

**ARISE ! INC.**  
**(dba Education Center**  
**International Academy)**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**AUGUST 31, 2024**



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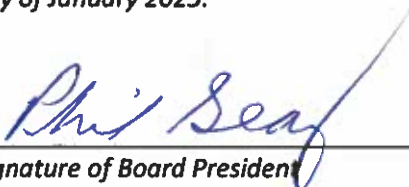
**CERTIFICATE OF BOARD**

**Arise! Inc (dba Education Center International Academy)**  
**County-District Number: 057-833**

**We, the undersigned, certify that the attached annual financial reports of the above named charter holder were reviewed and:**

✓ approved      \_\_\_\_\_ disapproved

**for the year ended August 31, 2024, at a meeting of the board of directors of such charter holder on the 23rd day of January 2025.**

  
\_\_\_\_\_  
Signature of Board President

  
\_\_\_\_\_  
Signature of Board Secretary

**If the board of trustees/directors disapproved of the auditors' report, the reason(s) for disapproving it (is/are):**



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## **INDEPENDENT AUDITORS' REPORT**

*To the Board of Directors  
Arise! Inc (dba Education Center International Academy)*

### **Report on the Audit of the Financial Statements**

#### **Opinion**

*We have audited the accompanying financial statements of Arise! Inc (dba Education Center International Academy) ("the School") (a nonprofit organization), which comprise the statements of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.*

*In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of August 31, 2024 and the changes in net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.*

#### **Basis for Opinion**

*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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

#### **Responsibilities of Management for the Financial Statements**

*Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.*

*In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.*

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

*Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

*Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.*

*In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:*

- Exercise professional judgment and maintain professional skepticism throughout the audit.*
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.*
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.*
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.*
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.*

*We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.*

### ***Supplemental Information***

*Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. In accordance with the requirements established by the Financial Accountability System Resource Guide—Special Supplement—Charter Schools issued by the Texas Education Agency, the required supplemental information as listed in the table of contents has been presented in addition to the general purpose 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 required supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.*

**Other Reporting Required by Government Auditing Standards**

*In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 the School's internal control over financial reporting and compliance.*

*Haynie & Company*

*Dallas, Texas  
January 22, 2025*

**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**

**Statement of Financial Position**

**As of August 31, 2024**

**Assets**

**Current assets**

Cash and cash equivalents	\$	298,108
Grants receivable		541,980
Prepaid expenditures		5,684
Total current assets		<u>845,772</u>

**Noncurrent assets**

Property and equipment, net		5,581,879
Right-of-use-asset - operating leases		1,203,518
Bond costs, net		92,400
Total noncurrent assets		<u>6,877,797</u>

Total assets	\$	<u>7,723,569</u>
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**Liabilities and Net Assets**

**Current liabilities**

Accounts payable	\$	78,515
Accrued expenses		239,524
Leases payable - current portion		166,212
Notes payable - current portion		350,000
Bonds payable - current portion		118,000
Total current liabilities		<u>952,251</u>

**Noncurrent liabilities**

Lease payable - less current portion		1,036,654
Notes payable - less current portion		2,699,000
Bonds payable - less current portion		2,209,000
Total noncurrent liabilities		<u>5,944,654</u>

Total liabilities		6,896,905
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**Net assets**

Without donor restrictions		180,138
With donor restrictions		646,526
Total net assets		<u>826,664</u>

Total liabilities and net assets	\$	<u>7,723,569</u>
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*The accompanying notes are an integral part of these financial statements*

**ARISEI (dba EDUCATIONAL CENTER INTERNATIONAL ACADEMY)**  
**Statement of Activities**  
**For the year ended August 31, 2024**

	<u>Without Donor Restricted</u>	<u>With Donor Restricted</u>	<u>Total</u>
<b>Revenues</b>			
<b>Local support</b>			
Other revenues from local sources	\$ 87,332	\$ -	\$ 87,332
Revenue from enterprising activities	43,877	-	43,877
Total local support	<u>131,209</u>	<u>-</u>	<u>131,209</u>
<b>State program revenues</b>			
Foundation school program	-	3,778,732	3,778,732
Available school fund program	-	156,778	156,778
Other state program revenues	-	277,535	277,535
Total state program revenues	<u>-</u>	<u>4,213,045</u>	<u>4,213,045</u>
<b>Federal program revenues</b>			
National school breakfast and lunch program	-	91,651	91,651
Federal revenues distributed by the TEA	-	318,754	318,754
Total federal program revenues	<u>-</u>	<u>410,405</u>	<u>410,405</u>
Net assets released from restrictions	<u>4,746,169</u>	<u>(4,746,169)</u>	<u>-</u>
Total revenues	<u>4,877,378</u>	<u>(122,719)</u>	<u>4,754,659</u>
<b>Expenses</b>			
<b>Program services:</b>			
11 Instruction	2,179,136	-	2,179,136
13 Curriculum and instructional staff development	2,543	-	2,543
23 School leadership	378,906	-	378,906
<b>Support services:</b>			
31 Guidance, counseling and evaluation services	79,667	-	79,667
33 Health services	40,791	-	40,791
35 Food services	109,869	-	109,869
36 Extracurricular activities	30,529	-	30,529
41 General administration	602,850	-	602,850
51 Plant maintenance and operations	974,541	-	974,541
52 Security and monitoring services	31,363	-	31,363
53 Data processing services	58,165	-	58,165
71 Debt service	250,267	-	250,267
81 Fundraising	7,542	-	7,542
Total expenses	<u>4,746,169</u>	<u>-</u>	<u>4,746,169</u>
Change in net assets	131,209	(122,719)	8,490
Net assets, beginning of year	<u>48,929</u>	<u>769,245</u>	<u>818,174</u>
Net assets, end of year	<u>\$ 180,138</u>	<u>\$ 646,526</u>	<u>\$ 826,664</u>

The accompanying notes are an integral part of these financial statements



**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Statement of Functional Expenses**  
**For the year ended August 31, 2024**

	<u>Program Activities</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses</b>				
<b>Payroll expenses</b>				
Salary and wages	\$ 2,109,820	\$ 394,029	\$ -	\$ 2,503,849
Benefits	375,688	69,746	-	445,434
Payroll taxes	34,210	5,491	-	39,701
<b>Total payroll expenses</b>	<u>2,519,718</u>	<u>469,266</u>	<u>-</u>	<u>2,988,984</u>
<b>Non-payroll expenses</b>				
Professional fees	130,598	49,987	6,578	187,163
Repairs and maintenance	158,840	-	699	159,539
Utilities	150,863	-	-	150,863
Rental fees	198,599	4,138	-	202,737
Supplies	363,963	1,533	265	365,761
Insurance	99,412	2,028	-	101,440
Depreciation	261,339	-	-	261,339
Other operating expenses	2,178	75,898	-	78,076
Interest	250,267	-	-	250,267
	<u>1,616,059</u>	<u>133,584</u>	<u>7,542</u>	<u>1,757,185</u>
<b>Total expenses</b>	<u>\$ 4,135,777</u>	<u>\$ 602,850</u>	<u>\$ 7,542</u>	<u>\$ 4,746,169</u>

The accompanying notes are an integral part of these financial statements

**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**

**Statement of Cash Flows  
For the year ended August 31, 2024**

<i>Cash flows from operating activities</i>	
Foundation School Program payments	\$ 3,778,732
Grant payments	961,178
Contributions and fund-raising activities	87,332
Miscellaneous sources	43,877
Payments to vendors for goods and services rendered	(1,402,661)
Payments to school personnel for services rendered	(3,218,457)
Interest payments	(243,967)
Net cash provided by operating activities	<u>6,034</u>
<i>Cash flows from investing activities</i>	
Purchase of land, building, and equipment	<u>(38,817)</u>
Net cash used by investing activities	<u>(38,817)</u>
<i>Cash flows from financing activities</i>	
Repayment of long-term debt	(166,000)
Repayment of bonds	(114,000)
Net cash used by financing activities	<u>(280,000)</u>
Net decrease in cash and cash equivalents	(312,783)
Cash and cash equivalents at beginning of year	<u>610,891</u>
Cash and cash equivalents at end of year	\$ <u><u>298,108</u></u>
<i>Reconciliation of change in net assets to net cash provided by operating activities:</i>	
Change in net assets	\$ 8,490
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	261,339
Amortization of bond costs	6,300
Amortization of right-of-use assets	163,856
Variable lease cost	(164,638)
Change in:	
Grants receivable	116,460
Prepays	5,557
Accounts payable	(161,857)
Accrued expenses	(229,473)
Net cash used by operating activities	\$ <u><u>6,034</u></u>

*The accompanying notes are an integral part of these financial statements*

**ARISE! INC (dba EEDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Notes to Financial Statements**  
**August 31, 2024**

**1. Summary of Significant Accounting Policies**

**Nature of activities**

*Arise! Inc (dba Education Center International Academy) ("the School") is an open enrollment charter school incorporated in 1997 offering alternative education programs to children in a single charter school. The School is supported primarily through state foundation school program act entitlements, donor contributions, and federal grants. Approximately 94 percent of the School's support for 2021 came from state entitlements. The school does not conduct any other charter or non-charter activities.*

**Basis of presentation**

*The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The School presents its financial statements in accordance with ASC 958, "Not-for-Profit Entities". Under ASC 958, the Center is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:*

*Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (if any) are reported as net assets without donor restrictions, board-designated.*

*Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The only donor restricted net asset are unspent funds from the Foundation Program grant.*

**Contributions**

*Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.*

**Cash equivalents**

*Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.*

**ARISE! INC (dba EEDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Notes to Financial Statements**  
**August 31, 2024**

**1. Summary of Significant Accounting Policies (continued)**

**Functional allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates**

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

**Compensated absences**

Compensated absences cannot be reasonably estimated and are therefore recorded at cost when paid.

**Depreciable assets**

Depreciable assets are stated at cost or at estimated fair value at the date of gift. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The School capitalizes all expenditures over \$5,000 to depreciable assets. Depreciation is provided using the straight-line method over the estimated useful life of the assets.

**Income taxes**

The School is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), and therefore has made no provision for Federal income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years beginning prior to September 1, 2019.

**Lease Right-of-Use Assets and Liabilities**

The School has leases for facilities. The School determines if an arrangement is a lease at inception. Leases as a lessee are included in lease right-of-use assets and operating lease liabilities in the consolidated balance sheets. Right-of-use assets represent the School's right to use the underlying asset for the lease term. lease right-of-use assets and related liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The School uses its incremental borrowing rate, which is based on the information available at the commencement date, in determining the present value of lease payments. The School uses publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**ARISE! INC (dba EEDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Notes to Financial Statements**  
**August 31, 2024**

**1. Summary of Significant Accounting Policies (continued)**

**Date of Management's Review**

Subsequent events were evaluated through January 22, 2025, which is the date the financial statements were available to be issued.

**2. Due from Grantor Agencies**

As of August 31, 2024, the School had earned the following revenues which were not received until after the end of the fiscal year:

Foundation entitlements	\$ 325,082
Other state grants	114,909
Federal grants	<u>101,989</u>
Total	<u>\$ 541,980</u>

**3. Liquidity**

The following reflects the School'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	\$ 840,088
Less, assets unavailable for general expenditures within one year, due to:	
Debt service reserves	<u>261,763</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 578,325</u>

**4. Depreciable Assets**

The following is a summary of property and equipment as of August 31, 2024:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 766,295	\$ -	\$ -	\$ -	\$ 766,295
Building and improvements	5,977,465	17,865	-	-	5,995,330
Furniture and equipment	753,370	20,952	-	-	774,322
Construction in progress	-	-	-	-	-
Total	<u>\$ 7,497,130</u>	<u>\$ 38,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,535,947</u>
Less: accumulated depreciation	<u>1,692,729</u>	<u>261,339</u>	<u>-</u>	<u>-</u>	<u>1,954,068</u>
Capital assets, net	<u>\$ 5,804,401</u>	<u>\$ (222,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,581,879</u>

\*Depreciation expense for the year ended August 31, 2024 was \$261,339.

**ARISE! INC (dba EEDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Notes to Financial Statements**  
**August 31, 2024**

**5. Contingent Liabilities**

The School participates in numerous programs that are subject to audit by the Texas Education Agency (the "TEA") and various federal audit agencies. These programs have complex compliance requirements, and should state or federal auditors find areas of substantial noncompliance, those funds may be subject to refund if so determined by administrative audit review.

**6. Notes payable**

In August of 2017, the School's entered into a mortgage agreement for the purchase of a property in Sunnyvale, TX. Principal payments are due on August 15<sup>th</sup> each year. Accrued interest is due on February 15<sup>th</sup> and August 15<sup>th</sup> each year. The initial interest rate was 3.53% and can be adjust every 5 year to 80% of the 5 year Treasury Rate plus 2.5% with a floor equal to the initial rate. The note matures on August 15, 2037 and is secured by a deed of trust against the property.

Presented below is a summary of note payment requirements to maturity:

<u>Year ended</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2025	\$ 350,000	\$ 136,945	\$ 486,945
2026	185,000	128,472	313,472
2027	191,000	119,666	310,666
2028	198,000	110,575	308,575
2029	205,000	101,150	306,150
Thereafter	<u>1,920,000</u>	<u>427,925</u>	<u>2,347,925</u>
	<u>\$ 3,049,000</u>	<u>\$ 1,024,733</u>	<u>\$ 4,073,733</u>

**7. Bonds Payable**

In April 2016, the School issued a bond series through the Rosebud Cultural Education Facilities Finance Corporation. The proceeds of these bonds were used to purchase, and renovate a campus in Rowlett, TX. Principal payments are due on April 15<sup>th</sup> each year. Accrued interest is due on April 15<sup>th</sup> and October 15<sup>th</sup> each year. The initial interest rate was 3.79% and can be adjust every 5 year to 80% of the 5 year Treasury Rate plus 2.5% with a floor equal to the initial rate. The note matures on April 15, 2039 and is secured by a deed of trust against the property.

**ARISE! INC (dba EEDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Notes to Financial Statements**  
**August 31, 2024**

**7. Bonds Payable (continued)**

At August 31, 2024, future debt service requirements pursuant to these bond issues were as follows:

<u>Year ended</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2025	\$ 118,000	\$ 88,893	\$ 206,893
2026	123,000	84,385	207,385
2027	127,000	79,686	206,686
2028	132,000	74,835	206,835
2029	137,000	69,792	206,792
2030-2034	767,000	266,372	1,033,372
2035-2039	<u>923,000</u>	<u>108,413</u>	<u>1,031,413</u>
	\$ <u>2,327,000</u>	\$ <u>772,376</u>	\$ <u>3,099,376</u>

**8. State Foundation Program Revenue**

Charter schools in the State of Texas participate in the State foundation program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period, and at the close of the year. Actual attendance is calculated by the TEA, and the attendance reports are subject to audit by the TEA and final State foundation program earnings may be adjusted as a result of any such audit.

**9. Budget Variance**

Prior to the beginning of the school year, the charter school prepared and submitted its annual budget for the next fiscal year. However, as a result of changes in programs and average attendance, the budget has been amended as necessary. This has resulted in variances between the original adopted budget and final amended budget presented on the Budgetary Comparison Schedule.

**ARISE! INC (dba EEDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Notes to Financial Statements**  
**August 31, 2024**

**10. Commitments and Contingencies**

The School leases facilities to house classrooms space which expire in July of 2031. The School considered the terms of the lease agreements to establish their right-of-use asset and lease liability. The leases do not have any material residual value guarantees or material restrictive covenants. The leases do not provide an implicit rate, therefore the School used the risk free borrowing rate, using a period comparable with that of the lease term.

Components of lease costs are as follows:

Operating lease cost	\$	163,856
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Supplemental cash flow information and non-cash activity related to operating leases are as follows:

Operating cash flow information:

Cash paid for lease payments	\$	164,638
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Weighted-average remaining lease term and discount rate for the operating leases are as follows:

Weighted-average remaining lease term 7.92 years

Weighted average discount rate 1.51%

Minimum annual lease commitments at August 31, 2024, are as follows:

2025	\$	183,000
2026		183,000
2027		183,000
2028		183,000
2029		183,000
Thereafter		351,000
Total future discounted lease payments		1,266,000
Less: present value discount		(63,134)
Lease liability	\$	<u>1,202,866</u>



**ARISEI INC (dba EEDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Notes to Financial Statements**  
**August 31, 2024**

**11. Retirement Benefits**

*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 retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It 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 from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading.*

*Total TRS plan assets as of the most recent fiscal year ended for TRS of August 31, 2024 totaled \$243 billion. Accumulated benefit obligations as of August 31, 2024 totaled \$272 billion. The Plan was 77.51% funded as of August 31, 2024.*

*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 1 years, the period would be increased by such action. State law provides for a member contribution rate of 8.25% for fiscal year 2024, and a state contribution rate of 8.0% for fiscal year 2023. The charter school's employees' contributions to the System for the years ending August 31, 2024 were \$210,324, 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 for the years ending August 31, 2024 were \$47,310 equal to the required contributions for the year. The School's contributions do not represent more than 5% of the TRS plan's total contributions.*

**ARISEI INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**

***Schedule of Expenses***

***For the year ended August 31, 2024***

***Expenses***

<b>6100</b>	<b><i>Payroll costs</i></b>	<b>\$</b>	<b>2,988,984</b>
<b>6200</b>	<b><i>Professional and contracted services</i></b>		<b>817,824</b>
<b>6300</b>	<b><i>Supplies and materials</i></b>		<b>365,761</b>
<b>6400</b>	<b><i>Other operating costs</i></b>		<b>323,333</b>
<b>6500</b>	<b><i>Interest expense</i></b>		<b>250,267</b>
			<hr/>
	<b><i>Total expenses</i></b>	<b>\$</b>	<b>4,746,169</b>
			<hr/>

**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**

**Schedule of Assets**

**For the year ended August 31, 2024**

	<u>Local</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
1110 Cash	\$ -	\$ 298,108	\$ -	\$ 298,108
1510 Land	-	766,295	-	766,295
1520 Building and improvements	-	5,995,330	-	5,995,330
1549 Furniture and equipment	44,280	638,481	91,561	774,322
1990 Right-of-use-asset - operating leases	-	1,203,518	-	1,203,518
Total cash and capital assets	\$ <u>44,280</u>	\$ <u>8,901,732</u>	\$ <u>91,561</u>	\$ <u>9,037,573</u>

**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Budgetary Comparison Schedule**  
**For the year ended August 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>from Final</u>
				<u>Budget</u>
<b>Local support</b>				
5740 Other revenues from local sources	\$ 39,000	\$ 58,549	\$ 87,332	\$ 28,783
5751 Food service activity	-	-	43,877	43,877
<b>Total local support</b>	<b>39,000</b>	<b>58,549</b>	<b>131,209</b>	<b>72,660</b>
<b>State program revenues</b>				
5812 Foundation school program	4,263,160	3,779,870	3,778,732	(1,138)
5811 Available school fund program	-	153,790	156,778	2,988
5829 State program revenues distributed by TEA	-	511,727	277,535	(234,192)
<b>Total state program revenues</b>	<b>4,263,160</b>	<b>4,445,387</b>	<b>4,213,045</b>	<b>(232,342)</b>
<b>Federal program revenues</b>				
5920 National school lunch program	-	91,910	91,651	(259)
5929 Federal revenues distributed by the TEA	285,563	263,085	318,754	55,669
<b>Total federal program revenues</b>	<b>285,563</b>	<b>354,995</b>	<b>410,405</b>	<b>55,410</b>
<b>Total revenues</b>	<b>4,587,723</b>	<b>4,858,931</b>	<b>4,754,659</b>	<b>(104,272)</b>
<b>Expenses</b>				
<b>Program services:</b>				
11 Instruction	2,160,586	2,113,010	2,179,136	(66,126)
13 Curriculum and instructional staff development	-	48,268	2,543	45,725
23 School leadership	867,447	352,480	378,906	(26,426)
<b>Support services:</b>				
31 Guidance, counseling and evaluation services	32,600	32,443	79,667	(47,224)
33 Health services	35,230	41,910	40,791	1,119
35 Food services	113,850	111,380	109,869	1,511
36 Extracurricular activities	-	-	30,529	(30,529)
41 General administration	483,726	622,864	602,850	20,014
51 Plant maintenance and operations	549,983	696,921	974,541	(277,620)
52 Security and monitoring services	13,200	349,297	31,363	317,934
53 Data processing services	51,600	221,350	58,165	163,185
71 Debt service	170,000	170,000	250,267	(80,267)
81 Fundraising	30,000	7,049	7,542	(493)
<b>Total expenses</b>	<b>4,508,222</b>	<b>4,766,972</b>	<b>4,746,169</b>	<b>20,803</b>
<b>Change in net assets</b>	<b>79,501</b>	<b>91,959</b>	<b>8,490</b>	<b>(83,469)</b>
<b>Net assets, beginning of year</b>	<b>818,174</b>	<b>818,174</b>	<b>818,174</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>\$ 897,675</b>	<b>\$ 910,133</b>	<b>\$ 826,664</b>	<b>\$ (83,469)</b>

ARISEI INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)  
Schedule of Real Property Ownership Interest  
For the year ended August 31, 2024

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal
Henderson, JM Addition Lot 31R	8200 Schrade rd., Rowlett, TX 75088	\$ 2,400,000	\$ -	\$ 2,850,333	\$ -
Northwood Replat Block A Lot 1R1 - 109.2028 acres	302 N Town East Blvd., Sunnyvale, TX 75182	3,100,000	-	3,860,840	-
James Hughes Abstract 539, Tract 53 - 10.2187 acres	201 N Erby Campbell, Royce City, TX 75189	2,500	-	14,722	-

**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Schedule of Related Party Transactions**  
**For the year ended August 31, 2024**

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 Fiscal Year	Principal Balance Due
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none

**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Schedule of Related Party Compensation and Benefits**  
**For the year ended August 31, 2024**

<i>Related Party Name</i>	<i>Name of Relation to the Related Party</i>	<i>Relationship</i>	<i>Compensation or Benefit</i>	<i>Payment Frequency</i>	<i>Description</i>	<i>Source of Funds Used</i>	<i>Total Paid During Fiscal Year</i>
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None

**ARISE! INC. (dba EDUCATION CENTER INTERNATIONAL ACADEMY)**  
**Use of Funds Report**  
**For the year ended August 31, 2024**

<b><u>Data Codes</u></b>	<b><u>Compensatory Education Programs</u></b>	<b><u>Responses</u></b>
AP1	Did the LEA expend any state compensatory education program state allotment funds during the fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs.	\$ 408,023
AP4	List the actual direct program expenditures for state compensatory education programs during the fiscal year (PICs: 24, 26, 28, 29, 30, 34).	\$ 123,468
<b><u>Data Codes</u></b>	<b><u>Bilingual Education Programs</u></b>	<b><u>Responses</u></b>
AP5	Did the LEA expend any bilingual education program state allotment funds during the fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs.	\$ 13,858
AP8	List the actual direct program expenditures for bilingual education programs during the fiscal year (PICs: 25, 35).	\$ 35





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**INDEPENDENT AUDITORS' 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 Arise! Inc (dba Education Center International Academy)*

*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 of Arise! Inc (dba Education Center International Academy)(the "School") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2024, 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 22, 2025.*

**Report on Internal Control over Financial Reporting**

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

**Report on Compliance and Other Matters**

*As part of obtaining reasonable assurance about whether the School'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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.*

*Haynie & Company*

*Dallas, Texas  
January 22, 2025*