

America Can! (The Charter Holder)

Annual Consolidated Financial Report
For the Ten Months Ended June 30, 2021

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 and for the ten months ended June 30, 2021, 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 ten months ended June 30, 2021 which represents 9%, 9%, and 12% of the assets, net assets, and revenues of the consolidated financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for America Can! Cars for Kids is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 June 30, 2021, 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 November 11, 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
November 11, 2021

**General-Purpose
Consolidated Financial Statements**

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Consolidated Statement of Financial Position

June 30, 2021

CURRENT ASSETS

Cash and cash equivalents	\$	18,186,258
Accounts receivable		89,305
Due from employees		212
Due from other governments		12,609,634
Inventory		704,782
Prepaid expense		464,186
Assets held for sale		1,256,304
		1,256,304
Total current assets		33,310,681

PROPERTY AND EQUIPMENT, net of accumulated depreciation

39,000,807

TOTAL ASSETS

\$ 72,311,488

CURRENT LIABILITIES

Line of credit	\$	2,010,250
Current maturities of long-term debt		480,838
Accounts payable		1,220,950
Accrued liabilities		796,394
Payroll deductions payable		864,902
Accrued wages payable		4,478,185
		4,478,185
Total current liabilities		9,851,519

LONG-TERM DEBT

Notes payable - future maturities		7,489,710
		7,489,710
Total liabilities		17,341,229

NET ASSETS

Without donor restrictions		10,902,825
With donor restrictions		44,067,434
		44,067,434
Total net assets		54,970,259

TOTAL LIABILITIES AND NET ASSETS

\$ 72,311,488

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

America Can!

Consolidated Statement of Activities

For the Ten Months Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals 2021
REVENUES			
5700 Local Support	\$ 14,417,019	\$ -	\$ 14,417,019
5800 State program revenues	-	46,454,136	46,454,136
5900 Federal program revenues	-	16,164,452	16,164,452
Total revenue	14,417,019	62,618,588	77,035,607
Net assets released from restrictions:			
Satisfaction of purpose restrictions	57,388,044	(57,388,044)	-
Total revenues, gains and other support	71,805,063	5,230,544	77,035,607
EXPENSES			
Program services			
11 Instruction	23,391,902	-	23,391,902
13 Curriculum and instructional staff development	3,342,151	-	3,342,151
21 Instructional leadership	1,285,590	-	1,285,590
23 School leadership	7,363,400	-	7,363,400
Support services			
31 Guidance, counseling and evaluation services	6,381,368	-	6,381,368
33 Health services	897,003	-	897,003
34 Student transportation	34,107	-	34,107
35 Food services	1,372,663	-	1,372,663
36 Co-curricular/extracurricular activities	3,317	-	3,317
41 General administration	3,799,901	-	3,799,901
51 Plant maintenance and operations	6,765,644	-	6,765,644
52 Security and monitoring services	1,534,760	-	1,534,760
53 Data processing services	2,680,117	-	2,680,117
61 Community services	158,038	-	158,038
71 Debt service	288,181	-	288,181
81 Fund raising	8,069,737	-	8,069,737
Total expenses	67,367,879	-	67,367,879
RESULTS FROM OPERATIONS	4,437,184	5,230,544	9,667,728
NON-OPERATING ACTIVITIES			
(Loss) on sale of property	(224,085)	-	(224,085)
Total non-operating activities	(224,085)	-	(224,085)
Change in net assets	4,213,099	5,230,544	9,443,643
Net assets, beginning of year	6,689,726	38,836,890	45,526,616
NET ASSETS, end of year	\$ 10,902,825	\$ 44,067,434	\$ 54,970,259

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

America Can!

Consolidated Statement of Cash Flows

For the Ten Months Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 9,443,643
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	2,157,667
Loss on sale of assets	224,085
Gain on the extinguishment of debt	(310,000)
Accounts receivable	1,332,712
Due from employees	(212)
Due from other governments	(8,190,247)
Accrued interest receivable	1,124
Inventory	235,648
Prepaid expense	129,966
Accounts payable	(2,964,485)
Accrued liabilities	(71,115)
Payroll deductions payable	244,191
Accrued wages payable	3,980,958
Due to governments	(5,203,416)
Deferred revenue	(408,326)
Net cash provided by operating activities	602,193

CASH FLOWS FROM INVESTING ACTIVITIES

Held for sale	(161,141)
Acquisition of land, buildings and equipment	(1,859,565)
Net cash used in investing activities	(2,020,706)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	2,000,000
Proceeds from long-term debt	2,200,000
Principal payments on debt	(1,615,965)
Net cash provided by financing activities	2,584,035
Net increase in cash and cash equivalents	1,165,522

CASH AND CASH EQUIVALENTS, beginning of year

17,020,736

CASH AND CASH EQUIVALENTS, end of year

\$ 18,186,258

INTEREST PAID

\$ 288,181

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

America Can!

Consolidated Statement of Functional Expenses

For the Ten Months Ended June 30, 2021

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Totals 2021
EXPENSES						
Program services						
11 Instruction	\$ 18,978,929	\$ 918,941	\$ 3,219,853	\$ 272,579	\$ -	\$ 23,390,302
13 Curriculum and instructional staff development	2,602,710	483,408	155,027	101,006	-	3,342,151
21 Instructional leadership	1,005,951	134,103	112,925	32,611	-	1,285,590
23 School leadership	6,362,466	622,371	289,940	90,223	-	7,365,000
Support services						
31 Guidance, counseling and evaluation services	6,230,636	88,857	39,644	22,231	-	6,381,368
33 Health services	38,411	853,479	4,934	179	-	897,003
34 Student transportation	-	34,107	-	-	-	34,107
35 Food services	979,044	19,483	349,771	24,365	-	1,372,663
36 Co-curricular/extracurricular activities	-	-	424	2,893	-	3,317
41 General administration	2,265,912	1,138,848	198,304	196,837	-	3,799,901
51 Plant maintenance and operations	522,653	3,968,642	241,639	2,032,710	-	6,765,644
52 Security and monitoring services	62,317	1,446,923	18,521	6,999	-	1,534,760
53 Data processing services	1,074,066	1,166,480	343,430	96,141	-	2,680,117
61 Community services	137,699	-	3,093	17,246	-	158,038
71 Debt service	-	-	-	-	288,181	288,181
81 Fund raising	2,362,599	5,142,195	156,361	408,582	-	8,069,737
TOTAL EXPENSES	\$ 42,623,393	\$ 16,017,837	\$ 5,133,866	\$ 3,304,602	\$ 288,181	\$ 67,367,879

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 eleven 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.

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed charter schools to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The Charter Holder elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2020-2021 reporting period. As such, the financial statements are presented for a ten-month period of September 1, 2020 through June 30, 2021.

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.

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.

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Notes to Consolidated Financial Statements

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

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 ten months ended June 30, 2021 was \$3,295,755.

Adoption of Accounting Standards

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made which amends ASC Topic 958, *Not-for-Profit Entities*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets is a contribution or an exchange transaction, and requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer asset. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018 in which the entity serves as the resource recipient.

The Charter Holder has adopted the guidance as of September 30, 2020. The adoption of this guidance did not change the timing or amount of the Charter Holder's recognition of revenue for grants or contributions, as revenue recognition policies in place were consistent with revenue recognition policies noted in this amendment.

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Notes to Consolidated Financial Statements

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of this ASU is to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The amendments in the ASU apply to not-for-profit entities that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, material and supplies, intangible assets, services, and unconditional promises of those assets. The Charter Holder has adopted the guidance as of September 30, 2020, and applied it on a retrospective basis. The implementation did not change the recognition and measurement requirements.

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 June 30, 2021, 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 \$15,499,172 and the bank balance was \$15,917,800. The charter schools' cash deposits at June 30, 2021, and during the ten months ended June 30, 2021, 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 June 30, 2021, the combined carrying amount of Cars for Kids' deposits (cash and certificates of deposits) was \$2,687,086.

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 \$17,878,890 and FDIC insured balances totaled \$1,491,269. The highest combined balances of cash, savings and time deposit accounts for the charter schools amounted to \$15,917,800 and occurred during the month of June 2021.

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Notes to Consolidated Financial Statements

Note 3. Property Held for Sale

At June 30, 2021, the Charter Holder held a property for sale at the Austin campus.

Note 4. Capital Assets

Activity in the capital asset accounts for the Charter Holder for the ten months ended June 30, 2021 was as follows:

	Balance 8/31/2020	Additions	Transfers	Retirements	Balance 6/30/2021
Construction in progress	\$ 9,041,817	\$ 1,186,046	\$ (8,735,312)	\$ -	\$ 1,492,551
Land	1,401,384	-	-	-	1,401,384
Building and improvements	40,485,653	505,731	8,735,312	(2,049,646)	47,677,050
Vehicles	358,396	54,360	-	(146,639)	266,117
Computer	2,458,226	-	-	(324,764)	2,133,462
Furniture	741,297	99,232	-	(289,693)	550,836
	<u>54,486,773</u>	<u>1,845,369</u>	<u>-</u>	<u>(2,810,742)</u>	<u>53,521,400</u>
Accumulated depreciation	<u>(14,963,779)</u>	<u>(2,129,971)</u>	<u>-</u>	<u>2,573,157</u>	<u>(14,520,593)</u>
Total capital assets	<u>\$ 39,522,994</u>	<u>\$ (284,602)</u>	<u>\$ -</u>	<u>\$ (237,585)</u>	<u>\$ 39,000,807</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 net assets	\$ 165,416,245,243
Accumulated benefit obligations	\$ 218,974,205,084
% Funded	75.5%
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 June 31, 2021	\$592,611 (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 ten months ended June 30, 2021 was:

Contributions	2021
Employer Contributions	\$ 1,012,815
Member Contributions	2,343,279
On- behalf Contributions	1,931,826
Non-OASDI Participating surcharge	486,816
Other contributions made from private and federal grants	205,174

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.

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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 2021 was 1.25%. The contribution rates for active public school employee contribution rates for 2021 was 0.65% of public school payroll, with public schools contributing a percentage of payrolls set at 0.75% for the period ended June 30, 2021. 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 year June 30, 2021, the State's contributions to TRS-Care was \$ 471,367, the active member contributions was \$192,812, and the public school's contributions was \$308,822, which equaled the required contributions.

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 ten months ended June 30, 2021 totaled \$43,373.

Note 8. Health Care Coverage

During the ten months ended June 30, 2021, 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 June 30, 2021 consists of the following:

\$2,192,000 note payable to BB&T Bank, 4.11% interest, principal and interest due in monthly installment of \$12,279 commencing November 30, 2011 with maturity on December 5, 2021. <i>Austin</i>	\$ 1,351,467
\$2,000,000 note payable to Texas Capital, 3 month LIBOR plus 3.25% , commencing on November 1, 2017 with maturity on September 19, 2023.	1,000,000
\$3,440,000 note payable to Texas Capital, 3 month LIBOR plus 3.25% , commencing on November 1, 2017 with maturity on September 19, 2023.	2,976,474
\$2,010,250 note payable to Bank of Texas, 3.50% interest, principal and interest due monthly in installments of \$6,250, commencing on 12/19/2016, with maturity on September 15, 2022.	2,010,250
\$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>	1,600,246
\$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>	409,891
\$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>	632,470
Total long-term debt	9,980,798
Less current portion of long-term debt	(2,491,088)
Long-term portion of long-term debt	\$ 7,489,710

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 principal amount of the note payable is subject to forgiveness under the PPP upon Cars for Kids' request to the extent that the note payable 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 by Cars for Kids. Cars for Kids used the proceeds for the purpose consistent with the PPP. Cars for Kids applied for forgiveness on June 7, 2021. Cars for Kids received notice from BancorpSouth Bank that the application of forgiveness was approved by the SBA in the amount of \$300,000. The extinguishment of debt has been recorded as revenue in the statement of activities.

Future maturities of long-term debt at June 30, 2021 are as follows:

Year Ended August 31,	Principal	Interest	Total
2022	\$ 2,491,088	\$ 294,408	\$ 2,785,496
2023	414,241	242,236	656,477
2024	4,229,776	134,345	4,364,121
2025	1,121,458	79,105	1,200,563
2026	538,905	60,117	599,022
2027 and Thereafter	1,185,330	9,827	1,195,157
	<u>\$ 9,980,798</u>	<u>\$ 820,038</u>	<u>\$ 10,800,836</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 \$2,010,250 at June 30, 2021.

America Can!

Notes to Consolidated Financial Statements

Note 10. Transfers/Contributions

During the ten months ended June 30, 2021, cash was contributed to Texans Can! by the America Can! Cars for Kids segment. The amount of transfers between business segments for the ten months ended June 30, 2021 were as follows:

Business Segment	Transfers In	Transfers Out
Cars for Kids		
To Corporate	\$ -	\$ 2,215,313
To Schools	-	566,026
Schools		
From Corporate	566,026	-
From Cars for Kids	2,215,313	-
	\$ 2,781,339	\$ 2,781,339

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.

Note 12. Commitments under Operating Leases

Commitments under operating (non-capitalized) lease agreements for campuses and facilities require future rental payments as of June 30, 2021, as follows:

Fiscal year ending June 30:

2022	\$	521,815
2023		656,036
2024		584,476
2025		57,678
2026		47,322
Thereafter		7,887
		\$ 1,875,214

Rent expense for the ten months ended June 30, 2021, totaled \$1,173,888 consisting of rental expenses for building and facilities of \$400,769 and equipment expense of \$773,119.

America Can!

Notes to Consolidated Financial Statements

Note 13. Economic Dependency

During the ten months ended June 30, 2021 the Academy earned revenue of \$46,454,136 from the Texas Education Agency (TEA). This amount constitutes approximately 70% of total revenues earned for the ten months ended June 30, 2021. 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 June 30, 2021 the Charter Holder had earned the following revenues on grants and entitlements which were not received until after July 1, 2021:

Federal grant revenue	\$	9,015,424
Due from other governments		1,592,236
Other state revenue		<u>2,001,974</u>
	\$	<u><u>12,609,634</u></u>

Note 16. Fair Value Measurements

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

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

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

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

America Can!

Notes to Consolidated Financial Statements

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

The Charter Holder did not have any investments as of June 31, 2021 that need to be disclosed in the fair value hierarchy.

Note 17. Liquidity and Availability of Resources

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

Cash and cash equivalents	\$ 18,186,258
Accounts receivable	89,305
Due from governments	<u>12,609,634</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 30,885,197</u></u>

As part of the Charter Holder's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Charter Holder invests its cash in short term investments. In addition to the resources described above, the Charter Holder holds a line of credit, with a capacity of \$2,650,000, to be used if any unexpected liquidity events were to occur. The unused balance on the line of credit was \$639,750 at June 30, 2021.

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

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

America Can!

Notes to Consolidated Financial Statements

Note 18. Net Assets with Donor Restrictions

Net assets with donor restrictions for the period ending June 30, 2021 consisted of the following:

Restricted for Specific Charter Purpose	\$ 41,536,592
National School Breakfast and Lunch Program	35,834
State Funded Special Revenue Fund	74,114
Campus Activity Funds	564,428
School Development Council	1,684,465
WP & Bulah Luse Foundation	13,942
KLE Foundation	699
Sunshine Committee	687
Miscellaneous Foundations	156,673
	<hr/>
	\$ 44,067,434

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 period ended June 30, 2021.

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 period ended June 30, 2021, a tax liability of \$0 was recorded. For the ten months ended June 30, 2021 unrelated business income tax expense of \$11,019 was recorded. As of June 30, 2021, the Charter Holder's tax years 2018 and thereafter remain subject to examination.

Note 20. Related Party Transactions

During the ten months ended June 30, 2021, America Can! Cars for Kids approved payments totaling \$422,551 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 ten months ended June 30, 2021. Marqcom, Inc. is a corporation owned by the former CEO of the Charter Holder whom was employed by the Charter Holder during the ten months ended June 30, 2021. These payments were in addition to his employment contract.

Cars for Kids holds cash and cash equivalents and a note payable totaling \$1,366,438 and \$409,891, respectively, as of June 30, 2021, with a bank whose chief executive officer is also a member of the Charter Holder's Board of Directors.

America Can!

Notes to Consolidated Financial Statements

Note 21. Subsequent Events

The Charter Holder has adopted U.S. generally accepted accounting principles relating to subsequent events. This standard establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. Management has evaluated all events or transactions that occurred after June 30, 2021 up through November 11, 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.

America  **CAN!**

Specific-Purpose Financial Statements

America Can!

Consolidating Statements of Financial Position

June 30, 2021

	America Can!	America Can!	Texans	Consolidated Entries		Consolidated
	Corporate	Cars for Kids	Can!	Debit	Credit	
CURRENT ASSETS						
Cash and cash equivalents	\$ (889,301)	\$ 2,687,086	\$ 16,388,473	\$ -	\$ -	\$ 18,186,258
Accounts receivable	-	86,118	3,187	-	-	89,305
Due from employees	-	-	212	-	-	212
Due from other governments	1,592,236	-	11,017,398	-	-	12,609,634
Inventory	-	704,782	-	-	-	704,782
Prepaid expense	-	171,192	292,994	-	-	464,186
Assets held for sale	-	-	1,256,304	-	-	1,256,304
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	702,935	3,649,178	28,958,568	-	-	33,310,681
INVESTMENTS	-	-	-	-	-	-
PROPERTY AND EQUIPMENT, net of accumulated depreciation	134,894	2,394,261	36,471,652	-	-	39,000,807
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 837,829	\$ 6,043,439	\$ 65,430,220	\$ -	\$ -	\$ 72,311,488
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
CURRENT LIABILITIES						
Line of credit	\$ -	\$ -	\$ 2,010,250	\$ -	\$ -	\$ 2,010,250
Current maturities of long-term debt	-	241,729	239,109	-	-	480,838
Accounts payable	4,370	254,724	961,856	-	-	1,220,950
Accrued liabilities	-	292,896	503,498	-	-	796,394
Payroll deductions payable	-	-	864,902	-	-	864,902
Accrued wages payable	176,864	133,793	4,167,528	-	-	4,478,185
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	181,234	923,142	8,747,143	-	-	9,851,519
LONG-TERM DEBT						
Notes payable - future maturities	-	168,162	7,321,548	-	-	7,489,710
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	181,234	1,091,304	16,068,691	-	-	17,341,229
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS						
Without donor restrictions	656,595	4,952,135	5,294,095	-	-	10,902,825
With donor restrictions	-	-	44,067,434	-	-	44,067,434
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	656,595	4,952,135	49,361,529	-	-	54,970,259
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 837,829	\$ 6,043,439	\$ 65,430,220	\$ -	\$ -	\$ 72,311,488
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

America Can! Corporate
Statement of Financial Position
June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	(889,301)
Due from other governments		1,592,236
		702,935

**PROPERTY AND EQUIPMENT,
net of accumulated depreciation**

134,894

TOTAL ASSETS

\$ 837,829

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	4,370
Accrued wages payable		176,864
		181,234

Total current liabilities

Total liabilities

181,234

NET ASSETS

Without donor restrictions		656,595
		656,595

Total net assets

656,595

TOTAL LIABILITIES AND NET ASSETS

\$ 837,829

America Can! Cars for Kids

Statement of Financial Position

June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	2,687,086
Accounts receivable		86,118
Inventory		704,782
Prepaid expense		171,192

Total current assets 3,649,178

PROPERTY AND EQUIPMENT,

net of accumulated depreciation

2,394,261

TOTAL ASSETS

\$ 6,043,439

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturities of long-term debt	\$	241,729
Accounts payable		254,724
Accrued liabilities		292,896
Accrued wages payable		133,793

Total current liabilities 923,142

LONG-TERM DEBT

Notes payable - future maturities 168,162

Total liabilities 1,091,304

NET ASSETS

Without donor restrictions 4,952,135

TOTAL LIABILITIES AND NET ASSETS

\$ 6,043,439

Texans Can!
Statement of Financial Position
June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 16,388,473
Accounts receivable	3,187
Due from employees	212
Due from other governments	11,017,398
Prepaid expense	292,994
Assets held for sale	1,256,304

Total current assets	28,958,568
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PROPERTY AND EQUIPMENT,

net of accumulated depreciation

36,471,652

TOTAL ASSETS

\$ 65,430,220

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit	\$ 2,010,250
Current maturities of long-term debt	239,109
Accounts payable	961,856
Accrued liabilities	503,498
Payroll deductions payable	864,902
Accrued wages payable	4,167,528

Total current liabilities	8,747,143
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LONG-TERM DEBT

Notes payable - future maturities	7,321,548
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Total liabilities	16,068,691
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NET ASSETS

Without donor restrictions	5,294,095
With donor restrictions	44,067,434

Total net assets	49,361,529
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TOTAL LIABILITIES AND NET ASSETS

\$ 65,430,220

America Can!

Consolidating Statements of Activities

For the Ten Months Ended June 30, 2021

	America Can!	America Can!	Texans	Consolidated Entries		Consolidated
	Corporate	Cars for Kids	Can!	Debit	Credit	
REVENUES						
5700 Local support	\$ 1,446,869	\$ 11,854,059	\$ 1,116,091	\$ -	\$ -	\$ 14,417,019
5700 Local support remitted to charter schools	566,026	(2,781,339)	2,215,313	-	-	-
5800 State program revenues	-	-	46,454,136	-	-	46,454,136
5900 Federal program revenues	-	-	16,164,452	-	-	16,164,452
Total revenue	2,012,895	9,072,720	65,949,992	-	-	77,035,607
EXPENSES						
PROGRAM SERVICES						
11 Instruction	1,055,584	-	22,336,318	-	-	23,391,902
13 Curriculum and instructional staff development	67,404	-	3,274,747	-	-	3,342,151
21 Instructional leadership	-	-	1,285,590	-	-	1,285,590
23 School leadership	452,776	-	6,910,624	-	-	7,363,400
SUPPORT SERVICES						
31 Guidance, counseling and evaluation services	242,972	-	6,138,396	-	-	6,381,368
33 Health services	46,519	-	850,484	-	-	897,003
34 Student transportation	-	-	34,107	-	-	34,107
35 Food services	-	-	1,372,663	-	-	1,372,663
36 Co-curricular/extracurricular activities	-	-	3,317	-	-	3,317
41 General administration	500	-	3,799,401	-	-	3,799,901
51 Plant maintenance and operations	24,366	52,277	6,689,001	-	-	6,765,644
52 Security and monitoring services	-	64,555	1,470,205	-	-	1,534,760
53 Data processing services	41,220	-	2,638,897	-	-	2,680,117
61 Community services	65	-	157,973	-	-	158,038
71 Debt service	-	21,736	266,445	-	-	288,181
81 Fund raising	-	7,148,253	921,484	-	-	8,069,737
Total expenses	1,931,406	7,286,821	58,149,652	-	-	67,367,879
RESULTS FROM OPERATIONS	81,489	1,785,899	7,800,340	-	-	9,667,728
NON-OPERATING ACTIVITIES						
Loss on sale of property	-	-	(224,085)	-	-	(224,085)
Total non-operating activities	-	-	(224,085)	-	-	(224,085)
Change in net assets	81,489	1,785,899	7,576,255	-	-	9,443,643
Net assets, beginning of year	575,106	3,166,236	41,785,274	-	-	45,526,616
NET ASSETS, end of year	<u>\$ 656,595</u>	<u>\$ 4,952,135</u>	<u>\$ 49,361,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,970,259</u>

America Can! Corporate
Statement of Activities
For the Ten Months Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals 2021
REVENUES			
5700 Local support	\$ 1,446,869	\$ -	\$ 1,446,869
5700 Less contributions remitted to Cars for Kids	566,026	-	566,026
Total revenue	2,012,895	-	2,012,895
EXPENSES			
PROGRAM SERVICES			
11 Instruction	1,055,584	-	1,055,584
13 Curriculum and instructional staff development	67,404	-	67,404
23 School leadership	452,776	-	452,776
SUPPORT SERVICES			
31 Guidance, counseling, and evaluation services	242,972	-	242,972
33 Health services	46,519	-	46,519
41 General administration	500	-	500
51 Plant maintenance and operations	24,366	-	24,366
53 Data processing services	41,220	-	41,220
61 Community services	65	-	65
Total expenses	1,931,406	-	1,931,406
RESULTS FROM OPERATIONS			
	81,489	-	81,489
Change in net assets	81,489	-	81,489
Net assets, beginning of year	575,106	-	575,106
NET ASSETS, end of year	\$ 656,595	\$ -	\$ 656,595

America Can! Cars For Kids
Statement of Activities
For the Ten Months Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals 2021
REVENUES			
5700 Local Support	\$ 11,854,059	\$ -	\$ 11,854,059
5700 Less contributions remitted	(2,781,339)	-	(2,781,339)
Total revenue	9,072,720	-	9,072,720
EXPENSES			
SUPPORT SERVICES			
51 Plant maintenance and operations	52,277	-	52,277
52 Security and monitoring services	64,555	-	64,555
71 Debt service	21,736	-	21,736
81 Fund raising	7,148,253	-	7,148,253
Total expenses	7,286,821	-	7,286,821
RESULTS FROM OPERATIONS	1,785,899	-	1,785,899
Change in net assets	1,785,899	-	1,785,899
Net assets, beginning of year	3,166,236	-	3,166,236
NET ASSETS, end of year	\$ 4,952,135	\$ -	\$ 4,952,135

Texans Can!
Statement of Activities
For the Ten Months Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals 2021
REVENUES			
Local Support	\$ 1,116,091	\$ -	\$ 1,116,091
Local Support remitted to charter schools	2,215,313	-	2,215,313
State program revenues	-	46,454,136	46,454,136
Federal program revenues	-	16,164,452	16,164,452
Total revenue	3,331,404	62,618,588	65,949,992
Net assets released from restrictions satisfaction of purpose restrictions	57,388,044	(57,388,044)	-
Total revenues, gains and other support	60,719,448	5,230,544	65,949,992
EXPENSES			
PROGRAM SERVICES			
11 Instruction	22,336,318	-	22,336,318
13 Curriculum and instructional staff development	3,274,747	-	3,274,747
21 Instructional leadership	1,285,590	-	1,285,590
23 School leadership	6,910,624	-	6,910,624
SUPPORT SERVICES			
31 Guidance, counseling and evaluation services	6,138,396	-	6,138,396
33 Health services	850,484	-	850,484
34 Student transportation	34,107	-	34,107
35 Food services	1,372,663	-	1,372,663
36 Co-curricular/extracurricular activities	3,317	-	3,317
41 General administration	3,799,401	-	3,799,401
51 Plant maintenance and operations	6,689,001	-	6,689,001
52 Security and monitoring services	1,470,205	-	1,470,205
53 Data processing services	2,638,897	-	2,638,897
61 Community services	157,973	-	157,973
71 Debt service	266,445	-	266,445
81 Fund raising	921,484	-	921,484
Total expenses	58,149,652	-	58,149,652
RESULTS FROM OPERATIONS	2,569,796	5,230,544	7,800,340
NON-OPERATING ACTIVITIES			
Loss on sale of property	(224,085)	-	(224,085)
Total non-operating activities	(224,085)	-	(224,085)
Changes in net assets	2,345,711	5,230,544	7,576,255
NET ASSETS, beginning of year, as restated	2,948,384	38,836,890	41,785,274
NET ASSETS, end of year	\$ 5,294,095	\$ 44,067,434	\$ 49,361,529

America Can!

Consolidating Statements of Cash Flows

For the Ten Months Ended June 30, 2021

	America Can!	America Can!	Texans	Consolidated Entries		Consolidated
	Corporate	Cars for Kids	Can!	Debit	Credit	
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	\$ 81,489	\$ 1,785,899	\$ 7,576,255	\$ -	\$ -	\$ 9,443,643
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities						
Depreciation	-	114,950	2,042,717	-	-	2,157,667
Loss on sale of asset	-	-	224,085	-	-	224,085
Gain on the extinguishment of debt	-	(310,000)	-	-	-	(310,000)
Accounts receivable	1,185,927	(48,368)	195,153	-	-	1,332,712
Due from employees	-	-	(212)	-	-	(212)
Due from other governments	(192,236)	-	(7,998,011)	-	-	(8,190,247)
Accrued interest receivable	-	-	1,124	-	-	1,124
Inventory	-	235,648	-	-	-	235,648
Prepaid expense	-	(73,200)	203,166	-	-	129,966
Accounts payable	(23,056)	(1,044,000)	(1,897,429)	-	-	(2,964,485)
Accrued liabilities	-	(63,340)	(7,775)	-	-	(71,115)
Payroll deductions payable	-	-	244,191	-	-	244,191
Accrued wages payable	174,610	99,577	3,706,771	-	-	3,980,958
Due to other governments	-	-	(5,203,416)	-	-	(5,203,416)
Deferred revenue	-	-	(408,326)	-	-	(408,326)
Net cash provided by (used in) operating activities	1,226,734	697,166	(1,321,707)	-	-	602,193
CASH FLOWS FROM INVESTING ACTIVITIES						
Transfer of assets	149,565	-	(149,565)	-	-	-
Asset held for sale	-	-	(161,141)	-	-	(161,141)
Acquisition of land, buildings and equipment	-	(15,499)	(1,844,066)	-	-	(1,859,565)
Net cash provided by (used in) by investing activities	149,565	(15,499)	(2,154,772)	-	-	(2,020,706)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from line of credit	-	-	2,000,000	-	-	2,000,000
Proceeds from long term debt	-	-	2,200,000	-	-	2,200,000
Principal payments on debt	-	(192,388)	(1,423,577)	-	-	(1,615,965)
Net cash provided (used in) provided by financing activities	-	(192,388)	2,776,423	-	-	2,584,035
Net increase (decrease) in cash and cash equivalents	1,376,299	489,279	(700,056)	-	-	1,165,522
CASH AND CASH EQUIVALENTS, beginning of year	(2,265,600)	2,197,807	17,088,529	-	-	17,020,736
CASH AND CASH EQUIVALENTS, end of year	\$ (889,301)	\$ 2,687,086	\$ 16,388,473	\$ -	\$ -	\$ 18,186,258
INTEREST PAID	\$ -	\$ 21,736	\$ 266,445	\$ -	\$ -	\$ 288,181

America Can! Corporate
Statement of Cash Flows
For the Ten Months Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 81,489
Adjustments to reconcile change in net assets to cash provided by operating activities	
Accounts receivable	1,185,927
Due from other governments	(192,236)
Accounts payable	(23,056)
Accrued wages payable	174,610
	1,226,734
Net cash provided by operating activities	1,226,734
CASH FLOWS FROM INVESTING ACTIVITIES	
Transfer of assets	149,565
Net cash provided by investing activities	149,565
Net increase in cash and cash equivalents	1,376,299
CASH AND CASH EQUIVALENTS, beginning of year	(2,265,600)
CASH AND CASH EQUIVALENTS, end of year	\$ (889,301)
INTEREST PAID	\$ -

America Can! Cars For Kids
Statement of Cash Flows
For the Ten Months Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,785,899
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	114,950
Gain on the extinguishment of debt	(310,000)
Accounts receivable	(48,368)
Inventory	235,648
Prepaid expense	(73,200)
Accounts payable	(1,044,000)
Accrued liabilities	(63,340)
Accrued wages payable	99,577
	697,166
Net cash provided by operating activities	697,166

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of land, buildings and equipment	(15,499)
	(15,499)
Net cash (used in) investing activities	(15,499)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on debt	(192,388)
	(192,388)
Net cash (used in) financing activities	(192,388)
Net increase in cash and cash equivalents	489,279

CASH AND CASH EQUIVALENTS, beginning of year	2,197,807
	2,197,807

CASH AND CASH EQUIVALENTS, end of year	\$ 2,687,086
	2,687,086

INTEREST PAID	\$ 21,736
	21,736

Texans Can!
Statement of Cash Flows
For the Ten Months Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 7,576,255
Adjustments to reconcile change in net assets to cash (used in) operating activities:	
Depreciation	2,042,717
Loss on disposal	224,085
Accounts receivable	195,153
Due from other governments	(7,998,011)
Due from employees	(212)
Accrued interest receivable	1,124
Prepaid expense	203,166
Accounts payable	(1,897,429)
Accrued liabilities	(7,775)
Payroll deductions payable	244,191
Accrued wages	3,706,771
Due to other governments	(5,203,416)
Deferred revenue	(408,326)
	(1,321,707)
Net cash (used in) operating activities	(1,321,707)

CASH FLOWS FROM INVESTING ACTIVITIES

Asset held for sale	(161,141)
Transfers in	(149,565)
Acquisition of land, buildings and equipment	(1,844,066)
	(2,154,772)
Net cash (used in) investing activities	(2,154,772)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	2,000,000
Proceeds from long-term debt	2,200,000
Principal payments on debt	(1,423,577)
	2,776,423
Net cash provided by financing activities	2,776,423
Net (decrease) in cash and cash equivalents	(700,056)

CASH AND CASH EQUIVALENTS, beginning of year

17,088,529

CASH AND CASH EQUIVALENTS, end of year

\$ 16,388,473

INTEREST PAID

\$ 266,445

America Can!

Consolidating Statement of Functional Expenses

For the Ten Months Ended June 30, 2021

	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	\$ 932,890	\$ 13,621	\$ 33,593	\$ 75,480	\$ -	\$ 1,055,584
13 Curriculum and instructional staff development	59,243	4,779	534	2,848	-	67,404
23 School leadership	411,518	3,266	33,262	4,730	-	452,776
Support services						
31 Guidance, counseling and evaluation services	239,259	607	1,678	1,428	-	242,972
33 Health services	-	46,519	-	-	-	46,519
41 General administration	-	-	-	500	-	500
51 Plant maintenance and operations	-	22,752	1,603	11	-	24,366
53 Data processing services	-	35,594	5,626	-	-	41,220
61 Community services	-	-	-	65	-	65
Total America Can! Corporate expenses	1,642,910	127,138	76,296	85,062	-	1,931,406
America Can! Cars for Kids						
Support services						
51 Plant maintenance and operations	-	52,277	-	-	-	52,277
52 Security and monitoring services	-	64,555	-	-	-	64,555
71 Debt service	-	-	-	-	21,736	21,736
81 Fund raising	1,684,586	5,078,716	116,310	268,641	-	7,148,253
Total America Can! Cars for Kids expenses	1,684,586	5,195,548	116,310	268,641	21,736	7,286,821
Texans Can!						
Program services						
11 Instruction	18,046,039	905,320	3,186,260	197,099	-	22,334,718
13 Curriculum and instructional staff development	2,543,467	478,629	154,493	98,158	-	3,274,747
21 Instructional leadership	1,005,951	134,103	112,925	32,611	-	1,285,590
23 School leadership	5,950,948	619,105	256,678	85,493	-	6,912,224
Support services						
31 Guidance, counseling and evaluation services	5,991,377	88,250	37,966	20,803	-	6,138,396
33 Health services	38,411	806,960	4,934	179	-	850,484
34 Student transportation	-	34,107	-	-	-	34,107
35 Food services	979,044	19,483	349,771	24,365	-	1,372,663
36 Co-curricular/extracurricular activities	-	-	424	2,893	-	3,317
41 General administration	2,265,912	1,138,848	198,304	196,337	-	3,799,401
51 Plant maintenance and operations	522,653	3,893,613	240,036	2,032,699	-	6,689,001
52 Security and monitoring services	62,317	1,382,368	18,521	6,999	-	1,470,205
53 Data processing services	1,074,066	1,130,886	337,804	96,141	-	2,638,897
61 Community services	137,699	-	3,093	17,181	-	157,973
71 Debt service	-	-	-	-	266,445	266,445
81 Fund raising	678,013	63,479	40,051	139,941	-	921,484
Total Texans Can! expenses	39,295,897	10,695,151	4,941,260	2,950,899	266,445	58,149,652
Total expenses	\$ 42,623,393	\$ 16,017,837	\$ 5,133,866	\$ 3,304,602	\$ 288,181	\$ 67,367,879

America Can! Corporate
Statement of Functional Expenses
For the Ten Months Ended June 30, 2021

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	Totals 2021
Program services					
11 Instruction	\$ 932,890	\$ 13,621	\$ 33,593	\$ 75,480	\$ 1,055,584
13 Curriculum and instructional staff development	59,243	4,779	534	2,848	67,404
23 School leadership	411,518	3,266	33,262	4,730	452,776
Support services					
31 Guidance, counseling and evaluation services	239,259	607	1,678	1,428	242,972
33 Health services	-	46,519	-	-	46,519
41 General administration	-	-	-	500	500
51 Plant maintenance and operations	-	22,752	1,603	11	24,366
53 Data processing services	-	35,594	5,626	-	41,220
61 Community services	-	-	-	65	65
Total expenses	<u>\$ 1,642,910</u>	<u>\$ 127,138</u>	<u>\$ 76,296</u>	<u>\$ 85,062</u>	<u>\$ 1,931,406</u>

America Can! Cars For Kids
Statement of Functional Expenses
For the Ten Months Ended June 30, 2021

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Totals 2021
Support services						
51 Plant maintenance and operations	\$ -	\$ 52,277	\$ -	\$ -	\$ -	\$ 52,277
52 Security and monitoring services	-	64,555	-	-	-	64,555
71 Debt service	-	-	-	-	21,736	21,736
81 Fund raising	1,684,586	5,078,716	116,310	268,641	-	7,148,253
Total expenses	<u>\$ 1,684,586</u>	<u>\$ 5,195,548</u>	<u>\$ 116,310</u>	<u>\$ 268,641</u>	<u>\$ 21,736</u>	<u>\$ 7,286,821</u>

Texans Can!
Statement of Functional Expenses
For the Ten Months Ended June 30, 2021

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	Totals 2021
Program services						
11 Instruction	\$ 18,046,039	\$ 905,320	\$ 3,186,260	\$ 197,099	\$ -	\$ 22,334,718
13 Curriculum and instructional staff development	2,543,467	478,629	154,493	98,158	-	3,274,747
21 Instructional leadership	1,005,951	134,103	112,925	32,611	-	1,285,590
23 School leadership	5,950,948	619,105	256,678	85,493	-	6,912,224
Support services						
31 Guidance, counseling and evaluation services	5,991,377	88,250	37,966	20,803	-	6,138,396
33 Health services	38,411	806,960	4,934	179	-	850,484
34 Student transportation	-	34,107	-	-	-	34,107
35 Food services	979,044	19,483	349,771	24,365	-	1,372,663
36 Co-curricular/extracurricular activities	-	-	424	2,893	-	3,317
41 General administration	2,265,912	1,138,848	198,304	196,337	-	3,799,401
51 Plant maintenance and operations	522,653	3,893,613	240,036	2,032,699	-	6,689,001
52 Security and monitoring services	62,317	1,382,368	18,521	6,999	-	1,470,205
53 Data processing services	1,074,066	1,130,886	337,804	96,141	-	2,638,897
61 Community services	137,699	-	3,093	17,181	-	157,973
71 Debt service	-	-	-	-	266,445	266,445
81 Fund raising	678,013	63,479	40,051	139,941	-	921,484
Total expenses	<u>\$ 39,295,897</u>	<u>\$ 10,695,151</u>	<u>\$ 4,941,260</u>	<u>\$ 2,950,899</u>	<u>\$ 266,445</u>	<u>\$ 58,149,652</u>

America  **CAN!**

**TEA Required
Supplementary Information**

America Can! Corporate
Schedule of Expenses
For the Ten Months Ended June 30, 2021

EXPENSES

6100	Payroll costs	\$ 1,642,910
6200	Professional and contracted services	127,138
6300	Supplies and material	76,296
6400	Other operating costs	<u>85,062</u>

TOTAL EXPENSES

\$ 1,931,406

America Can! Cars for Kids
Schedule of Expenses
For the Ten Months Ended June 30, 2021

EXPENSES

6100	Payroll costs	\$ 1,684,586
6200	Professional and contracted services	5,195,548
6300	Supplies and material	116,310
6400	Other operating costs	268,641
6500	Debt costs	21,736

TOTAL EXPENSES

\$ 7,286,821

Texans Can!
Schedule of Expenses
For the Ten Months Ended June 30, 2021

EXPENSES

6100	Payroll costs	\$	39,295,897
6200	Professional and contracted services		10,695,151
6300	Supplies and material		4,941,260
6400	Other operating costs		2,950,899
6500	Debt costs		266,445

TOTAL EXPENSES

\$ 58,149,652

America Can! Corporate

Schedule of Capital Assets

June 30, 2021

	Ownership Interest			Total
	Local	State	Federal	
1510 Land and improvements	\$ 134,894	\$ -	\$ -	\$ 134,894
TOTAL CAPITAL ASSETS	\$ 134,894	\$ -	\$ -	\$ 134,894

America Can! Cars for Kids

Schedule of Capital Assets

June 30, 2021

		Ownership Interest			
		Local	State	Federal	Total
1520	Building and improvements	\$ 2,885,529	\$ -	\$ -	\$ 2,885,529
1531	Vehicles	12,100	-	-	12,100
1533	Computer equipment	94,683	-	-	94,683
1539	Furniture and equipment	120,419	-	-	120,419
1570	Less accumulated depreciation	(718,470)	-	-	(718,470)
TOTAL CAPITAL ASSETS		\$ 2,394,261	\$ -	\$ -	\$ 2,394,261

Texans Can!
Schedule of Capital Assets
June 30, 2021

	Ownership Interest			Total
	Local	State	Federal	
1520 Construction in progress	\$ -	\$ 1,395,996	\$ -	\$ 1,395,996
1510 Land and improvements	-	1,266,490	-	1,266,490
1520 Building and improvements	261,970	44,633,804	-	44,895,774
1531 Vehicles	-	254,017	-	254,017
1533 Computer equipment	-	2,038,779	-	2,038,779
1539 Furniture and equipment	66,814	329,932	33,670	430,416
1570 Less accumulated depreciation	(99,586)	(13,697,970)	(12,264)	(13,809,820)
TOTAL CAPITAL ASSETS	<u>\$ 229,198</u>	<u>\$ 36,221,048</u>	<u>\$ 21,406</u>	<u>\$ 36,471,652</u>

Texans Can!

Budgetary Comparison Schedule (Unaudited)

For the Ten Months Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
5700 Local Support	\$ 1,135,239	\$ 2,465,233	\$ 3,331,404	\$ 866,171
5800 State program revenues	52,581,390	49,758,180	46,454,136	(3,304,044)
5900 Federal program revenues	2,059,388	15,730,638	16,164,452	433,814
	<u>55,776,017</u>	<u>67,954,051</u>	<u>65,949,992</u>	<u>(2,004,059)</u>
EXPENSES				
11 Instruction	18,067,603	22,317,072	22,336,318	(19,246)
13 Curriculum and instructional staff development	884,736	3,235,185	3,274,747	(39,562)
21 Instructional leadership	753,900	1,260,452	1,285,590	(25,138)
23 School leadership	6,937,364	6,993,884	6,910,624	83,260
31 Guidance, counseling and evaluation services	6,085,993	5,746,968	6,138,396	(391,428)
32 Social work services	109,200	-	-	-
33 Health services	1,873,368	755,091	850,484	(95,393)
34 Student transportation	900,246	24,280	34,107	(9,827)
35 Food services	1,463,100	1,478,773	1,372,663	106,110
36 Co-curricular/extracurricular activities	88,473	10,900	3,317	7,583
41 General administration	4,196,244	3,450,567	3,799,401	(348,834)
51 Plant maintenance and operations	8,515,341	6,358,186	6,689,001	(330,815)
52 Security and monitoring services	1,709,573	1,795,941	1,470,205	325,736
53 Data processing services	2,807,862	2,547,159	2,638,897	(91,738)
61 Community services	109,265	282,679	157,973	124,706
71 Debt service	379,437	251,875	266,445	(14,570)
81 Fund raising	894,312	979,753	921,484	58,269
	<u>55,776,017</u>	<u>57,488,765</u>	<u>58,149,652</u>	<u>(660,887)</u>
	-	-	-	-
Loss on sale of property	<u>-</u>	<u>-</u>	<u>(224,085)</u>	<u>(224,085)</u>
Change in net assets	-	10,465,286	7,576,255	(2,889,031)
Net assets, beginning of year	<u>43,103,980</u>	<u>43,103,980</u>	<u>41,785,274</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 43,103,980</u>	<u>\$ 53,569,266</u>	<u>\$ 49,361,529</u>	<u>\$ (2,889,031)</u>

Budget Amendments

During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected expenditures. The changes between the original and final budget were due to the original budget not including grant revenue and expenses which resulted in additional federal revenue and additional expenses. Additionally fewer students were in attendance in 2021 which resulted in less state revenue.

**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 June 30, 2021, and the related consolidated statements of activities, cash flows and functional expenses for the ten months then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 11, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, we consider to be significant deficiency.

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!

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*.

America Can!'s Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of America Can!'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering America Can!'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 11, 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 ten months ended June 30, 2021. America Can!'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, America Can! complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ten months ended June 30, 2021.

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!

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

America Can!'s response to the noncompliance findings identified in our audit is described in the corrective action plan. America Can!'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a significant deficiency.

America Can!'s response to the internal control over compliance finding identified in our audit is described in the accompanying *corrective action plan*. America Can!'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Board of Directors of
America Can!

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
November 11, 2021

America Can!

Schedule of Findings and Questioned Costs For the Ten Months Ended June 30, 2021

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>Assistance Listing Number(s)</u>	<u>Name of Federal Programs or Cluster</u>
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 For the Ten Months Ended June 30, 2021

Section II – Financial Statement Findings

Finding 2021-001

Significant Deficiency in Internal Control over Financial Reporting- Procurement

Criteria

Charter schools must adopt local policies addressing competitive procurement to ensure compliance with state and federal requirements and that purchases are made using a process that provides the best value for the charter school. Texas Education Code §§44.031 states “contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by the method, of the following methods, that provides the best value for the district:

- (1) competitive bidding for services other than construction services;
- (2) competitive sealed proposals for services other than construction services;
- (3) a request for proposals, for services other than construction services;
- (4) an interlocal contract;
- (5) a method provided by Chapter 2269, Government Code, for construction services;
- (6) the reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- (7) the formation of a political subdivision corporation under Section 304.001, Local Government Code.”

Condition and Context

During procurement testing, we tested 10 out of 61 contracts that the Charter Holder entered into during the ten month period from September 1, 2020 through June 30, 2021 that were greater than \$50,000 for compliance with state procurement laws. We noted that the two contracts below were awarded without proper procurement procedures:

1. Cousin's Waterproofing, LLC \$137,361
2. Texas One Construction, LLC \$88,059

Cause

The Charter Holder did not follow its purchasing policy and internal procedures for contracts greater than \$50,000.

Effect or Potential Effect

As a result, the Charter Holder was not compliant with applicable procurement requirements for the contracts noted above.

Recommendation

The Charter Holder should train personnel on its internal procedures and entity adopted policies for awarding contracts greater than \$50,000 to ensure that all contracts are awarded in accordance state and federal requirements.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

America Can!

Schedule of Findings and Questioned Costs – Continued For the Ten Months Ended June 30, 2021

Section III – Federal Award Findings and Questioned Costs

Finding 2021-002

Assistance Listing # 84.425D - Elementary and Secondary School Emergency Relief (ESSER) Fund, Department of Education passed through Texas Education Agency

Compliance Requirements: Allowable Costs and Cost Principles

Significant Deficiency in Controls over Compliance and Compliance

Criteria or Specific Requirement

The Charter Holder is responsible for ensuring compliance with all applicable provisions of the Education Stabilization Fund (ESF) as prescribed by the U.S. Department of Education. According to requirements included in the *OMB Compliance Supplement*, all ESF Funds, including ESSER I and ESSER II funds, must be used for activities to prevent, prepare for, and respond to coronavirus.

Condition and Context

During compliance testing for allowable costs and cost principles, we noted that one out of the nine selections of submitted invoices reimbursement tested for Prior Purchase Reimbursement Program (PPRP), funded with ESSER II funds, was a duplicate invoice. The duplicate invoice in the amount of \$44,613, was reimbursed at a rate of 84.6% for \$37,742 total known questioned costs.

Cause

The Charter Holder manually reviewed the PPRP Reimbursement Application to ensure the invoices submitted were allowable. Due to the volume of COVID-19 funding related grants applied for, the Charter Holder erroneously submitted a duplicate invoice on its PPRP Reimbursement Application.

Effect or Potential Effect

The Charter Holder incorrectly submitted an invoice twice for reimbursement for the PPRP, which overstated the reimbursement received by \$37,742.

Questioned Costs

\$37,742 total known questioned costs related to the one duplicate invoice.

Identification as a repeat finding, if applicable

Not a repeat finding.

Recommendation

The Charter Holder should review reimbursement applications for identical invoices to ensure that the entity does not receive reimbursement for duplicate costs. In addition, the Charter Holder should amend the submitted Texas Education Agency reimbursement application to report the correct amount of allowable costs.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

America Can!

Schedule of Findings and Questioned Costs – Continued
For the Ten Months Ended June 30, 2021

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

No findings in prior year

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Corrective Action Plan (Prepared by the Charter Holder)

Finding 2021 – 001 Procurement

Management will engage Texas Association of School Business Officials (“TASBO”) to review and make recommendations to strengthen Texans Can’s purchasing procedures and policies and additionally engage TASBO to conduct purchasing training for all central administration personnel who are involved in the purchasing process.

Finding 2021 – 002 ESSER Compliance

When the double reimbursement was first discovered, management contacted the Texas Education Agency’s grant division to seek guidance on how to rectify the over payment. Additionally, procedures are now in place so that the person calculating grant reimbursements is not the same person requesting the reimbursement.

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Schedule of Expenditures of Federal Awards For the Ten Months Ended June 30, 2021

Fund Code	Federal/State Grantor-Pass Through Grantor/Program Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education				
Direct programs:				
202	Project READ2	84.215G	S215G180014	\$ 698,719
204	Project Ready 2 Excel	84.374A	U374A160003	2,901,305
	Total direct programs			<u>3,600,024</u>
Passed Through Texas Education Agency				
211	Title I, Part A - Improving Basic Programs	84.010A	21610101057804	1,403,936
216	Title I 1003 (A), School Improvement Grant	84.010A	21610141057804	846,566
	Total Assistance Listing Number 84.010A			<u>2,250,502</u>
Special Education Cluster (IDEA):				
224	IDEA-B Formula	84.027A	216600010578046000	851,053
	Total Special Education Cluster (IDEA)			<u>851,053</u>
255	Title II, Part A - Teacher & Principal Training & Recruitment	84.367A	21694501057804	111,763
263	Title III, Part A - LEP	84.365A	21671001057804	99,584
266	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) I	84.425D	20521001057804	39,974
420/282	COVID-19 - ESSER II Prior Purchase Reimbursement Program	84.425D	52102135	1,163,128
281	COVID-19 - CRRSA ESSER II	84.425D	21521001057804	5,607,228
	Total Assistance Listing Number 84.425D			<u>6,810,330</u>
289	Title IV, Part A - Subpart 1	84.424A	21680101057804	58,925
265	21st CCLC Cycle 10 Year 1	84.287C	216950267110046	1,318,399
	Total Passed Through Texas Education Agency			<u>11,500,556</u>
	Total U.S. Department of Education			<u>15,100,580</u>
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed Through the State Department of Agriculture				
240	Commodity Supplemental Food Program - Non-Cash Assistance	10.555	057-804	\$ 51,338
240	COVID-19 - School Programs Emergency Operational Costs Reimbursement Program	10.555	52302001	166,077
Passed Through Texas Education Agency				
240	COVID-19 - National School Breakfast Program	10.553	71402101	208,048
240	COVID-19 - National School Lunch Program	10.555	71302101	466,496
	Total Child Nutrition Cluster			<u>891,959</u>
	Total U.S. Department of Agriculture			<u>891,959</u>
U.S. Department of Treasury				
Passed Through Texas Division of Emergency Management				
420	COVID-19 Coronavirus Relief Fund	21.019	2020-CF-21019	67,528
	Total U.S. Department of Treasury			<u>67,528</u>
GRAND TOTAL EXPENSES OF FEDERAL AWARDS				<u>\$ 16,060,067</u>

America Can!

Notes on Accounting Policies for Federal Awards For the Ten Months Ended June 30, 2021

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	\$	16,164,452
Shars revenue		<u>(104,385)</u>
Per Schedule of Expenditures of Federal Awards	\$	<u><u>16,060,067</u></u>

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