ALIEF MONTESSORI COMMUNITY SCHOOL

ANNUAL FINANCIAL REPORT

For the years ended June 30, 2025 and 2024

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CERTIFICATE OF BOARD

Alief Montessori Community School		76-0555382
Name of Charter Holder		Federal Employer ID Number
Alief Montessori Community School	Harris	101-815
Name of Charter School	County	Co. Dist. Number

We, the undersigned, certify that the attached annual financial and compliance reports of the above named Charter Holder were reviewed and (check one) ✓ approved ____ disapproved for the year ended June 30, 2025, at a meeting of the Charter Holder on the 17 day of November, 2025

Elizabeth Smith
Signature of Board Secretary

Paula Palamos
Signature of Board President

NOTE: If the governing body of the Charter Holder does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alief Montessori Community School
Houston, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alief Montessori Community School (the "Charter Holder") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charter Holder as of June 30, 2025 and 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the Unites States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter Holder, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Charter Holder's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's 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 auditor's 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 GAAS 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 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 GAAS 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 Charter Holder'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 Charter Holder'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.

SupplementaryInformation

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information required by the Texas Education Agency (TEA) noted in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited", 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 basic 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 other than that portion marked "unaudited" is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Certificate of Board but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

(Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025 on our consideration of the Charter Holder'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 the Charter Holder'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 Charter Holder's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Houston, Texas
November 17, 2025

FINANCIAL STATEMENTS

ALIEF MONTESSORI COMMUNITY SCHOOL
STATEMENTS OF FINANCIAL POSITION - EXHIBIT A-1
June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,469,360	$ 5,348,534
Due from state	612,594	800,388
Due from other governments	13,265	-
Total current assets	7,095,219	6,148,922
Noncurrent assets		
Property and equipment, net	9,634,263	9,895,209
Total noncurrent assets	9,634,263	9,895,209
Total assets	$ 16,729,482	$ 16,044,131
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other liabilities	$ 260,093	$ 235,066
Deferred revenue	25,203	22,728
Total current liabilities	285,296	257,794
Net assets		
Without donor restrictions	11,400,702	11,332,472
With donor restrictions	5,043,484	4,453,865
Total net assets	16,444,186	15,786,337
Total liabilities and net assets	$ 16,729,482	$ 16,044,131

See Notes to Financial Statements.

ALIEF MONTESSORI COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES - EXHIBIT A-2
For the year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total 2025
Revenues			
Local Support:			
5740 Other revenues from local sources	$ 383,264	$ -	$ 383,264
5760 Revenues-intermediate sources	23,265	-	23,265
Total local support	406,529	-	406,529
State program revenues:			
5810 Foundation school program act revenues	-	3,564,585	3,564,585
5820 State program revenues distributed by Texas Education Agency	-	49,119	49,119
5830 State program revenues distributed by State of Texas government agency	-	77,814	77,814
Total state program revenues	-	3,691,518	3,691,518
Federal program revenues:			
5920 Federal revenues distributed by Texas Education Agency	-	516,924	516,924
5930 Federal revenues distributed by other agencies	-	1,285	1,285
5940 Federal revenues distributed directly from the federal government	-	39,599	39,599
Total federal program revenues	-	557,808	557,808
Net assets released from restrictions:			
Restrictions satisfied by payments	3,659,707	(3,659,707)	-
Total revenues	4,066,236	589,619	4,655,855
Expenses			
Program services			
Educational services	3,050,611	-	3,050,611
Support services:			
Administrative support services	947,395	-	947,395
Total expenses	3,998,006	-	3,998,006
Changes in net assets	68,230	589,619	657,849
Net assets at beginning of year	11,332,472	4,453,865	15,786,337
Net assets at end of year	$ 11,400,702	$ 5,043,484	$ 16,444,186

See Notes to Financial Statements.

ALIEF MONTESSORI COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES - EXHIBIT A-2
For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Revenues			
Local Support:			
5740 Other revenues from local sources	$ 378,850	$ -	$ 378,850
5760 Revenues-intermediate sources	20,650	-	20,650
Total local support	399,500	-	399,500
State program revenues:			
5810 Foundation school program act revenues	-	3,689,651	3,689,651
5820 State program revenues distributed by Texas Education Agency	-	206,823	206,823
5830 State program revenues distributed by State of Texas government agency	-	87,983	87,983
Total state program revenues	-	3,984,457	3,984,457
Federal program revenues:			
5920 Federal revenues distributed by Texas Education Agency	-	545,690	545,690
5930 Federal revenues distributed by other agencies	-	19,860	19,860
Total federal program revenues	-	565,550	565,550
Net assets released from restrictions:			
Restrictions satisfied by payments	3,905,491	(3,905,491)	-
Total revenues	4,304,991	644,516	4,949,507
Expenses			
Program services			
Educational services	2,990,961	-	2,990,961
Support services:			
Administrative support services	920,142	-	920,142
Total expenses	3,911,103	-	3,911,103
Changes in net assets	393,888	644,516	1,038,404
Net assets at beginning of year	10,938,584	3,809,349	14,747,933
Net assets at end of year	$ 11,332,472	$ 4,453,865	$ 15,786,337

See Notes to Financial Statements.

ALIEF MONTESSORI COMMUNITY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES - EXHIBIT A-3
For the year ended June 30, 2025

	Program Activities	Supporting Activities	
	Educational Services	General and Administrative Services	Total 2025
Expenses			
Salaries and wages	$ 1,967,642	$ 137,462	$ 2,105,104
Benefits and payroll taxes	445,808	29,578	475,386
Total payroll expenses	2,413,450	167,040	2,580,490
Contract labor	58,815	158	58,973
Maintenance and repairs	4,796	46,312	51,108
Utilities	-	83,482	83,482
Depreciation	12,020	391,377	403,397
Supplies	115,173	30,637	145,810
Food	144,423	7,630	152,053
Travel	14,163	589	14,752
Instructional materials	10,451	-	10,451
Insurance and bonding	-	66,051	66,051
Professional fees and dues	265,697	124,872	390,569
Other	11,623	29,247	40,870
Total nonpayroll expenses	637,161	780,355	1,417,516
Total expenses	$ 3,050,611	$ 947,395	$ 3,998,006

See Notes to Financial Statements.

ALIEF MONTESSORI COMMUNITY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES - EXHIBIT A-3
For the year ended June 30, 2024

	Program Activities	Supporting Activities	
	Educational Services	General and Administrative Services	Total 2024
Expenses			
Salaries and wages	$ 1,878,378	$ 107,692	$ 1,986,070
Benefits and payroll taxes	395,794	25,613	421,407
Total payroll expenses	2,274,172	133,305	2,407,477
Contract labor	112,268	100	112,368
Maintenance and repairs	11,910	81,916	93,826
Utilities	-	68,430	68,430
Depreciation	-	382,769	382,769
Supplies	208,225	45,047	253,272
Food	121,162	3,038	124,200
Travel	13,060	117	13,177
Instructional materials	13,129	-	13,129
Insurance and bonding	-	69,711	69,711
Professional fees and dues	227,492	109,967	337,459
Other	9,543	25,742	35,285
Total nonpayroll expenses	716,789	786,837	1,503,626
Total expenses	$ 2,990,961	$ 920,142	$ 3,911,103

See Notes to Financial Statements.

ALIEF MONTESSORI COMMUNITY SCHOOL
STATEMENTS OF CASH FLOWS - EXHIBIT A-4
For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Foundation school program payments	$ 3,697,345	$ 3,565,030
Grant payments	739,775	946,095
Miscellaneous sources	393,264	399,500
Payments to vendors for goods and services rendered	(1,003,546)	(1,304,392)
Payments to charter school personnel for services rendered	(2,563,560)	(2,401,852)
Net cash provided by operating activities	1,263,278	1,204,381
Cash flows from investing activities		
Sale of investments	-	500,000
Purchase of capital assets	(142,452)	(439,795)
Net cash provided (used) by investing activities	(142,452)	60,205
Net change in cash and cash equivalents	1,120,826	1,264,586
Cash and cash equivalents, beginning of year	5,348,534	4,083,948
Cash and cash equivalents, end of year	$ 6,469,360	$ 5,348,534
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in net assets	$ 657,849	$ 1,038,404
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	403,397	382,769
(Increase) decrease in:		
Due from state	187,794	(38,882)
Due from other governments	(13,265)	-
Increase (decrease) in:		
Accounts payable and other liabilities	25,028	(164,774)
Deferred revenue	2,475	(13,136)
Net cash provided by operating activities	$ 1,263,278	$ 1,204,381

See Notes to Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of Alief Montessori Community School (the "Charter Holder") (a nonprofit organization) were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity: The Charter Holder is a not-for-profit organization incorporated in the State of Texas (the "State") in 1998 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Charter Holder is governed by a board of directors comprised of six members. The Board of Directors (the "Board") is selected pursuant to the bylaws of the Charter Holder and has the authority to make decisions, appoint the chief executive officer of the Charter Holder, and significantly influence operations. The Board has the primary accountability for the fiscal affairs of the Charter Holder.

Since the Charter Holder receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Corporate Operations: In 1998, the State Board of Education of the State of Texas granted the Charter Holder 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, Alief Montessori Community School was opened for the academic year beginning September 1998. The Charter Holder was organized to provide educational services to students in pre-kindergarten through eighth grade. The Charter Holder's Board governs its programs, services, activities, and functions.

Basis of Accounting and Presentation: The accompanying general purpose financial statements have been prepared using the accrual basis of accounting in accordance with GAAP.

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the organization 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 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.

Contributions: The Charter Holder accounts for contributions as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions are recognized when the donor makes a promise to give to the Charter Holder, that is, in substance an unconditional promise to give. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend on have been substantially met.

Cash and Cash Equivalents: For financial statement purposes, the Charter Holder considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Capital Assets: Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the general purpose financial statements. Capital assets are defined by the Charter Holder as assets with an individual cost of more than $5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from 5 to 30 years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and improvements are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at acquisition value at the date of donation, which is then treated as cost.

Revenue Recognition: Revenues from contributions, donations and other sources are recognized as with or without donor restricted revenues when received or unconditionally promised by a third party. State and federal grant revenues are recognized when the Charter Holder has incurred expenses in compliance with specific contract or grant provisions. State Foundation School Program revenues are public funds held in trust by the Charter Holder for the benefit of the students and, as such, are reported as with donor restricted revenues. The amount of revenues received are based on reported attendance. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time.

Functional Expenses: Expenses are reported by their functional classification as either program activities - educational services or supporting activities - general and administrative services. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program activities and supporting activities. Such allocations are determined by management on an equitable basis.

Use of 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.

Income Taxes: The Charter Holder qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

Budget: The official budget is prepared for adoption for all funds. The annual budget is adopted on a basis consistent with GAAP and is formally adopted by the Board.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents held as of June 30, 2025 were as follows:

	2025	
	Cost Basis	Market Value
Cash on hand and in financial institutions	$ 2,895,596	$ 2,895,596
LOGIC	3,573,764	3,573,764
	$ 6,469,360	$ 6,469,360

Cash and cash equivalents held as of June 30, 2024 were as follows:

	2024	
	Cost Basis	Market Value
Cash on hand and in financial institutions	$ 3,435,679	$ 3,435,679
LOGIC	1,912,855	1,912,855
	$ 5,348,534	$ 5,348,534

Cash is held in both interest bearing and non-interest bearing demand accounts at financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limited amount of $250,000. As of June 30, 2025 and 2024, the Charter Holder had a pledge and security agreement to collateralize public funds in excess of FDIC coverage. The Charter Holder's cash and cash equivalents held in LOGIC was not insured or collateralized as of June 30, 2025.

LOGIC - The Charter Holder invests in the Local Government Investment Cooperative (LOGIC), which is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC's governing body is a five-member board of directors comprised of employees, officers, or elected officials of participant government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the co-administrators of LOGIC. The co-administrators of the day-to-day administration of LOGIC are First Southwest Company and J.P. Morgan Investment Management, Inc. LOGIC is rated at 'AAA' or equivalent rating from at least one nationally recognized rating agency. LOGIC seeks to maintain a net asset value of $1.00 per unit and is designed to be used for investment of funds which may be needed at any time.

NOTE 3 - CAPITAL ASSETS

Capital assets at June 30, 2025 and 2024 were as follows:

(Continued)

	2025	2024
Land	$ 1,296,434	$ 1,296,434
Construction in progress	142,452	-
Buildings and improvements	11,042,403	11,042,403
Furniture and equipment	71,767	71,767
	12,553,056	12,410,604
Less: accumulated depreciation	(2,918,793)	(2,515,395)
	$ 9,634,263	$ 9,895,209

Capital assets acquired with public funds received by the Charter Holder for the operation of the charter school constitute public property pursuant to Chapter 12 of the Texas Education Code.

Depreciation expense was $403,397 and $382,769 for the 2025 and 2024 fiscal years, respectively.

NOTE 4 - PENSION PLAN OBLIGATIONS

Plan Description: The Charter Holder contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, defined benefit pension plan with one exception: all risks and costs are not shared by the Charter Holder, but are the liability of the State of Texas (the "State"). Based on FASB Statement No. 87, a multiemployer plan is a pension plan to which two or more unrelated employers contribute, usually pursuant to one or more collective-bargaining agreements. Although TRS has no collective bargaining agreements, TRS is considered to be a multiemployer plan for the purposes of a not-for-profit charter holder due to various significant factors. These factors include: 1) charter holders are legally separate entities from the State and each other; 2) assets contributed by one participating entity may be used to provide benefits to employees of other participating employers since assets contributed by one entity are not segregated in a separate account or restricted to provide benefits only to employees of that entity; 3) upon withdrawal from TRS, the unfunded obligation or net pension liability of that entity will be passed along to the remaining other entities who contribute to TRS; and (4) there is not a withdrawal penalty for leaving TRS.

TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems of the State. 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 TRS 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; by calling the TRS Communications Department at 1-800-223-8778; or by downloading the report from the TRS website, https://www.trs.texas.gov/, under the TRS Publication Heading.

Funding Policy and Funded Status: 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% of the member's annual compensation and a State contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of TRS; (2) State statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

(Continued)

As of August 31, 2024, TRS' total plan assets were $210,543,258,495, accumulated benefit obligation (or total pension liability) was $271,627,434,294, and TRS was 77.51 percent funded.

Contributions: State law provides for a member contribution rate of 8.25 percent for fiscal years 2025 and 2024 and 8.00 percent for fiscal year 2023, and a State contribution rate of 8.25 percent for fiscal years 2025 and 2024, and 8.00 percent for fiscal year 2023.

The Charter Holder employees' contributions to TRS for the years ending June 30, 2025, 2024, and 2023 were $170,819, $153,316, and $138,529, respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the Charter Holder for salaries above statutory minimum for the years ending June 30, 2025, 2024, and 2023 were $35,610, $21,162, and $28,462, respectively, equal to the required contributions for each year.

The Charter Holder made contributions for the Non-Old Age Survivor and Disability Insurance (Non-OASDI) for certain employees. The total amounts contributed for Non-OASDI for fiscal years ending June 30, 2025, 2024, and 2023 were $40,888, $35,199, and $30,896, respectively.

(Continued)

NOTE 4 - PENSION PLAN OBLIGATIONS (Continued)

The Charter Holder also offers a 403(b) savings plan to all eligible employees. No matching employer contributions are required under this plan.

NOTE 5 - RETIREE HEALTH CARE PLAN

Plan Description: The Charter Holder contributes to the Texas Public School Retired Employees Group Insurance Program ("TRS-Care"), a cost-sharing, multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for TRS-Care is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and Required Supplementary Information for TRS-Care. That report may be obtained by visiting the TRS website at https://www.trs.texas.gov/; by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701; or by calling 1-800-223-8778.

Funding Policy: Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State and active public school employee contribution rates were 1.25 percent for fiscal years ended 2025, 2024, and 2023; and 0.65 percent of school payroll, with the Charter Holder contributing a percentage of payroll set at 0.75 percent for fiscal years ended 2025, 2024, and 2023. Per Texas Insurance Code, Chapter 1575, the school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2025, 2024, and 2023, the State's contributions to TRS-Care were $3,635, $3,084, and $4,316, respectively; the active member contributions were $13,459, $12,143, and $11,259, respectively; and the Charter Holder's contributions were $15,529, $14,079, and $12,991, respectively; which equaled the required contributions each year.

NOTE 6 - HEALTH CARE COVERAGE

During the years ended June 30, 2025 and 2024, employees of the Charter Holder were covered by TRS Active-Care (the "Plan") for health insurance benefits. The Charter Holder contributed $486 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

NOTE 7 - WORKERS' COMPENSATION AND LIABILITY INSURANCE

During the years ended June 30, 2025 and 2024, employees of the Charter Holder were covered by a workers' compensation plan and employers liability insurance (the "Plan"). The Plan was authorized by Section 21.922, Texas Education Code. The contract between the Charter Holder and Employers Preferred Insurance Company is annually-renewable on September 23 and terms, as well as costs of coverage, are included in the contractual provisions.

(Continued)

NOTE 7 - WORKERS' COMPENSATION AND LIABILITY INSURANCE (Continued)

In accordance with State statutes, the Charter Holder was protected against unanticipated catastrophic individual or aggregate loss by Employers Preferred Insurance Company, commercial insurers licensed or eligible to do business in the State in accordance with the Texas Insurance Code. The specific retention is $1,000,000 and the aggregate limit is $1,000,000.

There is no liability incurred for the current or prior fiscal years.

NOTE 8 - DUE FROM STATE

As of June 30, 2025 and 2024, the Charter Holder had earned the following revenues which were not received until after the fiscal year end:

	2025	2024
State Foundation Program	$ 558,228	$ 690,988
IDEA - Part B, Formula	40,931	19,444
Title I, Part A - Improving Basic Programs	10,545	81,560
Title II, Part A - Teacher and Principal Training	1,242	8,396
Title III, Part A - ESL	1,031	-
Title IV, Part A, Subpart 1 - Student Support and Academic Enrichment	617	-
	$ 612,594	$ 800,388

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Charter Holder 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 (TEA) 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 Holder have complex compliance requirements and, should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the TEA or the grantor agency.

The last three years of informational tax returns, 2025, 2024, and 2023, filed with the IRS remain subject to examination.

NOTE 10 - STATE FOUNDATION PROGRAM REVENUE

Charter schools in the State 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. 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. During the years ended June 30, 2025 and 2024, the Charter Holder was paid $3,564,585 and $3,689,651, respectively, of State Foundation Program funds of which all was earned (before any possible TEA enrollment and attendance audit).

(Continued)

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2025 and 2024, the Charter Holder's net assets with donor restrictions consisted of the following:

	2025	2024
National School Lunch and Breakfast Program	$ 13,880	$ 11,970
Dyslexia Funding Support Grant	-	1,400
State Instructional Materials	18,722	18,722
Project Lead The Way Prepaid Grants	12,397	13,347
State Foundation Program	4,998,485	4,408,426
Total	$ 5,043,484	$ 4,453,865

NOTE 12 - LIQUIDITY AND AVAILABILITY

The following represents the Charter Holder's financial assets available for general expenditure within one year of June 30, 2025 and 2024:

	2025	2024
Financial assets, at year end		
Cash and cash equivalents	$ 6,469,360	$ 5,348,534
Due from state	612,594	800,388
Due from other governments	13,265	-
Total financial assets	7,095,219	6,148,922
Less: amounts not available for general expenditure within one year:		
Net assets with donor restrictions	(5,043,484)	(4,453,865)
Financial assets available to meet general expenditures within one year	$ 2,051,735	$ 1,695,057

NOTE 13 - SHARED SERVICES ARRANGEMENTS

The Charter Holder participates as a member in the Houston Charter Schools Co-op, which is a shared services arrangement (SSA), that provides special education services and programs to eligible students. SER-Niños Inc., the entity holding the charter for SER-Niños Charter School, is the fiscal agent. The Charter Holder accounts for revenues and expenditures in this program and discloses them in these financial statements. The Charter Holder neither has joint ownership interest in fixed assets purchased by the fiscal agent or a net equity interest in the fiscal agent. The fiscal agent is not accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the Charter Holder. The Charter Holder received $73,267 in fiscal year 2025 and $56,457 in fiscal year 2024 in services by being a member of this SSA.

NOTE 14 - CHARTER HOLDER OPERATIONS

The Charter Holder operated one charter school, Alief Montessori Community School, and did not conduct any other charter or noncharter activities.

(Continued)

NOTE 15 - BUDGET AMENDMENTS AND VARIANCES (Unaudited)

For the fiscal year ended June 30, 2025, the original budget was amended in excess of 10% for the reasons as follows:

Data Code/Function

Revenues:

5740 The interest rates in 2024-2025 were higher than anticipated.
5810 The Charter Holder has seen a decrease in student headcount, reducing the allotment received from FSP funding.
5820 The Charter Holder received EMAT funding for increased classroom materials purchases corresponding to the end of a funding cycle.
5920 NSLP funding decreased due to fewer students participating in the lunch/breakfast program, leading to lower claim amount.
5930 The Charter Holder did not receive the funding anticipated from the Square Meals program

Expenses:

12 The Charter Holder expended fewer funds than anticipated for media connectivity services.
13 The Charter Holder sent more staff to training than anticipated.
23 The Charter Holder reclassed superintendent salary and expenditures in compliance with PEIMS requirements.
36 The Charter Holder reduced the budgeted expenditures anticipated for equipment upgrades for extracurricular activities.
52 The Charter Holder reduced the budgeted expenditures anticipated for security system modification projects started in the previous year.
53 The Charter Holder reclassed school registrar salary and expenditures to more accurately represent the type of work performed by the registrar.

For the fiscal year ended June 30, 2025, actual balances exceeded final budgeted balances in excess of 10% for the reasons as follows:

Data Code/Function

Revenues:

5740 The interest rates in 2024-2025 were higher than anticipated (the interest rate fluctuates every month with LOGIC).
5820 The EMAT allotment distributed to the Charter Holder was higher than anticipated.
5830 The Charter Holder reclassed amounts paid to TRS on behalf of the Charter Holder.
5930 The Charter Holder reclassed amounts received from grant programs funded by federal sources.
5940 The Charter Holder reclassed amounts received from grant programs funded by federal sources.

Expenses:

36 The Charter Holder expended fewer funds than anticipated for equipment upgrades for extracurricular activities.
51 The Charter Holder's expenditures for architectural and design costs for new building project was classified with construction in process assets.
52 The Charter Holder expended more funds than anticipated for security system modification projects.

(Continued)

NOTE 16 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2025, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2025. Management has performed their analysis through November 17, 2025, the date the financial statements were available to be issued.

The worker's compensation and employers liability insurance policy was renewed as of September 23, 2025 and will expire one year after this date.

SUPPLEMENTARY INFORMATION

ALIEF MONTESSORI COMMUNITY SCHOOL
SUPPLEMENTAL STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the year ended June 30, 2025 with comparative totals for 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Revenues				
Local Support:				
5740 Other revenues from local sources	$ 383,264	$ -	$ 383,264	$ 378,850
5760 Revenues-intermediate sources	23,265	-	23,265	20,650
Total local support	406,529	-	406,529	399,500
State program revenues:				
5810 Foundation school program act revenues	-	3,564,585	3,564,585	3,689,651
5820 State program revenues distributed by Texas Education Agency	-	49,119	49,119	206,823
5830 State program revenues distributed by State of Texas government agency	-	77,814	77,814	87,983
Total state program revenues	-	3,691,518	3,691,518	3,984,457
Federal program revenues:				
5920 Federal revenues distributed by Texas Education Agency	-	516,924	516,924	545,690
5930 Federal revenues distributed by other agencies	-	1,285	1,285	19,860
5940 Federal revenues distributed by the federal government	-	39,599	39,599	-
Total federal program revenues	-	557,808	557,808	565,550
Net assets released from restrictions:				
Restrictions satisfied by payments	3,659,707	(3,659,707)	-	-
Total revenues	4,066,236	589,619	4,655,855	4,949,507
Expenses				
11 Instruction	2,524,617	-	2,524,617	2,416,454
12 Instructional resources and media se	46,426	-	46,426	64,368
13 Curriculum development and instructional staff development	68,942	-	68,942	48,027
23 School leadership	11,846	-	11,846	921
35 Food services	295,014	-	295,014	273,519
36 Co-curricular/extracurricular services	14,814	-	14,814	21,377
41 General administration	204,882	-	204,882	194,162
51 Plant maintenance and operations	742,513	-	742,513	725,980
52 Security and monitoring services	73,585	-	73,585	166,295
53 Data processing	15,367	-	15,367	-
Total expenses	3,998,006	-	3,998,006	3,911,103
Changesin net assets	68,230	589,619	657,849	1,038,404
Net assets at beginning of year	11,332,472	4,453,865	15,786,337	14,747,933
Net assetsat end of year	$ 11,400,702	$ 5,043,484	$ 16,444,186	$ 15,786,337

ALIEF MONTESSORI COMMUNITY SCHOOL
SCHEDULES OF EXPENSES - EXHIBIT C-1
For the years ended June 30, 2025 and 2024

		2025	2024
Expenses			
6100	Payroll costs	$ 2,580,490	$ 2,407,477
6200	Professional and contracted services	584,132	612,083
6300	Supplies and materials	308,314	390,601
6400	Other operating costs	525,070	500,942
	Total expenses	$ 3,998,006	$ 3,911,103

ALIEF MONTESSORI COMMUNITY SCHOOL
SCHEDULES OF ASSETS AND REAL PROPERTY
INTEREST OWNERSHIP - EXHIBIT D-1
For the year ended June 30, 2025

SCHEDULE OF ASSETS

		Ownership Interest		
		Local	State	Federal
1100	Cash and cash equivalents	$ 705,495	$ 5,769,772	$ (5,907)
1510	Land purchase and investments	-	1,296,434	-
1520	Building and improvements	-	10,965,333	77,070
1539	Furniture and equipment	-	71,767	-
1580	Construction in progress	-	142,452	-
	Total assets	$ 705,495	$ 18,245,758	$ 71,163

SCHEDULE OF REAL PROPERTY INTEREST OWNERSHIP (UNAUDITED)

Description	Property Address	Total Assessed Value*	Ownership Interest State
RES A BLK 1, Alief Montessori Community School No. 3 Amend	4203 J St, Houston, TX 77072	$ 4,738,128	$ 4,738,128
RES A BLK 1, School, Alief Montessori Community	4215 H St, Houston TX 77072	51,295	51,295
RES A1 BLK 1, School, Alief Montessori Community	4215 H St, Houston TX 77072	209,475	209,475
LT 3 BLK 57, Dairy Townsite	12010 6th St #1, Houston, TX 77072	298,816	298,816
RES A BLK 1, School II, Alief Montessori Community	12013 6th St, Houston, TX 77072	483,522	483,522
LT 4 BLK 57, Dairy Townsite	12014 6th St, Houston, TX 77072	129,959	129,959
LT 2 & TR A BLK 65, Dairy Townsite	12019 6th St, Houston, TX 77072	107,381	107,381
		$ 6,018,576	$ 6,018,576

*Based upon Harris Central Appraisal District 2025 exemption values.

ALIEF MONTESSORI COMMUNITY SCHOOL
BUDGETARY COMPARISON SCHEDULE - EXHIBIT E-1
For the year ended June 30, 2025

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Local Support:				
5740 Other revenues from local sources	$ 349,790	$ 434,790	$ 383,264	$ (51,526)
5760 Revenue from intermediate sources	22,043	24,393	23,265	(1,128)
Total local support	371,833	459,183	406,529	(52,654)
State program revenues:				
5810 Foundation school program act revenues	3,704,911	3,324,911	3,564,585	239,674
5820 State program revenues distributed by Texas Education Agency	22,350	36,226	49,119	12,893
5830 State program revenues distributed by State of Texas government agency	-	-	77,814	77,814
Total state program revenues	3,727,261	3,361,137	3,691,518	330,381
Federal program revenues:				
5920 Federal revenues distributed by Texas Education Agency	632,122	564,742	516,924	(47,818)
5930 Federal revenues distributed by other agencies	22,000	1,300	1,285	(15)
5940 Federal revenues distributed by the federal government	-	-	39,599	39,599
Total federal program revenues	654,122	566,042	557,808	(8,234)
Total revenues	4,753,216	4,386,362	4,655,855	269,493
Expenses				
11 Instruction	2,463,705	2,493,118	2,524,617	(31,499)
12 Instructional resources and media services	69,282	46,282	46,426	(144)
13 Curriculum development and instructional staff development	48,507	71,866	68,942	2,924
23 School leadership	1,013	11,833	11,846	(13)
35 Food services	273,864	277,364	295,014	(17,650)
36 Co-curricular/extracurricular activities	23,438	16,938	14,814	2,124
41 General administration	218,206	198,706	204,882	(6,176)
51 Plant maintenance and operations	946,923	896,923	742,513	154,410
52 Security and monitoring services	164,187	62,187	73,585	(11,398)
53 Data processing	-	15,200	15,367	(167)
Total expenses	4,209,125	4,090,417	3,998,006	92,411
Changes in net assets	$ 544,091	$ 295,945	657,849	$ 361,904
Net assets at beginning of year			15,786,337	
Net assets at end of year			$ 16,444,186	

ALIEF MONTESSORI COMMUNITY SCHOOL
USE OF FUNDS REPORT
SELECT STATE ALLOTMENT PROGRAMS - EXHIBIT J-4
For the year ended June 30, 2025

Data Control Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did the Charter Holder expend any state compensatory education program state allotment funds during the Charter Holder's fiscal year?	Yes
AP2	Does the Charter Holder 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 during the Charter Holder's fiscal year.	$ 443,443
AP4	List the actual direct program expenditures for state compensatory education programs during the Charter Holder's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 1,054,054
	Section B: Bilingual Education Programs	
AP5	Did the Charter Holder expend any bilingual education program state allotment funds during the Charter Holder's fiscal year?	Yes
AP6	Does the Charter Holder have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the Charter Holder's fiscal year.	$ 147,228
AP8	List the actual direct program expenditures for bilingual education programs during the Charter Holder's fiscal year. (PICs 25, 35)	$ 178,212

COMPLIANCE

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
Alief Montessori Community School
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alief Montessori Community School (the "Charter Holder") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter Holder'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 Charter Holder's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Holder'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Holder'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*.

(Continued)

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 entity'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.

Crowe LLP

Crowe LLP

Houston, Texas
November 17, 2025

ALIEF MONTESSORI COMMUNITY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - EXHIBIT F-1
For the year ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

What were the results of the auditor's determination of whether the financial statements were prepared in accordance with generally accepted accounting principles?	Unmodified
Is a 'going concern' emphasis-of-matter paragraph included in the auditor's report?	No
Is a significant deficiency in internal control disclosed?	None Noted
Is a material weakness in internal control disclosed?	No
Is material noncompliance disclosed?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

None identified.

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None identified.