

**MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED AUGUST 31, 2019**

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**MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY**

057-850

(Federal Employer Identification Number: 46-5137310)

**CERTIFICATE OF BOARD**

August 31, 2019

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy was reviewed and approved \_\_\_\_\_ disapproved for the year ended August 31, 2019, at a meeting of the governing body of said charter school on the 27 day of January, 2020.



\_\_\_\_\_  
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  
Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy  
Mesquite, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Meadow Oaks Education Foundation ("MOEF") dba Pioneer Technology & Arts Academy (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, 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 MOEF as of August 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

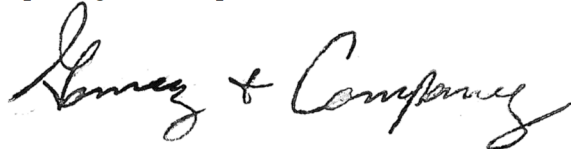
## ***Other Matters***

### ***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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020, on our consideration of MOEF '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 MOEF'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 MOEF's internal control over financial reporting and compliance.

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

Houston, TX  
January 24, 2020

MEADOW OAKS EDUCATION FOUNDATION

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2019

**ASSETS**

|                                   |                         |
|-----------------------------------|-------------------------|
| <b>CURRENT ASSETS</b>             |                         |
| Cash                              | \$ 854,743              |
| Grants Receivable                 | 1,492,466               |
| <b>TOTAL CURRENT ASSETS</b>       | <u>2,347,209</u>        |
| <br><b>PROPERTY AND EQUIPMENT</b> |                         |
| Building and Improvements         | 196,339                 |
| Furniture and Equipment           | 1,208,471               |
| Vehicles                          | 73,909                  |
|                                   | <u>1,478,719</u>        |
| Less: Accumulated Depreciation    | (217,194)               |
|                                   | <u>1,261,525</u>        |
| <br><b>TOTAL ASSETS</b>           | <br><u>\$ 3,608,734</u> |

**LIABILITIES AND NET ASSETS**

|   |                         |
|---|-------------------------|
| <b>CURRENT LIABILITIES</b>                  |                         |
| Accounts Payable                            | \$ 788,133              |
| Accrued Payroll Liabilities                 | 431,896                 |
| Other Liabilities                           | 388,265                 |
| Current Portion Notes Payable               | 743,633                 |
| <b>TOTAL CURRENT LIABILITIES</b>            | <u>2,351,927</u>        |
| <br><b>NONCURRENT LIABILITIES</b>           |                         |
| Noncurrent portion of Notes Payable         | 110,296                 |
| <b>TOTAL NONCURRENT LIABILITIES</b>         | <u>110,296</u>          |
| <br><b>TOTAL LIABILITIES</b>                | <br><u>2,462,223</u>    |
| <br><b>NET ASSETS</b>                       |                         |
| Without Donor Restrictions                  | 184,783                 |
| With Donor Restrictions                     | 961,728                 |
| <b>TOTAL NET ASSETS</b>                     | <u>1,146,511</u>        |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b> | <br><u>\$ 3,608,734</u> |

See accompanying notes to the financial statements.

MEADOW OAKS EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED AUGUST 31, 2019

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| <b>REVENUES</b>                                |                               |                            |                     |
| Local Support:                                 |                               |                            |                     |
| Revenues from local sources                    | \$ 123,055                    | \$ 52,285                  | \$ 175,340          |
|  | <u>123,055</u>                | <u>52,285</u>              | <u>175,340</u>      |
| State Program Revenues                         |                               | 6,105,556                  | 6,105,556           |
| Total State Program Revenues                   |                               | <u>6,105,556</u>           | <u>6,105,556</u>    |
| Federal Program Revenues                       |                               | 991,550                    | 991,550             |
| Total Federal Program Revenues                 |                               | <u>991,550</u>             | <u>991,550</u>      |
| Net Assets Released from Restrictions:         |                               |                            |                     |
| Restrictions Satisfied by Payments             | 6,187,663                     | (6,187,663)                |                     |
| Total Revenues                                 | <u>6,310,718</u>              | <u>961,728</u>             | <u>7,272,446</u>    |
| <b>EXPENSES</b>                                |                               |                            |                     |
| Program Services                               |                               |                            |                     |
| Instruction and Instructional-Related Services | 3,282,697                     |                            | 3,282,697           |
| Instructional and School Leadership            | 186,653                       |                            | 186,653             |
| Ancillary Services                             | 25,993                        |                            | 25,993              |
| Support Services- Student (Pupil)              | 376,381                       |                            | 376,381             |
| Total Program Services                         | <u>3,871,724</u>              |                            | <u>3,871,724</u>    |
| Support Services                               |                               |                            |                     |
| Administrative Support Services                | 194,756                       |                            | 194,756             |
| Support Services- Non-Student Based            | 2,100,402                     |                            | 2,100,402           |
| Debt Service                                   | 17,173                        |                            | 17,173              |
| Total Support Services                         | <u>2,312,331</u>              |                            | <u>2,312,331</u>    |
| Total Expenses                                 | <u>6,184,055</u>              |                            | <u>6,184,055</u>    |
| <b>CHANGE IN NET ASSETS</b>                    | <u>126,663</u>                | <u>961,728</u>             | <u>1,088,391</u>    |
| NET ASSETS, beginning of year                  | <u>58,120</u>                 |                            | <u>58,120</u>       |
| NET ASSETS, end of year                        | <u>\$ 184,783</u>             | <u>\$ 961,728</u>          | <u>\$ 1,146,511</u> |

See accompanying notes to the financial statements.

MEADOW OAKS EDUCATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2019

|                                 | Program<br>Expense  | Management<br>and General | Total               |
|---------------------------------|---------------------|---------------------------|---------------------|
| <b>Expenses</b>                 |                     |                           |                     |
| Salaries                        | \$ 2,732,750        | \$ 96,294                 | \$ 2,829,044        |
| Employee benefits               | 188,253             | 2,253                     | 190,506             |
| Payroll taxes                   | 44,076              | 1,396                     | 45,472              |
| Professional fees               | 433,011             | 337,184                   | 770,195             |
| Utilities                       |                     | 140,563                   | 140,563             |
| Occupancy                       |                     | 1,319,460                 | 1,319,460           |
| Travel                          | 50,798              | 11,884                    | 62,682              |
| Interest expense                |                     | 17,879                    | 17,879              |
| Insurance                       |                     | 47,793                    | 47,793              |
| Depreciation and amortization   |                     | 123,811                   | 123,811             |
| Supplies                        | 386,752             | 182,977                   | 569,729             |
| Equipment Lease and maintenance | 50                  |                           | 50                  |
| Miscellaneous expenses          | 34,285              | 10,068                    | 44,353              |
| Repairs and Maintenance         | 1,749               | 20,769                    | 22,518              |
|                                 | <u>\$ 3,871,724</u> | <u>\$ 2,312,331</u>       | <u>\$ 6,184,055</u> |

See accompanying notes to the financial statements.



MEADOW OAKS EDUCATION FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

|   |                  |
|---|------------------|
| Change in net assets  | \$ 1,088,391     |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                  |
| Depreciation and amortization expense   | 123,811          |
| Grants receivables  | (1,052,285)      |
| Accounts payable  | 511,690          |
| Accrued payroll liabilities   | 156,081          |
| Other liabilities   | 388,265          |
| Total Adjustments   | <u>127,562</u>   |
| CASH PROVIDED BY OPERATING ACTIVITIES   | <u>1,215,953</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

|   |                  |
|---|------------------|
| Cash paid for purchases of fixed assets | <u>(779,327)</u> |
|---|------------------|

|  |                  |
|--|------------------|
| CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES | <u>(779,327)</u> |
|--|------------------|

CASH FLOWS FROM FINANCING ACTIVITIES

|                                     |                  |
|-------------------------------------|------------------|
| Loan proceeds from related parties  | 375,000          |
| Principal payments on notes payable | <u>(620,510)</u> |

|  |                  |
|--|------------------|
| CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES | <u>(245,510)</u> |
|--|------------------|

|                                 |         |
|---------------------------------|---------|
| NET INCREASE (DECREASE) IN CASH | 191,116 |
|---------------------------------|---------|

|                           |                |
|---------------------------|----------------|
| CASH AT BEGINNING OF YEAR | <u>663,627</u> |
|---------------------------|----------------|

|                     |                   |
|---------------------|-------------------|
| CASH AT END OF YEAR | <u>\$ 854,743</u> |
|---------------------|-------------------|

Supplemental Disclosures

CASH PAID DURING THE YEAR FOR:

|          |                  |
|----------|------------------|
| INTEREST | <u>\$ 17,879</u> |
|----------|------------------|

See accompanying notes to the financial statements.

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

A. Organization:

Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy (“MOEF”) is a nonprofit organization incorporated in the State of Texas on March 18, 2014 and exempt from federal income taxes pursuant to Section 501 (c)(3) of the Internal Revenue Code. In 2015, the State Board of Education of the State of Texas granted the corporation an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code.

Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, MOEF was opened in the fall of 2016. The charter school was organized to empower and engage students to reach their full potential as global leaders who will enhance their communities and the world through creativity, collaboration and innovation. MOEF’s programs, services, activities and functions are governed by the corporation’s board of directors.

The charter holder MOEF only operates a charter school and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by MOEF, including required disclosures about liquidity and availability of resources, and increased disclosures on functional expenses. The new standard is effective beginning with MOEF’s fiscal year ended August 31, 2019 and must be applied on a retrospective basis. MOEF adopted the ASU effective August 31, 2019. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS

Net assets of MOEF 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 MOEF. 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.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

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.

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

PROPERTY AND EQUIPMENT

Property and equipment purchased by MOEF are 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 or acquired under budgeted capital asset line items within grant applications are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of the assets. Gains or losses from retirement or sale of property and equipment are reflected in income for the period. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give to MOEF, which 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. 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.

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.

INCOME TAXES

MOEF 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

MOEF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in non-interest-bearing demand accounts at national financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account. As of August 31, 2019, MOEF has not incurred any losses on amounts held in depository accounts in excess of federally insured limits.

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

ESTIMATES

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

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 charter school's multiple functional expenditures.

C. Pension Plan Obligations:

*Plan Description*

MOEF 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 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.

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, 2019 provided the following information (ABO refers to the accumulated benefit obligation):

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

C. Pension Plan Obligations: (Continued)

| Pension<br>Fund | Total Plan Assets<br>2019 | ABO<br>2019        | Percent<br>Funded |
|-----------------|---------------------------|--------------------|-------------------|
| TRS             | \$ 181,800,159,000        | \$ 209,961,325,000 | 76.40%            |

*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% 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 1 year, the period would be increased by such action. State law provides for a member contribution rate of 7.7% for fiscal year 2019, and a state contribution rate of 6.8% for fiscal year 2019. The charter school's employee contributions to the system for the year ended August 31, 2019 were \$213,780, 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 6.8% totaling \$10,509 for the year ended August 31, 2019. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan. MOEF's surcharge contribution was \$6,119.

D. Liquidity and Availability of Financial Assets:

The following reflects MOEF'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  | \$ 854,743          |
| Grants and other receivables   | 1,492,466           |
| Total financial assets   | <u>2,347,209</u>    |
| Less those unavailable for general expenditures within one year, due to:               |                     |
| Donor-imposed restrictions as to time or use   | <u>-</u>            |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 2,347,209</u> |

MOEF 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 charter school. Excess cash is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months.

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

E. 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.

F. Commitments and Contingencies:

MOEF 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. MOEF is economically dependent on these charter school funds.

G. Health Care Coverage:

During the year ended August 31, 2019, employees of MOEF were covered by a health insurance plan. The school contributed up to \$225 per month per employee (depending upon coverage selected) to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

H. Related Parties:

MOEF has established business relationships with Meadow Oaks Academy (“MOA”), a private educational organization in which MOEF’s Superintendent serves as School Administrator, and PNC Partners, Ltd. (“PNC”), a partnership organized in the state of Texas. MOEF’s Superintendent retains equity financial interests in both MOA and PNC.

MOA has allowed MOEF to use a revolving line of credit held by MOA with a bank. MOEF has agreed to repay amounts drawn on the credit facility in accordance with the terms of the line of credit agreement and as described in Note I. The balance on the line of credit at August 31, 2019 was \$185,187. MOEF was also indebted to the Superintendent for \$375,000 at August 31, 2019.

PNC has provided startup capital to MOEF under multiple agreements. At August 31, 2019, MOEF was indebted to PNC in the amount of \$609,051. PNC also serves as a lessor in three properties leased by MOEF as educational facilities. In the year ended August 31, 2019, MOEF incurred expenses related to education expenses leased from PNC totaling \$1,319,460.

MEADOW OAKS EDUCATION FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

H. Related Parties: (Continued)

In an effort to finance new construction for the establishment of a third campus located in Fate, Texas, MOEF has supported – through the contracting of legal counsel and other professionals – the establishment of a 501 (c)(3) organization to facilitate charter school campus development projects. The 501(c)(3) is organized in Texas as SSS Education Foundation. MOEF’s Superintendent serves on the board of directors of SSS Education Foundation until the permanent board can be appointed.

I. Note Payable:

MOEF’s obligations under notes payable consist of the following:

|   |           |
|---|-----------|
| Credit facility structured as a note payable to Meadow Oaks Academy (“MOA”). The note is dated May 10, 2016, and allows MOEF to draw up to \$200,000 on an existing line of credit arrangement between MOA and a bank. The terms of the note payable are to follow the terms of the line of credit, a variable interest rate between 4.0% and 4.75%, payable on demand or in equal monthly installments beginning October 1, 2016 and through August 31, 2019. The note is unsecured. | \$185,187 |
| Note payable to lessor in the amount of \$48,000. The note is dated September 1, 2017, and is the result of a forbearance agreement on rent due. The note payable does not carry a rate of interest, and is payable in 24 equal installments of \$2,000 beginning September 1, 2019. The date of maturity is August 31, 2021. The note is unsecured.  | 48,000    |
| Note payable to lessor in the amount of \$84,000. The note is dated September 1, 2017, and is the result of a forbearance agreement on rent due for a second campus. The note payable does not carry a rate of interest, and is payable in 24 equal installments of \$2,000 beginning September 1, 2019. The date of maturity is August 31, 2021. The note is unsecured.  | 84,000    |
| Note payable to limited partnership organization. The note is dated May 6, 2016, and is intended to provide start-up capital. The note payable does not carry a rate of interest, and is payable in equal monthly installments of \$5,000 beginning September 1, 2018 with a final lump sum payment \$47,051. The date of maturity is August 31, 2019. The note is unsecured.   | 102,051   |
| Note payable to equipment finance organization. The note is dated August 6, 2018. The note payable carries a rate of interest of 7.98%, and is payable in 54 equal monthly installments of \$1,634 beginning September 6, 2018. The date of maturity is December 6, 2022. The note is secured by two transport vehicles.  | 59,691    |



MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

I. Note Payable: (Continued)

Note payable to Superintendent. The note is dated August 29, 2019, and is intended to provide operating cash. The note payable does not carry a rate of interest, and is payable in full in a single sum of \$375,000 on or before September 30, 2019.

|  |            |
|--|------------|
|  | 375,000    |
| The balance at August 31, 2019 is      | 853,929    |
| Less: Current portion of notes payable | (743,633)  |
| Notes payables, net of current portion | \$ 110,296 |

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

| Year Ending August 31, | Principal  | Interest  | Total      |
|------------------------|------------|-----------|------------|
| 2020                   | \$ 743,633 | \$ 14,394 | \$ 758,027 |
| 2021                   | 82,669     | 2,934     | 85,603     |
| 2022                   | 18,049     | 1,554     | 19,603     |
| 2023                   | 9,578      | 224       | 9,802      |
| 2024                   | -          | -         | -          |
| Thereafter             | -          | -         | -          |
| Total                  | \$ 853,929 | \$ 19,106 | \$ 873,035 |

J. Net Assets with Donor Restrictions:

Net assets with donor restrictions at August 31, 2019 are restricted as follows:

Subject to expenditure for specified purposes:

|  |            |
|--|------------|
| State-financed general charter school activities | \$ 961,728 |
| Total restricted funds                           | \$ 961,728 |

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

|                                |              |
|--------------------------------|--------------|
| Texas Education Agency-Federal | \$ 991,550   |
| Texas Education Agency-State   | 5,196,113    |
| Total restrictions released    | \$ 6,187,663 |

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

K. Operating Lease Commitment:

MOEF leases facilities under non-cancelable operating leases. The minimum annual lease commitment is as follows:

| <u>Twelve months ending August 31,</u> | <u>Amount</u>        |
|--|----------------------|
| 2020                                   | \$ 2,693,861         |
| 2021                                   | 2,134,663            |
| 2022                                   | 2,161,606            |
| 2023                                   | 2,201,590            |
| 2024                                   | 2,229,624            |
| Total                                  | <u>\$ 11,421,344</u> |

Operating lease expense amounted to \$1,319,460 for the year ended August 31, 2019.

L. Evaluation of Subsequent Events:

MOEF has evaluated subsequent events through January 24, 2020, the date which the financial statements were available to be issued.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Directors of  
Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy  
Mesquite, Texas

We have audited the financial statements of Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy ("MOEF") as of and for the year ended August 31, 2019, and our report thereon dated January 24, 2020, 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 are presented on pages 17 to 20 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  
January 24, 2020

MEADOW OAKS EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED AUGUST 31, 2019

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| <b>REVENUES</b>   |                               |                            |                     |
| Local Support:  |                               |                            |                     |
| 5740 Other Revenues from Local Sources                                | \$ 123,055                    | \$ 111                     | \$ 123,166          |
| 5750 Revenue from Cocurricular Activities                             |                               | 52,174                     | 52,174              |
| Total Local Support   | <u>123,055</u>                | <u>52,285</u>              | <u>175,340</u>      |
| State Program Revenues:   |                               |                            |                     |
| 5810 Foundation School Program Act Revenues                           |                               | 5,826,395                  | 5,826,395           |
| 5820 State Program Revenues Distributed<br>by Texas Education Agency  |                               | 279,161                    | 279,161             |
| Total State Program Revenues  |                               | <u>6,105,556</u>           | <u>6,105,556</u>    |
| Federal Program Revenues:   |                               |                            |                     |
| 5920 Federal Revenues Distributed by<br>Texas Department of Education |                               | 991,550                    | 991,550             |
| Total Federal Program Revenues  |                               | <u>991,550</u>             | <u>991,550</u>      |
| Net Assets Released from Restrictions:                                |                               |                            |                     |
| Restrictions Satisfied by Payments                                    | 6,187,663                     | (6,187,663)                |                     |
| Total Revenues  | <u>6,310,718</u>              | <u>961,728</u>             | <u>7,272,446</u>    |
| <b>EXPENSES</b>   |                               |                            |                     |
| 11 Instruction  | 3,082,352                     |                            | 3,082,352           |
| 13 Curriculum Development and Instructional<br>Staff Development      | 200,345                       |                            | 200,345             |
| 21 Instructional Leadership   | 58,656                        |                            | 58,656              |
| 23 School Leadership  | 127,997                       |                            | 127,997             |
| 31 Guidance, Counseling and Evaluating Services                       | 99,493                        |                            | 99,493              |
| 33 Health Services  | 2,633                         |                            | 2,633               |
| 34 Student (Pupil) Transportation                                     | 1,020                         |                            | 1,020               |
| 35 Food Services  | 241,013                       |                            | 241,013             |
| 36 Cocurricular/Extracurricular Activities                            | 32,222                        |                            | 32,222              |
| 41 General Administration   | 194,756                       |                            | 194,756             |
| 51 Plant Maintenance and Operations                                   | 1,997,176                     |                            | 1,997,176           |
| 52 Security and Monitoring Services                                   | 7,857                         |                            | 7,857               |
| 53 Data Processing Services   | 95,369                        |                            | 95,369              |
| 61 Community Services   | 25,993                        |                            | 25,993              |
| 71 Debt Service   | 17,173                        |                            | 17,173              |
| Total Expenses  | <u>6,184,055</u>              |                            | <u>6,184,055</u>    |
| <b>CHANGE IN NET ASSETS</b>   | 126,663                       | 961,728                    | 1,088,391           |
| NET ASSETS, beginning of year   | <u>58,120</u>                 |                            | <u>58,120</u>       |
| NET ASSETS, end of year   | <u>\$ 184,783</u>             | <u>\$ 961,728</u>          | <u>\$ 1,146,511</u> |

See accompanying notes to the financial statements.

MEADOW OAKS EDUCATION FOUNDATION

SCHEDULE OF EXPENSES

AUGUST 31, 2019

**EXPENSES**

|   |                     |
|---|---------------------|
| 6100 Payroll Costs                        | \$ 3,065,022        |
| 6200 Professional and Contracted Services | 2,252,786           |
| 6300 Supplies and Materials               | 569,729             |
| 6400 Other Operating Costs                | 278,639             |
| 6500 Debt                                 | 17,879              |
| Total Expenses                            | <u>\$ 6,184,055</u> |

See accompanying notes to the financial statements.

MEADOW OAKS EDUCATION FOUNDATION

SCHEDULE OF CAPITAL ASSETS

AUGUST 31, 2019

|                                | Ownership Interest |              |              |
|--------------------------------|--------------------|--------------|--------------|
|                                | Local              | State        | Federal      |
| 1110 Cash                      | \$                 | \$ 854,743   | \$           |
| 1520 Building and Improvements |                    | 178,873      | 17,466       |
| 1531 Vehicles                  |                    | 73,909       |              |
| 1539 Furniture and Equipment   |                    | 126,149      | 1,082,322    |
| Total Capital Assets           | \$                 | \$ 1,233,674 | \$ 1,099,788 |

See accompanying notes to the financial statements.

MEADOW OAKS EDUCATION FOUNDATION

BUDGETARY COMPARISON SCHEDULE

FOR THE YEARS ENDED AUGUST 31, 2019

|   | Budgeted Amounts  |                   | Actual<br>Amounts   | Variance from<br>Final Budget |
|---|-------------------|-------------------|---------------------|-------------------------------|
|   | Original          | Final             |                     |                               |
| <b>REVENUES</b>   |                   |                   |                     |                               |
| Local Support:  |                   |                   |                     |                               |
| 5740 Other Revenues from Local Sources                                | \$ 8,468          | \$ 541,468        | \$ 123,166          | \$ (418,302)                  |
| 5750 Revenue from Cocurricular Activities                             |                   |                   | 52,174              | 52,174                        |
| Total Local Support   | <u>8,468</u>      | <u>541,468</u>    | <u>175,340</u>      | <u>(366,128)</u>              |
| State Program Revenues:   |                   |                   |                     |                               |
| 5810 Foundation School Program Act Revenues                           | 6,375,000         | 5,913,483         | 5,826,395           | (87,088)                      |
| 5820 State Program Revenues Distributed<br>by Texas Education Agency  |                   |                   | 279,161             | 279,161                       |
| Total State Program Revenues  | <u>6,375,000</u>  | <u>5,913,483</u>  | <u>6,105,556</u>    | <u>192,073</u>                |
| Federal Program Revenues:   |                   |                   |                     |                               |
| 5920 Federal Revenues Distributed by<br>Texas Department of Education | 600,000           | 1,365,368         | 991,550             | (373,818)                     |
| Total Federal Program Revenues  | <u>600,000</u>    | <u>1,365,368</u>  | <u>991,550</u>      | <u>(373,818)</u>              |
| Total Revenues  | <u>6,983,468</u>  | <u>7,820,319</u>  | <u>7,272,446</u>    | <u>(547,873)</u>              |
| <b>EXPENSES</b>   |                   |                   |                     |                               |
| 11 Instruction  | 3,000,000         | 3,580,485         | 3,082,352           | 498,133                       |
| 13 Curriculum Development and Instructional<br>Staff Development      | 320,835           | 466,210           | 200,345             | (200,345)                     |
| 21 Instructional Leadership   | 311,950           | 58,854            | 58,656              | 198                           |
| 23 School Leadership  | 483,184           | 128,084           | 127,997             | 87                            |
| 31 Guidance, Counseling and Evaluating Servic                         | 102,592           | 210,545           | 99,493              | 111,052                       |
| 32 Social Work Services   | 49,979            |                   |                     |                               |
| 33 Health Services  | 21,304            | 2,704             | 2,633               | 71                            |
| 34 Student (Pupil) Transportation                                     |                   | 1,100             | 1,020               | 80                            |
| 35 Food Services  | 43,554            | 263,900           | 241,013             | 22,887                        |
| 36 Cocurricular/Extracurricular Activities                            | 103,334           | 34,134            | 32,222              | 1,912                         |
| 41 General Administration   | 341,692           | 263,992           | 194,756             | 69,236                        |
| 51 Plant Maintenance and Operations                                   | 1,375,600         | 2,021,781         | 1,997,176           | 24,605                        |
| 52 Security and Monitoring Services                                   | 9,220             | 18,300            | 7,857               | 10,443                        |
| 53 Data Processing Services   | 489,520           | 369,800           | 95,369              | 274,431                       |
| 61 Community Services   | 97,218            | 26,200            | 25,993              | 207                           |
| 71 Debt Service   | 81,159            | 31,159            | 17,173              | 13,986                        |
| Total Expenses  | <u>6,831,141</u>  | <u>7,477,248</u>  | <u>6,184,055</u>    | <u>826,983</u>                |
| <b>CHANGE IN NET ASSETS</b>   | <u>152,327</u>    | <u>343,071</u>    | <u>1,088,391</u>    | <u>(745,320)</u>              |
| NET ASSETS, beginning of year   | <u>58,120</u>     | <u>58,120</u>     | <u>58,120</u>       |                               |
| NET ASSETS, end of year   | <u>\$ 210,447</u> | <u>\$ 401,191</u> | <u>\$ 1,146,511</u> | <u>\$ 745,320</u>             |

See accompanying notes to the financial statements.

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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  
Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy  
Mesquite, 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 Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy ("MOEF") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered MOEF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MOEF's internal control. Accordingly, we do not express an opinion on the effectiveness of MOEF'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 MOEF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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 "Ramirez & Company". The signature is written in black ink and is positioned above the typed name and date.

Houston, TX  
January 24, 2020

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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  
Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy  
Mesquite, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy ("MOEF") (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 MOEF's major federal programs for the year ended August 31, 2019. MOEF'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 MOEF'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 MOEF'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 MOEF's compliance.

***Opinion on Each Major Federal Program***

In our opinion, MOEF 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 August 31, 2019.

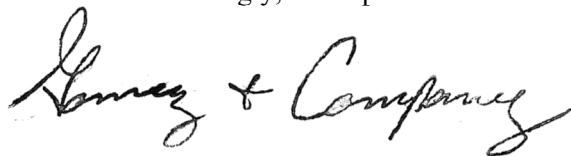
## Report on Internal Control over Compliance

Management of MOEF 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 MOEF'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 MOEF'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.

A handwritten signature in black ink, appearing to read "Loney & Company", is written in a cursive style.

Houston, TX  
January 24, 2020

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2019

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  
Charter Schools

CFDA Number 84.282
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Meadow Oaks Education Foundation does not qualify as a low-risk auditee.

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

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2019

Findings Relating to the Financial Statements

No prior year audit findings have been noted as per governmental auditing standards for the year ended August 31, 2018.

MEADOW OAKS EDUCATION FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019

| Federal Grantor/<br>Pass - Through Grantor/<br>Program Title                 | Federal<br>CFDA<br>Number | Pass - Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|--|---------------------------|--|-------------------------|
| <u>U.S. Department of Education</u>  |                           |  |                         |
| Passed - Through Texas Education Agency:                                     |                           |  |                         |
| Idea - B Formula   | 84.027A                   | 196600010578166000                             | \$ 39,668               |
| Title I, Part A, School Improvement  | 84.010A                   | 19610101057850                                 | 54,421                  |
| Charter School   | 84.282                    | 185901057110012                                | 279,883                 |
| Charter School   | 84.282                    | 1859010571110010                               | 279,052                 |
| Supporting Effective Instruction State Grants                                | 84.367A                   | 19694501057850                                 | 9,501                   |
| Title III, Part A, English Language Acquisitions<br>and Language Enhancement | 84.365A                   |  | 6,061                   |
| Title IV, Part A, Subpart 1  | 84.424A                   | 19680101057850                                 | 10,000                  |
| Total U.S. Department of Education   |                           |  | <u>678,586</u>          |
| <u>U.S. Department of Agriculture</u>  |                           |  |                         |
| Passed - Through Texas Education Agency:                                     |                           |  |                         |
| Federal Food Service Reimbursement   |                           |  |                         |
| School Breakfast   | 10.553                    | 71401801                                       | 2,121                   |
| School Breakfast   | 10.553                    | 71401901                                       | 19,121                  |
| National School Lunch  | 10.555                    | 71301801                                       | 14,504                  |
| National School Lunch  | 10.555                    | 71301901                                       | 123,524                 |
| Total U.S. Department of Agriculture   |                           |  | <u>159,270</u>          |
| <u>U.S. Department of Labor</u>  |                           |  |                         |
| Passed - Through Texas Education Agency:                                     |                           |  |                         |
| WIOA Adult Program   | 17.258                    | 183925027110010                                | 59,913                  |
| WIOA Adult Program   | 17.258                    | 183925017110013                                | 25,000                  |
| WIOA Adult Program   | 17.258                    | 183925027110011                                | 68,781                  |
| Total U.S. Department of Labor   |                           |  | <u>153,694</u>          |
| Total Expenditures of Federal Awards   |                           |  | <u>\$ 991,550</u>       |

MEADOW OAKS EDUCATION FOUNDATION  
DBA PIONEER TECHNOLOGY & ARTS ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2019

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of Meadow Oaks Education Foundation dba Pioneer Technology & Arts Academy (“MOEF”) under programs of the federal government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of MOEF, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MOEF.

***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***

MOEF has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***Subrecipients***

MOEF did not provide federal awards to subrecipients.