

America Can! (The Charter Holder)

Annual Consolidated Financial Report
For the Year Ended August 31, 2020

America  **CAN!**

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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, 2020, 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, 2020 which represents 9%, 7%, and 13% 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.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

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The Members of the Board of Directors of
America Can!

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, 2020, 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.

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 February 10, 2021, 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
February 10, 2021

**General-Purpose
Consolidated Financial Statements**

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America Can!

Consolidated Statement of Financial Position

August 31, 2020

CURRENT ASSETS

Cash and cash equivalents	\$ 17,020,736
Accounts receivable	422,017
Due from other governments	4,419,387
Accrued interest	1,124
Inventory	940,430
Prepaid expense	594,152
Assets held for sale	1,095,163
	24,493,009

PROPERTY AND EQUIPMENT,

net of accumulated depreciation

39,522,994

TOTAL ASSETS

\$ 64,016,003

CURRENT LIABILITIES

Line of credit	\$ 10,250
Current maturities of long-term debt	1,622,375
Accounts payable	3,185,435
Accrued liabilities	867,509
Payroll deductions payable	620,711
Deferred revenue	408,326
Accrued wages payable	497,227
Due to governments	5,203,416
	12,415,249

LONG-TERM DEBT

Notes payable - future maturities	6,074,138
	18,489,387

NET ASSETS

Without donor restrictions	6,689,726
With donor restrictions	38,836,890
	45,526,616

TOTAL LIABILITIES AND NET ASSETS

\$ 64,016,003

The Notes to the Consolidated Financial Statements are an integral part of this statement.

America Can!

Consolidated Statement of Activities

Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals 2020
REVENUES			
57C Local Support	\$ 13,733,206	\$ 1,497,607	\$ 15,230,813
58C State program revenues	213,701	50,452,475	50,666,176
59C Federal program revenues	55,541	11,475,284	11,530,825
Total revenue	14,002,448	63,425,366	77,427,814
Net assets released from restrictions:			
Satisfaction of purpose restrictions	63,718,157	(63,718,157)	-
Total revenues, gains and other support	77,720,605	(292,791)	77,427,814
EXPENSES			
Program services			
11 Instruction	25,242,467	-	25,242,467
13 Curriculum and instructional staff development	4,394,581	-	4,394,581
21 Instructional leadership	1,580,713	-	1,580,713
23 School leadership	7,549,756	-	7,549,756
Support services			
31 Guidance, counseling and evaluation services	6,605,710	-	6,605,710
32 Social work services	59,800	-	59,800
33 Health services	207,361	-	207,361
34 Student transportation	720,291	-	720,291
35 Food services	1,455,631	-	1,455,631
36 Co-curricular/extracurricular activities	146,259	-	146,259
41 General administration	6,473,168	-	6,473,168
51 Plant maintenance and operations	8,800,343	-	8,800,343
52 Security and monitoring services	1,581,561	-	1,581,561
53 Data processing services	3,263,109	-	3,263,109
61 Community services	1,041,766	-	1,041,766
71 Debt service	335,739	-	335,739
81 Fund raising	8,216,908	-	8,216,908
Total expenses	77,675,163	-	77,675,163
RESULTS FROM OPERATIONS	45,442	(292,791)	(247,349)
NON-OPERATING ACTIVITIES			
(Loss) on sale of property	(85,123)	-	(85,123)
Total non-operating activities	(85,123)	-	(85,123)
Change in net assets	(39,681)	(292,791)	(332,472)
Net assets, beginning of year, as restated	6,729,407	39,129,681	45,859,088
NET ASSETS, end of year	\$ 6,689,726	\$ 38,836,890	\$ 45,526,616

The Notes to the Consolidated Financial Statements are an integral part of this statement.

America Can!

Consolidated Statement of Cash Flows

August 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (332,472)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	2,025,479
(Gain) loss on disposal	85,123
Accounts receivable	1,421,213
Due from employees	193
Due from other governments	(3,116,251)
Accrued interest payable	(35,636)
Accrued interest receivable	(14)
Inventory	(173,560)
Prepaid expense	(126,384)
Accounts payable	250,750
Accrued liabilities	169,878
Payroll deductions payable	(122,025)
Accrued wages payable	(320,583)
Due to governments	2,653,416
Deferred revenue	408,326
Net cash provided by operating activities	2,787,453

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of land, buildings and equipment	(4,019,300)
Net cash used in investing activities	(4,019,300)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	310,000
Principal payments on debt	(543,353)
Net cash used in financing activities	(233,353)
Net (decrease) in cash and cash equivalents	(1,465,200)

CASH AND CASH EQUIVALENTS, beginning of year

18,485,936

CASH AND CASH EQUIVALENTS, end of year

\$ 17,020,736

INTEREST PAID

\$ 335,739

The Notes to the Consolidated Financial Statements are an integral part of this statement.

America Can!

Consolidated Statement of Functional Expenses For the Year Ended August 31, 2020

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	<u>Totals</u> <u>2020</u>
EXPENSES						
Program services						
11 Instruction	\$ 17,595,827	\$ 1,439,124	\$ 5,930,762	\$ 276,754	\$ -	\$ 25,242,467
13 Curriculum and instructional staff development	3,307,691	500,557	302,058	284,275	-	4,394,581
21 Instructional leadership	1,215,424	189,793	64,304	111,192	-	1,580,713
23 School leadership	7,055,573	42,481	220,871	230,831	-	7,549,756
Support services						
31 Guidance, counseling and evaluation services	6,431,840	55,870	46,289	71,711	-	6,605,710
32 Social work services	59,800	-	-	-	-	59,800
33 Health services	34,825	162,106	10,054	376	-	207,361
34 Student transportation	13,780	706,511	-	-	-	720,291
35 Food services	1,065,666	15,450	339,141	35,374	-	1,455,631
36 Co-curricular/extracurricular activities	28,615	-	9,507	108,137	-	146,259
41 General administration	3,064,078	2,714,381	380,020	314,689	-	6,473,168
51 Plant maintenance and operations	657,833	4,947,081	916,299	2,279,130	-	8,800,343
52 Security and monitoring services	75,034	1,469,638	76	36,813	-	1,581,561
53 Data processing services	1,173,846	1,249,349	698,526	141,388	-	3,263,109
61 Community services	897,492	23,581	71,810	48,883	-	1,041,766
71 Debt service	-	-	-	-	335,739	335,739
81 Fund raising	2,964,440	5,149,534	17,705	85,229	-	8,216,908
TOTAL EXPENSES	<u>\$ 45,641,764</u>	<u>\$ 18,665,456</u>	<u>\$ 9,007,422</u>	<u>\$ 4,024,782</u>	<u>\$ 335,739</u>	<u>\$ 77,675,163</u>

The Notes to the Consolidated Financial Statements are an integral part of this statement.

**Notes to the
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. Capital assets acquired with donor restrictions are reclassified to net assets without donor restrictions when depreciated instead of when they are acquired.

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.

America Can!

Notes to Consolidated Financial Statements

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.

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.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising cost for the year ended August 31, 2020 was \$4,098,953.

Adoption of Accounting Standards

No new accounting standards were adopted in the current 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 December 15, 2021 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, 2020, 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 \$14,822,929 and the bank balance was \$14,875,174. The charter schools' cash deposits at August 31, 2020, and during the year ended August 31, 2020, 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, 2020, the combined carrying amount of Cars for Kids' deposits (cash and certificates of deposits) was \$2,197,807.

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 \$20,921,722 and FDIC insured balances totaled \$2,165,394. The highest combined balances of cash, savings and time deposit accounts for the charter schools amounted to \$18,125,677 and occurred during the month of October 2019.

Note 3. Property Held for Sale

At August 31, 2020, the Charter Holder held a property for sale at the Austin campus.

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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, 2020 was as follows:

	Balance 9/1/2019	Additions	Transfers	Retirements	Balance 8/31/2020
Construction in progress	\$ 5,650,318	\$ 3,736,230	\$ (317,681)	\$ (27,050)	\$ 9,041,817
Land	1,401,384	-	-	-	1,401,384
Building and improvements	42,771,332	46,886	317,681	(2,650,246)	40,485,653
Vehicles	306,396	-	74,190	(22,190)	358,396
Computer	2,270,802	187,424	-	-	2,458,226
Furniture	827,692	48,760	(74,190)	(60,965)	741,297
Educational software	68,121	-	-	(68,121)	-
	<u>53,296,045</u>	<u>4,019,300</u>	<u>-</u>	<u>(2,828,572)</u>	<u>54,486,773</u>
Accumulated depreciation	<u>(14,586,586)</u>	<u>(2,025,479)</u>	<u>-</u>	<u>1,648,286</u>	<u>(14,963,779)</u>
Total capital assets	<u><u>\$ 38,709,459</u></u>	<u><u>\$ 1,993,821</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,180,286)</u></u>	<u><u>\$ 39,522,994</u></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.

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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	\$ 157,987,199,075
Accumulated benefit obligations	\$ 209,961,325,288
% Funded	75.3%
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, 2020	\$587,812 (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)	7.50%
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, 2020 was:

Contributions	2020
Employer Contributions	\$ 587,812
Member Contributions	2,689,014
On- behalf Contributions	1,751,741
Non-OASDI Participating surcharge	523,836
Other contributions made from private and federal grants	260,746

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 both fiscal years 2020 and 2020 was 1.25%, respectively. The contribution rates for active public school employee contribution rates for both 2020 and 2020 was 0.65% of public school payroll, respectively, with public schools contributing a percentage of payrolls set at 0.75% for both fiscal years 2020 and 2020. 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, 2020, the State's contributions to TRS-Care was \$ 465,676 and \$349,380, respectively, the active member contributions were \$227,001 and \$210,812, respectively, and the public school's contributions were \$261,922 and \$243,245, respectively, which equaled the required contributions each year.

America Can!

Notes to Consolidated Financial Statements

Note 7. Additional Plans

Certain employees of the Charter Holder are also provided with Social Security and Medicare coverage. Under provisions of federal law, covered employees contribute 6.2% (Social Security) and 1.45% (Medicare) of their annual covered salary and the Charter Holder contributes matching amounts of the covered payroll. Cars for Kids contributes 4% of all employees' salary into America Can Cars for Kids 401(k) Profit Sharing Plan and Trust. Cars for Kids' contribution for the years ended August 31, 2020 totaled \$51,873 and \$41,732, respectively.

Note 8. Health Care Coverage

During the year ended August 31, 2020, 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 \$328 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, 4% 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>	\$ 1,171,974
\$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 December 5, 2021. <i>Austin</i>	1,435,577
\$2,000,000 note payable to Texas Capital, libor plus 2.50% (4.58%), commencing on November 1, 2017 with maturity on September 19, 2023.	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, 2023.	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, with maturity on September 16, 2026. <i>Westcreek</i>	1,661,340
\$300,000 note payable with Bancorp South Bank Edinbough through the Small Business Administration's Payroll Protection Program, 1% interest, due April 15, 2022 and eligible for forgiveness (see below).	300,000
\$10,000 Economic Injury Disaster Loan from the Small Business Administration. (see below)	10,000
\$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>	602,279
\$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 June 6, 2026. <i>San Antonio</i>	738,869
Total long-term debt	7,696,513
Less current portion of long-term debt	(1,622,375)
Long-term portion of long-term debt	\$ 6,074,138

America Can!

Notes to Consolidated Financial Statements

Paycheck Protection Program

On April 15, 2020, Cars for Kids entered into a note payable agreement with BancorpSouth Bank through the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"), under the Corona virus Aid, Relief, and Economic Security Act. The note bears interest at a fixed rate of 1.0% per annum, has a term of two years, is unsecured and guaranteed by the SBA. The terms of the note provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. This loan is eligible for forgiveness under the PPP to the extent that the PPP loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and interest on mortgage obligations, and covered utility payments incurred. Cars for Kids intends to apply for loan forgiveness and the SBA will make a determination on the amount of the loan that will be forgiven. Cars for Kids will continue to accrue interest on this loan until a determination has been made. The PPP loan is for payroll costs, mortgage interest, rent expense, and utilities expense. The amount of note forgiveness will be reduced if Cars for Kids does not use all of the funds during the covered period or could be reduced if Cars for Kids terminates employees or reduces salaries during the covered period. The covered period is either an 8-week or up to a 24-week period, to be determined at a later date by management when applying for the loan forgiveness. The outstanding balance of the note at August 31, 2020, was \$300,000. While Cars for Kids currently believes that its use of the PPP loan proceeds will meet the conditions for forgiveness of the loan, they cannot guarantee that it will be eligible for forgiveness of the loan, in whole or in part. If not forgiven, Cars for Kids must pay principal and interest payments of \$16,883 monthly, beginning November 15, 2020.

Economic Injury Disaster Loan Advance

On April 22, 2020, Cars for Kids received an Economic Injury Disaster Loan ("EIDL") Advance from the Small Business Administration, which is a grant program offered together with the economic injury loan program under the Corona virus Aid, Relief, and Economic Security Act. The EIDL Advance does not have to be repaid. The outstanding balance of the advance at August 31, 2020, was \$10,000.

Future maturities of long-term debt at August 31, 2020 are as follows:

Year Ended August 31,	Principal	Interest	Total
2021	\$ 1,622,375	\$ 218,291	\$ 1,840,666
2022	1,969,555	142,511	2,112,066
2023	231,817	126,745	358,562
2024	1,885,510	77,837	1,963,347
2025	113,151	69,545	182,696
2026 and Thereafter	1,874,105	66,545	1,940,650
	<u>\$ 7,696,513</u>	<u>\$ 701,474</u>	<u>\$ 8,397,987</u>

On December 19, 2019, 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 3.50% per annum and matures on February 15, 2022. The outstanding balance on the line of credit was \$10,250 at August 31, 2020.

America Can!

Notes to Consolidated Financial Statements

Note 10. Transfers/Contributions

During the year ended August 31, 2020, 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, 2020:

Business Segment	Transfers In	Transfers Out
Corporate		
From Cars for Kids	\$ 1,366,972	\$ -
Cars for Kids		
To Corporate	-	1,366,972
To Schools	-	839,472
Schools		
From Cars for Kids	839,472	
	\$ 2,206,444	\$ 2,206,444

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

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.

During fiscal year ended August 31, 2020, the Texas Education Agency funded the Academies on a higher than accurate average daily attendance. When the final settle up calculations were made, the Academies owed the Texas Education Agency \$2,653,416 related to this overpayment.

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 \$2,550,000. Accordingly, the 2017 financial statements have been restated for the correction of this error.

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

America Can!

Notes to Consolidated Financial Statements

Note 12. Commitments under Operating Leases

Commitments under operating (non-capitalized) lease agreements for campuses and facilities require future rental payments as of August 31, 2020, as follows:

Fiscal year ending August 31:

2021	\$	741,912
2022		448,093
2023		214,820
2024		100,488
2025		5,427
		<hr/>
	\$	<u>1,510,740</u>

Rent expense for the year ended August 31, 2020, totaled \$1,361,198, consisting of rental expenses for building and facilities of \$469,731 and equipment expense of \$891,467.

Note 13. Economic Dependency

During the year ended August 31, 2020 the Academy earned revenue of \$50,452,000 from the Texas Education Agency (TEA). This amount constitutes approximately 67% of total revenues earned for the year ended August 31, 2020. 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, 2020 the Charter Holder had earned the following revenues on grants and entitlements which were not received until after September 1, 2020:

Federal grant revenue	\$	1,703,426
Due from other governments		1,400,000
Other state revenue		1,315,961
		<hr/>
	\$	<u>4,419,387</u>

America Can!

Notes to Consolidated Financial Statements

Note 16. Fair Value Measurements

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2020.

The Charter Holder did not have any investments as of August 31, 2020 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	\$	17,020,736
Accounts receivable		422,017
Due from governments		4,419,387
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>21,862,140</u>

America Can!

Notes to Consolidated Financial Statements

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.

Note 18. Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ending August 31, 2020 consisted of the following:

Restricted for Specific Charter Purpose	\$ 36,047,557
National School Breakfast and Lunch Program	475,710
Campus Activity Funds	364,202
School Development Council	1,737,709
WP & Bulah Luse Foundation	13,942
KLE Foundation	699
Sunshine Committee	812
Miscellaneous Foundations	196,259
	\$ 38,836,890

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, 2020.

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, 2020, a tax liability of \$0 was recorded. For the year ended August 31, 2020 unrelated business income tax expense of \$16,171 was recorded. As of August 31, 2020, the Charter Holder's tax years 2017 and thereafter remain subject to examination.

America Can!

Notes to Consolidated Financial Statements

Note 20. Related Party Transactions

During the fiscal year ended August 31, 2020, America Can! Cars for Kids approved payments totaling \$243,266 to Marqcom, Inc. for bonuses and 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, 2020. 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 cash equivalents and a note payable totaling \$1,935,721 and \$912,279, respectively, as of August 31, 2020, with a bank whose chief executive officer is also a member of the Charter Holder's Board of Directors.

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, 2020 up through February 10, 2021, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and, any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the Charter Holder's operations and financial results at this time.

Note 22. Restatement of Net Assets with Restrictions

During the fiscal year ended August 31, 2020, the Charter Holder had a change in accounting principle. In fiscal year 2019 and before, capital assets purchased with restricted assets were released from restriction when the capital assets were purchased. In fiscal year 2020, the Charter holder changed their policy to release capital assets purchased with donor restricted assets when they are depreciated. This resulted in a reclassification of beginning net assets without donor restrictions from \$41,242,060 to \$6,729,407 and net assets with donor restrictions from \$4,617,028 to \$39,129,681 as of August 31, 2019. This reclassification had no effect on total net assets for the year ended August 31, 2019 or August 31, 2020.

Specific-Purpose Financial Statements

America  **CAN!**

America Can!

Consolidating Statements of Financial Position

Year Ended August 31, 2020

	America Can!	America Can!	Texans	Consolidated Entries		Consolidated
	Corporate	Cars for Kids	Can!	Debit	Credit	
CURRENT ASSETS						
Cash and cash equivalents	\$ (2,265,600)	\$ 2,197,807	\$ 17,088,529	\$ -	\$ -	\$ 17,020,736
Accounts receivable	1,185,927	37,750	198,340	-	(1,000,000)	422,017
Due from other governments	1,400,000	-	3,019,387	-	-	4,419,387
Accrued interest	-	-	1,124	-	-	1,124
Inventory	-	940,430	-	-	-	940,430
Prepaid expense	-	97,992	496,160	-	-	594,152
Assets held for sale	-	-	1,095,163	-	-	1,095,163
Total current assets	320,327	3,273,979	21,898,703	-	(1,000,000)	24,493,009
PROPERTY AND EQUIPMENT, net of accumulated depreciation	284,459	2,493,712	36,744,823	-	-	39,522,994
TOTAL ASSETS	<u>\$ 604,786</u>	<u>\$ 5,767,691</u>	<u>\$ 58,643,526</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ 64,016,003</u>
CURRENT LIABILITIES						
Line of credit	\$ -	\$ -	\$ 10,250	\$ -	\$ -	\$ 10,250
Current maturities of long-term debt	-	231,755	1,390,620	-	-	1,622,375
Accounts payable	27,426	1,298,724	2,859,285	(1,000,000)	-	3,185,435
Accrued liabilities	-	356,236	511,273	-	-	867,509
Payroll deductions payable	-	-	620,711	-	-	620,711
Deferred revenue	-	-	408,326	-	-	408,326
Accrued wages payable	2,254	34,216	460,757	-	-	497,227
Due to governments	-	-	5,203,416	-	-	5,203,416
Total current liabilities	29,680	1,920,931	11,464,638	(1,000,000)	-	12,415,249
LONG-TERM DEBT						
Notes payable - future maturities	-	680,524	5,393,614	-	-	6,074,138
Total liabilities	29,680	2,601,455	16,858,252	(1,000,000)	-	18,489,387
NET ASSETS						
Without donor restrictions	575,106	3,166,236	2,948,384	-	-	6,689,726
With donor restrictions	-	-	38,836,890	-	-	38,836,890
Total net assets	575,106	3,166,236	41,785,274	-	-	45,526,616
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 604,786</u>	<u>\$ 5,767,691</u>	<u>\$ 58,643,526</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ 64,016,003</u>

America Can! Corporate

Statement of Financial Position

Year Ended August 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ (2,265,600)
Accounts receivable	1,185,927
Due from other governments	1,400,000

Total current assets	320,327
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PROPERTY AND EQUIPMENT, net of accumulated depreciation

	284,459
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TOTAL ASSETS

	\$ 604,786
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 27,426
Accrued wages payable	2,254

Total current liabilities	29,680
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Total liabilities	29,680
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NET ASSETS

Without donor restrictions	575,106
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Total net assets	575,106
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TOTAL LIABILITIES AND NET ASSETS

	\$ 604,786
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America Can! Cars for Kids

Statement of Financial Position Year Ended August 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	2,197,807
Accounts receivable		37,750
Inventory		940,430
Prepaid expense		97,992

Total current assets 3,273,979

PROPERTY AND EQUIPMENT,

net of accumulated depreciation

2,493,712

TOTAL ASSETS

\$ 5,767,691

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturities of long-term debt	\$	231,755
Accounts payable		1,298,724
Accrued liabilities		356,236
Accrued wages payable		34,216

Total current liabilities 1,920,931

LONG-TERM DEBT

Notes payable - future maturities		680,524
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Total liabilities 2,601,455

NET ASSETS

Without donor restrictions		3,166,236
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TOTAL LIABILITIES AND NET ASSETS

\$ 5,767,691

Texans Can!

Statement of Financial Position

Year Ended August 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	17,088,529
Accounts receivable		198,340
Due from employees		-
Due from other governments		3,019,387
Accrued interest		1,124
Prepaid expense		496,160
Assets held for sale		1,095,163

Total current assets		21,898,703
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PROPERTY AND EQUIPMENT,

net of accumulated depreciation

36,744,823

TOTAL ASSETS

\$ 58,643,526

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit	\$	10,250
Current maturities of long-term debt		1,390,620
Accounts payable		2,859,285
Accrued liabilities		511,273
Payroll deductions payable		620,711
Deferred revenue		408,326
Accrued wages payable		460,757
Due to government		5,203,416

Total current liabilities		11,464,638
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LONG-TERM DEBT

Notes payable - future maturities		5,393,614
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Total liabilities		16,858,252
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NET ASSETS

Without donor restrictions		2,948,384
With donor restrictions		38,836,890

Total net assets		41,785,274
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TOTAL LIABILITIES AND NET ASSETS

\$ 58,643,526

America Can!

Consolidating Statements of Activities

Year Ended August 31, 2020

	America Can!	America Can!	Texans	Consolidated Entries		Consolidated
	Corporate	Cars for Kids	Can!	Debit	Credit	
REVENUES						
5700 Local support	\$ 1,534,560	\$ 12,594,324	\$ 1,178,689	\$ 76,760	\$ -	\$ 15,230,813
5700 Local support remitted to charter schools	1,366,972	(2,206,444)	839,472	-	-	-
5800 State program revenues	213,701	-	50,452,475	-	-	50,666,176
5900 Federal program revenues	55,541	-	11,475,284	-	-	11,530,825
Total revenue	3,170,774	10,387,880	63,945,920	76,760	-	77,427,814
EXPENSES						
PROGRAM SERVICES						
11 Instruction	1,200,302	-	24,042,165	-	-	25,242,467
13 Curriculum and instructional staff development	194,304	-	4,200,277	-	-	4,394,581
21 Instructional leadership	-	-	1,580,713	-	-	1,580,713
23 School leadership	411,517	-	7,138,239	-	-	7,549,756
SUPPORT SERVICES						
31 Guidance, counseling and evaluation services	269,855	-	6,335,855	-	-	6,605,710
32 Social work services	59,800	-	-	-	-	59,800
33 Health services	6,084	-	201,277	-	-	207,361
34 Student transportation	15,200	-	705,091	-	-	720,291
35 Food services	-	-	1,455,631	-	-	1,455,631
36 Co-curricular/extracurricular activities	-	-	146,259	-	-	146,259
41 General administration	27,909	1,662,709	4,782,550	-	-	6,473,168
51 Plant maintenance and operations	117,068	338,698	8,344,577	-	-	8,800,343
52 Security and monitoring services	38,293	26,199	1,517,069	-	-	1,581,561
53 Data processing services	17,901	-	3,245,208	-	-	3,263,109
61 Community services	824,424	-	294,102	-	(76,760)	1,041,766
71 Debt service	-	36,726	299,013	-	-	335,739
81 Fund raising	-	7,240,308	976,600	-	-	8,216,908
Total expenses	3,182,657	9,304,640	65,264,626	-	(76,760)	77,675,163
RESULTS FROM OPERATIONS	(11,883)	1,083,240	(1,318,706)	76,760	76,760	(247,349)
NON-OPERATING ACTIVITIES						
(Loss) on land held for sale	(85,123)	-	-	-	-	(85,123)
Total non-operating activities	(85,123)	-	-	-	-	(85,123)
Change in net assets	(97,006)	1,083,240	(1,318,706)	-	-	(332,472)
Net assets, beginning of year	672,112	2,082,996	43,103,980	-	-	45,859,088
NET ASSETS, end of year	\$ 575,106	\$ 3,166,236	\$ 41,785,274	\$ -	\$ -	\$ 45,526,616

America Can! Corporate
Statement of Activities
Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals 2020
REVENUES			
5700 Local support	\$ 1,534,560	\$ -	\$ 1,534,560
5700 Less contributions remitted to Cars for Kids	1,366,972	-	1,366,972
5800 State program revenues	213,701	-	213,701
5900 Federal program revenues	55,541	-	55,541
Total revenue	3,170,774	-	3,170,774
Net assets released from restrictions satisfaction of purpose restrictions	-	-	-
Total revenues, gains and other support	3,170,774	-	3,170,774
EXPENSES			
PROGRAM SERVICES			
11 Instruction	1,200,302	-	1,200,302
13 Curriculum and instructional staff development	194,304	-	194,304
23 School leadership	411,517	-	411,517
SUPPORT SERVICES			
31 Guidance, counseling, and evaluation services	269,855	-	269,855
32 Social work services	59,800	-	59,800
33 Health services	6,084	-	6,084
34 Student transportation	15,200	-	15,200
41 General administration	27,909	-	27,909
51 Plant maintenance and operations	117,068	-	117,068
52 Security and monitoring services	38,293	-	38,293
53 Data processing services	17,901	-	17,901
61 Community services	824,424	-	824,424
Total expenses	3,182,657	-	3,182,657
RESULTS FROM OPERATIONS	(11,883)	-	(11,883)
NON-OPERATING ACTIVITIES:			
(Loss) on land held for sale	(85,123)	-	(85,123)
Loss from non-operating activities	(85,123)	-	(85,123)
Change in net assets	(97,006)	-	(97,006)
Net assets, beginning of year	672,112	-	672,112
NET ASSETS, end of year	\$ 575,106	\$ -	\$ 575,106

America Can! Cars For Kids

Statement of Activities Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals 2020
REVENUES			
5700 Local Support	\$ 12,594,324	\$ -	\$ 12,594,324
5700 Less contributions remitted	(2,206,444)	-	(2,206,444)
Total revenue	10,387,880	-	10,387,880
EXPENSES			
SUPPORT SERVICES			
41 General administration	1,662,709	-	1,662,709
51 Plant maintenance and operations	338,698	-	338,698
52 Security and monitoring services	26,199	-	26,199
71 Debt service	36,726	-	36,726
81 Fund raising	7,240,308	-	7,240,308
Total expenses	9,304,640	-	9,304,640
RESULTS FROM OPERATIONS	1,083,240	-	1,083,240
Change in net assets	1,083,240	-	1,083,240
Net assets, beginning of year	2,082,996	-	2,082,996
NET ASSETS, end of year	\$ 3,166,236	\$ -	\$ 3,166,236

Texans Can!

Statement of Activities

Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals 2020
REVENUES			
Local Support	\$ 520,554	\$ 658,135	\$ 1,178,689
Local Support remitted to charter schools	-	839,472	839,472
State program revenues	-	50,452,475	50,452,475
Federal program revenues	-	11,475,284	11,475,284
Total revenue	520,554	63,425,366	63,945,920
Net assets released from restrictions satisfaction of purpose restrictions	63,718,157	(63,718,157)	-
Total revenues, gains and other support	64,238,711	(292,791)	63,945,920
EXPENSES			
PROGRAM SERVICES			
11 Instruction	24,042,165	-	24,042,165
13 Curriculum and instructional staff development	4,200,277	-	4,200,277
21 Instructional leadership	1,580,713	-	1,580,713
23 School leadership	7,138,239	-	7,138,239
SUPPORT SERVICES			
31 Guidance, counseling and evaluation services	6,335,855	-	6,335,855
33 Health services	201,277	-	201,277
34 Student transportation	705,091	-	705,091
35 Food services	1,455,631	-	1,455,631
36 Co-curricular/extracurricular activities	146,259	-	146,259
41 General administration	4,782,550	-	4,782,550
51 Plant maintenance and operations	8,344,577	-	8,344,577
52 Security and monitoring services	1,517,069	-	1,517,069
53 Data processing services	3,245,208	-	3,245,208
61 Community services	294,102	-	294,102
71 Debt service	299,013	-	299,013
81 Fund raising	976,600	-	976,600
Total expenses	65,264,626	-	65,264,626
RESULTS FROM OPERATIONS	(1,025,915)	(292,791)	(1,318,706)
NON-OPERATING ACTIVITIES			
Gain on sale of property	-	-	-
Total non-operating activities	-	-	-
Changes in net assets	(1,025,915)	(292,791)	(1,318,706)
NET ASSETS, beginning of year, as restated	3,974,299	39,129,681	43,103,980
NET ASSETS, end of year	\$ 2,948,384	\$ 38,836,890	\$ 41,785,274

America Can!

Consolidating Statements of Cash Flows

Year Ended August 31, 2020

	America Can! Corporate	America Can! Cars for Kids	Texans Can!	Consolidated Entries		Consolidated
				Debit	Credit	
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	\$ (97,006)	\$ 1,083,240	\$ (1,318,706)	\$ -	\$ -	\$ (332,472)
Adjustments to reconcile change in net assets to cash provided by operating activities						
Depreciation	17,743	128,991	1,878,745	-	-	2,025,479
Loss on sale of asset	85,123	-	-	-	-	85,123
Accounts receivable	309,406	15,673	96,134	-	1,000,000	1,421,213
Due from employees	-	-	193	-	-	193
Due from other governments	(1,364,068)	-	(1,752,183)	-	-	(3,116,251)
Accrued interest payable	-	-	(35,636)	-	-	(35,636)
Accrued interest receivable	-	-	(14)	-	-	(14)
Inventory	-	(173,560)	-	-	-	(173,560)
Prepaid expense	-	31,151	(157,535)	-	-	(126,384)
Accounts payable	7,520	621,316	621,914	(1,000,000)	-	250,750
Accrued liabilities	-	210,563	(40,685)	-	-	169,878
Payroll deductions payable	(448)	-	(121,577)	-	-	(122,025)
Accrued wages payable	(121,970)	(9,380)	(189,233)	-	-	(320,583)
Due to other governments	-	-	2,653,416	-	-	2,653,416
Deferred revenue	-	-	408,326	-	-	408,326
Net cash provided by (used in) operating activities	(1,163,700)	1,907,994	2,043,159	(1,000,000)	1,000,000	2,787,453
CASH FLOWS FROM INVESTING ACTIVITIES						
Transfer of assets	47,616	-	(47,616)	-	-	-
Acquisition of land, buildings and equipment	-	(64,758)	(3,954,542)	-	-	(4,019,300)
Net cash (used in) by investing activities	47,616	(64,758)	(4,002,158)	-	-	(4,019,300)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from long term debt	-	310,000	-	-	-	310,000
Principal payments on debt	-	(220,223)	(323,130)	-	-	(543,353)
Net cash provided (used in) provided by financing activities	-	89,777	(323,130)	-	-	(233,353)
Net increase in cash and cash equivalents	(1,116,084)	1,933,013	(2,282,129)	-	-	(1,465,200)
CASH AND CASH EQUIVALENTS, beginning of year	(1,149,516)	264,794	19,370,658	-	-	18,485,936
CASH AND CASH EQUIVALENTS, end of year	<u>\$ (2,265,600)</u>	<u>\$ 2,197,807</u>	<u>\$ 17,088,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,020,736</u>
INTEREST PAID	<u>\$ -</u>	<u>\$ 36,726</u>	<u>\$ 299,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,739</u>

America Can! Corporate
Statement of Cash Flows
Year Ended August 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (97,006)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	17,743
Gain on disposal of assets	85,123
Accounts receivable	309,406
Due from other governments	(1,364,068)
Accounts payable	7,520
Accrued liabilities	-
Payroll deductions payable	(448)
Accrued wages payable	(121,970)
	(121,970)
Net cash provided by (used in) operating activities	(1,163,700)

CASH FLOWS FROM INVESTING ACTIVITIES

Transfer of assets	47,616
Net cash provided by investing activities	47,616
Net increase (decrease) in cash and cash equivalents	(1,116,084)

CASH AND CASH EQUIVALENTS, beginning of year

(1,149,516)

CASH AND CASH EQUIVALENTS, end of year

\$ (2,265,600)

INTEREST PAID

\$ -

America Can! Cars For Kids

Statement of Cash Flows

Year Ended August 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,083,240
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	128,991
Accounts receivable	15,673
Inventory	(173,560)
Prepaid expense	31,151
Accounts payable	621,316
Accrued liabilities	210,563
Accrued wages payable	(9,380)
	1,907,994
Net cash provided by operating activities	1,907,994

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of land, buildings and equipment	(64,758)
	(64,758)
Net cash (used) in investing activities	(64,758)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	310,000
Principal payments on debt	(220,223)
	89,777
Net cash provided by financing activities	89,777
Net increase in cash and cash equivalents	1,933,013

CASH AND CASH EQUIVALENTS, beginning of year

264,794

CASH AND CASH EQUIVALENTS, end of year

\$ 2,197,807

INTEREST PAID

\$ 36,726

Texans Can!

Statement of Cash Flows

Year Ended August 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,318,706)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	1,878,745
Accounts receivable	96,134
Due from other governments	(1,752,183)
Due from employees	193
Accrued interest receivable	(14)
Prepaid expense	(157,535)
Accounts payable	621,914
Accrued liabilities	(40,685)
Payroll deductions payable	(121,577)
Accrued wages	(189,233)
Accrued interest payable	(35,636)
Due to other governments	2,653,416
Deferred revenue	408,326
	2,043,159
Net cash provided by operating activities	2,043,159

CASH FLOWS FROM INVESTING ACTIVITIES

Transfers in	(47,616)
Acquisition of land, buildings and equipment	(3,954,542)
	(4,002,158)
Net cash (used in) investing activities	(4,002,158)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on debt	(323,130)
	(323,130)
Net cash provided by (used in) financing activities	(323,130)
Net increase (decrease) in cash and cash equivalents	(2,282,129)

CASH AND CASH EQUIVALENTS, beginning of year	19,370,658
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CASH AND CASH EQUIVALENTS, end of year	\$ 17,088,529
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INTEREST PAID	\$ 299,013
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America Can!

Consolidating Statement of Functional Expenses

For the Year Ended August 31, 2020

	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	\$ 1,002,447	\$ 59,519	\$ 128,474	\$ 9,862	\$ -	\$ 1,200,302
13 Curriculum and instructional staff development	161,393	6,900	91	25,920	-	194,304
23 School leadership	379,562	876	13,884	17,195	-	411,517
Support services						
31 Guidance, counseling and evaluation services	267,114	600	1,646	495	-	269,855
32 Social work services	59,800	-	-	-	-	59,800
33 Health services	-	6,084	-	-	-	6,084
34 Student transportation	-	15,200	-	-	-	15,200
41 General administration	16,939	11,000	115	(145)	-	27,909
51 Plant maintenance and operations	-	80,468	11,862	24,738	-	117,068
52 Security and monitoring services	-	37,768	-	525	-	38,293
53 Data processing services	-	11,738	6,163	-	-	17,901
61 Community services	718,171	18,901	69,046	18,306	-	824,424
Total America Can! Corporate expenses	2,605,426	249,054	231,281	96,896	-	3,182,657
America Can! Cars for Kids						
Support services						
41 General administration	90,152	1,477,773	32,448	62,336	-	1,662,709
51 Plant maintenance and operations	-	111,110	-	227,588	-	338,698
52 Security and monitoring services	-	-	-	26,199	-	26,199
71 Debt service	-	-	-	-	36,726	36,726
81 Fund raising	2,142,196	5,098,112	-	-	-	7,240,308
Total America Can! Cars for Kids expenses	2,232,348	6,686,995	32,448	316,123	36,726	9,304,640
Texans Can!						
Program services						
11 Instruction	16,593,380	1,379,605	5,802,288	266,892	-	24,042,165
13 Curriculum and instructional staff development	3,146,298	493,657	301,967	258,355	-	4,200,277
21 Instructional leadership	1,215,424	189,793	64,304	111,192	-	1,580,713
23 School leadership	6,676,011	41,605	206,987	213,636	-	7,138,239
Support services						
31 Guidance, counseling and evaluation services	6,164,726	55,270	44,643	71,216	-	6,335,855
33 Health services	34,825	156,022	10,054	376	-	201,277
34 Student transportation	13,780	691,311	-	-	-	705,091
35 Food services	1,065,666	15,450	339,141	35,374	-	1,455,631
36 Co-curricular/extracurricular activities	28,615	-	9,507	108,137	-	146,259
41 General administration	2,956,987	1,225,608	347,457	252,498	-	4,782,550
51 Plant maintenance and operations	657,833	4,755,503	904,437	2,026,804	-	8,344,577
52 Security and monitoring services	75,034	1,431,870	76	10,089	-	1,517,069
53 Data processing services	1,173,846	1,237,611	692,363	141,388	-	3,245,208
61 Community services	179,321	81,440	2,764	30,577	-	294,102
71 Debt service	-	-	-	-	299,013	299,013
81 Fund raising	822,244	51,422	17,705	85,229	-	976,600
Total Texans Can! expenses	40,803,990	11,806,167	8,743,693	3,611,763	299,013	65,264,626
Consolidating eliminations						
Credit	-	(76,760)	-	-	-	(76,760)
Total expenses	\$ 45,641,764	\$ 18,665,456	\$ 9,007,422	\$ 4,024,782	\$ 335,739	\$ 77,675,163

America Can! Corporate
Statement of Functional Expenses
For the Year Ended August 31, 2020

	<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 2020</u>
Program services					
11	\$ 1,002,447	\$ 59,519	\$ 128,474	\$ 9,862	\$ 1,200,302
13	161,393	6,900	91	25,920	194,304
23	379,562	876	13,884	17,195	411,517
Support services					
31	267,114	600	1,646	495	269,855
32	59,800	-	-	-	59,800
33	-	6,084	-	-	6,084
34	-	15,200	-	-	15,200
41	16,939	11,000	115	(145)	27,909
51	-	80,468	11,862	24,738	117,068
52	-	37,768	-	525	38,293
53	-	11,738	6,163	-	17,901
61	718,171	18,901	69,046	18,306	824,424
	<u>\$ 2,605,426</u>	<u>\$ 249,054</u>	<u>\$ 231,281</u>	<u>\$ 96,896</u>	<u>\$ 3,182,657</u>

America Can! Cars For Kids
Statement of Functional Expenses
Year Ended August 31, 2020

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Totals 2020
Support services						
41 General administration	\$ 90,152	\$ 1,477,773	\$ 32,448	\$ 62,336	\$ -	\$ 1,662,709
51 Plant maintenance and operations	-	111,110	-	227,588	-	338,698
52 Security and monitoring services	-	-	-	26,199	-	26,199
71 Debt service	-	-	-	-	36,726	36,726
81 Fund raising	2,142,196	5,098,112	-	-	-	7,240,308
Total expenses	<u>\$ 2,232,348</u>	<u>\$ 6,686,995</u>	<u>\$ 32,448</u>	<u>\$ 316,123</u>	<u>\$ 36,726</u>	<u>\$ 9,304,640</u>

Texans Can!
Statement of Functional Expenses
Year Ended August 31, 2020

		6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Totals <u>2020</u>
Program services							
11	Instruction	\$ 16,593,380	\$ 1,379,605	\$ 5,802,288	\$ 266,892	\$ -	\$ 24,042,165
13	Curriculum and instructional staff development	3,146,298	493,657	301,967	258,355	-	4,200,277
21	Instructional leadership	1,215,424	189,793	64,304	111,192	-	1,580,713
23	School leadership	6,676,011	41,605	206,987	213,636	-	7,138,239
Support services							
31	Guidance, counseling and evaluation services	6,164,726	55,270	44,643	71,216	-	6,335,855
33	Health services	34,825	156,022	10,054	376	-	201,277
34	Student transportation	13,780	691,311	-	-	-	705,091
35	Food services	1,065,666	15,450	339,141	35,374	-	1,455,631
36	Co-curricular/extracurricular activities	28,615	-	9,507	108,137	-	146,259
41	General administration	2,956,987	1,225,608	347,457	252,498	-	4,782,550
51	Plant maintenance and operations	657,833	4,755,503	904,437	2,026,804	-	8,344,577
52	Security and monitoring services	75,034	1,431,870	76	10,089	-	1,517,069
53	Data processing services	1,173,846	1,237,611	692,363	141,388	-	3,245,208
61	Community services	179,321	81,440	2,764	30,577	-	294,102
71	Debt service	-	-	-	-	299,013	299,013
81	Fund raising	822,244	51,422	17,705	85,229	-	976,600
	Total expenses	<u>\$ 40,803,990</u>	<u>\$ 11,806,167</u>	<u>\$ 8,743,693</u>	<u>\$ 3,611,763</u>	<u>\$ 299,013</u>	<u>\$ 65,264,626</u>

America  **CAN!**

**TEA Required
Supplementary Information**

America Can! Corporate
Schedule of Expenses
Year Ended August 31, 2020

EXPENSES

6100	Payroll costs	\$ 2,605,426
6200	Professional and contracted services	249,054
6300	Supplies and material	231,281
6400	Other operating costs	96,896

TOTAL EXPENSES

\$ 3,182,657

America Can! Cars for Kids
Schedule of Expenses
Year Ended August 31, 2020

EXPENSES

6100	Payroll costs	\$ 2,232,348
6200	Professional and contracted services	6,686,995
6300	Supplies and material	32,448
6400	Other operating costs	316,123
6500	Debt costs	36,726

TOTAL EXPENSES

\$ 9,304,640

Texans Can!
Schedule of Expenses
Year Ended August 31, 2020

EXPENSES

6100	Payroll costs	\$ 40,803,990
6200	Professional and contracted services	11,806,167
6300	Supplies and material	8,743,693
6400	Other operating costs	3,611,763
6500	Debt costs	299,013

TOTAL EXPENSES

\$ 65,264,626

America Can! Corporate

Schedule of Capital Assets

August 31, 2020

		Ownership Interest			
		Local	State	Federal	Total
1520	Construction in progress	\$ -	\$ -	\$ -	\$ -
1510	Land and improvements	134,894	-	-	134,894
1520	Building and improvements	319,495	-	-	319,495
1531	Vehicles	105,066	-	-	105,066
1533	Computer equipment	-	-	-	-
1539	Furniture and equipment	7,000	-	-	7,000
1560	Library books and media	-	-	-	-
1570	Less accumulated depreciation	(281,996)	-	-	(281,996)
TOTAL CAPITAL ASSETS		\$ 284,459	\$ -	\$ -	\$ 284,459

America Can! Cars for Kids

Schedule of Capital Assets

August 31, 2020

		Ownership Interest			
		Local	State	Federal	Total
1520	Building and improvements	\$ 2,876,529	\$ -	\$ -	\$ 2,876,529
1531	Vehicles	12,100	-	-	12,100
1533	Computer equipment	94,683	-	-	94,683
1539	Furniture and equipment	113,919	-	-	113,919
1560	Library books and media	-	-	-	-
1570	Less accumulated depreciation	(603,519)	-	-	(603,519)
TOTAL CAPITAL ASSETS		\$ 2,493,712	\$ -	\$ -	\$ 2,493,712

Texans Can!
Schedule of Capital Assets
August 31, 2020

	Ownership Interest			Total
	Local	State	Federal	
1520 Construction in progress	\$ 107,672	\$ 8,934,145	\$ -	\$ 9,041,817
1510 Land and improvements	-	1,266,490	-	1,266,490
1520 Building and improvements	280,870	37,008,759	-	37,289,629
1531 Vehicles	74,190	167,040	-	241,230
1533 Computer equipment	-	2,363,543	-	2,363,543
1539 Furniture and equipment	-	580,551	40,606	621,157
1570 Less accumulated depreciation	(95,314)	(13,955,675)	(28,054)	(14,079,043)
TOTAL CAPITAL ASSETS	\$ 367,418	\$ 36,364,853	\$ 12,552	\$ 36,744,823

Texans Can!

Budgetary Comparison Schedule (Unaudited)

Year Ended August 31, 2020

		Budgeted Amounts		Actual	Variance
		Original	Final	Amounts	from Final
				Budget	
REVENUES					
5700	Local Support	\$ 1,910,628	\$ 930,988	\$ 2,018,161	\$ 1,087,173
5800	State program revenues	52,399,092	51,948,903	50,452,475	(1,496,428)
5900	Federal program revenues	2,124,376	11,398,072	11,475,284	77,212
	Total revenue	56,434,096	64,277,963	63,945,920	(332,043)
EXPENSES					
11	Instruction	18,952,381	23,559,026	24,042,165	(483,139)
13	Curriculum and instructional staff development	921,430	4,036,584	4,200,277	(163,693)
21	Instructional leadership	829,858	1,564,424	1,580,713	(16,289)
23	School leadership	7,939,719	6,999,547	7,138,239	(138,692)
31	Guidance, counseling and evaluation services	7,018,308	6,370,764	6,335,855	34,909
32	Social work services	-	104,589	-	104,589
33	Health services	106,275	216,093	201,277	14,816
34	Student transportation	1,177,187	800,657	705,091	95,566
35	Food services	1,503,965	1,425,394	1,455,631	(30,237)
36	Co-curricular/extracurricular activities	24,225	166,922	146,259	20,663
41	General administration	4,166,907	4,306,608	4,782,550	(475,942)
51	Plant maintenance and operations	7,455,395	7,958,442	8,344,577	(386,135)
52	Security and monitoring services	2,050,007	1,707,368	1,517,069	190,299
53	Data processing services	2,500,088	2,993,188	3,245,208	(252,020)
61	Community services	313,186	254,243	294,102	(39,859)
71	Debt service	650,599	270,367	299,013	(28,646)
81	Fund raising	824,566	980,763	976,600	4,163
	Total expenses	56,434,096	63,714,979	65,264,626	(1,549,647)
	Change in net assets	-	562,984	(1,318,706)	(1,881,690)
	Net assets, beginning of year	43,103,980	43,103,980	43,103,980	-
	NET ASSETS, end of year	\$ 43,103,980	\$ 43,666,964	\$ 41,785,274	\$ (1,881,690)

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 which resulted in additional federal revenue and additional expenses. Additionally fewer students were in attendance in 2020 which resulted in less state revenue.

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, 2020, 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 February 10, 2021. 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.

The Board of Directors of
America Can!

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 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
February 10, 2021

**Independent Auditor's Report on Compliance for Each Major Federal Program and
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, 2020. 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, 2020.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

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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
February 10, 2021

America Can!

Schedule of Findings and Questioned Costs Year Ended August 31, 2020

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>
84.374A	Project Ready 2 Excel
84.027A	Special Education Cluster
10.553 / 10.555	Child Nutrition Cluster
84.425D	COVID-19 Elementary and Secondary School Emergency Relief
Threshold for distinguishing Type A and B programs:	\$750,000
Auditee qualified as a low- risk auditee?	___Yes <input checked="" type="checkbox"/> No

America Can!

Schedule of Findings and Questioned Costs – Continued Year Ended August 31, 2020

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

No findings in prior year

America  **CAN!**

America Can!

Schedule of Expenditures of Federal Awards

Year Ended August 31, 2020

Fund Code	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education				
Direct programs:				
202	Project READ2	84.215G	S215G180014	\$ 949,649
204	Project Ready 2 Excel	84.374A	U374A160003	1,835,400
	Total direct programs			<u>2,785,049</u>
Passed Through Texas Education Agency				
211	Title I, Part A - Improving Basic Programs	84.010A	20610101057804	2,289,922
216	Title I 1003 (A), School Improvement Grant	84.010A	20610141057804	910,995
	Total CFDA Number 84.010A			<u>3,200,917</u>
Special Education Cluster (IDEA):				
224	IDEA-B Formula	84.027A	206600010578046000	988,055
255	Title II, Part A - Teacher & Principal Training & Recruitment	84.367A	20694501057804	295,136
263	Title III, Part A - LEP	84.365A	20671001057804	50,326
266	COVID-19 Elementary and Secondary School Emergency Relief	84.425D	20521001161914	1,315,961
289	Title IV, Part A - Subpart 1	84.424A	20680101057804	73,320
265	21st CCLC Cycle 10 Year 1	84.287C	206950267110046	1,446,119
	Total Passed Through Texas Education Agency			<u>7,369,834</u>
	Total U.S. Department of Education			<u>10,154,883</u>
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed Through Texas Education Agency				
240	National School Breakfast Program	10.553	52402001	270,760
240	National School Lunch Program - Cash Assistance	10.555	52302001	515,899
	Total Child Nutrition Cluster			<u>786,659</u>
Passed Through the State Department of Agriculture				
170	USDA Revenue - ECDC	10.558	0570527	55,541
	Total U.S. Department of Agriculture			<u>842,200</u>
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 10,997,083</u></u>

America Can!

Notes on Accounting Policies for Federal Awards Year Ended August 31, 2020

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	\$ 11,530,825
Shars revenue	<u>(533,742)</u>
Per Schedule of Expenditures of Federal Awards	<u><u>\$ 10,997,083</u></u>

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