Valor Public Schools

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2019 and 2018

Valor Public Schools

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Independent Auditors' Report

To the Board of Directors of
Valor Public Schools:

Report on the Financial Statements

We have audited the accompanying financial statements of Valor Public Schools, which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, of functional expenses and of cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 our audits 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 auditors' 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 Valor Public Schools as of June 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, Valor Public Schools adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended June 30, 2019. These amendments have been applied on a retrospective basis to the financial statements as of and for the year ended June 30, 2018, except that certain information has been omitted as permitted by the ASU. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 15 through 17 is presented for purposes of additional analysis as required by the Texas Education Agency and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Unaudited Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The explanation for budget variances on page 18 is presented for purposes of additional analysis as required by the Texas Education Agency and is not a required part of the basic financial statements. The explanation for budget variances has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 on our consideration of Valor Public Schools' 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 Valor Public Schools' 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 Valor Public Schools' internal control over financial reporting and compliance.

Blazek & Vetterling

November 13, 2019

Valor Public Schools

Statements of Financial Position as of June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash	$ 797,857	$ 346,712
Government grants receivable	602,117	98,726
Prepaid expenses	45,350	45,665
Total current assets	1,445,324	491,103
Cash restricted for property acquisition	300,000	
Other assets	214,394	
TOTAL ASSETS	$ 1,959,718	$ 491,103
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 102,779	$ 37,058
Accrued payroll expenses	108,803	7,477
Total current liabilities	211,582	44,535
Net assets:		
Without donor restrictions	332,865	421,568
With donor restrictions *(Note 4)*	1,415,271	25,000
Total net assets	1,748,136	446,568
TOTAL LIABILITIES AND NET ASSETS	$ 1,959,718	$ 491,103

See accompanying notes to financial statements.

Valor Public Schools

Statement of Activities for the year ended June 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Government grants *(Note 5)*		$ 4,221,607	$ 4,221,607
Contributions	$ 448,987	500,000	948,987
Program service fees	146,845		146,845
Total revenue	595,832	4,721,607	5,317,439
Net assets released from restrictions:			
Program expenditures	3,331,336	(3,331,336)	
Total	3,927,168	1,390,271	5,317,439
EXPENSES:			
Program expenses:			
Instructional program	3,369,138		3,369,138
Auxiliary services	243,014		243,014
Total program expenses	3,612,152		3,612,152
Supporting activities:			
Management and general	365,597		365,597
Fundraising	38,122		38,122
Total expenses	4,015,871		4,015,871
CHANGES IN NET ASSETS	(88,703)	1,390,271	1,301,568
Net assets, beginning of year	421,568	25,000	446,568
Net assets, end of year	$ 332,865	$ 1,415,271	$ 1,748,136

See accompanying notes to financial statements.

Valor Public Schools

Statement of Activities for the year ended June 30, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Government grants *(Note 5)*		$ 98,726	$ 98,726
Contributions	$ 759,801	25,000	784,801
Total revenue	759,801	123,726	883,527
Net assets released from restrictions:			
Program expenditures	98,726	(98,726)	
Total	858,527	25,000	883,527
EXPENSES:			
Program expenses:			
Instructional program	110,902		110,902
Auxiliary services	21,848		21,848
Total program expenses	132,750		132,750
Supporting activities:			
Management and general	237,119		237,119
Fundraising	76,514		76,514
Total expenses	446,383		446,383
CHANGES IN NET ASSETS	412,144	25,000	437,144
Net assets, beginning of year *(Note 2)*	9,424	0	9,424
Net assets, end of year	$ 421,568	$ 25,000	$ 446,568

See accompanying notes to financial statements.

Valor Public Schools

Statements of Functional Expenses for the years ended June 30, 2019 and 2018

	PROGRAM EXPENSES	MANAGEMENT AND ADMINISTRATIVE	FUNDRAISING	2019 TOTAL EXPENSES
Payroll and related benefits	$ 1,862,564	$ 166,245	$ 32,217	$ 2,061,026
Supplies and materials	574,166	7,651	3,193	585,010
Rent	542,343	28,468	120	570,931
Professional fees and contract labor	403,660	139,970	925	544,555
Utilities	100,831	5,307		106,138
Food	78,463	502		78,965
Insurance	27,317	1,438		28,755
Travel	16,843	7,358	868	25,069
Dues, memberships and subscriptions	5,755	2,100		7,855
Other	210	6,558	799	7,567
Total expenses	$ 3,612,152	$ 365,597	$ 38,122	$ 4,015,871

	PROGRAM EXPENSES	MANAGEMENT AND ADMINISTRATIVE	FUNDRAISING	2018 TOTAL EXPENSES
Payroll and related benefits	$ 94,073	$ 116,741	$ 58,371	$ 269,185
Supplies and materials	6,411	20,432		26,843
Rent	10,269	20,539	10,269	41,077
Professional fees and contract labor		52,386	7,874	60,260
Food		341		341
Insurance		1,835		1,835
Travel	21,847	22,128		43,975
Dues, memberships and subscriptions		1,550		1,550
Other	150	1,167		1,317
Total expenses	$ 132,750	$ 237,119	$ 76,514	$ 446,383

See accompanying notes to financial statements.

Valor Public Schools

Statements of Cash Flows for the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,301,568	$ 437,144
Contribution restricted for property acquisition	(500,000)	
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Government grants receivable	(503,391)	(98,726)
Prepaid expenses	315	(45,665)
Other assets	(214,394)	
Accounts payable	65,721	37,058
Accrued payroll expenses	101,326	7,477
Net cash provided by operating activities	251,145	337,288
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contribution restricted for property acquisition	500,000	
NET CHANGE IN CASH	751,145	337,288
Cash, beginning of year	346,712	9,424
Cash, end of year	$ 1,097,857	$ 346,712

Reconciliation of cash reported in the statements of financial position with cash reported in the statements of cash flows:

Cash	$ 797,857	$ 346,712
Cash restricted for property acquisition	300,000	
Total cash	$ 1,097,857	$ 346,712

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Valor Public Schools (Valor) is a nonprofit organization incorporated in Texas in January 2016. Valor's mission is to create the highest quality K-12 tuition-free charter schools, educating the whole person for authentic freedom and a full human life. In 2018, Valor established its founding campus, Valor South Austin, which opened to students in August 2018.

Federal income tax status – Valor is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2).

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Grants and contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized as contribution revenue when the conditions are substantially met. During 2019, approximately 87% of contributions recognized are from two donors. During 2018, approximately 96% of contributions recognized are from three donors.

Functional allocation of expenses – Expenses are reported by their functional classification as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one program or supporting activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Plant maintenance and operation costs, security and monitoring service costs and data processing service costs are allocated based on management's estimates of costs utilized by each department.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2019. Valor plans to adopt this ASU for fiscal year ending June 30, 2021. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue recognition and the financial statement disclosures related to such transactions. Valor is required to apply the amendments in its June 30, 2020 financial statements. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. Management does not expect this adoption to have a material impact on the financial statements.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

Valor adopted the amendments of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended June 30, 2019. These amendments have been applied on a retrospective basis to the financial statements for the year ended June 30, 2018, except that information regarding liquidity and availability of resources has been omitted as permitted by the ASU. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2019 presentation but had no impact on total net assets or total changes in net assets for 2018.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2019 comprise the following:

Financial assets at June 30, 2019:	
Cash	$ 797,857
Government grants receivable	602,117
Cash restricted for property acquisition	300,000
Total financial assets	1,699,974
Less financial assets not available for general expenditure:	
Cash restricted for property acquisition	(300,000)
Total financial assets available for general expenditure	$ 1,399,974

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Valor considers all expenditures related to its ongoing activities of instructional program and auxiliary services, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of Valor's liquidity management, financial assets have been structured to be available as its general expenditures, liabilities, and other obligations become due by maintaining a significant portion of its assets in cash.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2019	2018
Subject to expenditure for specified purpose:		
Foundation School Program	$ 915,271	
Property acquisition	500,000	
Academic Support Program		$ 25,000
Total net assets with donor restrictions	$ 1,415,271	$ 25,000

NOTE 5 – GOVERNMENT GRANTS

Valor is the recipient of grants from state and federal agencies as follows:

	2019	2018
Foundation School Program	$ 3,653,546	
U. S. Department of Education	560,148	$ 98,726
Other state funding	7,913	
Total government grants	$ 4,221,607	$ 98,726

Government funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by Valor with the terms of the contracts. Management believes such disallowances, if any, would not be material to Valor's financial position or changes in net assets.

NOTE 6 – MULTIEMPLOYER PENSION PLAN

Valor full-time employees participate in the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost-sharing, multiemployer, defined benefit pension plan. All risks and costs are not shared by Valor, but are the liability of the State of Texas. Plan members contributed 7.7% of their annual covered salary in 2019 and 2018. Valor contributes 6.8% for new members the first 90 days of employment, and the State of Texas contributes 6.8%. Additionally, Valor makes a 1.5% non-OASDI payment for all TRS eligible employees. Valor's contributions do not represent more than 5% of the TRS' total contributions. For 2019 and 2018, Valor contributed $71,945 and $12,951, respectively, to TRS.

The risks of participating in a multiemployer, defined benefit plan are different from single-employer plans because (a) amounts contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

Total TRS plan assets as of August 31, 2018 were $176.9 billion. Accumulated benefit obligations as of August 31, 2018 were $209.6 billion. The plan was 76.9% funded at August 31, 2018.

NOTE 7 – LEASE COMMITMENTS

In October 2017, Valor entered into an agreement with a church to lease campus facilities. The lease commenced on July 1, 2018 and will expire on June 30, 2021. Valor may extend the lease for three additional consecutive terms of 12 months with written notice 180 days prior to the expiration of the original lease term. Future minimum lease commitments are as follows:

2020	$ 544,200
2021	554,604
Total	$ 1,098,804

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2019, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

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
Valor Public Schools:

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 Valor Public Schools (Valor), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control over Financial Reporting

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

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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 Valor'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blazek & Vetterling

November 13, 2019

Valor Public Schools

Schedule of Findings and Responses for the year ended June 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: ☒ unmodified ☐ qualified ☐ adverse ☐ disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted? ☐ yes ☒ no

Section II – Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards.*

Valor Public Schools

Schedules of Expenses for the years ended June 30, 2019 and 2018

		2019	2018
EXPENSES:			
6100	Payroll costs	$ 2,061,026	$ 269,185
6200	Professional and contracted services	1,221,623	108,409
6300	Supplies and materials	663,974	25,474
6400	Other operating costs	69,248	43,315
Total expenses		$ 4,015,871	$ 446,383

Valor Public Schools

Statements of Activities by Function for the years ended June 30, 2019 and 2018

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS 2019	TOTALS 2018
REVENUE:					
Local program revenue:					
5740	Other revenue from local sources	$ 556,700	$ 500,000	$ 1,056,700	$ 784,801
5750	Revenue from co-curricular or enterprising services or activities	39,132		39,132	
	Total local program revenue	595,832	500,000	1,095,832	784,801
State program revenue:					
5810	Foundation School Program		3,653,546	3,653,546	
5820	State program revenue distributed by Texas Education Agency (TEA)		7,913	7,913	
	Total state program revenue		3,661,459	3,661,459	
Federal program revenue:					
5920	Federal revenue distributed by TEA		560,148	560,148	98,726
	Total federal program revenue		560,148	560,148	98,726
Net assets released from restrictions:					
	Program expenditures	3,331,336	(3,331,336)		
	Total revenue	3,927,168	1,390,271	5,317,439	883,527
EXPENSES:					
11	Instruction	2,096,402		2,096,402	10,329
13	Curriculum development	42,024		42,024	616
21	Instructional leadership	46,750		46,750	
23	School leadership	411,371		411,371	42,195
33	Health services	41,611		41,611	
35	Food services	86,298		86,298	
36	Extracurricular activities	89,590		89,590	
41	General administration	324,061		324,061	335,042
51	Plant maintenance and operations	791,312		791,312	42,324
52	Security and monitoring services	3,616		3,616	
53	Data processing services	35,815		35,815	2,500
61	Community services	8,899		8,899	6,003
81	Fundraising	38,122		38,122	7,374
	Total expenses	4,015,871		4,015,871	446,383
CHANGES IN NET ASSETS		(88,703)	1,390,271	1,301,568	437,144
Net assets, beginning of year		421,568	25,000	446,568	9,424
Net assets, end of year		$ 332,865	$ 1,415,271	$ 1,748,136	$ 446,568

Valor Public Schools

Budgetary Comparison Schedule for the year ended June 30, 2019

		BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS	VARIANCE FROM ACTUAL AND FINAL BUDGET	
REVENUE:						
Local program revenue:						
5740	Other revenue from local sources	$ 355,450	$ 1,038,736	$ 1,056,700	$ 17,964	
5750	Revenue from co-curricular or enterprising services or activities	35,000	35,000	39,132	4,132	
State program revenue:						
5810	Foundation School Program	3,444,325	3,638,438	3,653,546	15,108	
5820	State program revenue distributed by TEA			7,913	7,913	
Federal program revenue:						
5920	Federal revenue distributed by TEA	571,030	571,030	560,148	(10,882)	
	Total revenue	4,405,805	5,283,204	5,317,439	34,235	
EXPENSES:						
11	Instruction	2,018,795	2,142,584	2,096,402	(46,182)	
13	Curriculum development	23,000	23,000	42,024	19,024	(1)
21	Instructional leadership		44,000	46,750	2,750	
23	School leadership	455,228	455,228	411,371	(43,857)	
31	Guidance counseling and evaluation services	166,700				
32	Social work services	5,000	5,000		(5,000)	(2)
33	Health services	50,000	45,000	41,611	(3,389)	
35	Food services	75,000	90,000	86,298	(3,702)	
36	Extracurricular activities	136,973	96,973	89,590	(7,383)	
41	General administration	385,605	385,605	324,061	(61,544)	(1)
51	Plant maintenance and operations	704,000	746,500	791,312	44,812	
52	Security and monitoring services	5,000	5,000	3,616	(1,384)	(2)
53	Data processing services	20,000	20,000	35,815	15,815	(3)
61	Community services	15,000	15,000	8,899	(6,101)	(2)
81	Fundraising	38,710	8,710	38,122	29,412	(1)
	Total expenses	4,099,011	4,082,600	4,015,871	(66,729)	
CHANGES IN NET ASSETS		306,794	1,200,604	1,301,568	100,964	
Net assets, beginning of year		446,568	446,568	446,568	0	
Net assets, end of year		$ 753,362	$ 1,647,172	$ 1,748,136	$ 100,964	

Valor Public Schools

Explanation for Budget Variances (unaudited) for the year ended June 30, 2019

(1) After the Board of Directors approved the final amended budget, a payroll coding was changed to reallocate salary expense from general administration (function 41) to curriculum development (function 13) and fundraising (function 81).

(2) Valor spent less on social work services (function 32), security and monitoring services (function 52) and community services (function 61) than anticipated.

(3) The original budget did not include IT infrastructure as an expense, but as a capital expenditure. Valor incurred approximately $16,000 of IT infrastructure expenses in 2019, which accounted for the amount over budget.