

America Can! (The Charter Holder)

Annual Consolidated Financial Report
For The Year Ended August 31, 2019

America  **CAN!**

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**AMERICA CAN!
CERTIFICATE OF BOARD
AUGUST 31, 2019**

Name of Charter Holder
Texans Can!

County
Dallas

Co.-Dist. Number
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, 2019, at a meeting of the governing body of the charter holder on the 12th day of December, 2019.

Signature of Board Secretary

Signature of Board President

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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, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year 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, 2019 which represents 6%, 5%, and 12% 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, 2019, and the changes in their net assets and their cash flows for the year 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

Adoption of New Accounting Standards

As discussed in Note 2 to the financial statements, the School adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, and ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. 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 December 12, 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
December 12, 2019

**General-Purpose
Consolidated Financial Statements**

America  **CAN!**

America Can!

Consolidated Statements of Financial Position

August 31, 2019

CURRENT ASSETS

Cash and cash equivalents	\$ 18,485,936
Accounts receivable	1,843,230
Due from employees	193
Due from other governments	1,303,136
Accrued interest	1,110
Inventory	766,870
Prepaid expense	467,768

Total current assets	22,868,243
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PROPERTY AND EQUIPMENT, net of accumulated depreciation

	38,709,459
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TOTAL ASSETS

	\$ 61,577,702
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CURRENT LIABILITIES

Current maturities of long-term debt	\$ 464,940
Accounts payable	2,934,685
Accrued liabilities	697,631
Payroll deductions payable	742,736
Accrued interest payable	35,636
Accrued wages payable	817,810
Due to governments	2,550,000

Total current liabilities	8,243,438
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LONG-TERM DEBT

Notes payable - future maturities	7,475,176
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Total liabilities	15,718,614
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NET ASSETS

Without donor restrictions	41,242,060
With donor restrictions	4,617,028

Total net assets	45,859,088
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TOTAL LIABILITIES AND NET ASSETS

	\$ 61,577,702
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America Can!

Consolidated Statement of Activities

Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals 2019
REVENUES			
5700 Local Support	\$ 12,033,305	\$ 2,124,661	\$ 14,157,966
5800 State program revenues	639,365	49,959,635	50,599,000
5900 Federal program revenues	234,168	10,190,512	10,424,680
Total revenue	12,906,838	62,274,808	75,181,646
Net assets released from restrictions:			
Satisfaction of purpose restrictions	65,158,272	(65,158,272)	-
Total revenues, gains and other support	78,065,110	(2,883,464)	75,181,646
EXPENSES			
Program services			
11 Instruction	20,031,050	-	20,031,050
13 Curriculum and instructional staff development	3,288,021	-	3,288,021
21 Instructional leadership	1,639,143	-	1,639,143
23 School leadership	7,447,059	-	7,447,059
Support services			
31 Guidance, counseling and evaluation services	6,550,048	-	6,550,048
32 Social work services	6,020	-	6,020
33 Health services	148,503	-	148,503
34 Student transportation	1,035,824	-	1,035,824
35 Food services	1,473,700	-	1,473,700
36 Co-curricular/extracurricular activities	189,275	-	189,275
41 General administration	6,977,680	-	6,977,680
51 Plant maintenance and operations	7,818,696	-	7,818,696
52 Security and monitoring services	1,855,476	-	1,855,476
53 Data processing services	2,788,560	-	2,788,560
61 Community services	2,970,165	-	2,970,165
71 Debt service	543,432	-	543,432
81 Fund raising	6,886,716	-	6,886,716
Total expenses	71,649,368	-	71,649,368
RESULTS FROM OPERATIONS	6,415,742	(2,883,464)	3,532,278
NON-OPERATING ACTIVITIES			
Gain on sale of property	3,980,922	-	3,980,922
Total non-operating activities	3,980,922	-	3,980,922
Change in net assets	10,396,664	(2,883,464)	7,513,200
Net assets, beginning of year	30,845,396	7,500,492	38,345,888
NET ASSETS, end of year	<u>\$ 41,242,060</u>	<u>\$ 4,617,028</u>	<u>\$ 45,859,088</u>

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

America Can!

Consolidated Statements of Cash Flows

August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 7,513,200
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	2,057,653
(Gain) loss on disposal	(3,980,922)
Accounts receivable	(1,659,365)
Due from employees	439
Due from other governments	597,709
Accrued interest receivable	1,781
Inventory	(129,885)
Prepaid expense	(37,400)
Accounts payable	1,447,380
Accrued liabilities	(23,257)
Payroll deductions payable	100,578
Accrued wages payable	359,753
Accrued interest payable	17,295
Due to governments	<u>(1,076,304)</u>
Net cash provided by operating activities	5,188,655

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property	5,004,144
Investment in equity securities	250,000
Acquisition of land, buildings and equipment	<u>(8,727,749)</u>
Net cash used in investing activities	(3,473,605)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	1,723,596
Principal payments on debt	<u>(2,544,388)</u>
Net cash used in financing activities	<u>(820,792)</u>
Net increase in cash and cash equivalents	894,258

CASH AND CASH EQUIVALENTS, beginning of year	<u>17,591,678</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 18,485,936</u></u>
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INTEREST PAID	<u><u>\$ 514,009</u></u>
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America Can!

Consolidated Statement of Functional Expenses For the Year Ended August 31, 2019

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Totals 2019
EXPENSES						
Program services						
11 Instruction	\$ 16,489,378	\$ 1,064,331	\$ 2,188,624	\$ 288,717	\$ -	\$ 20,031,050
13 Curriculum and instructional staff development	2,317,121	466,242	52,888	451,770	-	3,288,021
21 Instructional leadership	1,199,870	226,056	81,811	131,406	-	1,639,143
23 School leadership	6,640,969	105,389	355,793	344,908	-	7,447,059
Support services						
31 Guidance, counseling and evaluation services	6,115,988	293,964	59,563	80,533	-	6,550,048
32 Social work services	6,020	-	-	-	-	6,020
33 Health services	28,364	115,971	2,875	1,293	-	148,503
34 Student transportation	27,391	1,008,106	327	-	-	1,035,824
35 Food services	893,368	26,720	513,071	40,541	-	1,473,700
36 Co-curricular/extracurricular activities	18,969	70,141	13,878	86,287	-	189,275
41 General administration	2,781,905	3,527,659	163,321	504,795	-	6,977,680
51 Plant maintenance and operations	768,071	4,479,505	364,931	2,206,189	-	7,818,696
52 Security and monitoring services	76,175	1,771,246	-	8,055	-	1,855,476
53 Data processing services	1,103,405	1,112,910	296,174	276,071	-	2,788,560
61 Community services	2,488,405	158,233	265,515	58,012	-	2,970,165
71 Debt service	-	-	-	-	543,432	543,432
81 Fund raising	2,285,670	4,399,786	72,411	128,849	-	6,886,716
TOTAL EXPENSES	\$ 43,241,069	\$ 18,826,259	\$ 4,431,182	\$ 4,607,426	\$ 543,432	\$ 71,649,368

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.

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 ensure 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: with donor restrictions and without donor restrictions.

With donor restriction - 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Without donor restriction – 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 with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized.

America Can!

Notes to Consolidated Financial Statements

When a restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions 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 net assets with donor restrictions. Contributions without donor imposed restrictions are reported as unrestricted support. Unrestricted support increases net assets without donor restrictions.

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.

Adoption of Accounting Standards

The Charter Holder adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* effective July 1, 2018, using the full retrospective method. Based on the Charter Holder's review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. Adoption of this ASU had no impact on total beginning net assets but resulted in additional disclosures and changes in presentation.

The Charter Holder adopted the amendments of ASU 2016-14, *Presentation of Financial Statements of Not-for Profit Entities* as of and for the year ended August 31, 2019. These amendments have been applied on a retrospective basis to the financial statements for the year ended August 31, 2019. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2019 presentation but had no impact on total net assets or total changes in net assets for 2019.

The Charter Holder adopted the amendments of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU No. 2018-08 was adopted on a prospective basis and impacted the evaluation of revenue recognition of certain grants and contributions in the 2019 fiscal year.

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Notes to Consolidated Financial Statements

Recent Accounting Pronouncements

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, 2019, 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 \$18,485,936 and the bank balance was \$18,572,337. The charter schools' cash deposits at August 31, 2019, and during the year ended August 31, 2019, 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, 2019, the combined carrying amount of Cars for Kids' deposits (cash and certificates of deposits) was \$264,794.

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 \$22,562,081 and FDIC insured balances totaled \$2,406,531. The highest combined balances of cash, savings and time deposit accounts for the charter schools amounted to \$20,231,833 and occurred during the month of June 2019.

Note 3. Property Held for Sale

At August 31, 2018, the Charter Holder held a property for sale and playground equipment. The property sold in June of 2019 for approximately \$5.4 million.

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Notes to Consolidated Financial Statements

Note 4. Capital Assets

Activity in the capital asset accounts for the Charter Holder for the year ended August 31, 2019 was as follows:

	Balance 9/1/2018	Additions	Transfers	Retirements	Balance 8/31/2019
Construction in progress	\$ 2,915,341	\$ 7,975,156	\$ (5,240,179)	\$ -	\$ 5,650,318
Land	1,401,384	-	-	-	1,401,384
Building and improvements	37,557,419	513,343	5,240,359	(539,789)	42,771,332
Vehicles	353,245	30,891	-	(77,740)	306,396
Computer	2,231,399	90,510	-	(51,107)	2,270,802
Furniture	702,502	125,370	(180)	-	827,692
Educational software	68,121	-	-	-	68,121
	<u>45,229,411</u>	<u>8,735,270</u>	<u>-</u>	<u>(668,636)</u>	<u>53,296,045</u>
Accumulated depreciation	<u>(13,197,569)</u>	<u>(2,057,653)</u>	<u>-</u>	<u>668,636</u>	<u>(14,586,586)</u>
Total capital assets	<u>\$ 32,031,842</u>	<u>\$ 6,677,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,709,459</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.

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.

America Can!

Notes to Consolidated Financial Statements

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	Unknown
Total plan assets	\$ 176,942,453,923
Accumulated benefit obligations	\$ 209,611,328,793
% Funded	76.9%
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, 2019	\$208,191 (the School's contributions to the plan did not represent more than 5% of the total contributions to the plan)
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 year ended August 31, 2019 was:

Contributions	2019
Employer Contributions	\$ 208,191
Member Contributions	2,497,275
On- behalf Contributions	1,788,412
Non-OASDI Participating surcharge	486,443
Other contributions made from private and federal grants	246,807

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

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

America Can!

Notes to Consolidated Financial Statements

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 2019 was 1.25%, respectively. The contribution rates for active public school employee contribution rates for 2019 was 0.65% of public school payroll, respectively, with public schools contributing a percentage of payrolls set at 0.75% for fiscal year 2019. 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, 2019, the State's contributions to TRS-Care was \$349,380, the active member contributions was \$210,812, and the public school's contributions was \$243,245, 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, 2019 totaled \$41,732.

Note 8. Health Care Coverage

During the year ended August 31, 2019, 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:

\$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>	\$ 1,212,788
\$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>	1,532,540
\$2,000,000 note payable to Texas Capital, libor plus 2.50% (4.58%), commencing on November 1, 2017 with maturity on September 19, 2020.	1,723,596
\$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>	1,730,971
\$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>	822,502
\$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>	864,841
Total long-term debt	7,940,116
Less current portion of long-term debt	(464,940)
Long-term portion of long-term debt	\$ 7,475,176

America Can!

Notes to Consolidated Financial Statements

Future maturities of long-term debt at August 31, 2019 are as follows:

Year Ended August 31,	Principal	Interest	Total
2020	\$ 464,940	\$ 335,096	\$ 800,036
2021	3,399,880	246,220	3,646,100
2022	1,708,493	129,931	1,838,424
2023	255,935	98,102	354,037
2024	134,588	86,166	220,754
2025 and Thereafter	1,976,280	154,393	2,130,673
	<u>\$ 7,940,116</u>	<u>\$ 1,049,908</u>	<u>\$ 8,990,024</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 \$0 at August 31, 2019.

Note 10. Transfers/Contributions

During the year ended August 31, 2019, 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, 2019:

Business Segment	Transfers In	Transfers Out
Corporate		
From Cars for Kids	\$ 181,877	\$ -
Cars for Kids		
To Corporate	-	181,877
To Schools	-	698,649
Schools		
From Cars for Kids	698,649	
	<u>\$ 880,526</u>	<u>\$ 880,526</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

Note 11. Commitments and Contingencies

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.

At August 31, 2019, the Charter Holder had commitments of approximately \$360,000 for construction, all of which are expected to be incurred in fiscal year 2020.

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, 2019, as follows:

Fiscal year ending August 31:

2020	\$	1,130,966
2021		728,798
2022		426,998
2023		196,122
2024		79,344
Thereafter		<u>5,427</u>
	\$	<u>2,567,655</u>

Rent expense for the year ended August 31, 2019, totaled \$1,361,198, consisting of rental expenses for building and facilities of \$469,731 and equipment expense of \$891,467.

America Can!

Notes to Consolidated Financial Statements

Note 13. Economic Dependency

During the year ended August 31, 2019 the Academy earned revenue of \$50,599,000 from the Texas Education Agency (TEA). This amount constitutes approximately 67% of total revenues earned for the year ended August 31, 2019. 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, 2019 the Charter Holder had earned the following revenues on grants and entitlements which were not received until after September 1, 2019:

Federal grant revenue	\$	1,007,920
Foundation School Program		-
Other state revenue		<u>295,216</u>
	\$	<u><u>1,303,136</u></u>

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.

America Can!

Notes to Consolidated Financial Statements

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, 2019.

The Charter Holder did not have any investments as of August 31, 2019 that need to be disclosed in the fair value hierarchy.

Note 17. Liquidity and Availability of Resources

The Charter Holder's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 18,485,936
Accounts receivable	1,843,230
Due from governments	<u>1,303,136</u>
Financial assets available to meet	<u>\$ 21,632,302</u>

As part of the Charter Holder's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Charter Holder invests its cash in short term investments. In addition to the resources described above, the Charter Holder holds a line of credit, with a capacity of \$2,650,000, to be used if any unexpected liquidity events were to occur.

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter Holder anticipates collecting sufficient revenue and support to cover general expenditures.

In addition to the resources described above, America Can! Cars for Kids holds a separate line of credit, with a capacity of \$1,000,000, to be used if any unexpected liquidity events were to occur. As part of its mission, America Can! Cars for Kids generally remits cash in excess of immediate requirements to the Charter Holder. During their routine monitoring of liquidity, America Can! Cars for Kids adjusts these remittances to ensure there are cash reserves maintained to meet its operating needs and other contractual commitments.

America Can!

Notes to Consolidated Financial Statements

Note 18. Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ending August 31, 2019 consisted of the following:

Restricted for Specific Charter Purpose	\$ 1,695,694
Can! Academy Education Foundation	
National School Breakfast and Lunch Program	475,710
Campus Activity Funds	273,784
School Development Council	2,034,010
WP & Bulah Luse Foundation	13,942
KLE Foundation	699
Sunshine Committee	768
Miscellaneous Foundations	122,421
	<hr/>
	\$ 4,617,028

Note 19. 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, 2019.

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, 2019, a tax liability of \$0 was recorded. For the year ended August 31, 2019 unrelated business income tax liability of \$2,582 was recorded. As of August 31, 2019, the Charter Holder's tax years 2016 and thereafter remain subject to examination.

Note 20. Related Party Transactions

During the fiscal year ended August 31, 2019, America Can! Cars for Kids approved payments totaling \$157,125 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, 2019. Marqcom, Inc. is a corporation owned by the CEO of the Charter Holder and these payments were in addition to his employment contract.

Cars for Kids holds cash and a note payable totaling \$137,735 and \$822,502 respectively as of August 31, 2019 with a bank whose chief executive officer is also a member of the Charter Holder's Board of Directors.

America Can!

Notes to Consolidated Financial Statements

Note 21. 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, 2019 up through December 12, 2019, the date the financial statements were available to be issued.

In November 2019 the Charter purchased property to expand one of its Dallas campuses for \$274,000.

Specific-Purpose Financial Statements

America  **CAN!**

America Can!

Consolidating Statements of Financial Position

Year Ended August 31, 2019

	America Can! Corporate	America Can! Cars for Kids	Texans Can!	Consolidated Entries		Consolidated
				Debit	Credit	
CURRENT ASSETS						
Cash and cash equivalents	\$ (1,149,516)	\$ 264,794	\$ 19,370,658	\$ -	\$ -	18,485,936
Accounts receivable	1,495,333	53,423	294,474	-	-	1,843,230
Due from employees	-	-	193	-	-	193
Due from other governments	35,932	-	1,267,204	-	-	1,303,136
Accrued interest	-	-	1,110	-	-	1,110
Inventory	-	766,870	-	-	-	766,870
Prepaid expense	-	129,143	338,625	-	-	467,768
Total current assets	381,749	1,214,230	21,272,264	-	-	22,868,243
PROPERTY AND EQUIPMENT, net of accumulated depreciation	434,941	2,557,945	35,716,573	-	-	38,709,459
TOTAL ASSETS	<u>\$ 816,690</u>	<u>\$ 3,772,175</u>	<u>\$ 56,988,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,577,702</u>
CURRENT LIABILITIES						
Current maturities of long-term debt	\$ -	\$ 220,227	\$ 244,713	\$ -	\$ -	\$ 464,940
Accounts payable	19,906	677,408	2,237,371	-	-	2,934,685
Accrued liabilities	-	145,673	551,958	-	-	697,631
Payroll deductions payable	448	-	742,288	-	-	742,736
Accrued interest payable	-	-	35,636	-	-	35,636
Accrued wages payable	124,224	43,596	649,990	-	-	817,810
Due to governments	-	-	2,550,000	-	-	2,550,000
Total current liabilities	144,578	1,086,904	7,011,956	-	-	8,243,438
LONG-TERM DEBT						
Notes payable - future maturities	-	602,275	6,872,901	-	-	7,475,176
Total liabilities	144,578	1,689,179	13,884,857	-	-	15,718,614
NET ASSETS						
Without donor restrictions	672,112	2,082,996	38,486,952	-	-	41,242,060
With donor restrictions	-	-	4,617,028	-	-	4,617,028
Total net assets	672,112	2,082,996	43,103,980	-	-	45,859,088
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 816,690</u>	<u>\$ 3,772,175</u>	<u>\$ 56,988,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,577,702</u>

America Can! Corporate
Statement of Financial Position
Year Ended August 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ (1,149,516)
Accounts receivable	1,495,333
Due from other governments	35,932
	381,749

Total current assets	381,749
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**PROPERTY AND EQUIPMENT,
net of accumulated depreciation**

434,941

TOTAL ASSETS

\$ 816,690

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 19,906
Payroll deductions payable	448
Accrued wages payable	124,224
	144,578

Total current liabilities	144,578
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Total liabilities	144,578
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NET ASSETS

Without donor restrictions	672,112
	672,112

Total net assets	672,112
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TOTAL LIABILITIES AND NET ASSETS

\$ 816,690

America Can! Cars for Kids

Statement of Financial Position Year Ended August 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	264,794
Accounts receivable		53,423
Inventory		766,870
Prepaid expense		129,143

Total current assets 1,214,230

PROPERTY AND EQUIPMENT, net of accumulated depreciation

2,557,945

TOTAL ASSETS

\$ 3,772,175

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturities of long-term debt	\$	220,227
Accounts payable		677,408
Accrued liabilities		145,673
Accrued wages payable		43,596

Total current liabilities 1,086,904

LONG-TERM DEBT

Notes payable - future maturities		602,275
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Total liabilities 1,689,179

NET ASSETS

Without donor restrictions		2,082,996
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TOTAL LIABILITIES AND NET ASSETS

\$ 3,772,175

Texans Can!
Statement of Financial Position
Year Ended August 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 19,370,658
Accounts receivable	294,474
Due from employees	193
Due from other governments	1,267,204
Accrued interest	1,110
Prepaid expense	338,625

Total current assets	21,272,264
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**PROPERTY AND EQUIPMENT,
net of accumulated depreciation**

35,716,573

TOTAL ASSETS

\$ 56,988,837

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 244,713
Accounts payable	2,237,371
Accrued liabilities	551,958
Payroll deductions payable	742,288
Accrued wages payable	649,990
Accrued interest	35,636
Due to government	2,550,000

Total current liabilities	7,011,956
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LONG-TERM DEBT

Notes payable - future maturities	6,872,901
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Total liabilities	13,884,857
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NET ASSETS

Without donor restrictions	38,486,952
With donor restrictions	4,617,028

Total net assets	43,103,980
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TOTAL LIABILITIES AND NET ASSETS

\$ 56,988,837

America Can!

Consolidating Statements of Activities

Year Ended August 31, 2019

	America Can!	America Can!	Texans	Consolidated Entries		Consolidated
	Corporate	Cars for Kids	Can!	Debit	Credit	
REVENUES						
5700 Local support	\$ 2,616,028	\$ 9,526,271	\$ 2,208,724	\$ 193,057	\$ -	\$ 14,157,966
5700 Local support remitted to charter schools	181,877	(880,526)	698,649	-	-	-
5800 State program revenues	639,365	-	49,959,635	-	-	50,599,000
5900 Federal program revenues	234,168	-	10,190,512	-	-	10,424,680
Total revenue	3,671,438	8,645,745	63,057,520	193,057	-	75,181,646
EXPENSES						
PROGRAM SERVICES						
11 Instruction	789,187	-	19,255,863	-	(14,000)	20,031,050
13 Curriculum and instructional staff development	42,240	-	3,245,781	-	-	3,288,021
21 Instructional leadership	-	-	1,639,143	-	-	1,639,143
23 School leadership	309,545	-	7,137,514	-	-	7,447,059
SUPPORT SERVICES						
31 Guidance, counseling and evaluation services	227,261	-	6,322,787	-	-	6,550,048
32 Social work services	6,020	-	-	-	-	6,020
33 Health services	5,816	-	142,687	-	-	148,503
34 Student transportation	7,600	-	1,028,224	-	-	1,035,824
35 Food services	-	-	1,473,700	-	-	1,473,700
36 Co-curricular/extracurricular activities	249	-	189,026	-	-	189,275
41 General administration	114,732	2,364,114	4,498,834	-	-	6,977,680
51 Plant maintenance and operations	104,075	358,257	7,356,364	-	-	7,818,696
52 Security and monitoring services	63,227	179,232	1,613,017	-	-	1,855,476
53 Data processing services	25,688	-	2,762,872	-	-	2,788,560
61 Community services	2,760,872	-	388,350	-	(179,057)	2,970,165
71 Debt service	-	44,747	498,685	-	-	543,432
81 Fund raising	-	5,977,080	909,636	-	-	6,886,716
Total expenses	4,456,512	8,923,430	58,462,483	-	(193,057)	71,649,368
RESULTS FROM OPERATIONS	(785,074)	(277,685)	4,595,037	193,057	193,057	3,532,278
NON-OPERATING ACTIVITIES						
Gain on sale of property	-	-	3,980,922	-	-	3,980,922
Total non-operating activities	-	-	3,980,922	-	-	3,980,922
Change in net assets	(785,074)	(277,685)	8,575,959	-	-	7,513,200
Net assets, beginning of year	1,457,186	2,360,681	34,528,021	-	-	38,345,888
NET ASSETS, end of year	\$ 672,112	\$ 2,082,996	\$ 43,103,980	\$ -	\$ -	\$ 45,859,088

America Can! Corporate

Statement of Activities Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals 2019
REVENUES			
5700 Local support	\$ 2,616,028	\$ -	\$ 2,616,028
5700 Less contributions remitted to Cars for Kids	181,877	-	181,877
5800 State program revenues	639,365	-	639,365
5900 Federal program revenues	234,168	-	234,168
Total revenue	3,671,438	-	3,671,438
Net assets released from restrictions satisfaction of purpose restrictions	-	-	-
Total revenues, gains and other support	3,671,438	-	3,671,438
EXPENSES			
PROGRAM SERVICES			
11 Instruction	789,187	-	789,187
13 Curriculum and instructional staff development	42,240	-	42,240
23 School leadership	309,545	-	309,545
SUPPORT SERVICES			
31 Guidance, counseling, and evaluation services	227,261	-	227,261
32 Social work services	6,020	-	6,020
33 Health services	5,816	-	5,816
34 Student transportation	7,600	-	7,600
36 Co-curricular/extracurricular activities	249	-	249
41 General administration	114,732	-	114,732
51 Plant maintenance and operations	104,075	-	104,075
52 Security and monitoring services	63,227	-	63,227
53 Data processing services	25,688	-	25,688
61 Community services	2,760,872	-	2,760,872
Total expenses	4,456,512	-	4,456,512
RESULTS FROM OPERATIONS	(785,074)	-	(785,074)
Change in net assets	(785,074)	-	(785,074)
Net assets, beginning of year	1,457,186	-	1,457,186
NET ASSETS, end of year	\$ 672,112	\$ -	\$ 672,112

America Can! Cars For Kids

Statement of Activities Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals 2019
REVENUES			
5700 Local Support	\$ 9,526,271	\$ -	\$ 9,526,271
5700 Less contributions remitted	(880,526)	-	(880,526)
Total revenue	8,645,745	-	8,645,745
EXPENSES			
SUPPORT SERVICES			
41 General administration	2,364,114	-	2,364,114
51 Plant maintenance and operations	358,257	-	358,257
52 Security and monitoring services	179,232	-	179,232
71 Debt service	44,747	-	44,747
81 Fund raising	5,977,080	-	5,977,080
Total expenses	8,923,430	-	8,923,430
RESULTS FROM OPERATIONS			
	(277,685)	-	(277,685)
Change in net assets	(277,685)	-	(277,685)
Net assets, beginning of year	2,360,681	-	2,360,681
NET ASSETS, end of year	\$ 2,082,996	\$ -	\$ 2,082,996

Texans Can!
Statement of Activities
Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals 2019
REVENUES			
Local Support	\$ 84,063	\$ 2,124,661	\$ 2,208,724
Local Support remitted to charter schools	698,649	-	698,649
State program revenues	-	49,959,635	49,959,635
Federal program revenues	-	10,190,512	10,190,512
Total revenue	782,712	62,274,808	63,057,520
Net assets released from restrictions satisfaction of purpose restrictions	65,158,272	(65,158,272)	-
Total revenues, gains and other support	65,940,984	(2,883,464)	63,057,520
EXPENSES			
PROGRAM SERVICES			
11 Instruction	19,255,863	-	19,255,863
13 Curriculum and instructional staff development	3,245,781	-	3,245,781
21 Instructional leadership	1,639,143	-	1,639,143
23 School leadership	7,137,514	-	7,137,514
SUPPORT SERVICES			
31 Guidance, counseling and evaluation services	6,322,787	-	6,322,787
33 Health services	142,687	-	142,687
34 Student transportation	1,028,224	-	1,028,224
35 Food services	1,473,700	-	1,473,700
36 Co-curricular/extracurricular activities	189,026	-	189,026
41 General administration	4,498,834	-	4,498,834
51 Plant maintenance and operations	7,356,364	-	7,356,364
52 Security and monitoring services	1,613,017	-	1,613,017
53 Data processing services	2,762,872	-	2,762,872
61 Community services	388,350	-	388,350
71 Debt service	498,685	-	498,685
81 Fund raising	909,636	-	909,636
Total expenses	58,462,483	-	58,462,483
RESULTS FROM OPERATIONS	7,478,501	(2,883,464)	4,595,037
NON-OPERATING ACTIVITIES			
Gain on sale of property	3,980,922	-	3,980,922
Total non-operating activities	3,980,922	-	3,980,922
Changes in net assets	11,459,423	(2,883,464)	8,575,959
NET ASSETS, beginning of year	27,027,529	7,500,492	34,528,021
NET ASSETS, end of year	<u>\$ 38,486,952</u>	<u>\$ 4,617,028</u>	<u>\$ 43,103,980</u>

America Can!

Consolidating Statements of Cash Flows

Year Ended August 31, 2019

	America Can! Corporate	America Can! Cars for Kids	Texans Can!	Consolidated Entries		Consolidated
				Debit	Credit	
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	\$ (785,074)	\$ (277,685)	\$ 8,575,959	\$ -	\$ -	\$ 7,513,200
Adjustments to reconcile change in net assets to cash provided by operating activities						
Depreciation	24,905	120,560	1,912,188	-	-	2,057,653
Loss on sale of asset	-	-	(3,980,922)	-	-	(3,980,922)
Accounts receivable	(1,392,637)	2,927	(269,655)	-	-	(1,659,365)
Due from employees	-	-	439	-	-	439
Due from other governments	11,010	-	586,699	-	-	597,709
Accrued interest payable	-	-	17,295	-	-	17,295
Accrued interest receivable	-	-	1,781	-	-	1,781
Inventory	-	(129,885)	-	-	-	(129,885)
Prepaid expense	-	(96,381)	58,981	-	-	(37,400)
Accounts payable	(38,288)	375,469	1,110,199	-	-	1,447,380
Accrued liabilities	(395)	(49,048)	26,186	-	-	(23,257)
Payroll deductions payable	(12,443)	-	113,021	-	-	100,578
Accrued wages payable	43,891	(44,013)	359,875	-	-	359,753
Due to other governments	-	-	(1,076,304)	-	-	(1,076,304)
Net cash provided by (used in) operating activities	(2,149,031)	(98,056)	7,435,742	-	-	5,188,655
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment maturity	250,000	-	-	-	-	250,000
Proceeds from sale of property	-	-	5,004,144	-	-	5,004,144
Acquisition of land, buildings and equipment	-	(120,632)	(8,607,117)	-	-	(8,727,749)
Net cash (used in) by investing activities	250,000	(120,632)	(3,602,973)	-	-	(3,473,605)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from long term debt	-	-	1,723,596	-	-	1,723,596
Principal payments on debt	-	(209,656)	(2,334,732)	-	-	(2,544,388)
Net cash provided (used in) provided by financing activities	-	(209,656)	(611,136)	-	-	(820,792)
Net increase in cash and cash equivalents	(1,899,031)	(428,344)	3,221,633	-	-	894,258
CASH AND CASH EQUIVALENTS, beginning of year	749,515	693,138	16,149,025	-	-	17,591,678
CASH AND CASH EQUIVALENTS, end of year	<u>\$ (1,149,516)</u>	<u>\$ 264,794</u>	<u>\$ 19,370,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,485,936</u>
INTEREST PAID	<u>\$ -</u>	<u>\$ 44,747</u>	<u>\$ 469,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,009</u>

America Can! Corporate
Statement of Cash Flows
Year Ended August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (785,074)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	24,905
Accounts receivable	(1,392,637)
Due from other governments	11,010
Accounts payable	(38,288)
Accrued liabilities	(395)
Payroll deductions payable	(12,443)
Accrued wages payable	43,891
	(2,149,031)
Net cash provided by (used in) operating activities	(2,149,031)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment maturity	250,000
	250,000
Net cash (used in) provided by investing activities	250,000
	250,000
Net increase in cash and cash equivalents	(1,899,031)

CASH AND CASH EQUIVALENTS, beginning of year	749,515
	749,515

CASH AND CASH EQUIVALENTS, end of year	\$ (1,149,516)
	(1,149,516)

INTEREST PAID	\$ -
	-

America Can! Cars For Kids

Statement of Cash Flows Year Ended August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (277,685)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	120,560
Accounts receivable	2,927
Inventory	(129,885)
Prepaid expense	(96,381)
Accounts payable	375,469
Accrued liabilities	(49,048)
Accrued wages payable	(44,013)
	<hr/>
Net cash provided by operating activities	(98,056)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of land, buildings and equipment	<hr/> (120,632)
Net cash used in investing activities	(120,632)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on debt	<hr/> (209,656)
Net cash used in financing activities	<hr/> (209,656)
Net increase in cash and cash equivalents	(428,344)

CASH AND CASH EQUIVALENTS, beginning of year

693,138

CASH AND CASH EQUIVALENTS, end of year

\$ 264,794

INTEREST PAID

\$ 44,747

Texans Can!
Statement of Cash Flows
Year Ended August 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 8,575,959
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	1,912,188
Loss on disposal	(3,980,922)
Accounts receivable	(269,655)
Due from other governments	586,699
Due from employees	439
Accrued interest receivable	1,781
Prepaid expense	58,981
Accounts payable	1,110,199
Accrued liabilities	26,186
Payroll deductions payable	113,021
Accrued wages	359,875
Accrued interest payable	17,295
Due to other governments	<u>(1,076,304)</u>
Net cash provided by operating activities	7,435,742

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal	5,004,144
Acquisition of land, buildings and equipment	<u>(8,607,117)</u>
Net cash used investing activities	(3,602,973)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	1,723,596
Principal payments on debt	<u>(2,334,732)</u>
Net cash provided by (used in) financing activities	<u>(611,136)</u>

Net increase in cash and cash equivalents	3,221,633
--	-----------

CASH AND CASH EQUIVALENTS, beginning of year	<u>16,149,025</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 19,370,658</u></u>
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INTEREST PAID	<u><u>\$ 469,262</u></u>
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America Can!

Consolidating Statement of Functional Expenses For the Year Ended August 31, 2019

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Consolidated
America Can! Corporate						
Program services						
11 Instruction	\$ 680,883	\$ 30,485	\$ 72,256	\$ 5,563	\$ -	\$ 789,187
13 Curriculum and instructional staff development	34,116	850	-	7,274	-	42,240
23 School leadership	250,445	2,038	23,863	33,199	-	309,545
Support services						
31 Guidance, counseling and evaluation services	221,413	4,063	277	1,508	-	227,261
32 Social work services	6,020	-	-	-	-	6,020
33 Health services	-	5,616	200	-	-	5,816
34 Student transportation	-	7,600	-	-	-	7,600
36 Co-curricular/extracurricular activities	-	-	-	249	-	249
41 General administration	39,101	12,000	-	63,631	-	114,732
51 Plant maintenance and operations	-	69,943	3,255	30,877	-	104,075
52 Security and monitoring services	-	62,844	-	383	-	63,227
53 Data processing services	-	4,302	21,386	-	-	25,688
61 Community services	2,312,922	158,158	256,398	33,394	-	2,760,872
Total America Can! Corporate expenses	3,544,900	357,899	377,635	176,078	-	4,456,512
America Can! Cars for Kids						
Support services						
41 General administration	119,390	2,188,633	-	56,091	-	2,364,114
51 Plant maintenance and operations	-	79,808	157,889	120,560	-	358,257
52 Security and monitoring services	-	179,232	-	-	-	179,232
71 Debt service	-	-	-	-	44,747	44,747
81 Fund raising	1,600,511	4,326,912	35,447	14,210	-	5,977,080
Total America Can! Cars for Kids expenses	1,719,901	6,774,585	193,336	190,861	44,747	8,923,430
Texans Can!						
Program services						
11 Instruction	15,822,495	1,033,846	2,116,368	283,154	-	19,255,863
13 Curriculum and instructional staff development	2,283,005	465,392	52,888	444,496	-	3,245,781
21 Instructional leadership	1,199,870	226,056	81,811	131,406	-	1,639,143
23 School leadership	6,390,524	103,351	331,930	311,709	-	7,137,514
Support services						
31 Guidance, counseling and evaluation services	5,894,575	289,901	59,286	79,025	-	6,322,787
33 Health services	28,364	110,355	2,675	1,293	-	142,687
34 Student transportation	27,391	1,000,506	327	-	-	1,028,224
35 Food services	893,368	26,720	513,071	40,541	-	1,473,700
36 Co-curricular/extracurricular activities	18,969	70,141	13,878	86,038	-	189,026
41 General administration	2,623,414	1,327,026	163,321	385,073	-	4,498,834
51 Plant maintenance and operations	768,071	4,329,754	203,787	2,054,752	-	7,356,364
52 Security and monitoring services	76,175	1,529,170	-	7,672	-	1,613,017
53 Data processing services	1,103,405	1,108,608	274,788	276,071	-	2,762,872
61 Community services	175,483	179,132	9,117	24,618	-	388,350
71 Debt service	-	-	-	-	498,685	498,685
81 Fund raising	685,159	72,874	36,964	114,639	-	909,636
Total Texans Can! expenses	37,990,268	11,872,832	3,860,211	4,240,487	498,685	58,462,483
Consolidating eliminations						
Credit	(14,000)	(179,057)	-	-	-	(193,057)
Total expenses	<u>\$ 43,241,069</u>	<u>\$ 18,826,259</u>	<u>\$ 4,431,182</u>	<u>\$ 4,607,426</u>	<u>\$ 543,432</u>	<u>\$ 71,649,368</u>

America Can! Corporate
Statement of Functional Expenses
For the Year Ended August 31, 2019

	<u>6100 - Payroll costs</u>	<u>6200 - Professional and contracted services</u>	<u>6300 - Supplies and materials</u>	<u>6400 - Other operating costs</u>	<u>Totals 2019</u>
Program services					
11 Instruction	\$ 680,883	\$ 30,485	\$ 72,256	\$ 5,563	\$ 789,187
13 Curriculum and instructional staff development	34,116	850	-	7,274	42,240
23 School leadership	250,445	2,038	23,863	33,199	309,545
Support services					
31 Guidance, counseling and evaluation services	221,413	4,063	277	1,508	227,261
32 Social work services	6,020	-	-	-	6,020
33 Health services	-	5,616	200	-	5,816
34 Student transportation	-	7,600	-	-	7,600
36 Co-curricular/extracurricular activities	-	-	-	249	249
41 General administration	39,101	12,000	-	63,631	114,732
51 Plant maintenance and operations	-	69,943	3,255	30,877	104,075
52 Security and monitoring services	-	62,844	-	383	63,227
53 Data processing services	-	4,302	21,386	-	25,688
61 Community services	2,312,922	158,158	256,398	33,394	2,760,872
Total expenses	<u>\$ 3,544,900</u>	<u>\$ 357,899</u>	<u>\$ 377,635</u>	<u>\$ 176,078</u>	<u>\$ 4,456,512</u>

America Can! Cars For Kids
Statement of Functional Expenses
Year Ended August 31, 2019

	<u>6100 - Payroll costs</u>	<u>6200 - Professional and contracted services</u>	<u>6300 - Supplies and materials</u>	<u>6400 - Other operating costs</u>	<u>6500 - Debt costs</u>	<u>Totals 2019</u>
Support services						
41 General administration	\$ 119,390	\$ 2,188,633	\$ -	\$ 56,091	\$ -	\$ 2,364,114
51 Plant maintenance and operations	-	79,808	157,889	120,560	-	358,257
52 Security and monitoring services	-	179,232	-	-	-	179,232
71 Debt service	-	-	-	-	44,747	44,747
81 Fund raising	1,600,511	4,326,912	35,447	14,210	-	5,977,080
	<u>\$ 1,719,901</u>	<u>\$ 6,774,585</u>	<u>\$ 193,336</u>	<u>\$ 190,861</u>	<u>\$ 44,747</u>	<u>\$ 8,923,430</u>
Total expenses	<u>\$ 1,719,901</u>	<u>\$ 6,774,585</u>	<u>\$ 193,336</u>	<u>\$ 190,861</u>	<u>\$ 44,747</u>	<u>\$ 8,923,430</u>

Texans Can!
Statement of Functional Expenses
For the Year Ended August 31, 2019

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Totals 2019
Program services						
11 Instruction	\$ 15,822,495	\$ 1,033,846	\$ 2,116,368	\$ 283,154	\$ -	\$ 19,255,863
12 Instructional resources			-			-
13 Curriculum and instructional staff development	2,283,005	465,392	52,888	444,496	-	3,245,781
21 Instructional leadership	1,199,870	226,056	81,811	131,406	-	1,639,143
23 School leadership	6,390,524	103,351	331,930	311,709	-	7,137,514
Support services						
31 Guidance, counseling and evaluation services	5,894,575	289,901	59,286	79,025	-	6,322,787
32 Social work services					-	-
33 Health services	28,364	110,355	2,675	1,293	-	142,687
34 Student transportation	27,391	1,000,506	327		-	1,028,224
35 Food services	893,368	26,720	513,071	40,541	-	1,473,700
36 Co-curricular/extracurricular activities	18,969	70,141	13,878	86,038	-	189,026
41 General administration	2,623,414	1,327,026	163,321	385,073	-	4,498,834
51 Plant maintenance and operations	768,071	4,329,754	203,787	2,054,752	-	7,356,364
52 Security and monitoring services	76,175	1,529,170	-	7,672	-	1,613,017
53 Data processing services	1,103,405	1,108,608	274,788	276,071	-	2,762,872
61 Community services	175,483	179,132	9,117	24,618	-	388,350
71 Debt service	-	-	-	-	498,685	498,685
81 Fund raising	685,159	72,874	36,964	114,639	-	909,636
Total expenses	<u>\$ 37,990,268</u>	<u>\$ 11,872,832</u>	<u>\$ 3,860,211</u>	<u>\$ 4,240,487</u>	<u>\$ 498,685</u>	<u>\$ 58,462,483</u>

America  **CAN!**

**TEA Required
Supplementary Information**

America Can! Corporate
Schedule of Expenses
Year Ended August 31, 2019

EXPENSES

6100	Payroll costs	\$	3,544,900
6200	Professional and contracted services		357,899
6300	Supplies and material		377,635
6400	Other operating costs		176,078
			<hr/>

TOTAL EXPENSES

\$ 4,456,512

America Can! Cars for Kids

Schedule of Expenses Year Ended August 31, 2019

EXPENSES

6100	Payroll costs	\$	1,719,901
6200	Professional and contracted services		6,774,585
6300	Supplies and material		193,336
6400	Other operating costs		190,861
6500	Debt costs		44,747

TOTAL EXPENSES

\$ 8,923,430

Texans Can!
Schedule of Expenses
Year Ended August 31, 2019

EXPENSES

6100	Payroll costs	\$ 37,990,268
6200	Professional and contracted services	11,872,832
6300	Supplies and material	3,860,211
6400	Other operating costs	4,240,487
6500	Debt costs	<u>498,685</u>

TOTAL EXPENSES

\$ 58,462,483

America Can! Corporate

Schedule of Capital Assets

August 31, 2019

		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	588,917	-	-	588,917
1531	Vehicles	127,256	-	-	127,256
1533	Computer equipment	-	-	-	-
1539	Furniture and equipment	67,785	-	-	67,785
1560	Library books and media	68,121	-	-	68,121
1570	Less accumulated depreciation	(579,082)	-	-	(579,082)
TOTAL CAPITAL ASSETS		<u>\$ 434,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,941</u>

America Can! Cars for Kids

Schedule of Capital Assets

August 31, 2019

		Ownership Interest			
		Local	State	Federal	Total
1520	Building and improvements	\$ 2,860,529	\$ -	\$ -	\$ 2,860,529
1531	Vehicles	12,100	-	-	12,100
1533	Computer equipment	94,683	-	-	94,683
1539	Furniture and equipment	64,380	-	-	64,380
1560	Library books and media	-	-	-	-
1570	Less accumulated depreciation	(473,747)	-	-	(473,747)
TOTAL CAPITAL ASSETS		<u>\$ 2,557,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,557,945</u>

Texans Can!
Schedule of Capital Assets
August 31, 2019

	Ownership Interest			Total
	Local	State	Federal	
1520 Construction in progress	\$ -	\$ 5,849,577	\$ -	\$ 5,849,577
1510 Land and improvements	-	1,266,490	-	1,266,490
1520 Building and improvements	1,603,477	37,492,100	-	39,095,577
1531 Vehicles	-	167,040	-	167,040
1533 Computer equipment	-	2,176,119	-	2,176,119
1539 Furniture and equipment	74,190	580,732	40,606	695,528
1570 Less accumulated depreciation	(473,747)	(13,036,893)	(23,118)	(13,533,758)
TOTAL CAPITAL ASSETS	<u>\$ 1,203,920</u>	<u>\$ 34,495,165</u>	<u>\$ 17,488</u>	<u>\$ 35,716,573</u>

Texans Can!

Budgetary Comparison Schedule (Unaudited)

Year Ended August 31, 2019

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES				
5700 Local Support	\$ 2,830,656	\$ 1,901,292	\$ 2,907,373	\$ 1,006,081
5800 State program revenues	50,125,564	49,585,664	49,959,635	373,971
5900 Federal program revenues	1,652,522	10,349,668	10,190,512	(159,156)
Total revenue	54,608,742	61,836,624	63,057,520	1,220,896
EXPENSES				
11 Instruction	18,459,984	19,159,788	19,255,863	(96,075)
13 Curriculum and instructional staff development	672,235	3,169,895	3,245,781	(75,886)
21 Instructional leadership	843,093	1,666,391	1,639,143	27,248
23 School leadership	6,986,791	6,986,914	7,137,514	(150,600)
31 Guidance, counseling and evaluation services	6,803,076	6,197,601	6,322,787	(125,186)
33 Health services	134,679	151,489	142,687	8,802
34 Student transportation	1,242,339	1,059,539	1,028,224	31,315
35 Food services	1,607,522	1,413,834	1,473,700	(59,866)
36 Co-curricular/extracurricular activities	41,116	209,072	189,026	20,046
41 General administration	3,763,453	4,519,359	4,498,834	20,525
51 Plant maintenance and operations	7,791,852	7,611,342	7,356,364	254,978
52 Security and monitoring services	1,741,157	1,691,949	1,613,017	78,932
53 Data processing services	2,592,669	2,559,790	2,762,872	(203,082)
61 Community services	417,864	392,053	388,350	3,703
71 Debt service	647,555	474,305	498,685	(24,380)
81 Fund raising	863,357	993,379	909,636	83,743
Total expenses	54,608,742	58,256,700	58,462,483	(205,783)
Gain on sale of property	-	-	3,980,922	3,980,922
Change in net assets	-	3,579,924	8,575,959	4,996,035
Net assets, beginning of year	34,528,021	34,528,021	34,528,021	-
NET ASSETS, end of year	\$ 34,528,021	\$ 38,107,945	\$ 43,103,980	\$ 4,996,035

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**

To the Board of Directors of
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, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 12, 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

The Board of Directors of
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*.

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
December 12, 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**

To the Board of Directors of
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, 2019. 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 Compliance for 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, 2019.

The Board of Directors of
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
December 12, 2019

America Can!

Schedule of Findings and Questioned Costs Year Ended August 31, 2019

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Programs or Cluster</u>
84.010A	Title I, Part A - Improving Basic Programs
84.287C	21 st CCLC Cycle 10 Year 1

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 – Continued Year Ended August 31, 2019

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Year Findings and Questioned Costs

Finding 2018-001 - Material Weakness in Internal Control over Financial Reporting – ADA Reporting

Condition

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

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.

Status

No issues noted in the current year audit.

America  **CAN!**

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Schedule of Expenditures of Federal Awards

Year Ended August 31, 2019

Fund Code	Federal/State Grantor-Pass Through Grantor/Program Title	Co. or Org	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education					
Direct programs:					
202	Project READ2	01	84.215G	S215G180014	\$ 409,085
202	Project READ2	21	84.215G	S215G180014	5,652
202	Project READ2	41	84.215G	S215G180014	54,812
202	Project READ2	51	84.215G	S215G180014	1,884
202	Project READ2	61	84.215G	S215G180014	16,857
202	Project READ2	71	84.215G	S215G180014	18,807
Total CFDA Number 84.215G					507,097
204	Project Ready 2 Excel	01	84.374A	U374A160003	1,794,414
204	Project Ready 2 Excel	21	84.374A	U374A160003	184,463
204	Project Ready 2 Excel	41	84.374A	U374A160003	537,516
204	Project Ready 2 Excel	51	84.374A	U374A160003	91,376
204	Project Ready 2 Excel	61	84.374A	U374A160003	142,093
204	Project Ready 2 Excel	71	84.374A	U374A160003	81,905
Total CFDA Number 84.374A					2,831,767
Total direct programs					3,338,864
Passed Through Texas Education Agency					
211	Title I, Part A - Improving Basic Programs	01	84.010A	19610101057804	13,086
211	Title I, Part A - Improving Basic Programs	21	84.010A	19610101057804	248,515
211	Title I, Part A - Improving Basic Programs	41	84.010A	19610101057804	591,505
211	Title I, Part A - Improving Basic Programs	51	84.010A	19610101057804	102,959
211	Title I, Part A - Improving Basic Programs	61	84.010A	19610101057804	193,204
211	Title I, Part A - Improving Basic Programs	71	84.010A	19610101057804	144,936
216	Title I 1003 (A), School Improvement Grant	01	84.010A	19610141057804	10,000
216	Title I 1003 (A), School Improvement Grant	21	84.010A	19610141057804	213,041
216	Title I 1003 (A), School Improvement Grant	41	84.010A	19610141057804	616,684
216	Title I 1003 (A), School Improvement Grant	51	84.010A	19610141057804	93,842
216	Title I 1003 (A), School Improvement Grant	61	84.010A	19610141057804	131,579
216	Title I 1003 (A), School Improvement Grant	71	84.010A	19610141057804	74,055
Total CFDA Number 84.010A					2,433,406
Special Education Cluster (IDEA):					
224	IDEA-B Formula	01	84.027A	196600010578046000	1,142
224	IDEA-B Formula	21	84.027A	196600010578046000	203,639
224	IDEA-B Formula	41	84.027A	196600010578046000	415,571
224	IDEA-B Formula	51	84.027A	196600010578046000	27,828
224	IDEA-B Formula	61	84.027A	196600010578046000	150,158
224	IDEA-B Formula	71	84.027A	196600010578046000	71,254
Total CFDA Number 84.027A					869,592
255	Title II, Part A - Teacher & Principal Training & Recruitment	01	84.367A	19694501057804	67,225
255	Title II, Part A - Supporting Effective Instruction	21	84.367A	19694501057804	1,600
255	Title II, Part A - Supporting Effective Instruction	41	84.367A	19694501057804	3,200
255	Title II, Part A - Supporting Effective Instruction	51	84.367A	19694501057804	800
255	Title II, Part A - Supporting Effective Instruction	61	84.367A	19694501057804	1,600
255	Title II, Part A - Teacher & Principal Training & Recruitment	71	84.367A	19694501057804	800
Total CFDA Number 84.367A					75,225
263	Title III, Part A - LEP	21	84.365A	19671001057804	3,692
263	Title III, Part A - LEP	41	84.365A	19671001057804	15,432
263	Title III, Part A - LEP	51	84.365A	19671001057804	1,231
263	Title III, Part A - LEP	61	84.365A	19671001057804	3,039
Total CFDA Number 84.365A					23,394
289	Title IV, Part A - Subpart 1	21	84.424A	19680101057804	818
289	Title IV, Part A - Subpart 1	41	84.424A	19680101057804	6,521
289	Title IV, Part A - Subpart 1	51	84.424A	19680101057804	284
289	Title IV, Part A - Subpart 1	61	84.424A	19680101057804	14,298
289	Title IV, Part A - Subpart 1	71	84.424A	19680101057804	10,538
Total CFDA Number 84.424A					32,459
265	21st CCLC Cycle 10 Year 1	01	84.287C	196950267110046	719,208
265	21st CCLC Cycle 10 Year 1	41	84.287C	196950267110046	834,111
Total CFDA Number 84.287C					1,553,319
Total Passed Through Texas Education Agency					4,987,395
Total U.S. Department of Education					8,326,259

America Can!

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2019

Fund Code	Federal/State Grantor-Pass Through Grantor/Program Title	Co. or Org	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed Through the State Department of Agriculture					
240	National School Lunch Program - Non-Cash Assistance	41	10.555	057-804	\$ 75,437
Passed Through Texas Education Agency					
240	National School Breakfast Program	21	10.553	71400901	83,212
240	National School Breakfast Program	41	10.553	71400901	153,719
240	National School Breakfast Program	51	10.553	71400901	24,167
240	National School Breakfast Program	61	10.553	71400901	70,674
240	National School Breakfast Program	71	10.553	71400901	30,368
240	National School Lunch Program - Cash Assistance	21	10.555	71300901	151,734
240	National School Lunch Program - Cash Assistance	41	10.555	71300901	299,652
240	National School Lunch Program - Cash Assistance	51	10.555	71300901	46,127
240	National School Lunch Program - Cash Assistance	61	10.555	71300901	140,403
240	National School Lunch Program - Cash Assistance	71	10.555	71300901	<u>56,038</u>
Total Child Nutrition Cluster					1,131,531
Passed Through the State Department of Agriculture					
170	USDA Revenue - ECDC	501	10.558	0570527	55,684
170	USDA Revenue - ECDC	503	10.558	0570527	42,655
170	USDA Revenue - ECDC	504	10.558	0570527	41,302
170	USDA Revenue - ECDC	505	10.558	0570527	52,577
170	USDA Revenue - ECDC	508	10.558	0570527	22,723
170	USDA Revenue - ECDC	530	10.558	0570527	<u>19,226</u>
Total CFDA Number 10.558					<u>234,167</u>
Total U.S. Department of Agriculture					<u>1,365,698</u>
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS					<u><u>\$ 9,691,957</u></u>

America Can!

Notes on Accounting Policies for Federal Awards Year Ended August 31, 2019

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	\$	10,424,680
Shars revenue		<u>(732,723)</u>
Per Schedule of Expenditures of Federal Awards	\$	<u>9,691,957</u>

6. The Charter Holder has elected not to use the 10% de minimis indirect cost rate.