount up to \$4,000,000. The line of credit currently carries an interest rate of 2.35 percent and is secured by a personal guarantee. The line of credit carried a balance of \$-0- at June 30, 2021.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

J. Bonds Payable:

RWEF, Inc. has secured bond financing pursuant to Chapter 53 of the Texas Education Code of “Qualified Tax Exempt” Education Revenue Bonds, Series 2014A, Series 2016A, and Series 2019 in the amounts of \$7,420,000; \$2,041,000; and \$176,260,000, respectively.

RWEF, Inc. has also issued Taxable Educational Revenue Bonds, Series 2016B in the amount of \$196,000. 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. None of the state, the city, nor any political corporation, subdivision, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

Bonds payable at June 30, 2021 consist of the following:

2014 A Bonds, 2.0% interest; principal due annually commencing August 15, 2015 and interest due semi-annually commencing August 15, 2014. Maturity dates range from 2016 to 2035.	\$ 5,750,000
2016 A Bonds, 2.0% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2030.	1,316,000
2016 B Bonds, 3.25% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2026.	133,000
2019 Bonds, 3.07% interest; principal due annually commencing August 15, 2021 and interest due semi-annually commencing August 15, 2020. Maturity dates range from 2021 to 2055.	176,260,000
Total	<u>183,459,000</u>
Plus unamortized premium	13,167,592
Less unamortized issuance costs	(6,483,696)
Less current portion	<u>(2,756,000)</u>
	<u>\$ 187,386,896</u>

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

J. Bonds Payable: (Continued)

Future maturities of long-term debt at June 30, 2021 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,756,000	\$ 6,822,601	9,578,601
2023	2,890,000	6,692,304	9,582,304
2024	3,024,000	6,555,526	9,579,526
2025	3,162,000	6,412,160	9,574,160
2026	3,306,000	6,261,081	9,567,081
Thereafter	168,321,000	94,950,218	263,271,218
Total	<u>\$ 183,459,000</u>	<u>\$ 127,693,890</u>	<u>\$ 311,152,890</u>

K. Bond Debt Covenants:

The bond agreements contain certain restrictions and covenants. RWEF, Inc. is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must equal at least 1.10X the annual debt service requirements. Additionally, RWEF, Inc. is required to maintain an operating reserve that covers 45 days of expenses at the end of each fiscal year. Management believes RWEF, Inc. was in compliance with these covenants and all other applicable covenants contained in bond agreements for the year ended June 30, 2021.

L. Restricted Cash:

Restricted cash at June 30, 2021 consisted of debt service and bond-financed project cash accounts. These funds are to be solely used in the repayment of bond liabilities and cannot be used for normal operating expenditures.

M. Nets Assets with Donor Restrictions:

Net assets with donor restrictions at June 30, 2021 are restricted as follows:

Subject to expenditure for specified purposes:

State-financed general charter school activities	\$ 6,699,241
Support of charter schools located in San Antonio	1,300,000
Total restricted funds	<u>\$ 7,999,241</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:

State Funds	\$ 78,092,300
Federal Funds	6,209,354
Support of charter schools located in San Antonio	250,000
Total Restrictions Released	<u>\$ 84,551,654</u>

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

N. Prior Period Correction:

In the current year, RWEF, Inc. discovered an error in the calculations used previously to allocate property purchase prices between land and building. Correction of the error resulted in a decrease of \$14,245,617 to the prior year consolidated balance sheet presentation of land and an equivalent increase to the prior year consolidated balance sheet presentation of buildings and improvements. The error had no effect on district-level or consolidated net assets, but had an effect on individual district balance sheets as follows:

School of Science – Main

	<u>Balance at June 30, 2020</u>		<u>as Restated</u>
	<u>Original</u>	<u>Restatement</u>	
Land	\$ 12,035,790	\$ (7,250,026)	\$ 4,785,764
Building and Improvements	13,325,642	17,445,617	30,771,259
Restricted Cash	63,678,952	(10,195,591)	53,483,361

School of Science – Discovery

	<u>Balance at June 30, 2020</u>		<u>as Restated</u>
	<u>Original</u>	<u>Restatement</u>	
Land	\$ 10,195,591	\$ (6,995,591)	\$ 3,200,000
Building and Improvements	40,705,647	(3,200,000)	37,505,647
Restricted Cash	52,117,792	10,195,591	62,313,383

School of Science – Consolidated

	<u>Balance at June 30, 2020</u>		<u>as Restated</u>
	<u>Original</u>	<u>Restatement</u>	
Land	\$ 22,231,381	\$ (14,245,617)	\$ 7,985,764
Building and Improvements	54,052,936	14,245,617	68,298,553

District-level cash flow statement comparative balances have also been adjusted to reflect the effects of the prior-period adjustments described above.

O. Central Office:

RWEF, Inc. operates a Central Office administrative unit to provide administrative services to each of the separate school districts in exchange for an interagency fee. During the fiscal year, the Central Office unit agreed to charge each district an administrative fee equal to approximately 8 percent of state foundation and available per capita school fund revenues. The School of Science and Technology – Main district and the School of Science and Technology – Discovery district paid the Central Office unit \$2,203,131 and \$3,102,299, respectively, and owed the Central Office \$462,393 and \$602,456, respectively. These fees and interagency payables have been eliminated in the presentation of consolidated financial statements, resulting in balance sheet eliminations of \$1,844,812 and eliminations within the statement of activities of \$6,707,135.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

P. Comparative Totals:

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.

Q. Evaluation of Subsequent Events:

RWEF, Inc. has evaluated subsequent events through November 19, 2021, the date which the financial statements were available to be issued.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) as of and for the year ended June 30, 2021, and our report thereon dated November 19, 2021, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School dated June 30, 2021, and appearing on pages 20 to 37, 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, TX
November 19, 2021

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals for June 30, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 6,539,562	\$ 3,354,838
Restricted Cash	12,543,263	53,483,361
Grants Receivable	6,541,959	4,462,517
Other Receivables	55,428	803,000
Total Current Assets	25,680,212	62,103,716
Property and Equipment		
Land	13,313,472	4,785,764
Building and Improvements	65,864,125	30,771,259
Furniture and Equipment	3,522,794	3,119,774
Construction in Progress	9,212,050	864,680
Finance Lease Right-of-Use Assets	48,964	-
Operating Lease Right-of-Use Assets	2,291,518	-
	94,252,923	39,541,477
Less: Accumulated Depreciation	(7,659,043)	(4,593,275)
	86,593,880	34,948,202
Other Assets		
Deposits	2,162	215,405
	2,162	215,405
TOTAL ASSETS	\$ 112,276,254	\$ 97,267,323
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 3,691,360	\$ 456,989
Wages Payable	2,343,021	1,776,837
Payroll Taxes Payable	287,096	237,027
Accrued Liabilities	634,240	513,533
Due to Related Entity	779,963	654,963
Interest Payable	1,198,761	1,688,491
Current Portion of Finance Lease Liabilities	16,298	18,068
Current Portion of Operating Lease Liabilities	829,039	-
Current Portion of Bonds Payable	1,311,458	264,525
Total Current Liabilities	11,091,236	5,610,433
Long-term Liabilities		
Finance Lease Liabilities net of Current Portion	17,503	-
Operating Lease Liabilities net of Current Portion	667,115	-
Notes Payable net of Current Portion	11,477,558	174,386
Bonds Payable net of Premium, Issuance Costs, and Current Portion	86,859,167	88,262,712
Total Long-term Liabilities	99,021,343	88,437,098
TOTAL LIABILITIES	110,112,579	94,047,531
Net Assets		
Without Donor Restrictions	1,765,962	1,765,962
With Donor Restrictions	397,713	1,453,830
TOTAL NET ASSETS	2,163,675	3,219,792
TOTAL LIABILITIES AND NET ASSETS	\$ 112,276,254	\$ 97,267,323

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 8,739,421	\$ 6,180,525
Restricted Cash	2,460,120	62,313,383
Grants Receivable	8,602,694	6,509,829
Receivable from Related Entity	779,963	654,963
Total Current Assets	20,582,198	75,658,700
Property and Equipment		
Land	10,108,691	3,200,000
Building and Improvements	88,622,810	37,505,647
Furniture and Equipment	4,015,967	3,425,321
Construction in Process	2,212,876	1,034,880
Finance Lease Right-of-Use Assets	139,798	-
Operating Lease Right-of-Use Assets	15,616,985	-
	120,717,127	45,165,848
Less: Accumulated Depreciation	(8,352,981)	(4,343,425)
	112,364,146	40,822,423
Other Assets		
Deposits	540,676	672,532
TOTAL ASSETS	\$ 133,487,020	\$ 117,153,655
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,587,473	\$ 561,784
Wages Payable	3,213,478	2,468,578
Payroll Taxes Payable	426,051	340,821
Accrued Liabilities	922,886	725,613
Interest Payable	1,383,533	1,968,777
Current Portion of Finance Lease Liabilities	46,305	14,117
Current Portion of Operating Lease Liabilities	987,815	-
Current Portion of Notes Payable	20,169	41,576
Current Portion of Bonds Payable	1,444,542	193,475
Total Current Liabilities	10,032,252	6,314,741
Long-term Liabilities		
Finance Lease Liabilities net of Current Portion	58,909	-
Operating Lease Liabilities net of Current Portion	13,650,350	-
Notes Payable net of Current Portion and Issuance Costs	842,418	323,190
Bonds Payable net of Current Portion, Premium and Issuance Costs	100,527,729	102,066,470
Total Long-term Liabilities	115,079,406	102,389,660
Total Liabilities	125,111,658	108,704,401
Net Assets		
Without Donor Restrictions	3,337,801	3,337,801
With Donor Restrictions	5,037,561	5,111,453
Total Net Assets	8,375,362	8,449,254
TOTAL LIABILITIES AND NET ASSETS	\$ 133,487,020	\$ 117,153,655

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals for June 30, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 2,179,600	\$ 453,253
Due from Related Entities	1,064,849	836,597
Total Current Assets	3,244,449	1,289,850
Property and Equipment		
Building and Improvements	21,647	21,647
Operating Lease Right-of-Use Assets	528,475	-
	550,122	21,647
Less: Accumulated Depreciation	(155,841)	(1,263)
Total Property and Equipment	394,281	20,384
Other Assets		
Deposits	11,966	11,966
TOTAL ASSETS	\$ 3,650,696	\$ 1,322,200
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 806	\$ -
Wages Payable	501,751	459,717
Payroll Taxes Payable	67,720	61,396
Accrued Liabilities	138,227	134,099
Current Portion of Deferred Rent	-	8,994
Current Portion of Operating Lease Liabilities	150,924	-
Total Current Liabilities	859,428	664,206
Long-Term Liabilities		
Deferred Rent net of Current Portion	-	21,736
Operating Lease Liabilities net of Current Portion	227,302	-
Total Long-Term Liabilities	227,302	21,736
Total Liabilities	1,086,730	685,942
Net Assets		
With Donor Restrictions	2,563,966	636,258
Total Net Assets	2,563,966	636,258
TOTAL LIABILITIES AND NET ASSETS	\$ 3,650,696	\$ 1,322,200

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ 82,933	\$ -	\$ 82,933	\$ 977,899
5750 Revenue from Cocurricular Activities	372,989	-	372,989	493,379
Total Local Support	455,922	-	455,922	1,471,278
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	32,934,884	32,934,884	21,582,409
5820 State Program Revenues Distributed by Texas Education Agency	-	72,597	72,597	380,691
5830 State Revenues from State Agencies	-	-	-	171,400
Total State Program Revenues	-	33,007,481	33,007,481	22,134,500
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	2,128,763	2,128,763	1,628,382
Total Federal Program Revenues	-	2,128,763	2,128,763	1,628,382
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	36,192,361	(36,192,361)	-	-
Total Revenues	36,648,283	(1,056,117)	35,592,166	25,234,160
Expenses				
11 Instruction	21,640,241	-	21,640,241	15,546,679
13 Curriculum Development and Instructional Staff Development	1,268,455	-	1,268,455	923,687
21 Instructional Leadership	1,680,394	-	1,680,394	1,192,212
23 School Leadership	3,153,187	-	3,153,187	2,510,064
33 Health Services	84,196	-	84,196	12,239
34 Student (Pupil) Transportation	-	-	-	172,111
35 Food Services	504,103	-	504,103	577,607
36 Cocurricular/Extracurricular Activities	302,439	-	302,439	305,885
41 General Administration	310,515	-	310,515	251,247
51 Plant Maintenance and Operations	4,925,591	-	4,925,591	3,183,793
52 Security and Monitoring Services	63,053	-	63,053	63,754
53 Data Processing Services	66,569	-	66,569	80,202
71 Debt Service	2,615,274	-	2,615,274	943,058
81 Fundraising	34,266	-	34,266	-
Total Expenses	36,648,283	-	36,648,283	25,762,538
Gain on Termination of Occupancy Lease	-	-	-	377,826
Gain on Liquidated Damages	-	-	-	800,000
Change in Net Assets	-	(1,056,117)	(1,056,117)	649,448
Net Assets, beginning of year	1,765,962	1,453,830	3,219,792	2,570,344
Net Assets, end of year	\$ 1,765,962	\$ 397,713	\$ 2,163,675	\$ 3,219,792

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ 5,674	\$ -	\$ 5,674	\$ 912,444
5750 Revenue from Cocurricular Activities	573,540	-	573,540	807,321
Total Local Support	579,214	-	579,214	1,719,765
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	45,948,864	45,948,864	33,186,855
5820 State Program Revenues Distributed by Texas Education Agency	-	183,653	183,653	490,872
5830 State Revenues from State Agencies	-	-	-	172,420
Total State Program Revenues	-	46,132,517	46,132,517	33,850,147
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	4,069,684	4,069,684	2,826,896
5930 Federal Revenues Distributed Other Government Agencies	-	10,908	10,908	-
Total Federal Program Revenues	-	4,080,592	4,080,592	2,826,896
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	50,287,001	(50,287,001)	-	-
Total Revenues	50,866,215	(73,892)	50,792,323	38,396,808
Expenses				
11 Instruction	30,900,476	-	30,900,476	22,483,072
12 Instructional Resources and Media Services	5,041	-	5,041	-
13 Curriculum Development and Instructional Staff Development	1,667,171	-	1,667,171	1,429,533
21 Instructional Leadership	2,264,408	-	2,264,408	1,784,584
23 School Leadership	4,209,074	-	4,209,074	3,287,489
33 Health Services	114,768	-	114,768	8,098
35 Food Services	1,030,986	-	1,030,986	1,010,088
36 Cocurricular/Extracurricular Activities	351,204	-	351,204	464,677
41 General Administration	310,835	-	310,835	286,437
51 Plant Maintenance and Operations	6,831,270	-	6,831,270	4,355,609
52 Security and Monitoring Services	35,323	-	35,323	38,750
53 Data Processing Services	4,519	-	4,519	13,350
71 Debt Service	3,110,146	-	3,110,146	1,065,494
81 Fundraising	30,994	-	30,994	-
Total Expenses	50,866,215	-	50,866,215	36,227,181
Gain on Termination of Occupancy Lease	-	-	-	2,803,322
Change in Net Assets	-	(73,892)	(73,892)	4,972,949
Net Assets, beginning of year	3,337,801	5,111,453	8,449,254	3,476,305
Net Assets, end of year	\$ 3,337,801	\$ 5,037,561	\$ 8,375,362	\$ 8,449,254

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ -	\$ 6,372,702	\$ 6,372,702	\$ 4,819,090
Total Local Support	-	6,372,702	6,372,702	4,819,090
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	4,444,994	(4,444,994)	-	-
Total Revenues	4,444,994	1,927,708	6,372,702	4,819,090
Expenses				
13 Curriculum Development and Instructional				
Staff Development	126,891	-	126,891	49,829
21 Instructional Leadership	80,066	-	80,066	6,827
41 General Administration	4,082,875	-	4,082,875	4,196,031
51 Plant Maintenance and Operations	155,162	-	155,162	184,900
Total Expenses	4,444,994	-	4,444,994	4,437,587
Change in Net Assets	-	1,927,708	1,927,708	381,503
Net Assets, beginning of year	-	636,258	636,258	254,755
Net Assets, end of year	\$ -	\$ 2,563,966	\$ 2,563,966	\$ 636,258

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,056,117)	\$ 649,448
Adjustments to reconcile change in net assets to net Cash Provided (Used) by Operating Activities:		
Depreciation expense	2,270,403	839,964
Amortization expense	95,651	55,599
Amortization of Premium	(187,737)	(105,158)
(Increase) Decrease in Grants Receivable	(2,079,442)	(1,637,459)
(Increase) Decrease in Other Receivable	747,572	(803,000)
(Increase) Decrease in Deposits	213,243	160,000
Increase (Decrease) in Accounts Payable	3,234,371	423,269
Increase (Decrease) in Accrued Liabilities	120,707	193,575
Increase (Decrease) in Accrued Wages	566,184	666,536
Increase (Decrease) in Payroll Taxes Payable	50,069	107,044
Increase (Decrease) in Interest Payable	(489,730)	1,620,974
Increase (Decrease) in Deferred Rent	-	(393,353)
Increase (Decrease) in Due from Related Entities	125,000	654,963
Total Adjustments	4,666,291	1,782,954
Net Cash Provided (Used) By Operating Activities	3,610,174	2,432,402
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(52,370,965)	(29,364,415)
Net Cash Provided (Used) By Investing Activities	(52,370,965)	(29,364,415)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	11,303,172	174,386
Proceeds from Bonds	-	86,392,527
Repayment of Issuance Cost	-	(2,981,007)
Repayment of Loans	-	(1,763,335)
Repayment of Capital Leases	(33,230)	(89,822)
Repayments of Bonds	(264,525)	(260,000)
Net Cash Provided (Used) By Financing Activities	11,005,417	81,472,749
NET INCREASE (DECREASE) IN CASH	(37,755,374)	54,540,736
CASH AT BEGINNING OF YEAR	56,838,199	2,297,463
CASH AT END OF YEAR	\$ 19,082,825	\$ 56,838,199
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ 2,707,360	\$ 887,459

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (73,892)	\$ 4,972,949
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	3,030,735	726,617
Amortization expense	122,974	75,785
Amortization of Premium	(217,175)	(119,161)
(Increase) Decrease in Grants Receivable	(2,092,865)	(3,265,000)
(Increase) Decrease in Due from Related Entities	(125,000)	(654,963)
(Increase) Decrease in Deposits	131,856	134,913
Increase (Decrease) in Accounts Payable	85,230	531,092
Increase (Decrease) in Accrued Liabilities	1,025,690	310,890
Increase (Decrease) in Accrued Wages	744,900	1,102,878
Increase (Decrease) in Payroll Taxes Payable	(585,244)	170,988
Increase (Decrease) in Interest Payable	197,272	1,940,907
Increase (Decrease) in Deferred Rent	-	(2,480,031)
Total Adjustments	2,318,373	(1,525,085)
Net Cash Provided (Used) By Operating Activities	2,244,481	3,447,864
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(59,795,731)	(37,356,488)
Net Cash Provided (Used) By Investing Activities	(59,795,731)	(37,356,488)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	543,065	299,354
Proceeds from Bonds	-	103,475,178
Repayment of Issuance Cost	-	(3,570,656)
Repayment of Loans	(44,006)	(2,068,895)
Repayment of Capital Leases	(48,701)	(30,370)
Repayments of Bonds	(193,475)	(190,000)
Net Cash Provided (Used) By Financing Activities	256,883	97,914,611
NET INCREASE (DECREASE) IN CASH	(57,294,367)	64,005,987
CASH AT BEGINNING OF YEAR	68,493,908	4,487,921
CASH AT END OF YEAR	\$ 11,199,541	\$ 68,493,908
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ 3,204,347	\$ 989,709

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,927,708	\$ 381,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	4,329	-
(Increase) Decrease in Due from Related Entities	(228,252)	(836,597)
Increase (Decrease) in Accounts Payable	806	(10,100)
Increase (Decrease) in Accrued Liabilities	4,128	39,661
Increase (Decrease) in Accrued Wages	42,034	109,598
Increase (Decrease) in Payroll Taxes Payable	6,324	17,423
Increase (Decrease) in Deferred Rent	(30,730)	(8,995)
Total Adjustments	(201,361)	(689,010)
Net Cash Provided (Used) By Operating Activities	1,726,347	(307,507)
NET INCREASE (DECREASE) IN CASH	1,726,347	(307,507)
CASH AT BEGINNING OF YEAR	453,253	760,760
CASH AT END OF YEAR	\$ 2,179,600	\$ 453,253
 CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ -	\$ -

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	2021	2020
EXPENSES		
6100 Payroll Costs	\$ 20,219,384	\$ 15,918,136
6200 Professional and Contracted Services	7,063,784	6,104,401
6300 Supplies and Materials	3,161,439	1,309,229
6400 Other Operating Costs	3,588,403	1,487,714
6500 Debt	2,615,274	943,058
Total Expenses	\$ 36,648,284	\$ 25,762,538

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	2021	2020
EXPENSES		
6100 Payroll Costs	\$ 28,558,981	\$ 22,768,376
6200 Professional and Contracted Services	9,541,986	8,977,456
6300 Supplies and Materials	5,267,592	1,769,430
6400 Other Operating Costs	4,387,510	1,646,425
6500 Debt	3,110,146	1,065,494
Total Expenses	\$ 50,866,215	\$ 36,227,181

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Period Ended June 30, 2020)

	2021	2020
EXPENSES		
6100 Payroll Costs	\$ 4,078,083	\$ 3,890,671
6200 Professional and Contracted Services	197,190	290,119
6300 Supplies and Materials	67,056	54,129
6400 Other Operating Costs	102,665	202,668
Total Expenses	\$ 4,444,994	\$ 4,437,587

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 668,786	\$ 18,414,039	\$ -
1510 Land	-	13,313,472	-
1520 Building and Improvements	20,540	75,055,635	-
1539 Furniture and Equipment	-	3,228,502	294,292
1552 Right-of-use assets	-	2,340,482	-
Total Capital Assets	<u>\$ 689,326</u>	<u>\$ 112,352,130</u>	<u>\$ 294,292</u>

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 547,944	\$ 10,651,597	\$ -
1510 Land	-	10,108,691	-
1520 Building and Improvements	61,094	90,774,592	-
1539 Furniture and Equipment	-	3,010,603	995,114
1552 Right-of-use assets	-	15,756,783	-
1569 Library Books and Media	-	-	10,250
Total Capital Assets	\$ 609,038	\$ 130,302,266	\$ 1,005,364

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ -	\$ 2,179,600	\$ -
1520 Building and Improvements	-	21,647	-
1552 Right-of-use assets	-	528,475	-
	-	528,475	-
Total Capital Assets	\$ -	\$ 2,729,722	\$ -

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ 301,000	\$ 207,326	\$ 82,933	\$ (124,393)
5750 Revenue from Cocurricular Activities	<u>670,000</u>	<u>373,000</u>	<u>372,989</u>	<u>(11)</u>
Total Local Support	971,000	580,326	455,922	(124,404)
State Program Revenues:				
5810 Foundation School Program Act Revenues	32,306,350	33,314,500	32,934,884	(379,616)
5820 State Program Revenues Distributed by Texas Education Agency	420,000	72,600	72,597	(3)
5830 State Revenues from State Agencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total State Program Revenues	32,726,350	33,387,100	33,007,481	(379,619)
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	<u>2,349,931</u>	<u>1,964,000</u>	<u>2,128,763</u>	<u>164,763</u>
Total Federal Program Revenues	2,349,931	1,964,000	2,128,763	164,763
Total Revenues	<u>36,047,281</u>	<u>35,931,426</u>	<u>35,592,166</u>	<u>(339,260)</u>
EXPENSES				
11 Instruction	19,500,163	21,700,000	21,640,241	59,759
12 Instructional Resources and Media Services	11,160	-	-	-
13 Curriculum Development and Instructional Staff Development	1,216,249	1,153,192	1,268,455	(115,263)
21 Instructional Leadership	2,068,187	1,396,000	1,680,394	(284,394)
23 School Leadership	2,103,940	3,150,000	3,153,187	(3,187)
33 Health Services	15,541	84,195	84,196	(1)
34 Student (Pupil) Transportation	-	-	-	-
35 Food Services	550,000	447,954	504,103	(56,149)
36 Cocurricular/Extracurricular Activities	470,000	209,816	302,439	(92,623)
41 General Administration	1,527,854	313,000	310,515	2,485
51 Plant Maintenance and Operations	5,549,382	3,651,869	4,925,591	(1,273,722)
52 Security and Monitoring Services	109,425	66,000	63,053	2,947
53 Data Processing Services	62,573	67,000	66,569	431
71 Debt Service	2,331,900	2,612,000	2,615,274	(3,274)
81 Fundraising	-	-	34,266	(34,266)
Total Expenses	<u>35,516,374</u>	<u>34,851,026</u>	<u>36,648,283</u>	<u>(1,797,257)</u>
Change in Net Assets	<u>530,907</u>	<u>1,080,400</u>	<u>(1,056,117)</u>	<u>(2,136,517)</u>
Net Assets, beginning of year	<u>3,219,792</u>	<u>3,219,792</u>	<u>3,219,792</u>	<u>-</u>
Net Assets, end of year	<u>\$ 3,750,699</u>	<u>\$ 4,300,192</u>	<u>\$ 2,163,675</u>	<u>\$ (2,136,517)</u>

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ 301,000	\$ (243,597)	\$ 5,674	\$ 249,271
5750 Revenue from Cocurricular Activities	870,000	573,700	573,540	(160)
Total Local Support	<u>1,171,000</u>	<u>330,103</u>	<u>579,214</u>	<u>249,111</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	51,569,803	46,365,000	45,948,864	(416,136)
5820 State Program Revenues Distributed by Texas Education Agency	550,000	194,000	183,653	(10,347)
5830 State Revenues from State Agencies	-	-	-	-
Total State Program Revenues	<u>52,119,803</u>	<u>46,559,000</u>	<u>46,132,517</u>	<u>(426,483)</u>
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	2,857,505	3,746,500	4,069,684	323,184
5930 Federal Revenues Distributed by Other Government Agencies	-	-	10,908	10,908
Total Federal Program Revenues	<u>2,857,505</u>	<u>3,746,500</u>	<u>4,080,592</u>	<u>334,092</u>
Total Revenues	<u>56,148,308</u>	<u>50,635,603</u>	<u>50,792,323</u>	<u>156,720</u>
Expenses				
11 Instruction	28,602,267	30,655,977	30,900,476	(244,499)
12 Instructional Resources and Media Services	14,000	5,040	5,041	(1)
13 Curriculum Development and Instructional Staff Development	2,252,959	1,457,986	1,667,171	(209,185)
21 Instructional Leadership	3,691,525	1,891,284	2,264,408	(373,124)
23 School Leadership	2,925,862	4,209,940	4,209,074	866
33 Health Services	24,923	114,700	114,768	(68)
35 Food Services	970,000	937,000	1,030,986	(93,986)
36 Cocurricular/Extracurricular Activities	650,000	352,000	351,204	796
41 General Administration	2,469,551	272,000	310,835	(38,835)
51 Plant Maintenance and Operations	7,853,439	5,546,702	6,831,270	(1,284,568)
52 Security and Monitoring Services	83,562	35,620	35,323	297
53 Data Processing Services	699,252	4,500	4,519	(19)
71 Debt Service	2,655,848	2,948,000	3,110,146	(162,146)
81 Fundraising	-	-	30,994	(30,994)
Total Expenses	<u>52,893,188</u>	<u>48,430,749</u>	<u>50,866,215</u>	<u>(2,435,466)</u>
Change in Net Assets	<u>3,255,120</u>	<u>2,204,854</u>	<u>(73,892)</u>	<u>(2,278,746)</u>
Net Assets, beginning of year	<u>8,449,254</u>	<u>8,449,254</u>	<u>8,449,254</u>	<u>-</u>
Net Assets, end of year	<u>\$ 11,704,374</u>	<u>\$ 10,654,108</u>	<u>\$ 8,375,362</u>	<u>\$ (2,278,746)</u>

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	\$ 6,225,000	\$ 6,460,000	\$ 6,372,702	\$ (87,298)
Total Local Support	<u>6,225,000</u>	<u>6,460,000</u>	<u>6,372,702</u>	<u>(87,298)</u>
 Total Revenues	 <u>6,225,000</u>	 <u>6,460,000</u>	 <u>6,372,702</u>	 <u>(87,298)</u>
Expenses				
13 Curriculum Development and Instructional				
Staff Development	2,338,473	-	126,891	(126,891)
21 Instructional Leadership	-	-	80,066	(80,066)
41 General Administration	3,815,404	4,088,878	4,082,875	6,003
51 Plant Maintenance and Operations	-	180,000	155,162	24,838
Total Expenses	<u>6,153,877</u>	<u>4,268,878</u>	<u>4,444,994</u>	<u>(176,116)</u>
 Change in Net Assets	 <u>71,123</u>	 <u>2,191,122</u>	 <u>1,927,708</u>	 <u>(263,414)</u>
 Net Assets, beginning of year	 <u>636,258</u>	 <u>636,258</u>	 <u>636,258</u>	 <u>-</u>
 Net Assets, end of year	 <u>\$ 707,381</u>	 <u>\$ 2,827,380</u>	 <u>\$ 2,563,966</u>	 <u>\$ (263,414)</u>

See accompanying notes to financial statements.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, 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 Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RWEF, Inc.'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 RWEF, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of RWEF, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Ramsey & Company".

Houston, TX
November 19, 2021

GOMEZ & COMPANY

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

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Riverwalk Education Foundation, Inc. (RWEF, Inc.)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RWEF, Inc.'s major federal programs for the year ended June 30, 2021. RWEF, Inc.'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 RWEF, Inc.'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 RWEF, Inc.'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 RWEF, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Riverwalk Education Foundation, Inc. (RWEF, Inc.) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

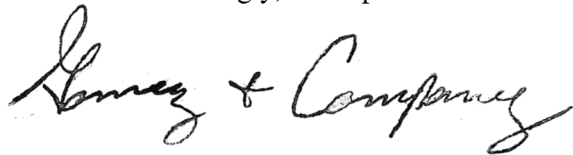
Report on Internal Control Over Compliance

Management of RWEF, Inc. 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 RWEF, Inc.'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 RWEF, Inc.'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.



Houston, TX
November 19, 2021

RIVERWALK EDUCATION FOUNDATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses on internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. Major programs:

U.S. Department of Education			
Passed – Through Texas Education Agency			
IDEA-B Formula*	CFDA	84.027A	
IDEA-B Preschool*	CFDA	84.173A	
National School Lunch Program*	CFDA	10.555	
School Breakfast Program*	CFDA	10.553	
Elementary and Secondary School Emergency Relief Fund	CFDA	84.425D	

8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. RWEF, Inc. qualifies as a low-risk auditee.

<u>Current Year Findings</u>	Questioned Costs
No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a).	\$-0-

* Denotes cluster

RIVERWALK EDUCATION FOUNDATION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

No findings were noted as per governmental auditing standards and 2 CFR section 200.516(a) for the year ended June 30, 2020.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Assistance Listing	Pass - Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed - Through Texas Education Agency:			
Title I, Part A-Improving Basic Programs	84.010A	20610101015827	\$ 60,982
Title I, Part A-Improving Basic Programs	84.010A	20610101015831	89,373
Title I, Part A-Improving Basic Programs	84.010A	20610141015827	17,670
Title I, Part A-Improving Basic Programs	84.010A	21610101015827	421,419
Title I, Part A-Improving Basic Programs	84.010A	21610101015831	626,538
Title I, Part A-Improving Basic Programs	84.010A	21610141015827	104,056
IDEA, Part B-Formula	84.027A	206600010158316000	54,684
IDEA, Part B-Formula	84.027A	216600010158276000	310,363
IDEA, Part B-Formula	84.027A	216600010158316000	463,428
Charter Schools	84.282	185901017110009	131,802
Charter Schools	84.282	185901057110015	733,921
Title II, Part A-Teacher & Principal Training	84.367A	20694501015827	9,555
Title II, Part A-Teacher & Principal Training	84.367A	20694501015831	20,832
Title II, Part A-Teacher & Principal Training	84.367A	21694501015827	57,487
Title II, Part A-Teacher & Principal Training	84.367A	21694501015831	62,514
Title III, Part A-LEP	84.365A	20671001015831	1,149
Title III, Part A-LEP	84.365A	21671001015827	41,393
Title III, Part A-LEP	84.365A	21671001015831	49,953
Total U.S. Department of Education, non-COVID-19 Assistance			<u>3,257,119</u>
COVID-19 - Title IV, Part A, Subpart 1	84.424A	20680101015827	6,559
COVID-19 - Title IV, Part A, Subpart 1	84.424A	20680101015831	24,571
COVID-19 - Title IV, Part A, Subpart 2	84.424A	21680101015831	4,456
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425D	20521001015827	268,853
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425D	20521001015831	463,465
COVID-19 - CARES Act Section 18003 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	52102135	321,037
COVID-19 - CARES Act Section 18003 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	52102135	522,204
Total U.S. Department of Education, COVID-19 Assistance			<u>1,611,145</u>
Total U.S. Department of Education			<u>4,868,264</u>
<u>U.S. Treasury Department</u>			
Passed - Through Texas Division of Emergency Management			
COVID-19 - Coronavirus Relief Fund (CRF) of the CARES Act	21.019	000-UFCPL-00	10,908
<u>U.S. Department of Agriculture</u>			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
Breakfast	10.553	71402001	44,264
Breakfast	10.553	71402101	299,223
Lunch	10.555	71302001	75,921
Lunch	10.555	71302101	637,080
			<u>1,056,488</u>
Passed - Through Texas Department of Agriculture			
USDA Commodity Food Distribution	10.555		149,342
Total U.S. Department of Agriculture, non-COVID-19 Assistance			<u>1,205,830</u>
Passed - Through Texas Department of Agriculture			
COVID-19 - Emergency Operations Cost Reimbursement	10.555		124,352
Total U.S. Department of Agriculture, COVID-19 Assistance			<u>124,352</u>
Total U.S. Department of Agriculture			<u>1,330,182</u>
Total Federal Financial Assistance			<u>\$ 6,209,354</u>

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of Riverwalk Education Foundation, Inc. (RWEF, Inc.) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of RWEF, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of RWEF, Inc.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

RWEF, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

The Organization did not provide federal awards to subrecipients.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY -MAIN
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
FOR THE YEAR ENDED JUNE 30,2021

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest-State	Ownership Interest- Federal
NCB 11833 BLK 33 LOT E IRRG 275 FT OF 32	1450 NE Loop 410 San Antonio, TX 78209	\$ 2,994,610	\$ -	\$ 2,994,610	\$ -
NCB 11833 BLK 33 LOT W 100 FT OF 32	1450 NE Loop 410 San Antonio, TX 78209	1,565,150	-	1,565,150	-
NCB 15911 (CROSSWINDS DRAINAGE DETENTION), BLOCK 1 LOT 45	11214 N Weidner Rd. San Antonio, TX 78233	12,463,650	-	12,463,650	-
14945 P-1N (0.24 AC) & TR-1K (11.763 AC)	Wurzbach Pkwy TX 78233	433,970	-	433,970	-
RES B BLK 1 LOUETTA GLEN SEC 1	0 Louetta Rd. Spring, TX 77388	478,783	-	478,783	-
RES A BLK 1 RESERVE ON TC JESTER SEC 1	15015 T C Jester Blvd. Houston, TX 77068	20,151,433	-	20,151,433	-
RES A BLK 1 LOUETTA NORTH BUSINESS PARK	2105 Louetta Rd. Spring, TX 77388	18,543,332	-	18,543,332	-
TR 10D ABST 229 G H DELESDEMIER	0 T C Jester Blvd. Houston, TX 77068	33,212	-	33,212	-
RES F5-A GREENBRIAR NORTH SEC 1	330 N Sam Houston Pky E. Houston, TX 77060	5,113,515	-	5,113,515	-
A-175 SUR-98 R GARZA, ACRES 4.7355	5 IH 35 Schertz, TX 78154	606,460	-	606,460	-

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
FOR THE YEAR ENDED JUNE 30,2021

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest- State	Ownership Interest- Federal
NCB 16007 BLK 2 LOT 2 "BOWEN'S CROSSING COMMERCIAL UT-4"	Bowen's Crossing San Antonio, TX 78250	\$ 183,140	\$ -	\$ 183,140	\$ -
NCB 16007 BLK 2 LOT 3 (BUILDING HOPE CHARTER SCHOOL)	9202 W Loop 1604 N, San Antonio, TX 78250	16,904,420	-	16,904,420	-
CB 4411C (REGAL VILLAGE), BLOCK 51 LOT 3	Culebra Rd San Antonio, TX 78253	13,334,520	-	13,334,520	-
RES A BLK 1 SCHOOL OF SCIENCE AND TECHNOLOGY	12000 Brant Rock Dr. Houston, TX 77082	1,323,735	-	1,323,735	-
0361 I AND GN, ACRES 9.8807	10007 Clodine Rd. Richmond, TX 77407	15,237,994	-	15,237,994	-
AIRLINE ROAD SCHOOL OF SCIENCE AND TECHNOLOGY BLK 1 LOT 1	2626 Airline Rd. Corpus Christi, TX 78414	10,471,828	-	10,471,828	-

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
 SCHOOL OF SCIENCE & TECHNOLOGY - CENTRAL OFFICE
 SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
 FOR THE YEAR ENDED JUNE 30,2021

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest-State	Ownership Interest-Federal
None					

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2021

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

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
 SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
 SCHEDULE OF RELATED PARTY TRANSACTIONS
 FOR THE YEAR ENDED JUNE 30, 2021

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

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2021

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