

America Can! (The Charter Holder)

Annual Consolidated Financial Report
For The Year Ended August 31, 2018

America  **CAN!**

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AMERICA CANI
CERTIFICATE OF BOARD
AUGUST 31, 2018

Name of Charter Holder
Texans Can!

County
Dallas

Co-Dist Numbers
057-804

Federal EIN: 75-2251099

We, the undersigned, certify that the attached annual financial and compliance reports of the above-named charter schools were reviewed and (check one) approved disapproved for the year ended August 31, 2018, at a meeting of the governing body of the charter holder on the 25th day of January, 2019.



Signature of Board Secretary



Signature of Board President

If the governing body of the Charter Holder does not approve the auditors' report, the reason(s) for disapproving it is (are): (attached list as necessary)

America  **CAN!**

Independent Auditor's Report

To the Members of the Board of Directors of
America Can!
Dallas, Texas

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of America Can! (a nonprofit organization), which comprise the consolidated statements of financial position as of August 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of America Can! Cars for Kids as of and for the year ended August 31, 2018 which represents 7%, 6%, and 10% of the assets, net assets, and revenues of the consolidated financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for America Can! Cars for Kids is based solely on the report of the other auditors. 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 the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of America Can! and its subsidiaries as of August 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Members of the Board of Directors of
America Can!

Emphasis of Matter

Contingency

As discussed in Note 11, the Charter has accrued a liability relating to inaccuracies in attendance reporting for the years ending August 31, 2018 and 2017. These revised estimates are subject to audit and approval by the Texas Education Agency and the Charter's accrual is subject to revision or change. Our opinion is not modified with respect to this matter.

Prior Period Adjustment

As discussed in Note 11 to the financial statements, the 2017 financial statements have been restated for a correction of error related to income recognition for inaccuracies in attendance data reported for the year ended August 31, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole, as listed in the table of contents. The Specific-Purpose Financial Statements and the TEA Required Supplementary Information are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and, is also not a required part of the consolidated financial statements. The Specific-Purpose Financial Statements, the TEA Required Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Specific-Purpose Financial Statements, the TEA Required Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019, on our consideration of the America Can!'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 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 America Can!'s internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 24, 2019

**General-Purpose
Consolidated Financial Statements**

America  **CAN!**

America Can!

Consolidated Statements of Financial Position

August 31, 2018 and 2017

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,591,678	\$ 15,194,347
Accounts receivable	183,865	233,100
Due from employees	632	6,058
Due from other governments	1,900,845	2,529,950
Accrued interest	2,891	741
Inventory	636,985	594,546
Prepaid expense	430,368	346,884
Assets held for sale	1,030,743	-
Total current assets	21,778,007	18,905,626
INVESTMENTS	250,000	250,000
PROPERTY AND EQUIPMENT, net of accumulated depreciation	32,031,842	31,282,092
TOTAL ASSETS	\$ 54,059,849	\$ 50,437,718
 CURRENT LIABILITIES		
Line of credit	\$ 2,011,778	\$ 2,011,778
Current maturities of long-term debt	1,402,866	469,327
Accounts payable	1,487,305	1,722,682
Accrued liabilities	720,888	654,169
Payroll deductions payable	642,158	584,410
Accrued interest payable	18,341	22,570
Accrued wages payable	458,057	452,377
Due to governments	3,626,304	1,550,000
Total current liabilities	10,367,697	7,467,313
LONG-TERM DEBT		
Notes payable - future maturities	5,346,264	6,759,114
TOTAL LIABILITIES	15,713,961	14,226,427
NET ASSETS		
Unrestricted	30,845,396	30,052,532
Temporarily restricted	7,500,492	6,158,759
TOTAL NET ASSETS	38,345,888	36,211,291
TOTAL LIABILITIES AND NET ASSETS	\$ 54,059,849	\$ 50,437,718

The Notes to Consolidated Financial Statements are an integral part of these statements.

America Can!

Consolidated Statement of Activities

Year Ended August 31, 2018

	Unrestricted	Temporarily Restricted	Totals 2018
REVENUES			
5700 Local Support	\$ 10,596,738	\$ 1,509,865	\$ 12,106,603
5800 State program revenues	644,833	49,943,616	50,588,449
5900 Federal program revenues	208,574	8,572,174	8,780,748
Total revenue	11,450,145	60,025,655	71,475,800
Net assets released from restrictions:			
Satisfaction of purpose restrictions	58,683,922	(58,683,922)	-
Total revenues, gains and other support	70,134,067	1,341,733	71,475,800
EXPENSES			
11 Instruction	20,293,415	-	20,293,415
12 Instructional resources	-	-	-
13 Curriculum and instructional staff development	3,117,807	-	3,117,807
21 Instructional leadership	1,293,480	-	1,293,480
23 School leadership	6,398,030	-	6,398,030
31 Guidance, counseling and evaluation services	6,823,971	-	6,823,971
32 Social work services	-	-	-
33 Health services	184,527	-	184,527
34 Student transportation	1,062,892	-	1,062,892
35 Food services	1,484,535	-	1,484,535
36 Co-curricular/extracurricular activities	189,244	-	189,244
41 General administration	4,492,996	-	4,492,996
51 Plant maintenance and operations	8,355,509	-	8,355,509
52 Security and monitoring services	1,583,167	-	1,583,167
53 Data processing services	2,686,274	-	2,686,274
61 Community services	2,671,502	-	2,671,502
71 Debt service	433,738	-	433,738
81 Fund raising	8,251,483	-	8,251,483
Total expenses	69,322,570	-	69,322,570
RESULTS FROM OPERATIONS	811,497	1,341,733	2,153,230
NON-OPERATING ACTIVITIES			
Loss on sale of property	(18,633)	-	(18,633)
Total non-operating activities	(18,633)	-	(18,633)
Change in net assets	792,864	1,341,733	2,134,597
Net assets, beginning of the year	30,052,532	6,158,759	36,211,291
NET ASSETS, END OF YEAR	\$ 30,845,396	\$ 7,500,492	\$ 38,345,888

The Notes to Consolidated Financial Statements are an integral part of these statements.

America Can!

Consolidated Statement of Activities

Year Ended August 31, 2017

	Unrestricted	Temporarily Restricted	Totals 2017
REVENUES			
5700 Local Support	\$ 9,480,289	\$ 1,710,880	\$ 11,191,169
5800 State program revenues	523,841	47,311,197	47,835,038
5900 Federal program revenues	165,390	7,425,931	7,591,321
Total revenue	10,169,520	56,448,008	66,617,528
Net assets released from restrictions:			
Satisfaction of purpose restrictions	56,850,719	(56,850,719)	-
Total revenues, gains and other support	67,020,239	(402,711)	66,617,528
EXPENSES			
11 Instruction	19,830,655	-	19,830,655
12 Instructional resources	-	-	-
13 Curriculum and instructional staff development	3,093,824	-	3,093,824
21 Instructional leadership	1,458,473	-	1,458,473
23 School leadership	6,699,259	-	6,699,259
31 Guidance, counseling and evaluation services	6,176,121	-	6,176,121
32 Social work services	-	-	-
33 Health services	98,373	-	98,373
34 Student transportation	1,011,291	-	1,011,291
35 Food services	1,521,878	-	1,521,878
36 Co-curricular/extracurricular activities	174,064	-	174,064
41 General administration	4,020,349	-	4,020,349
51 Plant maintenance and operations	8,242,730	-	8,242,730
52 Security and monitoring services	1,708,552	-	1,708,552
53 Data processing services	2,383,481	-	2,383,481
61 Community services	2,031,020	-	2,031,020
71 Debt service	390,153	-	390,153
81 Fund raising	6,749,137	-	6,749,137
Total expenses	65,589,360	-	65,589,360
RESULTS FROM OPERATIONS	1,430,879	(402,711)	1,028,168
NON-OPERATING ACTIVITIES			
Bad debt (expense) recovery	98,544	-	98,544
Loss on sale of property	(40,163)	-	(40,163)
Gain from non-operating activities	58,381	-	58,381
Change in net assets	1,489,260	(402,711)	1,086,549
Net Assets, beginning of year	28,563,272	6,561,470	35,124,742
NET ASSETS, END OF YEAR	\$ 30,052,532	\$ 6,158,759	\$ 36,211,291

The Notes to Consolidated Financial Statements are an integral part of these statements.

America Can!

Consolidated Statements of Cash Flows

August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,134,597	\$ 1,086,549
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	2,257,211	2,047,754
(Gain) loss on disposal	18,633	-
(Gain) loss on land held for sale	-	40,163
Accounts receivable	49,235	372,546
Due from employees	5,426	(3,902)
Due from other governments	629,105	(1,073,543)
Accrued interest payable	-	19,070
Accrued interest receivable	(2,150)	(277)
Inventory	(42,439)	(36,051)
Prepaid expense	(83,484)	(100,903)
Accounts payable	(235,378)	(1,537,638)
Accrued liabilities	66,722	37,219
Payroll deductions payable	57,748	89,511
Accrued wages payable	5,680	227,590
Accrued interest payable	(4,229)	-
Due to governments	2,076,304	1,550,000
Deferred revenue	-	(44,476)
	6,932,981	2,673,612
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land	-	734,837
Transfer to affiliate	-	143,080
Investment in equity securities	-	(305)
Acquisition of land, buildings and equipment	(4,056,339)	(1,931,663)
	(4,056,339)	(1,054,051)
Net cash used by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	1,788,453
Proceeds from long-term debt	-	1,863,114
Principal payments on debt	(479,311)	(967,523)
	(479,311)	2,684,044
Net cash provided (used in) financing activities		
Net increase in cash and cash equivalents	2,397,331	4,303,605
CASH AND CASH EQUIVALENTS, beginning of year	15,194,347	10,890,742
CASH AND CASH EQUIVALENTS, end of year	\$ 17,591,678	\$ 15,194,347
Interest paid	\$ 404,921	\$ 367,853

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Notes to
Consolidated Financial Statements**

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Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization and Nature of Activities

America Can! (the Charter Holder) is a not-for-profit Texas Charter Holder formed in 1988 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 nine members. The Board of Directors 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 of Directors has the primary accountability for the fiscal affairs of the Charter Holder.

The Charter Holder operates and does business as the Dallas Can! Academy, Houston Can! Academy, Fort Worth Can! Academy, San Antonio Can! Academy, Garland Can! Academy and Austin Can! Academy (the Academies) in Texas. The Academies are state authorized, fully accredited high schools. America Can! Corporate provides leadership for all of the academies and America Can! Cars for Kids fundraises on behalf of the academies. During 2014, America Can! Cars for Kids (Cars for Kids), a not-for-profit-entity exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code, was formed and operates for the benefit of America Can!. Previously Cars for Kids was a division of America Can!.

Dallas Can! was formed in 1985 to aid adjudicated juveniles in the Dallas community. The program was expanded to include dropouts and at-risk youths. The program provided accelerated education, specialized academic opportunities, life and coping skills, prevocational training, practical job training, and placement with continual job retention encouragement. Community volunteers are selected as tutors, teachers, guest speakers, role models, counselors and friends. The Dallas Can! Academy was authorized as a charter high school in April 1996 and began operations in September 1996. The same model and philosophy were instrumental in opening the Houston Can! Academy in 1998, Fort Worth Can! Academy in 2000, San Antonio Can! Academy in 2001, Austin Can! Academy in 2002, and Garland Can! Academy in 2016 to aid at-risk youths in those communities. On July 1, 2013, the five remaining Academies, Dallas Can! Academy, Houston Can! Academy, Fort Worth Can! Academy, San Antonio Can! Academy, and Austin Can! Academy, were merged into one charter and began operations as Texans Can! Academy.

During January 2016, the Charter Holder's Board of Directors were elected to serve as the Can! Academy Education Foundation's board members. The Can! Academy Education Foundation operates for the benefit of the Charter Holder and is a subsidiary of the Charter Holder.

Accounting Policies

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The consolidated financial statements include the accounts of America Can!, America Can! Cars for Kids and Can! Academy Education Foundation. All significant intercompany and transactions have been eliminated.

The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide.

America Can!

Notes to Consolidated Financial Statements

The significant accounting policies are as follows:

To insure observance of limitations and restrictions placed on the use of resources available to the Academies, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified into funds according to their nature and purpose.

Separate accounts are maintained for each fund; however, the accompanying statements of financial position and of activities focus on the organization as a whole and reports the amounts of its total assets, liabilities, net assets, and changes in net assets.

The statements of financial position report the amounts of each of two classes of net assets: temporarily restricted and unrestricted net assets.

Temporarily restricted - net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Charter Holder, the charter schools, and/or the passage of time. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unrestricted – net assets that are not subject to donor-imposed stipulations.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents are comprised of cash on hand and in banks. This category also includes all highly liquid investment instruments with an original maturity of twelve months or less.

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, vehicles and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Charter Holder as assets with an estimated useful life of more than one year and a cost of \$5,000 or more. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

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.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted 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 temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized.

America Can!

Notes to Consolidated Financial Statements

When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. No amounts have been reflected in the financial statements for donated materials or services since no objective basis is available to measure the value thereof; however, a substantial number of volunteers donate their time to the school program services and in fund-raising activities. Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support. Contributions with donor imposed restrictions are reported as restricted support. Restricted support increases temporarily restricted net assets. Contributions without donor imposed restrictions are reported as unrestricted support. Unrestricted support increases unrestricted net assets.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses incurred by the central administrative offices of the Charter Holder are accounted for in the "America Can! Corporate" accounts and are allocated to the respective charter schools based on the number of campus locations served by each Academy. Expenses reflected by America Can! Corporate are therefore "net" of these reallocated amounts for the year.

Personal Leave

Employees earn five days of state paid personal and sick leave per year. There is no liability for unpaid accumulated sick leave since the Charter Holder does not have a policy to pay any amounts when the employees separate from service with the Charter Holder, and any unused state balance is transferable to other schools.

Investments in Marketable Securities

Investments are reported at fair value in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the consolidated statements of activities.

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Notes to Consolidated Financial Statements

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958 Presentation of Financial Statements for Not-for-Profit Entities). The objective of this ASU is to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit's liquidity, financial performance, and cash flows. The key provisions include net asset classes, investment return, expenses, liquidity and availability of resources, and statement of cash flows. The amendments in this ASU are effective for fiscal years beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Charter Holder is currently assessing the impact this standard will have on its financial statements.

In February, 2016, the FASB issued ASU Update No. 2016-02, Leases (Topic 842). Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP - which requires only capital leases to be recognized on the balance sheet- the new ASU will require both types of leases to be recognized on the balance sheet. ASU 2016-02 is effective for the years beginning after January 1, 2020 and for all periods presented. Early application of the amendments in this ASU is permitted. The Charter Holder is currently assessing the impact this standard will have on its financial statements.

Note 2. Cash Deposits

The Charter Holder's funds are deposited and invested with depository banks. The depository bank for the charter school accounts should deposit for safekeeping and trust with the Charter Holder's agent bank approved pledged securities in an amount sufficient to protect charter school funds on a day-to-day basis during the period of the contract.

The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2018, the combined carrying amount of the charter schools' deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) at the Charter Holder's contracted depository banks were \$17,148,540 and the bank balance was \$17,776,552. The charter schools' cash deposits at August 31, 2017, and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the Charter Holder's agent bank in the Charter Holder's name.

At August 31, 2018, the combined carrying amount of Cars for Kids' deposits (cash and certificates of deposits) was \$693,138.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

The market value of securities pledged, on behalf of the charter schools, as of the date of the highest combined balance on deposit was \$19,702,144 and FDIC insured balances totaled \$3,962,482. The highest combined balances of cash, savings and time deposit accounts for the charter schools amounted to \$17,841,678 and occurred during the month of August 2018.

America Can!

Notes to Consolidated Financial Statements

Note 3. Property Held for Sale

At August 31, 2018, the Charter Holder held a property for sale and playground equipment. The property is under contract for a selling price of approximately \$5.4 million and is scheduled to close in June of 2019. The property is recorded at net book value of \$1,030,743.

Note 4. Capital Assets

Activity in the capital asset accounts for the Charter Holder for the year ended August 31, 2018 was as follows:

	Balance 8/31/2017	Additions	Transfers	Retirements	Balance 8/31/2018
Construction in progress	\$ 27,050	\$ 2,888,291	\$ -	\$ -	\$ 2,915,341
Land	1,401,384	-	-	-	1,401,384
Building and improvements	38,632,195	631,052	-	(1,705,828)	37,557,419
Vehicles	289,055	105,066	-	(40,876)	353,245
Computer	2,508,369	298,769	-	(575,739)	2,231,399
Furniture	702,610	133,162	-	(133,270)	702,502
Educational software	68,121	-	-	-	68,121
	<u>43,628,784</u>	<u>4,056,340</u>	<u>-</u>	<u>(2,455,713)</u>	<u>45,229,411</u>
Accumulated depreciation	<u>(12,346,692)</u>	<u>(2,257,211)</u>	<u>-</u>	<u>1,406,334</u>	<u>(13,197,569)</u>
Total capital assets	<u>\$ 31,282,092</u>	<u>\$ 1,799,129</u>	<u>\$ -</u>	<u>\$ (1,049,379)</u>	<u>\$ 32,031,842</u>

Note 5. Defined Benefit Pension Plan

Plan Description

The charter schools contribute to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the charter schools, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits and death benefits to plan members and beneficiaries. The charter schools are legally separate entities from the state and each other and the assets that are contributed by one charter or school district may be used for the benefit of an employee of another school district or charter. The unfunded obligations are passed along to the other charters and school districts. There is no withdrawal penalty for leaving the System.

America Can!

Notes to Consolidated Financial Statements

The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701-2698 or by calling (800) 877-0123.

Funding Policy

The following table includes the disclosures required per FASB ASC- 715-80-50-5:

Legal name of the plan	Teacher Retirement System of Texas
Plan's employer identification number	N/A
Zone Status	
Total plan assets	147,361,922,120
Accumulated benefit obligations	179,336,534,819
% Funded	82%
Expiration date of the collective-bargaining agreements requiring contributions to the plan	There is not a collective-bargaining agreement.
Employer contributions for the period ending August 31, 2018	201,241
Status of funding improvement plan or rehabilitation plan had been implemented or pending:	N/A
Did employer pay surcharge?	Yes
Contribution rates	
Member	7.70%
Non-Employer Contributing Entity (State)	6.80%
Employers	6.80%

American Can! Academies employees' contributions to the System, equal to the required contributions for each year, for the years ending August 31, 2018 and 2017 were:

Contributions	2018	2017
Employer Contributions	\$ 201,241	\$ 246,854
Member Contributions	2,401,072	2,370,743
On- behalf Contributions	1,837,734	1,595,989
Non-OASDI Participating surcharge	467,620	461,917
Other contributions made from private and federal grants	209,226	194,880

The contributions do not represent more than 5% of the total contributions to the plan.

America Can!

Notes to Consolidated Financial Statements

There have been no changes that would affect the comparison on employer contributions from year to year.

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below, which are paid by the employers. Employers are required to pay the employer contribution rate in the following instances:

- During a new members' first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source

In addition to the employer contributions listed above, when employing a retiree of the Teachers Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 6. Public School Retiree Health Plan

Plan Description

The charter schools contribute to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost sharing multiple employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retirement Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program 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.

The 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 www.trs.state.tx.us, by writing to the Communication Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 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 of Texas contribution rates for fiscal year 2018 and 2017 were 1.25% and 1.0%, respectively. The contribution rates for active public school employee contribution rates for 2018 and 2017 was 0.65% of public school payroll, respectively, with public schools contributing a percentage of payrolls set at 0.75% and 0.55% for fiscal years 2018 and 2017, respectively. Per Texas Insurance Code, Chapter 1575, the public 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 August 31, 2018 and 2017, the State's contributions to TRS-Care were \$386,440 and \$307,944, respectively, the active member contributions were \$200,949 and \$200,165, respectively, and the public school's contributions were \$231,865 and \$268,293, respectively, which equaled the required contributions each year.

America Can!

Notes to Consolidated Financial Statements

Note 7. Additional Plans

Certain employees of the Charter Holder are also provided with Social Security and Medicare coverage. Under provisions of federal law, covered employees contribute 6.2% (Social Security) and 1.45% (Medicare) of their annual covered salary and the Charter Holder contributes matching amounts of the covered payroll. Cars for Kids contributes 4% of all employees' salary into America Can Cars for Kids 401(k) Profit Sharing Plan and Trust. Cars for Kids' contribution for the years ended August 31, 2018 and 2017 totaled \$41,793 and \$21,630, respectively.

Note 8. Health Care Coverage

During the year ended August 31, 2018, full time employees of the charter school were covered by a health insurance plan (the Plan). The charter school paid premiums on covered employees to the Plan ranging from \$225 to \$1,002 per month per employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

Note 9. Long-Term Debt

Long-term debt at August 31 consists of the following:

	2018	2017
\$2,650,000 line of credit with Bank of Texas, monthly interest only, with a maturity on September 19, 2019. <i>Pleasant Grove</i>	\$ 2,011,778	\$ 2,011,778
\$1,557,500 note payable to Capital One Bank, variable interest, principal and interest due monthly in installments of \$9,484, commencing on June 1, 2012, with maturity on August 31, 2021. <i>Houston North</i>	1,242,386	1,280,276
\$2,192,000 note payable to BB&T Bank, 3.067% interest, principal and interest due in monthly installment of \$12,279 commencing November 30, 2011 with maturity on November 29, 2019 <i>Austin</i>	1,625,719	1,715,100
\$3,440,000 note payable to Texas Capital, libor plus 2.50% (4.58%), commencing on November 1, 2017 with maturity on September 19, 2020.	52,878	-
\$1,913,000 note payable to Plains Capital Bank, 4% fixed rate of 5 years and the greater of 4% fixed rate for 5 years and the greater of 4% or WSJ prime one month floating rate thereafter, with 120 principal and interest due monthly installments. <i>Westcreek</i>	1,798,377	1,863,114
\$1,600,000 note payable to Grand Bank of Texas, 5% interest, principal and interest due monthly in installments of \$21,412, commencing on September 11, 2015, with maturity on February 28, 2023. <i>Cars for Kids</i>	1,032,158	1,230,980
\$1,575,000 note payable to BB&T, 2.906% interest, with 60 principal and interest payments due in monthly installments of \$8,757, commencing on September 28, 2014, with a balloon payment at maturity on August 28, 2019. <i>San Antonio</i>	997,612	1,138,971
Total long-term debt	8,760,908	9,240,219
Less current portion of long-term debt	(1,402,866)	(469,327)
Less line of credit	(2,011,778)	(2,011,778)
Long-term portion of long-term debt	\$ 5,346,264	\$ 6,759,114

America Can!

Notes to Consolidated Financial Statements

Future maturities of long-term debt at August 31, 2018 are as follows:

Year Ended August 31,	Principal	Interest	Total
2019	\$ 1,402,866	\$ 329,075	\$ 1,731,941
2020	2,426,280	219,752	2,646,032
2021	1,622,568	203,174	1,825,742
2022	1,674,741	95,746	1,770,487
2023	207,205	65,187	272,392
2024 and Thereafter	1,427,248	160,247	1,587,495
	-	-	-
	<u>\$ 8,760,908</u>	<u>\$ 1,073,181</u>	<u>\$ 9,834,089</u>

On December 19, 2016, America Can! Academy modified its line of credit (LOC) agreement with Bank of Texas. The terms of the LOC modification allow the America Can! Academy to borrow up to \$2,650,000. The LOC bears interest on the daily outstanding financed balance at 4.50% per annum and matures on December 19, 2019. The outstanding balance on the line of credit was \$2,011,778 and \$2,011,778, respectively at August 31, 2018 and 2017.

Note 10. Transfers/Contributions

During the year ended August 31, 2018, cash was contributed to Texans Can! by the America Can! Cars for Kids segment. The amount of transfers between business segments were as follows:

For the year ended August 31, 2018:

Business Segment	Transfers In	Transfers Out
Corporate		
From Cars for Kids	\$ 1,742,837	\$ -
To Schools	-	-
Cars for Kids		
To Corporate	-	748,666
To Schools	-	994,171
	<u>\$ 1,742,837</u>	<u>\$ 1,742,837</u>

The transfers/contributions to other segments are recorded in Local Support revenues and Contra Local Support and eliminate in the consolidated statement of activities.

America Can!

Notes to Consolidated Financial Statements

During the year ended August 31, 2017, assets were contributed to the America Can! Cars for Kids by the Corporate business segment. These were assets attributable to the Cars for Kids business segment as of August 31, 2017. During the year ended August 31, 2017, cash was contributed to Texans Can! by the America Can! Cars for Kids segment. The amount of transfers between business segments were as follows:

For the year ended August 31, 2017:

Business Segment	Transfers In	Transfers Out
Corporate		
From Cars for Kids	\$ 1,856,000	\$ -
Cars for Kids		
To Corporate	-	1,856,000
To Schools	-	403,375
Schools		
From Cars for Kids	403,375	-
From Education Foundation	153,563	-
Education Foundation		
To Schools	-	153,563
	\$ 2,412,938	\$ 2,412,938

The transfers/contributions to other segments are recorded in Local Support and eliminate in the consolidated statement of activities.

Note 11. Commitments and Contingencies/Restatement of 2017 Statements

The Charter Holder receives funds through state and federal programs which are governed by various rules and regulations of the grantor agency. State Foundation program entitlements are based on student enrollment and attendance as reported to the Texas Education Agency by the Charter Holder.

These student enrollment and attendance reports are subject to audit by the Texas Education Agency and amounts paid to the Charter Holder may be adjusted according to the results of any such TEA audit. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agency.

During fiscal year ended August 31, 2018 the Academies reported inaccurate attendance data to the Texas Education Agency. Upon discovery, the Academies recalculated attendance for certain Academies utilizing other available information. The Academies accrued a liability to the Texas Education Agency and reduced state revenue by approximately one million dollars as a result of their procedures for the year ended August 31, 2018.

Additionally, the Academies revised attendance for the 2017 fiscal year for certain Academies based upon the discovery of errors in 2018. The revision of attendance estimates for the fiscal year ended August 31, 2017 resulted in an additional accrual of \$1,550,000. Accordingly, the 2017 financial statements have been restated for the correction of this error.

The revised reports are subject to audit and approval by the Texas Education Agency and the resultant accrual of the liability may change.

America Can!

Notes to Consolidated Financial Statements

Note 12. Commitments Under Operating Leases

Commitments under operating (non-capitalized) lease agreements for campuses and facilities require future rental payments as of August 31, 2018, as follows:

Fiscal year ending August 31:

2019	\$	996,879
2020		700,638
2021		676,064
2022		546,047
2023		280,887
		<u>3,200,515</u>
	\$	<u>3,200,515</u>

Rent expense for the year ended August 31, 2018, totaled \$1,314,431, consisting of rental expenses for building and facilities of \$407,260 and equipment expense of \$907,171.

Rent expense for the year ended August 31, 2017, totaled \$1,277,052 consisting of rental expenses for building and facilities of \$438,930 and equipment expense of \$838,122.

Note 13. Economic Dependency

During the years ended August 31, 2018 and 2017, the Academies earned revenue of \$50,588,449 and \$47,835,038, respectively, from the Texas Education Agency (TEA). These amounts constitute approximately 71% and 72%, respectively of total revenues earned for the years ended August 31, 2018 and 2017. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the charter school to continue to provide the current level of services to its students.

Note 14. Inventory

Inventory consists primarily of donated vehicles on hand at year end that have not yet been sold by the Cars for Kids program. These inventories are valued at their estimated fair value. The Charter Holder considers inventory of all consumable goods to be immaterial to the financial statements.

Note 15. Due from Other Governments

At August 31, 2018 and 2017, the Charter Holder had earned the following revenues on grants and entitlements which were not received until after September 1, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Federal grant revenue	\$ 1,520,868	\$ 1,008,739
Foundation School Program	-	1,169,071
Other state revenue	<u>379,977</u>	<u>352,140</u>
	<u>\$ 1,900,845</u>	<u>\$ 2,529,950</u>

America Can!

Notes to Consolidated Financial Statements

Note 16. Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2018 and 2017.

The table below summarizes the fair value of investment securities and pledge receivables by level:

	<u>2018</u>	<u>2017</u>
Level 2		
Certificates of deposit	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Total assets in the fair value hierarchy	<u>250,000</u>	<u>250,000</u>
Investment at fair value	<u><u>\$ 250,000</u></u>	<u><u>\$ 250,000</u></u>

America Can!

Notes to Consolidated Financial Statements

Note 17. Temporarily Restricted Net Assets

Temporarily restricted net assets for the year ending August 31, 2018 and 2017, consisted of the following:

	2018	2017
Restricted for Specific Charter Purpose	\$ 4,435,758	\$ 3,421,171
Can! Academy Education Foundation		
National School Breakfast and Lunch Program	468,556	468,381
Campus Activity Funds	225,642	426,058
School Development Council	2,234,664	1,817,953
WP & Bulah Luse Foundation	13,942	13,942
KLE Foundation	699	699
Sunshine Committee	466	370
Miscellaneous Foundations	120,765	10,185
	<u>\$ 7,500,492</u>	<u>\$ 6,158,759</u>

Note 18. Income Tax

Under a group ruling issued by the Internal Revenue Service, the Charter Holder is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, as a Charter Holder described in Section 501(c)(3), except to the extent it has unrelated business taxable income. The Charter Holder had no material unrelated business income for the years ended August 31, 2018 and 2017.

Generally accepted accounting principles require that the Charter Holder recognize in its financial statements the financial effects of a tax position, if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the tax position. The new requirements also provide guidance on measurement, classification, interest and penalties and disclosure.

Tax positions taken related to the Charter Holder's tax exempt status, unrelated business activities taxable income and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken would more likely than not be sustained by examination. For the year ended August 31, 2018 and 2017, tax liabilities of \$0 and \$150,000, respectively, were recorded. For the year ended August 31, 2018 and 2017, unrelated business income tax liability of \$8,335 and \$61,634, respectively, were recorded. As of August 31, 2018, the Charter Holder's tax years 2015 and thereafter remain subject to examination.

Note 19. Related Party Transactions

During the fiscal year ended August 31, 2018 and 2017, America Can! Cars for Kids approved payments totaling \$146,000 and \$152,000, respectively, to Marqcom, Inc. for access to software to be utilized by Texans Can!. Rights for the utilization of the software was contributed to Texan's Can! by America Can! Cars for Kids for the years ended August 31, 2018 and 2017. Marqcom, Inc. is a corporation owned by the CEO of the Charter Holder and these payments were in addition to his employment contract and performance bonus of \$60,000 and \$0, for the years ended August 31, 2018 and 2017.

America Can!

Notes to Consolidated Financial Statements

During the fiscal year ended August 31, 2018, a transaction was entered into for employee ancillary benefits with Summit Financial Group which is 100% owned by a Board Trustee. During the fiscal year end August 31, 2018 and 2017, payments to Summit Financial group totaled \$94,250 and \$87,000, respectively.

Note 20. Subsequent Events

The Charter Holder has adopted U.S. generally accepted accounting principles relating to subsequent events. This standard establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. Management has evaluated all events or transactions that occurred after August 31, 2018 up through January 24, 2019, the date the financial statements were available to be issued.

In September 2018 the Charter entered a contract to sell the property classified as held for sale in the statement of financial position with a carrying value of \$1,030,743 for \$5,380,600.

Additionally, in September 2018 the Charter purchased property to relocate its Ross campus for \$798,000.

In September 2018 the Charter purchased property for \$1,775,000 to relocate the Garland campus.

Specific-Purpose Financial Statements

America  **CAN!**

America Can!

Consolidating Statements of Financial Position

Year Ended August 31, 2018

	America Can! Corporate	America Can! Cars for Kids	Texans Can!	Consolidated Entries		Consolidated
				Debit	Credit	
CURRENT ASSETS						
Cash and cash equivalents	\$ 749,515	\$ 693,138	\$ 16,149,025	\$ -	\$ -	17,591,678
Accounts receivable	102,696	56,350	24,819	-	-	183,865
Due from employees	-	-	632	-	-	632
Due from other governments	46,942	-	1,853,903	-	-	1,900,845
Accrued interest	-	-	2,891	-	-	2,891
Inventory	-	636,985	-	-	-	636,985
Prepaid expense	-	32,762	397,606	-	-	430,368
Assets held for sale	7,521	-	1,023,222	-	-	1,030,743
Total Current Assets	906,674	1,419,235	19,452,098	-	-	21,778,007
INVESTMENTS	250,000	-	-	-	-	250,000
PROPERTY AND EQUIPMENT, net of accumulated depreciation	452,325	2,557,873	29,021,644	-	-	32,031,842
TOTAL ASSETS	<u>\$ 1,608,999</u>	<u>\$ 3,977,108</u>	<u>\$ 48,473,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,059,849</u>
CURRENT LIABILITIES						
Line of credit	\$ -	\$ -	\$ 2,011,778	\$ -	\$ -	\$ 2,011,778
Current maturities of long-term debt	-	209,459	1,193,407	-	-	1,402,866
Accounts payable	58,194	301,939	1,127,172	-	-	1,487,305
Accrued liabilities	395	194,721	525,772	-	-	720,888
Payroll deductions payable	12,891	-	629,267	-	-	642,158
Accrued interest payable	-	-	18,341	-	-	18,341
Accrued wages payable	80,333	87,609	290,115	-	-	458,057
Due to governments	-	-	3,626,304	-	-	3,626,304
Total Current Liabilities	151,813	793,728	9,422,156	-	-	10,367,697
LONG-TERM DEBT						
Notes payable - future maturities	-	822,699	4,523,565	-	-	5,346,264
TOTAL LIABILITIES	151,813	1,616,427	13,945,721	-	-	15,713,961
NET ASSETS						
Unrestricted	1,457,186	2,360,681	27,027,529	-	-	30,845,396
Temporarily restricted	-	-	7,500,492	-	-	7,500,492
TOTAL NET ASSETS	1,457,186	2,360,681	34,528,021	-	-	38,345,888
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,608,999</u>	<u>\$ 3,977,108</u>	<u>\$ 48,473,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,059,849</u>

America Can! Corporate
 Statements of Financial Position
 Years Ended August 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 749,515	\$ 2,860,091
Accounts receivable	102,696	37,510
Due from employees	-	5,444
Due from other governments	46,942	45,012
Accrued interest	-	741
Assets held for sale	7,521	-
	906,674	2,948,798
INVESTMENTS	250,000	250,000
PROPERTY AND EQUIPMENT, net of accumulated depreciation	452,325	379,407
TOTAL ASSETS	\$ 1,608,999	\$ 3,578,205
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 58,194	\$ 176,019
Accrued liabilities	395	420,755
Payroll deductions payable	12,891	581,762
Accrued wages payable	80,333	55,307
	151,813	1,233,843
LONG-TERM DEBT		
Notes payable - future maturities	-	-
TOTAL LIABILITIES	151,813	1,233,843
NET ASSETS		
Unrestricted	1,457,186	2,190,799
Temporarily restricted	-	153,563
	1,457,186	2,344,362
TOTAL NET ASSETS	1,457,186	2,344,362
TOTAL LIABILITIES AND NET ASSETS	\$ 1,608,999	\$ 3,578,205

America Can! Cars for Kids
 Statements of Financial Position
 Years Ended August 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 693,138	\$ 811,773
Accounts receivable	56,350	134,338
Inventory	636,985	594,546
Prepaid expense	32,762	63,122
Total current assets	1,419,235	1,603,779
PROPERTY AND EQUIPMENT, net of accumulated depreciation	2,557,873	2,596,679
TOTAL ASSETS	\$ 3,977,108	\$ 4,200,458
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 209,459	\$ 199,127
Accounts payable	301,939	296,365
Accrued interest	-	3,500
Accrued liabilities	194,721	197,920
Payroll deductions payable	-	2,648
Accrued wages payable	87,609	34,332
Total current liabilities	793,728	733,892
LONG-TERM DEBT		
Notes payable - future maturities	822,699	1,031,853
TOTAL LIABILITIES	1,616,427	1,765,745
NET ASSETS		
Unrestricted	2,360,681	2,434,713
TOTAL LIABILITIES AND NET ASSETS	\$ 3,977,108	\$ 4,200,458

Texans Can!
 Statements of Financial Position
 Years Ended August 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 16,149,025	\$ 11,522,483
Accounts receivable	24,819	61,252
Due from employees	632	614
Due from other governments	1,853,903	2,484,938
Accrued interest	2,891	-
Prepaid expense	397,606	283,762
Assets held for sale	1,023,222	-
	19,452,098	14,353,049
PROPERTY AND EQUIPMENT, net of accumulated depreciation	29,021,644	28,306,006
TOTAL ASSETS	\$ 48,473,742	\$ 42,659,055
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ 2,011,778	\$ 2,011,778
Current maturities of long-term debt	1,193,407	270,200
Accounts payable	1,127,172	1,250,298
Accrued liabilities	525,772	35,494
Payroll deductions payable	629,267	-
Accrued wages payable	290,115	362,738
Accrued interest	18,341	19,070
Due to government	3,626,304	1,550,000
	9,422,156	5,499,578
LONG-TERM DEBT		
Notes payable - future maturities	4,523,565	5,727,261
TOTAL LIABILITIES	13,945,721	11,226,839
NET ASSETS		
Unrestricted	27,027,529	25,427,020
Temporarily restricted	7,500,492	6,005,196
TOTAL NET ASSETS	34,528,021	31,432,216
TOTAL LIABILITIES AND NET ASSETS	\$ 48,473,742	\$ 42,659,055

Can! Academy Education Foundation

Statements of Financial Position
Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Investments	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>
 NET ASSETS		
NET ASSETS		
Temporarily restricted	\$ -	\$ -
TOTAL NET ASSETS	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ -</u>	<u>\$ -</u>

America Can!

Consolidating Statements of Activities

Year Ended August 31, 2018

	America Can! Corporate	America Can! Cars for Kids	Texans Can!	Consolidated Entries		Consolidated
				Debit	Credit	
REVENUES						
5700 Local support	\$ 381,977	\$ 9,442,856	\$ 2,568,478	\$ 286,708	\$ -	\$ 12,106,603
5700 Local support remitted from charter schools	748,666	(1,742,837)	994,171	-	-	-
5800 State program revenues	644,833	-	49,943,616	-	-	50,588,449
5900 Federal program revenues	208,574	-	8,572,174	-	-	8,780,748
Total revenue	1,984,050	7,700,019	62,078,439	286,708	-	71,475,800
EXPENSES						
11 Instruction	57,244	-	20,251,571	-	(15,400)	20,293,415
12 Instructional resources	-	-	-	-	-	-
13 Curriculum and instructional staff development	-	-	3,117,807	-	-	3,117,807
21 Instructional leadership	17,063	-	1,276,417	-	-	1,293,480
23 School leadership	27,203	-	6,370,827	-	-	6,398,030
31 Guidance, counseling and evaluation services	14,929	-	6,809,042	-	-	6,823,971
32 Social work services	-	-	-	-	-	-
33 Health services	-	-	184,527	-	-	184,527
34 Student transportation	4,275	-	1,058,617	-	-	1,062,892
35 Food services	-	-	1,484,535	-	-	1,484,535
36 Co-curricular/extracurricular activities	-	-	189,244	-	-	189,244
41 General administration	86,962	57,005	4,349,029	-	-	4,492,996
51 Plant maintenance and operations	141,644	180,127	8,033,738	-	-	8,355,509
52 Security and monitoring services	10,130	-	1,573,037	-	-	1,583,167
53 Data processing services	31,178	-	2,655,096	-	-	2,686,274
61 Community services	2,480,598	-	462,212	-	(271,308)	2,671,502
71 Debt service	-	57,172	376,566	-	-	433,738
81 Fund raising	-	7,479,747	771,736	-	-	8,251,483
Total expenses	2,871,226	7,774,051	58,964,001	-	(286,708)	69,322,570
RESULTS FROM OPERATIONS	(887,176)	(74,032)	3,114,438	286,708	286,708	2,153,230
NON-OPERATING ACTIVITIES						
Loss on sale of property	-	-	(18,633)	-	-	(18,633)
Loss from non-operating activities	-	-	(18,633)	-	-	(18,633)
Change in net assets	(887,176)	(74,032)	3,095,805	-	-	2,134,597
Net assets, beginning of year	2,344,362	2,434,713	31,432,216	-	-	36,211,291
NET ASSETS, end of year	<u>\$ 1,457,186</u>	<u>\$ 2,360,681</u>	<u>\$ 34,528,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,345,888</u>

America Can! Corporate

Statement of Activities Year Ended August 31, 2018

		Temporarily Restricted	Totals
	Unrestricted		2018
REVENUES			
5700 Local support	\$ 381,977	\$ -	\$ 381,977
5700 Less contributions remitted to Cars for Kids	748,666	-	748,666
5800 State program revenues	644,833	-	644,833
5900 Federal program revenues	208,574	-	208,574
Total revenue	1,984,050	-	1,984,050
Net assets released from restrictions satisfaction of purpose restrictions	153,563	(153,563)	-
Total revenues, gains and other support	2,137,613	(153,563)	1,984,050
EXPENSES			
11 Instruction	57,244	-	57,244
13 Curriculum and instructional staff development	-	-	-
21 Instructional leadership	17,063	-	17,063
23 School leadership	27,203	-	27,203
31 Guidance, counseling, and evaluation services	14,929	-	14,929
32 Social work services	-	-	-
33 Health services	-	-	-
34 Student transportation	4,275	-	4,275
35 Food Services	-	-	-
36 Co-curricular/extracurricular activities	-	-	-
41 General administration	86,962	-	86,962
51 Plant maintenance and operations	141,644	-	141,644
52 Security and monitoring services	10,130	-	10,130
53 Data processing services	31,178	-	31,178
61 Community services	2,480,598	-	2,480,598
71 Debt service	-	-	-
81 Fund raising	-	-	-
Total expenses	2,871,226	-	2,871,226
RESULTS FROM OPERATIONS	(733,613)	(153,563)	(887,176)
Change in net assets	(733,613)	(153,563)	(887,176)
Net assets, beginning of year	2,190,799	153,563	2,344,362
NET ASSETS, end of year	\$ 1,457,186	\$ -	\$ 1,457,186

America Can! Corporate
Statement of Activities
Year Ended August 31, 2017

	Unrestricted	Temporarily Restricted	Totals 2017
REVENUES			
5700 Local Support	\$ 710,022	\$ 153,563	\$ 863,585
5700 Remitted from Cars for Kids	1,856,000	-	1,856,000
5800 State program revenues	523,841	-	523,841
5900 Federal program revenues	165,390	-	165,390
Total Revenue	3,255,253	153,563	3,408,816
Net assets released from restrictions satisfaction of purpose restrictions	-	-	-
Total revenues, gains and other support	3,255,253	153,563	3,408,816
EXPENSES			
41 General administration	314,633	-	314,633
51 Plant maintenance and operations	(8,371)	-	(8,371)
53 Data processing services	15,000	-	15,000
61 Community services	1,859,461	-	1,859,461
71 Debt service	-	-	-
81 Fund raising	-	-	-
Total expenses	2,180,723	-	2,180,723
RESULTS FROM OPERATIONS	1,074,530	153,563	1,228,093
CHANGE IN NET ASSETS	1,074,530	153,563	1,228,093
NET ASSETS, BEGINNING OF YEAR	1,116,269	-	1,116,269
NET ASSETS, END OF YEAR	\$ 2,190,799	\$ 153,563	\$ 2,344,362

America Can! Cars For Kids

Statement of Activities Year Ended August 31, 2018

	Unrestricted	Temporarily Restricted	Totals
	2018	2018	2018
REVENUES			
5700 Local Support	\$ 9,442,856	\$ -	\$ 9,442,856
5700 Less contributions remitted	(1,742,837)	-	(1,742,837)
Total revenue	7,700,019	-	7,700,019
EXPENSES			
41 General administration	57,005	-	57,005
51 Plant maintenance and operations	180,127	-	180,127
52 Security and monitoring services	-	-	-
71 Debt service	57,172	-	57,172
81 Fund raising	7,479,747	-	7,479,747
Total expenses	7,774,051	-	7,774,051
RESULTS FROM OPERATIONS	(74,032)	-	(74,032)
NON-OPERATING ACTIVITIES:			
Unrealized loss on investments	-	-	-
Gain on sale of property	-	-	-
Loss from non-operating activities	-	-	-
Change in net assets	(74,032)	-	(74,032)
Net assets, beginning of year	2,434,713	-	2,434,713
NET ASSETS, end of year	\$ 2,360,681	\$ -	\$ 2,360,681

America Can! Cars For Kids

Statement of Activities Year Ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u> <u>2017</u>
REVENUES			
5700 Local Support	\$ 9,258,742	\$ -	\$ 9,258,742
5700 Less contributions remitted	<u>(2,259,375)</u>	<u>-</u>	<u>(2,259,375)</u>
Total revenue	<u>6,999,367</u>	<u>-</u>	<u>6,999,367</u>
EXPENSES			
41 General administration	31,481	-	31,481
51 Plant maintenance and operations	275,976	-	275,976
52 Security and monitoring services	-	-	-
71 Debt service	71,175	-	71,175
81 Fund raising	<u>6,061,550</u>	<u>-</u>	<u>6,061,550</u>
Total expenses	<u>6,440,182</u>	<u>-</u>	<u>6,440,182</u>
RESULTS FROM OPERATIONS	<u>559,185</u>	<u>-</u>	<u>559,185</u>
NON-OPERATING ACTIVITIES:			
Bad debt expense (recoveries)	<u>(98,544)</u>	<u>-</u>	<u>(98,544)</u>
Total non-operating activities	<u>(98,544)</u>	<u>-</u>	<u>(98,544)</u>
CHANGE IN NET ASSETS	657,729	-	657,729
NET ASSETS, BEGINNING OF YEAR	<u>1,776,984</u>	<u>-</u>	<u>1,776,984</u>
NET ASSETS, END OF YEAR	<u>\$ 2,434,713</u>	<u>\$ -</u>	<u>\$ 2,434,713</u>

Texans Can!
Statement of Activities
Year Ended August 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2018</u>
REVENUES			
Local Support	\$ 1,058,613	\$ 1,509,865	\$ 2,568,478
Local Support remitted to charter schools	994,171	-	994,171
State program revenues	-	49,943,616	49,943,616
Federal program revenues	-	8,572,174	8,572,174
	<u>2,052,784</u>	<u>60,025,655</u>	<u>62,078,439</u>
Net assets released from restrictions satisfaction of purpose restrictions	58,530,359	(58,530,359)	-
	<u>60,583,143</u>	<u>1,495,296</u>	<u>62,078,439</u>
EXPENSES			
11 Instruction	20,251,571	-	20,251,571
12 Instructional resources	-	-	-
13 Curriculum and instructional staff development	3,117,807	-	3,117,807
21 Instructional leadership	1,276,417	-	1,276,417
23 School leadership	6,370,827	-	6,370,827
31 Guidance, counseling and evaluation services	6,809,042	-	6,809,042
32 Social work services	-	-	-
33 Health services	184,527	-	184,527
34 Student transportation	1,058,617	-	1,058,617
35 Food services	1,484,535	-	1,484,535
36 Co-curricular/extracurricular activities	189,244	-	189,244
41 General administration	4,349,029	-	4,349,029
51 Plant maintenance and operations	8,033,738	-	8,033,738
52 Security and monitoring services	1,573,037	-	1,573,037
53 Data processing services	2,655,096	-	2,655,096
61 Community services	462,212	-	462,212
71 Debt service	376,566	-	376,566
81 Fund raising	771,736	-	771,736
	<u>58,964,001</u>	<u>-</u>	<u>58,964,001</u>
RESULTS FROM OPERATIONS	<u>1,619,142</u>	<u>1,495,296</u>	<u>3,114,438</u>
NON-OPERATING ACTIVITIES:			
Loss on sale of property	(18,633)	-	(18,633)
	<u>(18,633)</u>	<u>-</u>	<u>(18,633)</u>
CHANGE IN NET ASSETS	1,600,509	1,495,296	3,095,805
NET ASSETS, BEGINNING OF YEAR	<u>25,427,020</u>	<u>6,005,196</u>	<u>31,432,216</u>
NET ASSETS, END OF YEAR	<u>\$ 27,027,529</u>	<u>\$ 7,500,492</u>	<u>\$ 34,528,021</u>

Texans Can!

Statement of Activities

Year Ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2017</u>
REVENUES			
Local Support	\$ 198,054	\$ 1,143,459	\$ 1,341,513
Local Support remitted to charter schools	-	556,938	556,938
State program revenues	-	47,311,197	47,311,197
Federal program revenues	-	7,425,931	7,425,931
Total revenue	198,054	56,437,525	56,635,579
Net assets released from restrictions satisfaction of purpose restrictions	56,850,719	(56,850,719)	-
Total revenues, gains and other support	57,048,773	(413,194)	56,635,579
EXPENSES			
11 Instruction	19,847,455	-	19,847,455
13 Curriculum and instructional staff development	3,093,824	-	3,093,824
21 Instructional leadership	1,458,473	-	1,458,473
23 School leadership	6,699,259	-	6,699,259
31 Guidance, counseling and evaluation services	6,176,121	-	6,176,121
32 Social work services	-	-	-
33 Health services	98,373	-	98,373
34 Student transportation	1,011,291	-	1,011,291
35 Food services	1,521,878	-	1,521,878
36 Co-curricular/extracurricular activities	174,064	-	174,064
41 General administration	3,674,235	-	3,674,235
51 Plant maintenance and operations	7,975,125	-	7,975,125
52 Security and monitoring services	1,708,552	-	1,708,552
53 Data processing services	2,368,481	-	2,368,481
61 Community services	437,913	-	437,913
71 Debt service	318,978	-	318,978
81 Fund raising	687,587	-	687,587
Total expenses	57,251,609	-	57,251,609
RESULTS FROM OPERATIONS	(202,836)	(413,194)	(616,030)
NON-OPERATING ACTIVITIES:			
Loss on building held for sale	(40,163)	-	(40,163)
Loss from non-operating activities	(40,163)	-	(40,163)
CHANGE IN NET ASSETS	(242,999)	(413,194)	(656,193)
NET ASSETS, BEGINNING OF YEAR	25,670,019	6,418,390	32,088,409
NET ASSETS, END OF YEAR	\$ 25,427,020	\$ 6,005,196	\$ 31,432,216

Can! Academy Education Foundation

Statement of Activities Year Ended August 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
			<u>2018</u>
REVENUES			
5700 Local Support	\$ -	\$ -	\$ -
Total revenue	-	-	-
Net assets released from restrictions satisfaction of purpose restrictions	-	-	-
Total revenues, gains and other support	-	-	-
EXPENSES			
11 Instruction	-	-	-
13 Curriculum and instructional staff development	-	-	-
21 Instructional leadership	-	-	-
23 School leadership	-	-	-
31 Guidance, counseling, and evaluation services	-	-	-
32 Social work services	-	-	-
33 Health services	-	-	-
34 Student transportation	-	-	-
35 Food Services	-	-	-
36 Co-curricular/extracurricular activities	-	-	-
41 General administration	-	-	-
51 Plant maintenance and operations	-	-	-
52 Security and monitoring services	-	-	-
53 Data processing services	-	-	-
61 Community services	-	-	-
71 Debt service	-	-	-
81 Fund raising	-	-	-
Total expenses	-	-	-
Results from operations	-	-	-
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Can! Academy Education Foundation

Statement of Activities Year Ended August 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2017</u>
REVENUES			
5700 Local Support	\$ -	\$ 10,483	\$ 10,483
5700 Less contributions remitted	-	(153,563)	(153,563)
Total revenue	<u>-</u>	<u>(143,080)</u>	<u>(143,080)</u>
Net assets released from restrictions satisfaction of purpose restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>-</u>	<u>(143,080)</u>	<u>(143,080)</u>
EXPENSES			
11 Instruction	-	-	-
13 Curriculum and instructional staff development	-	-	-
21 Instructional leadership	-	-	-
23 School leadership	-	-	-
31 Guidance, counseling, and evaluation services	-	-	-
32 Social work services	-	-	-
33 Health services	-	-	-
34 Student transportation	-	-	-
35 Food Services	-	-	-
36 Co-curricular/extracurricular activities	-	-	-
41 General administration	-	-	-
51 Plant maintenance and operations	-	-	-
52 Security and monitoring services	-	-	-
53 Data processing services	-	-	-
61 Community services	-	-	-
71 Debt service	-	-	-
81 Fund raising	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>
Results from operations	<u>-</u>	<u>(143,080)</u>	<u>(143,080)</u>
Change in net assets	-	(143,080)	(143,080)
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ (143,080)</u>	<u>\$ (143,080)</u>

America Can!

Consolidating Statements of Cash Flow

Year Ended August 31, 2018

	America Can!	America Can!	Can Education	Texans	Consolidated Entries		Consolidated
	Corporate	Cars for Kids	Foundation	Can!	Debit	Credit	
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in net assets	\$ (887,176)	\$ (74,032)	\$ -	\$ 3,095,805	\$ -	\$ -	\$ 2,134,597
Adjustments to reconcile change in net assets to cash provided by operating activities:							
Depreciation	32,426	111,003	-	2,113,782	-	-	2,257,211
Loss on sale of asset	-	-	-	18,633	-	-	18,633
Accounts receivable	(65,186)	77,988	-	36,433	-	-	49,235
Due from employees	5,444	-	-	(18)	-	-	5,426
Due from other governments	(1,930)	-	-	631,035	-	-	629,105
Accrued interest payable	-	(3,500)	-	(729)	-	-	(4,229)
Accrued interest receivable	741	-	-	(2,891)	-	-	(2,150)
Inventory	-	(42,439)	-	-	-	-	(42,439)
Prepaid expense	-	30,360	-	(113,844)	-	-	(83,484)
Accounts payable	(117,826)	5,574	-	(123,126)	-	-	(235,378)
Accrued liabilities	(420,360)	(3,199)	-	490,281	-	-	66,722
Payroll deductions payable	(568,871)	(2,648)	-	629,267	-	-	57,748
Accrued wages payable	25,026	53,277	-	(72,623)	-	-	5,680
Due to other governments	-	-	-	2,076,304	-	-	2,076,304
Net cash provided by (used in) operating activities	(1,997,712)	152,384	-	8,778,309	-	-	6,932,981
CASH FLOWS FROM INVESTING ACTIVITIES							
Transfer of assets	14,929	-	-	(14,929)	-	-	-
Acquisition of land, buildings and equipment	(127,793)	(72,197)	-	(3,856,349)	-	-	(4,056,339)
Net cash (used in) by investing activities	(112,864)	(72,197)	-	(3,871,278)	-	-	(4,056,339)
CASH FLOWS FROM FINANCING ACTIVITIES							
Principal payments on debt	-	(198,822)	-	(280,489)	-	-	(479,311)
Net cash provided (used in) provided by financing activities	-	(198,822)	-	(280,489)	-	-	(479,311)
Net increase in cash and cash equivalents	(2,110,576)	(118,635)	-	4,626,542	-	-	2,397,331
CASH AND CASH EQUIVALENTS, beginning of year	2,860,091	811,773	-	11,522,483	-	-	15,194,347
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 749,515</u>	<u>\$ 693,138</u>	<u>\$ -</u>	<u>\$ 16,149,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,591,678</u>

America Can! Corporate
 Statements of Cash Flows
 Years Ended August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (887,176)	\$ 1,228,093
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	32,426	(104,604)
Accounts receivable	(65,186)	(36,732)
Due from employees	5,444	(3,288)
Due from other governments	(1,930)	(20,080)
Accrued interest	741	(277)
Accounts payable	(117,826)	126,769
Accrued liabilities	(420,360)	126,915
Payroll deductions payable	(568,871)	89,127
Accrued wages payable	25,026	12,063
Net cash provided by (used in) operating activities	(1,997,712)	1,417,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(305)
Transfer of assets	14,929	-
Acquisition of land, buildings and equipment	(127,793)	(60,361)
Net cash (used in) provided by investing activities	(112,864)	(60,666)
Net increase in cash and cash equivalents	(2,110,576)	1,357,320
CASH AND CASH EQUIVALENTS, beginning of year	2,860,091	1,502,771
CASH AND CASH EQUIVALENTS, end of year	\$ 749,515	\$ 2,860,091
INTEREST PAID	\$ -	\$ -

America Can! Cars For Kids
 Statements of Cash Flows
 Years Ended August 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (74,032)	\$ 657,729
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	111,003	107,109
Accounts receivable	77,988	(86,249)
Inventory	(42,439)	(36,051)
Prepaid expense	30,360	(31,784)
Accounts payable	5,574	(16,733)
Accrued interest payable	(3,500)	
Accrued liabilities	(3,199)	(74,346)
Payroll deductions payable	(2,648)	384
Accrued wages payable	53,277	12,800
Net cash provided by operating activities	152,384	532,859
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of land, buildings and equipment	(72,197)	(45,889)
Net cash used in investing activities	(72,197)	(45,889)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(198,822)	(189,273)
Net cash used in financing activities	(198,822)	(189,273)
Net increase in cash and cash equivalents	(118,635)	297,697
 CASH AND CASH EQUIVALENTS, beginning of year	811,773	514,076
CASH AND CASH EQUIVALENTS, end of year	\$ 693,138	\$ 811,773
 INTEREST PAID	\$ 57,172	\$ 67,675

Texans Can!
 Statements of Cash Flows
 Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,095,805	\$ (656,193)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	2,113,782	2,045,249
Loss on disposal	18,633	-
Accounts receivable	36,433	495,527
Unrealized loss	-	40,163
Due from other governments	631,035	(1,053,463)
Due from others	(18)	(614)
Accrued interest receivable	(2,891)	
Prepaid expense	(113,844)	(69,119)
Accounts payable	(123,126)	(1,647,674)
Accrued liabilities	490,281	(15,350)
Payroll deductions payable	629,267	
Accrued wages	(72,623)	202,727
Accrued interest payable	(729)	19,070
Due to other governments	2,076,304	1,550,000
Deferred revenue	-	(44,476)
Net cash provided by operating activities	<u>8,778,309</u>	<u>865,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal	-	734,837
Transfers in	(14,929)	-
Acquisition of land, buildings and equipment	<u>(3,856,349)</u>	<u>(1,825,413)</u>
Net cash used investing activities	<u>(3,871,278)</u>	<u>(1,090,576)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	1,788,453
Proceeds from long-term debt	-	1,863,114
Principal payments on debt	<u>(280,489)</u>	<u>(778,250)</u>
Net cash provided by (used in) financing activities	<u>(280,489)</u>	<u>2,873,317</u>
Net increase in cash and cash equivalents	4,626,542	2,648,588
CASH AND CASH EQUIVALENTS, beginning of year	<u>11,522,483</u>	<u>8,873,895</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 16,149,025</u>	<u>\$ 11,522,483</u>
INTEREST PAID	<u>\$ 347,749</u>	<u>\$ 299,908</u>

Can! Academy Education Foundation

Statement of Cash Flows

Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ -	\$ (143,080)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Accounts receivable	-	-
Accounts payable	-	-
Net cash (used in) provided by operating activities	<u>-</u>	<u>(143,080)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer to affiliate	-	143,080
Purchase of investments	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>143,080</u>
Net increase in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS, beginning of year	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

America  **CAN!**

**TEA Required
Supplementary Information**

America Can! Corporate
Schedules of Expenses
Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenses		
6100 Payroll costs	\$ 1,975,163	\$ 1,499,073
6200 Professional and contracted services	242,018	318,517
6300 Supplies and material	488,092	309,262
6400 Other operating costs	165,953	53,871
6500 Debt costs	-	-
	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 2,871,226</u>	<u>\$ 2,180,723</u>

America Can! Cars for Kids
Schedules of Expenses
Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenses		
6100 Payroll costs	\$ 1,500,454	\$ 1,493,644
6200 Professional and contracted services	5,821,503	4,604,025
6300 Supplies and material	188,587	126,978
6400 Other operating costs	206,335	144,360
6500 Debt costs	<u>57,172</u>	<u>71,175</u>
TOTAL EXPENSES	<u>\$ 7,774,051</u>	<u>\$ 6,440,182</u>

Texans Can!
Schedules of Expenses
Years Ended August 31, 2018 and 2017

	2018	2017
Expenses		
6100 Payroll costs	\$ 38,501,073	\$ 37,896,114
6200 Professional and contracted services	11,418,745	11,369,680
6300 Supplies and material	4,149,480	3,590,262
6400 Other operating costs	4,518,137	4,076,575
6500 Debt costs	376,566	318,978
TOTAL EXPENSES	\$ 58,964,001	\$ 57,251,609

Can! Academy Education Foundation

Schedule of Expenses

Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenses		
6100 Payroll costs	\$ -	\$ -
6200 Professional and contracted services	-	-
6300 Supplies and material	-	-
6400 Other operating costs	-	-
6500 Debt costs	-	-
	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ -</u>	<u>\$ -</u>

America Can! Corporate

Schedule of Capital Assets

August 31, 2018

		Ownership Interest			
		Local	State	Federal	Total
1520	Construction in progress	\$ 27,050	\$ -	\$ -	\$ 27,050
1510	Land and improvements	134,894	-	-	134,894
1520	Building and improvements	581,395	-	-	581,395
1531	Vehicles	156,751	-	-	156,751
1533	Computer equipment	-	-	-	-
1539	Furniture and equipment	67,785	-	-	67,785
1560	Library books and media	68,121	-	-	68,121
1570	Less accumulated depreciation	<u>(583,671)</u>	<u>-</u>	<u>-</u>	<u>(583,671)</u>
TOTAL CAPITAL ASSETS		<u>\$ 452,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,325</u>

America Can! Cars for Kids

Schedule of Capital Assets

August 31, 2018

		Ownership Interest			
		Local	State	Federal	Total
1520	Building and improvements	\$ 2,783,970	\$ -	\$ -	\$ 2,783,970
1531	Vehicles	12,100	-	-	12,100
1533	Computer equipment	50,611	-	-	50,611
1539	Furniture and equipment	64,380	-	-	64,380
1560	Library books and media	-	-	-	-
1570	Less accumulated depreciation	(353,188)	-	-	(353,188)
TOTAL CAPITAL ASSETS		<u>\$ 2,557,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,557,873</u>

Texans Can!
Schedule of Capital Assets
August 31, 2018

	Ownership Interest			Total
	Local	State	Federal	
1520 Construction in progress	\$ -	\$ 2,888,291	\$ -	\$ 2,888,291
1510 Land and improvements	-	1,266,490	-	1,266,490
1520 Building and improvements	18,900	34,173,153	-	34,192,053
1531 Vehicles	-	184,394	-	184,394
1533 Computer equipment	-	2,180,788	-	2,180,788
1539 Furniture and equipment	74,190	463,018	33,129	570,337
1560 Library books and media	-	-	-	-
1570 Less accumulated depreciation	(42,979)	(12,201,338)	(16,392)	(12,260,709)
TOTAL CAPITAL ASSETS	\$ 50,111	\$ 28,954,796	\$ 16,737	\$ 29,021,644

Texans Can!

Budgetary Comparison Schedule (Unaudited)

Year Ended August 31, 2018

		<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>	
REVENUES					
5700	Local Support	\$ 845,179	\$ 3,823,917	\$ 3,562,649	\$ (261,268)
5800	State program revenues	49,101,782	49,412,260	49,943,616	531,356
5900	Federal program revenues	1,693,339	7,144,712	8,572,174	1,427,462
	Total revenue	<u>51,640,300</u>	<u>60,380,889</u>	<u>62,078,439</u>	<u>1,697,550</u>
EXPENSES					
11	Instruction	17,235,865	19,935,908	20,251,571	(315,663)
12	Instructional resources	-	-	-	-
13	Curriculum and instructional staff development	998,981	2,994,706	3,117,807	(123,101)
21	Instructional leadership	876,057	1,339,297	1,276,417	62,880
23	School leadership	6,461,379	6,494,046	6,370,827	123,219
31	Guidance, counseling and evaluation services	5,882,279	6,540,829	6,809,042	(268,213)
32	Social work services	-	20,289	-	20,289
33	Health services	221,297	221,297	184,527	36,770
34	Student transportation	1,349,626	1,349,626	1,058,617	291,009
35	Food services	1,701,347	1,562,670	1,484,535	78,135
36	Co-curricular/extracurricular activities	45,604	230,919	189,244	41,675
41	General administration	3,404,785	4,483,678	4,349,029	134,649
51	Plant maintenance and operations	7,808,707	8,886,380	8,033,738	852,642
52	Security and monitoring services	1,815,421	1,815,421	1,573,037	242,384
53	Data processing services	2,126,654	2,813,369	2,655,096	158,273
61	Community services	445,987	498,359	462,212	36,147
71	Debt service	541,555	453,940	376,566	77,374
81	Fund raising	724,756	740,155	771,736	(31,581)
	Total expenses	<u>51,640,300</u>	<u>60,380,889</u>	<u>58,964,001</u>	<u>1,416,888</u>
	Loss on sale of property	<u>-</u>	<u>-</u>	<u>(18,633)</u>	<u>(18,633)</u>
	Change in net assets	<u>-</u>	<u>-</u>	<u>3,095,805</u>	<u>3,095,805</u>
	Net assets, beginning of year	<u>31,432,216</u>	<u>31,432,216</u>	<u>31,432,216</u>	<u>-</u>
	NET ASSETS, END OF YEAR	<u><u>\$ 31,432,216</u></u>	<u><u>\$ 31,432,216</u></u>	<u><u>\$ 34,528,021</u></u>	<u><u>\$ 3,095,805</u></u>

Budget Amendments

During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected expenditures. The changes between the original and final budget were due to the original budget not including grant revenue and expenses and also additional students resulted in additional revenue received and expenses that were incurred.

America  **CAN!**

**Reports on
Compliance, Internal Controls
and Federal Awards**

America  **CAN!**

**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**

Board of Directors
America Can!
Dallas, 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 America Can! (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2018, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 24, 2019. Our report includes a reference to other auditors who audited the financial statements of America Can! Cars for Kids, as described in our report on the financial statements of America Can!. The financial statements of America Can! Cars for Kids was not audited in accordance with Government Auditing Standards and this report does not include the results of other auditors testing of internal control over financial reporting on compliance.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered America Can!'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 America Can!'s internal control. Accordingly, we do not express an opinion on the effectiveness of America Can!'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control that we consider to be material weakness (2018-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether America Can!'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.

Board of Directors
America Can!

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

America Can!'s Response to Findings

America Can!'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. America Can!'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 America Can!'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering America Can!'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 24, 2019

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance In Accordance with the Uniform Guidance**

Board of Directors
America Can!
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited America Can!'s (a nonprofit organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of America Can!'s major federal programs for the year ended August 31, 2018. America Can!'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of America Can!'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about America Can!'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of America Can!'s compliance.

Opinion on Each Major Federal Program

In our opinion, America Can! complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

Board of Directors
America Can!

Report on Internal Control Over Compliance

Management of America Can! is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered America Can!'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of America Can!'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 24, 2019

America Can!

Schedule of Findings and Questioned Costs Year Ended August 31, 2018

Section I – Summary of Auditor’s Results

An unmodified opinion was issued on the financial statements.

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 financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Uniform Guidance? Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Programs or Cluster

84.010A

Title I, Part A - Improving Basic Programs

84.215G

Project READ2

Threshold for distinguishing Type A and B programs:

\$750,000

Auditee qualified as a low- risk auditee?

Yes No

America Can!

Schedule of Findings and Questioned Costs Year Ended August 31, 2018

Section II – Financial Statement Findings

Finding 2018-001

Material Weakness in Internal Control over Financial Reporting – ADA Reporting

Criteria

Management is responsible for accurate attendance reporting at each campus as attendance is a critical element in formulas for state funding.

Condition

Attendance was reported for students that were not actually in attendance.

Cause

Teachers were reporting students present that were not in attendance at the direction of a campus principal. The principal's bonus was based in part on attendance.

Effect

Attendance was over-reported which resulted in overstatement of revenue.

Recommendation

We recommend America Can! establish a control system to ensure the accuracy of daily attendance and establish procedures to monitor attendance reporting for accuracy. We further recommend that employees compensation packages not include an element that is based on attendance.

Views of Responsible Officials

The Charter's management agrees with the auditor's finding 2018.001.

America Can!

Schedule of Findings and Questioned Costs Year Ended August 31, 2018

Corrective Action Plan

- Lighthouse Services to create a hotline so that employees may anonymously report suspicious activity.
- All appropriate campus personnel received additional training on attendance policies and procedures.
- Texans Can's new student information system, eSchool, went live in August 2017. Several exception reports have been created in eSchool for the administrators to monitor attendance patterns. These reports also alert the PEIMS staff and the principal of anomalies in attendance. These are automatically created by the system and emailed out if attendance wasn't taken, if a student is only marked present in one class or all students were marked present.
- The PEIMS staff is making surprise visits to campuses and verifying a physical count of students with the daily attendance reports and monitor compliance with the Student Attendance Handbook.
- A new intranet site was created for campuses to easily access policies and procedures in regards to attendance.
- Weaver, Texans Can's independent auditors, have been engaged to periodically perform agreed upon procedures on 18-19 attendance and report their findings to the Board of Trustees of Texans Can.
- Texans Can's will review its compensation incentives for campus personnel.

Section III – Federal Award Findings and Questioned Costs

None

America Can!
Schedule of Prior Audit Findings
Year Ended August 31, 2017

Section IV – Summary Schedule of Prior Year Findings

None

America  **CAN!**

America Can!

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2018

Fund Code	Federal/State Grantor-Pass Through Grantor/Program Title	Co. or Org	Federal CFDA Number	Pass-Through Entity Identifying Number	Direct Federal Expenditures	Indirect Cost	Total
U.S. Department of Education							
202	Project READ2	01	84.215G	S215G160059	\$ 86,587	\$ 12,322	\$ 98,909
202	Project READ2	41	84.215G	S215G160059	261,587	-	261,587
202	Project READ2	61	84.215G	S215G160059	98,310	-	98,310
	Total CFDA Number 84.215G				446,484	12,322	\$ 458,806
204	Project Ready 2 Excel	01	84.374A	U374A160003	1,805,233	76,251	1,881,484
204	Project Ready 2 Excel	21	84.374A	U374A160003	106,511	-	106,511
204	Project Ready 2 Excel	5	84.374A	U374A160003	533,970	-	533,970
204	Project Ready 2 Excel	51	84.374A	U374A160003	63,610	-	63,610
204	Project Ready 2 Excel	61	84.374A	U374A160003	169,722	-	169,722
204	Project Ready 2 Excel	71	84.374A	U374A160003	99,802	-	99,802
	Total CFDA Number 84.374A				2,778,848	76,251	2,855,099
Total U.S. Department of Education					3,225,332	88,573	3,313,905
Passed Through Texas Education Agency							
211	Title I, Part A - Improving Basic Programs	01	84.010A	16610101057804	14,228	46,302	60,530
211	Title I, Part A - Improving Basic Programs	21	84.010A	16610101057804	253,167	-	253,167
211	Title I, Part A - Improving Basic Programs	41	84.010A	16610101057804	523,859	-	523,859
211	Title I, Part A - Improving Basic Programs	51	84.010A	16610101057804	98,385	-	98,385
211	Title I, Part A - Improving Basic Programs	61	84.010A	16610101057804	243,787	-	243,787
211	Title I, Part A - Improving Basic Programs	71	84.010A	16610101057804	180,455	-	180,455
216	Title I 1003 (A), Priority and Focus School Grant - Ross	001	84.010A	16610112057804000	35,414	4,236	39,650
216	Title I 1003 (A), Priority and Focus School Grant - CFB	003	84.010A	16610112057804000	65,898	-	65,898
216	Title I 1003 (A), Priority and Focus School Grant - Pleasant Grove	004	84.010A	16610112057804000	17,920	-	17,920
	Total CFDA Number 84.010A				1,433,113	50,538	1,483,651
224	IDEA-B Formula	01	84.027A	166600010578046600	420,285	44,587	464,872
224	IDEA-B Formula	21	84.027A	166600010578046600	219,610	-	219,610
224	IDEA-B Formula	41	84.027A	166600010578046600	366,746	-	366,746
224	IDEA-B Formula	51	84.027A	166600010578046600	75,665	-	75,665
224	IDEA-B Formula	61	84.027A	166600010578046600	126,178	-	126,178
224	IDEA-B Formula	71	84.027A	166600010578046600	68,674	-	68,674
	Total CFDA Number 84.027				1,277,158	44,587	1,321,745
255	Title II, Part A - Teacher & Principal Training & Recruitment	01	84.367A	16694501057804	73,406	2,772	76,178
255	Title II, Part A - Teacher & Principal Training & Recruitment	21	84.367A	16694501057804	2,088	-	2,088
255	Title II, Part A - Teacher & Principal Training & Recruitment	41	84.367A	16694501057804	444	-	444
255	Title II, Part A - Teacher & Principal Training & Recruitment	51	84.367A	16694501057804	190	-	190
255	Title II, Part A - Teacher & Principal Training & Recruitment	61	84.367A	16694501057804	74	-	74
255	Title II, Part A - Teacher & Principal Training & Recruitment	71	84.367A	16694501057804	309	-	309
	Total CFDA Number 84.367A				76,511	2,772	79,283
263	Title III, Part A - LEP	01	84.365A	16671001057804	\$ 822	\$ 1,054	\$ 1,876
263	Title III, Part A - LEP	21	84.365A	16671001057804	13,845	-	13,845
263	Title III, Part A - LEP	41	84.365A	16671001057804	5,823	-	5,823
263	Title III, Part A - LEP	51	84.365A	16671001057804	4,615	-	4,615
263	Title III, Part A - LEP	61	84.365A	16671001057804	-	-	0
263	Title III, Part A - LEP	71	84.365A	16671001057804	4,615	-	4,615
	Total CFDA Number 84.367A				29,720	1,054	30,774
289	Title IV, Part A - Subpart 1	21	84.424A	18680101057804	-	-	-
289	Title IV, Part A - Subpart 1	41	84.424A	18680101057804	\$ 3,274	\$ 131	\$ 3,405
289	Title IV, Part A - Subpart 1	51	84.424A	18680101057804	-	-	-
289	Title IV, Part A - Subpart 1	61	84.424A	18680101057804	-	-	-
289	Title IV, Part A - Subpart 1	71	84.424A	18680101057804	-	-	-
	Total CFDA Number 84.367A				3,274	131	3,405
265	21st CCLC Cycle 8 Year	01	84.287C	166950197110002	502,748	43,850	546,598
265	21st CCLC Cycle 8 Year	41	84.287C	166950197110002	759,531	-	759,531
	Total CFDA Number 84.287C				1,262,279	43,850	1,306,129
Total Passed Through Texas Education Agency					4,082,055	142,932	4,224,987
TOTAL U.S. DEPARTMENT OF EDUCATION					7,307,387	231,505	7,538,892

America Can!

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2018

Fund Code	Federal/State Grantor-Pass Through Grantor/Program Title	Co. or Org	Federal CFDA Number	Pass-Through Entity Identifying Number	Direct Federal Expenditures	Indirect Cost	Total
State Department of Agriculture							
Child Nutrition Cluster							
240	National School Breakfast Program	21	10.553	71400901	62,000	-	62,000
240	National School Breakfast Program	41	10.553	71400901	91,232	64,683	155,915
240	National School Breakfast Program	51	10.553	71400901	16,168	-	16,168
240	National School Breakfast Program	61	10.553	71400901	59,585	-	59,585
240	National School Breakfast Program	71	10.553	71400901	19,870	-	19,870
	Total CFDA Number 10.553				<u>248,855</u>	<u>64,683</u>	<u>313,538</u>
240	National School Lunch Program	21	10.555	71300901	128,043	-	128,043
240	National School Lunch Program	41	10.555	71300901	140,570	114,992	255,562
240	National School Lunch Program	51	10.555	71300901	28,519	-	28,519
240	National School Lunch Program	61	10.555	71300901	109,834	-	109,834
240	National School Lunch Program	71	10.555	71300901	35,244	-	35,244
	Total CFDA Number 10.555				<u>442,210</u>	<u>114,992</u>	<u>557,202</u>
240	Food Distribution	21	10.550	057-804	-	-	-
240	Food Distribution	41	10.550	057-804	50,346	-	50,346
240	Food Distribution	51	10.550	057-804	-	-	-
240	Food Distribution	61	10.550	057-804	-	-	-
240	Food Distribution	71	10.550	057-804	-	-	-
	Total CFDA Number 10.550				<u>50,346</u>	<u>-</u>	<u>50,346</u>
	Total Child Nutrition Cluster				<u>741,411</u>	<u>179,675</u>	<u>921,086</u>
170	USDA Revenue - ECDC	501	10.558	0570527	64,701	-	64,701
170	USDA Revenue - ECDC	503	10.558	0570527	48,328	-	48,328
170	USDA Revenue - ECDC	504	10.558	0570527	29,818	-	29,818
170	USDA Revenue - ECDC	505	10.558	0570527	41,603	-	41,603
170	USDA Revenue - ECDC	508	10.558	0570527	4,443	-	4,443
170	USDA Revenue - ECDC	530	10.558	0570527	19,681	-	19,681
	Total CFDA Number 10.558				<u>208,574</u>	<u>-</u>	<u>208,574</u>
	Total Passed Through the State Department of Agriculture				<u>949,985</u>	<u>179,675</u>	<u>1,129,660</u>
U.S Department of Public Safety							
Public Assistance Grant							
420	Texas Hurricane Harvey Assistance	09	97.036	4332DRTXP	60,476	-	60,476
	Total Passed Through the Texas Department of Public Safety				<u>60,476</u>	<u>-</u>	<u>60,476</u>
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 8,317,848</u>	<u>\$ 411,180</u>	<u>\$ 8,729,028</u>

America Can!

Notes on Accounting Policies for Federal Awards Year Ended August 31, 2018

1. For all Federal programs, the Charter Holder uses the funds specified by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. Temporarily restricted funds are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted funds.
2. The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The accrual basis of accounting is described in Note 1 to the financial statements.
3. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant.
4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, the Uniform Guidance.
5. Expenditures of federal and states awards are reported in the Charter Holder's financial statements as follows:

Federal revenue per the Statement of Activities	\$ 8,780,748
Shars revenue	<u>(51,720)</u>
Per Schedule of Expenditures of Federal Awards	<u>\$ 8,729,028</u>

6. Indirect costs and total non-cash assistance included in total expenditures of federal and states awards totaled \$411,180 and \$50,346, respectively.