

America Can! (The Charter Holder)

Annual Consolidated Financial Report
For the Year Ended June 30, 2022



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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of America Can! (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of America Can! and its subsidiaries as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (GAGAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of America Can!, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about America Can!'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

The Members of the Board of Directors of
America Can!

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of America Can!'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about America Can!'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The Members of the Board of Directors of
America Can!

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 9, 2022, 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 9, 2022

America  **CAN!**

**General-Purpose
Consolidated Financial Statements**



America Can!

Consolidated Statement of Financial Position

June 30, 2022

CURRENT ASSETS

Cash and cash equivalents	\$ 13,911,381
Accounts receivable	-
Due from employees	113
Due from other governments	14,586,506
Prepaid expense	303,865
Assets held for sale	1,268,664
	<hr/>
Total current assets	30,070,529

PROPERTY AND EQUIPMENT, net of accumulated depreciation

35,099,044

TOTAL ASSETS

\$ 65,169,573

CURRENT LIABILITIES

Line of credit	\$ -
Current maturities of long-term debt	360,877
Accounts payable	1,140,604
Accrued liabilities	575,992
Payroll deductions payable	870,466
Accrued wages payable	2,634,252
	<hr/>
Total current liabilities	5,582,191

LONG-TERM DEBT

Notes payable - future maturities	9,000,437
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Total liabilities	14,582,628

NET ASSETS

Without donor restrictions	9,966,993
With donor restrictions	40,619,952
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Total net assets	50,586,945
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TOTAL LIABILITIES AND NET ASSETS

\$ 65,169,573

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

America Can!

Consolidated Statement of Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals 2022
REVENUES			
5700 Local Support	\$ 4,301,189	\$ 1,684,481	\$ 5,985,670
5800 State program revenues	-	45,604,230	45,604,230
5900 Federal program revenues	-	16,011,581	16,011,581
Total revenue	4,301,189	63,300,292	67,601,481
Net assets released from restrictions:			
Satisfaction of purpose restrictions	66,747,774	(66,747,774)	-
Total revenues, gains and other support	71,048,963	(3,447,482)	67,601,481
EXPENSES			
Program services			
11 Instruction and instructional related services	23,001,604	-	23,001,604
13 Curriculum and instructional staff development	5,124,460	-	5,124,460
21 Instructional and school leadership	1,824,946	-	1,824,946
23 School leadership	9,327,522	-	9,327,522
Support services			
31 Guidance, counseling and evaluation services	6,996,111	-	6,996,111
32 Social work services	46,862	-	46,862
33 Health services	334,205	-	334,205
34 Student transportation	282,903	-	282,903
35 Food services	1,681,892	-	1,681,892
36 Co-curricular/extracurricular activities	62,608	-	62,608
41 General administration	3,819,136	-	3,819,136
51 Plant maintenance and operations	8,045,962	-	8,045,962
52 Security and monitoring services	1,998,001	-	1,998,001
53 Data processing services	2,867,655	-	2,867,655
61 Support services - non-student	886,162	-	886,162
71 Debt service	377,594	-	377,594
81 Fund raising	362,287	-	362,287
Total expenses	67,039,910	-	67,039,910
RESULTS FROM OPERATIONS	4,009,053	(3,447,482)	561,571
NON-OPERATING ACTIVITIES			
Gain on sale of property	7,250	-	7,250
Total non-operating activities	7,250	-	7,250
Change in net assets	4,016,303	(3,447,482)	568,821
Net assets, beginning of year	5,950,690	44,067,434	50,018,124
NET ASSETS, end of year	\$ 9,966,993	\$ 40,619,952	\$ 50,586,945

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

America Can!

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 568,821
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	2,166,404
Gain on sale of assets	(7,250)
Accounts receivable	3,187
Due from employees	99
Due from other governments	(1,976,872)
Held for sale	(12,360)
Prepaid expense	(10,871)
Accounts payable	174,378
Accrued liabilities	72,494
Payroll deductions payable	5,564
Accrued wages payable	(1,710,140)
Net cash used in operating activities	<u>(726,546)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property	7,250
Acquisition of land, buildings and equipment	<u>(658,902)</u>
Net cash used in investing activities	(651,652)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	(2,010,250)
Proceeds from long-term debt	9,025,443
Payments on long-term debt	(7,068,823)
Principal payments on debt	<u>(155,963)</u>
Net cash used in financing activities	<u>(209,593)</u>

Net decrease in cash and cash equivalents	(1,587,791)
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CASH AND CASH EQUIVALENTS, beginning of year	<u>15,499,172</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 13,911,381</u></u>
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INTEREST PAID	<u><u>\$ 469,262</u></u>
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America Can!

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2022

						Totals	
	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	6500 - Debt costs	2022	
EXPENSES							
Program services							
11 Instruction	\$ 18,934,486	\$ 1,593,395	\$ 2,125,970	\$ 347,753	\$ -	\$ 23,001,604	
13 Curriculum and instructional staff development	3,696,564	351,289	859,683	216,924	-	5,124,460	
21 Instructional leadership	1,443,287	148,643	65,083	167,933	-	1,824,946	
23 School leadership	7,911,110	623,818	467,160	325,434	-	9,327,522	
Support services							
31 Guidance, counseling and evaluation services	6,909,671	25,857	25,941	34,642	-	6,996,111	
32 Social work services	46,862	-	-	-	-	46,862	
33 Health services	39,463	293,140	1,602	-	-	334,205	
34 Student transportation	-	282,903	-	-	-	282,903	
35 Food services	1,095,504	29,477	519,947	36,964	-	1,681,892	
36 Co-curricular/extracurricular activities	20,606	4,015	8,663	29,324	-	62,608	
41 General administration	2,040,428	1,500,468	70,940	207,300	-	3,819,136	
51 Plant maintenance and operations	550,925	4,606,654	492,505	2,395,878	-	8,045,962	
52 Security and monitoring services	78,207	1,889,390	-	30,404	-	1,998,001	
53 Data processing services	1,469,641	797,309	501,348	99,357	-	2,867,655	
61 Community services	879,290	-	-	6,872	-	886,162	
71 Debt service	-	-	-	-	377,594	377,594	
81 Fund raising	(1,330)	129,972	112,737	120,908	-	362,287	
TOTAL EXPENSES	\$ 45,114,714	\$ 12,276,330	\$ 5,251,579	\$ 4,019,693	\$ 377,594	\$ 67,039,910	

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

Notes to the Consolidated Financial Statements



America Can!

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. During 2022, 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, changed the composition of its Board of Trustees and therefore no longer qualifies for consolidation into the Charter Holder. Previously, Cars for Kids was consolidated into 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! Corporate and Texans Can! Academy. All significant intercompany and transactions have been eliminated.

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

America Can!

Notes to Consolidated Financial Statements

The significant accounting policies are as follows:

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

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

The statements of financial position report the amounts of each of two classes of net assets: with donor restrictions and without donor restrictions.

With donor restriction - net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Charter Holder, the charter schools, and/or the passage of time. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Without donor restriction – net assets that are not subject to donor-imposed stipulations.

Cash and Cash Equivalents

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

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, vehicles and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Charter Holder as assets with an estimated useful life of more than one year and a cost of \$5,000 or more. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost. Capital assets acquired with donor restrictions are reclassified to net assets without donor restrictions when depreciated instead of when they are acquired.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

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

America Can!

Notes to Consolidated Financial Statements

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

Functional Allocation of Expenses

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

Personal Leave

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

Investments in Marketable Securities

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

Adoption of Accounting Standards

The Charter Holder did not adopt any new accounting standards in fiscal year 2022.

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.

America Can!

Notes to Consolidated Financial Statements

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, 2022, 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 \$13,911,381 and the bank balance was \$13,967,771. The charter schools' cash deposits at June 30, 2022 and during the year ended June 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the Charter Holder's agent bank in the Charter Holder's name.

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 \$11,033,829 and FDIC insured balances totaled \$5,468,076. The highest combined balances of cash, savings and time deposit accounts for the charter schools amounted to \$13,983,982 and occurred during the month of June 2022.

Note 3. Property Held for Sale

At June 30, 2022, 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 year ended June 30, 2022 was as follows:

	Balance 6/30/2021	Additions	Transfers	Retirements	Balance 6/30/2022
Construction in progress	\$ 1,492,551	\$ -	\$ -	\$ -	\$ 1,492,551
Land	1,401,384	-	-	-	1,401,384
Building and improvements	44,791,521	123,866	-	(80,020)	44,835,367
Vehicles	254,017	275,259	-	-	529,276
Computer	2,038,779	217,854	-	-	2,256,633
Furniture	430,417	41,923	-	-	472,340
	50,408,669	658,902	-	(80,020)	50,987,551
Accumulated depreciation	(13,802,123)	(2,166,404)	-	80,020	(15,888,507)
Total capital assets	<u>\$ 36,606,546</u>	<u>\$ (1,507,502)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,099,044</u>

America Can!

Notes to Consolidated Financial Statements

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.

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	\$ 201,807,002,496
Accumulated benefit obligations	\$ 227,273,463,630
% Funded	88.79%
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, 2022	\$820,719 (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	8.00%
Non-Employer Contributing Entity (State)	7.75%
Employers	6.80%

America Can!

Notes to Consolidated Financial Statements

American Can! Academies employees' contributions to the System, equal to the required contributions for each year, for the year ended June 30, 2022 was:

Contributions	2022
Employer Contributions	\$ 820,719
Member Contributions	2,822,107
On- behalf Contributions	2,036,063
Non-OASDI Participating surcharge	277,334
Other contributions made from private and federal grants	422,783

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.

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.

America Can!

Notes to Consolidated Financial Statements

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 2022 was 1.25%. The contribution rates for active public school employee contribution rates for 2022 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, 2022. 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, 2022, the State's contributions to TRS-Care was \$488,075, the active member contributions was \$230,712, and the public school's contributions was \$266,200, which equaled the required contributions.

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.

Note 8. Health Care Coverage

During the year ended June 30, 2022, 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, 2022 consists of the following:

\$9,025,443 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>West creek</i>		\$ 9,007,633
\$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>		509,644
		<hr/>
Total long-term debt		9,517,277
Less current portion of long-term debt		(360,877)
Less unamortized issuance costs		(155,963)
		<hr/>
Long-term portion of long-term debt		<u>\$ 9,000,437</u>

America Can!

Notes to Consolidated Financial Statements

Future maturities of long-term debt at June 30, 2022 are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 360,877	\$ 341,754	\$ 702,631
2024	369,378	328,333	697,711
2025	378,196	314,615	692,811
2026	368,666	300,626	669,292
2027	264,746	289,383	554,129
2028 and Thereafter	7,775,414	1,145,418	8,920,832
	<u>\$ 9,517,277</u>	<u>\$ 2,720,129</u>	<u>\$ 12,237,406</u>

Note 10. Transfers

During the year ended June 30, 2022, cash and land was contributed to Texans Can! by the America Can! Corporate segment. The amount of transfers between business segments for the year ended June 30, 2022 were as follows:

Business Segment	Transfers In	Transfers Out
Corporate To Schools	\$ -	\$ 592,715
Schools From Corporate	592,715	-
	<u>\$ 592,715</u>	<u>\$ 592,715</u>

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.

America Can!

Notes to Consolidated Financial Statements

Note 12. Commitments under Operating Leases

Commitments under operating (non-capitalized) lease agreements for campuses and facilities require future rental payments as of June 30, 2022, as follows:

Fiscal year ending June 30:

2023	\$	666,409
2024		574,890
2025		76,282
2026		75,166
2027		20,984
		<hr/>
	\$	1,413,731

Rent expense for the year ended June 30, 2022, totaled \$1,115,335 consisting of rental expenses for building and facilities of \$424,400 and equipment expense of \$690,935.

Note 13. Economic Dependency

During the year ended June 30, 2022 the Academy earned revenue of \$45,604,230 from the Texas Education Agency (TEA). This amount constitutes approximately 67% of total revenues earned for the year ended June 30, 2022. 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. Due from Other Governments

At June 30, 2022 the Charter Holder had earned the following revenues on grants and entitlements which were not received until after July 1, 2022:

Federal grant revenue	\$	4,142,877
Due from other governments		1,549,766
Other state revenue		8,893,863
		<hr/>
	\$	14,586,506

America Can!

Notes to Consolidated Financial Statements

Note 15. Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

The Charter Holder did not have any investments as of June 30, 2022 that need to be disclosed in the fair value hierarchy.

America Can!

Notes to Consolidated Financial Statements

Note 16. 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	\$ 13,911,381
Due from governments	<u>14,586,506</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 28,497,887</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 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.

Note 17. Net Assets with Donor Restrictions

Net assets with donor restrictions for the period ending June 30, 2022 consisted of the following:

Restricted for Specific Charter Purpose	\$ 38,016,202
National School Breakfast and Lunch Program	47,576
State Funded Special Revenue Fund	57,752
Campus Activity Funds	549,521
School Development Council	1,742,000
WP & Bulah Luse Foundation	13,942
KLE Foundation	699
Sunshine Committee	687
Miscellaneous Foundations	<u>191,573</u>
	<u>\$ 40,619,952</u>

Note 18. Income Tax

Under a group ruling issued by the Internal Revenue Service, the Charter Holder is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, as a Charter Holder described in Section 501(c)(3), except to the extent it has unrelated business taxable income. The Charter Holder had no material unrelated business income for the period ended June 30, 2022.

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.

America Can!

Notes to Consolidated Financial Statements

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, 2022, a tax liability of \$0 was recorded. As of June 30, 2022, the Charter Holder's tax years 2019 and thereafter remain subject to examination.

Note 19. 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, 2022 up through November 9, 2022, the date the financial statements were available to be issued.

Specific-Purpose Financial Statements



America Can!

Consolidating Statements of Financial Position

June 30, 2022

	America Can! Corporate	Texans Can!	Consolidated Entries		Consolidated
			Debit	Credit	
CURRENT ASSETS					
Cash and cash equivalents	\$ (1,470,982)	\$ 15,382,363	\$ -	\$ -	\$ 13,911,381
Accounts receivable	-	-	-	-	-
Due from employees	-	113	-	-	113
Due from other governments	1,549,766	13,036,740	-	-	14,586,506
Inventory	-	-	-	-	-
Prepaid expense	-	303,865	-	-	303,865
Assets held for sale	-	1,268,664	-	-	1,268,664
Total current assets	78,784	29,991,745	-	-	30,070,529
INVESTMENTS	-	-	-	-	-
PROPERTY AND EQUIPMENT, net of accumulated depreciation	-	35,099,044	-	-	35,099,044
TOTAL ASSETS	<u>\$ 78,784</u>	<u>\$ 65,090,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,169,573</u>
CURRENT LIABILITIES					
Line of credit	\$ -	\$ -	\$ -	\$ -	\$ -
Current maturities of long-term debt	-	360,877	-	-	360,877
Accounts payable	2,254	1,138,350	-	-	1,140,604
Accrued liabilities	-	575,992	-	-	575,992
Payroll deductions payable	-	870,466	-	-	870,466
Accrued wages payable	76,530	2,557,722	-	-	2,634,252
Total current liabilities	78,784	5,503,407	-	-	5,582,191
LONG-TERM DEBT					
Notes payable - future maturities	-	9,000,437	-	-	9,000,437
Total liabilities	78,784	14,503,844	-	-	14,582,628
NET ASSETS					
Without donor restrictions	-	9,966,993	-	-	9,966,993
With donor restrictions	-	40,619,952	-	-	40,619,952
Total net assets	-	50,586,945	-	-	50,586,945
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 78,784</u>	<u>\$ 65,090,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,169,573</u>

America Can! Corporate

Statement of Financial Position

June 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ (1,470,982)
Due from other governments	1,549,766
	<hr/>
Total current assets	78,784
	<hr/>

TOTAL ASSETS

\$ 78,784

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 2,254
Accrued wages payable	76,530
	<hr/>
Total current liabilities	78,784
	<hr/>
Total liabilities	78,784

NET ASSETS

Without donor restrictions	<hr/> -
	<hr/>
Total net assets	-
	<hr/>

TOTAL LIABILITIES AND NET ASSETS

\$ 78,784

Texans Can!

Statement of Financial Position

June 30, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 15,382,363
Due from employees	113
Due from other governments	13,036,740
Prepaid expense	303,865
Assets held for sale	1,268,664
	<hr/>
Total current assets	29,991,745
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<hr/> 35,099,044
TOTAL ASSETS	<hr/> <hr/> \$ 65,090,789
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 360,877
Accounts payable	1,138,350
Accrued liabilities	575,992
Payroll deductions payable	870,466
Accrued wages payable	2,557,722
	<hr/>
Total current liabilities	5,503,407
LONG-TERM DEBT	
Notes payable - future maturities	<hr/> 9,000,437
Total liabilities	14,503,844
NET ASSETS	
Without donor restrictions	9,966,993
With donor restrictions	40,619,952
	<hr/>
Total net assets	50,586,945
TOTAL LIABILITIES AND NET ASSETS	<hr/> <hr/> \$ 65,090,789

America Can!

Consolidating Statements of Activities

For the Year Ended June 30, 2022

	America Can! Corporate	Texans Can!	Consolidated Entries		
			Debit	Credit	Consolidated
REVENUES					
5700 Local support	\$ 1,600,864	\$ 4,384,806	\$ -	\$ -	\$ 5,985,670
5700 Local support remitted to charter schools	(592,715)	592,715	-	-	-
5800 State program revenues	-	45,604,230	-	-	45,604,230
5900 Federal program revenues	-	16,011,581	-	-	16,011,581
Total revenue	1,008,149	66,593,332	-	-	67,601,481
EXPENSES					
PROGRAM SERVICES					
11 Instruction	825,902	22,175,702	-	-	23,001,604
13 Curriculum and instructional staff development	76,018	5,048,442	-	-	5,124,460
21 Instructional leadership	-	1,824,946	-	-	1,824,946
23 School leadership	383,513	8,944,009	-	-	9,327,522
SUPPORT SERVICES					
31 Guidance, counseling and evaluation services	341,634	6,654,477	-	-	6,996,111
32 Social work services	-	46,862	-	-	46,862
33 Health services	-	334,205	-	-	334,205
34 Student transportation	-	282,903	-	-	282,903
35 Food services	-	1,681,892	-	-	1,681,892
36 Co-curricular/extracurricular activities	-	62,608	-	-	62,608
41 General administration	-	3,819,136	-	-	3,819,136
51 Plant maintenance and operations	34,373	8,011,589	-	-	8,045,962
52 Security and monitoring services	-	1,998,001	-	-	1,998,001
53 Data processing services	3,304	2,864,351	-	-	2,867,655
61 Community services	-	886,162	-	-	886,162
71 Debt service	-	377,594	-	-	377,594
81 Fund raising	-	362,287	-	-	362,287
Total expenses	1,664,744	65,375,166	-	-	67,039,910
RESULTS FROM OPERATIONS	(656,595)	1,218,166	-	-	561,571
NON-OPERATING ACTIVITIES					
Gain on sale of property	-	7,250	-	-	7,250
Total non-operating activities	-	7,250	-	-	7,250
Change in net assets	(656,595)	1,225,416	-	-	568,821
Net assets, beginning of year	656,595	49,361,529	-	-	50,018,124
NET ASSETS, end of year	\$ -	\$ 50,586,945	\$ -	\$ -	\$ 50,586,945

America Can! Corporate

Statement of Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals 2022
REVENUES			
5700 Local support	\$ 1,600,864	\$ -	\$ 1,600,864
5700 Less contributions remitted to Texans Can!	(592,715)	-	(592,715)
Total revenue	1,008,149	-	1,008,149
EXPENSES			
PROGRAM SERVICES			
11 Instruction	825,902	-	825,902
13 Curriculum and instructional staff development	76,018	-	76,018
23 School leadership	383,513	-	383,513
SUPPORT SERVICES			
31 Guidance, counseling, and evaluation services	341,634	-	341,634
33 Health services	-	-	-
41 General administration	-	-	-
51 Plant maintenance and operations	34,373	-	34,373
53 Data processing services	3,304	-	3,304
61 Community services	-	-	-
Total expenses	1,664,744	-	1,664,744
RESULTS FROM OPERATIONS	(656,595)	-	(656,595)
Change in net assets	(656,595)	-	(656,595)
Net assets, beginning of year	656,595	-	656,595
NET ASSETS, end of year	\$ -	\$ -	\$ -

Texans Can!

Statement of Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals 2022
REVENUES			
Local Support	\$ 3,293,040	\$ 1,684,481	\$ 4,977,521
Local Support remitted to charter schools	-	-	-
State program revenues	-	45,604,230	45,604,230
Federal program revenues	-	16,011,581	16,011,581
Total revenue	3,293,040	63,300,292	66,593,332
Net assets released from restrictions satisfaction of purpose restrictions	66,747,774	(66,747,774)	-
Total revenues, gains and other support	70,040,814	(3,447,482)	66,593,332
EXPENSES			
PROGRAM SERVICES			
11 Instruction	22,175,702	-	22,175,702
13 Curriculum and instructional staff development	5,048,442	-	5,048,442
21 Instructional leadership	1,824,946	-	1,824,946
23 School leadership	8,944,009	-	8,944,009
SUPPORT SERVICES			
31 Guidance, counseling and evaluation services	6,654,477	-	6,654,477
32 Social work services	46,862	-	46,862
33 Health services	334,205	-	334,205
34 Student transportation	282,903	-	282,903
35 Food services	1,681,892	-	1,681,892
36 Co-curricular/extracurricular activities	62,608	-	62,608
41 General administration	3,819,136	-	3,819,136
51 Plant maintenance and operations	8,011,589	-	8,011,589
52 Security and monitoring services	1,998,001	-	1,998,001
53 Data processing services	2,864,351	-	2,864,351
61 Community services	886,162	-	886,162
71 Debt service	377,594	-	377,594
81 Fund raising	362,287	-	362,287
Total expenses	65,375,166	-	65,375,166
RESULTS FROM OPERATIONS	4,665,648	(3,447,482)	1,218,166
NON-OPERATING ACTIVITIES			
Gain on sale of property	7,250	-	7,250
Total non-operating activities	7,250	-	7,250
Changes in net assets	4,672,898	(3,447,482)	1,225,416
NET ASSETS, beginning of year	5,294,095	44,067,434	49,361,529
NET ASSETS, end of year	\$ 9,966,993	\$ 40,619,952	\$ 50,586,945

America Can!

Consolidating Statements of Cash Flows

For the Year Ended June 30, 2022

	America Can! Corporate	Texans Can!	Consolidated Entries		
			Debit	Credit	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ (656,595)	\$ 1,225,416	\$ -	\$ -	\$ 568,821
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities					
Depreciation	-	2,166,404	-	-	2,166,404
Gain on sale of asset	-	(7,250)	-	-	(7,250)
Accounts receivable	-	3,187	-	-	3,187
Due from employees	-	99	-	-	99
Due from other governments	42,470	(2,019,342)	-	-	(1,976,872)
Prepaid expense	-	(10,871)	-	-	(10,871)
Accounts payable	(2,116)	176,494	-	-	174,378
Accrued liabilities	-	72,494	-	-	72,494
Asset held for sale	-	(12,360)	-	-	(12,360)
Payroll deductions payable	-	5,564	-	-	5,564
Accrued wages payable	(100,334)	(1,609,806)	-	-	(1,710,140)
Net cash used in operating activities	(716,575)	(9,971)	-	-	(726,546)
CASH FLOWS FROM INVESTING ACTIVITIES					
Transfer of assets	134,894	(134,894)	-	-	-
Proceeds from sale of property	-	7,250	-	-	7,250
Acquisition of land, buildings and equipment	-	(658,902)	-	-	(658,902)
Net cash provided by (used in) investing activities	134,894	(786,546)	-	-	(651,652)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments on line of credit	-	(2,010,250)	-	-	(2,010,250)
Proceeds from long term debt	-	9,025,443	-	-	9,025,443
Payments on long term debt	-	(7,068,823)	-	-	(7,068,823)
Principal payments on debt	-	(155,963)	-	-	(155,963)
Net cash used in financing activities	-	(209,593)	-	-	(209,593)
Net decrease in cash and cash equivalents	(581,681)	(1,006,110)	-	-	(1,587,791)
CASH AND CASH EQUIVALENTS, beginning of year	(889,301)	16,388,473	-	-	15,499,172
CASH AND CASH EQUIVALENTS, end of year	\$ (1,470,982)	\$ 15,382,363	\$ -	\$ -	\$ 13,911,381
INTEREST PAID	\$ -	\$ 469,262	\$ -	\$ -	\$ 469,262

America Can! Corporate

Statement of Cash Flows

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (656,595)
Adjustments to reconcile change in net assets to cash provided by operating activities	
Due from other governments	42,470
Accounts payable	(2,116)
Accrued wages payable	<u>(100,334)</u>
Net cash used in operating activities	<u>(716,575)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Transfer of assets	<u>134,894</u>
Net cash provided by investing activities	<u>134,894</u>
Net decrease in cash and cash equivalents	(581,681)

CASH AND CASH EQUIVALENTS, beginning of year	<u>(889,301)</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ (1,470,982)</u></u>
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INTEREST PAID	<u><u>\$ -</u></u>
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Texans Can!

Statement of Cash Flows

For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,225,416
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation	2,166,404
Loss on disposal	(7,250)
Accounts receivable	3,187
Due from employees	99
Due from other governments	(2,019,342)
Held for sale	(12,360)
Accrued interest receivable	-
Prepaid expense	(10,871)
Accounts payable	176,494
Accrued liabilities	72,494
Payroll deductions payable	5,564
Accrued wages	(1,609,806)
	<hr/>
Net cash used in operating activities	(9,971)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of asset	7,250
Transfers in	(134,894)
Acquisition of land, buildings and equipment	(658,902)
	<hr/>
Net cash used in investing activities	(786,546)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on line of credit	(2,010,250)
Proceeds from long term debt	9,025,443
Payments on long term debt	(7,068,823)
Change in deferred loan fees	(155,963)
	<hr/>
Net cash used in financing activities	(209,593)
	<hr/>
Net decrease in cash and cash equivalents	(1,006,110)

CASH AND CASH EQUIVALENTS, beginning of year

16,388,473

CASH AND CASH EQUIVALENTS, end of year

\$ 15,382,363

INTEREST PAID

\$ 469,262

America Can!

Consolidating Statement of Functional Expenses

For the Year Ended June 30, 2022

	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	\$ 667,666	\$ 11,958	\$ 86,780	\$ 59,498	\$ -	\$ 825,902
13 Curriculum and instructional staff development	73,733	79	1,527	679	-	76,018
23 School leadership	323,894	4,440	36,711	18,468	-	383,513
Support services						
31 Guidance, counseling and evaluation services	340,950	684	-	-	-	341,634
51 Plant maintenance and operations	-	33,387	986	-	-	34,373
53 Data processing services	-	3,304	-	-	-	3,304
Total America Can! Corporate expenses	1,406,243	53,852	126,004	78,645	-	1,664,744
Texans Can!						
Program services						
11 Instruction	18,266,820	1,581,437	2,039,190	288,255	-	22,175,702
13 Curriculum and instructional staff development	3,622,831	351,210	858,156	216,245	-	5,048,442
21 Instructional leadership	1,443,287	148,643	65,083	167,933	-	1,824,946
23 School leadership	7,587,216	619,378	430,449	306,966	-	8,944,009
Support services						
31 Guidance, counseling and evaluation services	6,568,721	25,173	25,941	34,642	-	6,654,477
32 Social work services	46,862	-	-	-	-	46,862
33 Health services	39,463	293,140	1,602	-	-	334,205
34 Student transportation	-	282,903	-	-	-	282,903
35 Food services	1,095,504	29,477	519,947	36,964	-	1,681,892
36 Co-curricular/extracurricular activities	20,606	4,015	8,663	29,324	-	62,608
41 General administration	2,040,428	1,500,468	70,940	207,300	-	3,819,136
51 Plant maintenance and operations	550,925	4,573,267	491,519	2,395,878	-	8,011,589
52 Security and monitoring services	78,207	1,889,390	-	30,404	-	1,998,001
53 Data processing services	1,469,641	794,005	501,348	99,357	-	2,864,351
61 Community services	879,290	-	-	6,872	-	886,162
71 Debt service	-	-	-	-	377,594	377,594
81 Fund raising	(1,330)	129,972	112,737	120,908	-	362,287
Total Texans Can! expenses	43,708,471	12,222,478	5,125,575	3,941,048	377,594	65,375,166
Total expenses	\$ 45,114,714	\$ 12,276,330	\$ 5,251,579	\$ 4,019,693	\$ 377,594	\$ 67,039,910

America Can! Corporate

Statement of Functional Expenses

For the Year Ended June 30, 2022

	6100 - Payroll costs	6200 - Professional and contracted services	6300 - Supplies and materials	6400 - Other operating costs	Totals 2022
Program services					
11 Instruction	\$ 667,666	\$ 11,958	\$ 86,780	\$ 59,498	\$ 825,902
13 Curriculum and instructional staff development	73,733	79	1,527	679	76,018
23 School leadership	323,894	4,440	36,711	18,468	383,513
Support services					
31 Guidance, counseling and evaluation services	340,950	684	-	-	341,634
51 Plant maintenance and operations	-	33,387	986	-	34,373
53 Data processing services	-	3,304	-	-	3,304
Total expenses	<u>\$ 1,406,243</u>	<u>\$ 53,852</u>	<u>\$ 126,004</u>	<u>\$ 78,645</u>	<u>\$ 1,664,744</u>

Texans Can!
Statement of Functional Expenses
For the Year Ended June 30, 2022

		6200 -					Totals
	6100 -	Professional and	6300 - Supplies	6400 - Other	6500 -		
	Payroll costs	contracted	and materials	operating costs	Debt costs		2022
		services					
Program services							
11 Instruction	\$ 18,266,820	\$ 1,581,437	\$ 2,039,190	\$ 288,255	\$ -	\$	22,175,702
13 Curriculum and instructional staff development	3,622,831	351,210	858,156	216,245	-		5,048,442
21 Instructional leadership	1,443,287	148,643	65,083	167,933	-		1,824,946
23 School leadership	7,587,216	619,378	430,449	306,966	-		8,944,009
Support services							
31 Guidance, counseling and evaluation services	6,568,721	25,173	25,941	34,642	-		6,654,477
32 Social work services	46,862	-	-	-	-		46,862
33 Health services	39,463	293,140	1,602	-	-		334,205
34 Student transportation	-	282,903	-	-	-		282,903
35 Food services	1,095,504	29,477	519,947	36,964	-		1,681,892
36 Co-curricular/extracurricular activities	20,606	4,015	8,663	29,324	-		62,608
41 General administration	2,040,428	1,500,468	70,940	207,300	-		3,819,136
51 Plant maintenance and operations	550,925	4,573,267	491,519	2,395,878	-		8,011,589
52 Security and monitoring services	78,207	1,889,390	-	30,404	-		1,998,001
53 Data processing services	1,469,641	794,005	501,348	99,357	-		2,864,351
61 Community services	879,290	-	-	6,872	-		886,162
71 Debt service	-	-	-	-	377,594		377,594
81 Fund raising	(1,330)	129,972	112,737	120,908	-		362,287
Total expenses	\$ 43,708,471	\$ 12,222,478	\$ 5,125,575	\$ 3,941,048	\$ 377,594	\$	65,375,166

**TEA Required
Supplementary Information**



America Can! Corporate
Schedule of Expenses
For the Year Ended June 30, 2022

EXPENSES

6100	Payroll costs	\$	1,406,243
6200	Professional and contracted services		53,852
6300	Supplies and material		126,004
6400	Other operating costs		78,645
			<hr/>

TOTAL EXPENSES

\$ 1,664,744

Texans Can!
Schedule of Expenses
For the Year Ended June 30, 2022

EXPENSES

6100	Payroll costs	\$	43,708,471
6200	Professional and contracted services		12,222,478
6300	Supplies and material		5,125,575
6400	Other operating costs		3,941,048
6500	Debt costs		<u>377,594</u>

TOTAL EXPENSES

\$ 65,375,166

America Can! Corporate

Schedule of Capital Assets

June 30, 2022

		Ownership Interest			
		Local	State	Federal	Total
1510	Land and improvements	\$ -	\$ -	\$ -	\$ -
TOTAL CAPITAL ASSETS		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Texans Can!

Schedule of Capital Assets

June 30, 2022

		Ownership Interest			
		Local	State	Federal	Total
1520	Construction in progress	\$ -	\$ 1,492,551	\$ -	\$ 1,492,551
1510	Land and improvements	134,894	1,266,490	-	1,401,384
1520	Building and improvements	261,970	44,573,397	-	44,835,367
1531	Vehicles	-	529,276	-	529,276
1533	Computer equipment	-	2,256,633	-	2,256,633
1539	Furniture and equipment	66,814	359,183	46,343	472,340
1570	Less accumulated depreciation	(159,181)	(15,709,210)	(20,116)	(15,888,507)
TOTAL CAPITAL ASSETS		\$ 304,497	\$ 34,768,320	\$ 26,227	\$ 35,099,044

Texans Can!

Budgetary Comparison Schedule (Unaudited)

For the Year Ended June 30, 2022

		Budgeted Amounts		Actual	Variance
		Original	Final	Amounts	from Final Budget
REVENUES					
5700	Local Support	\$ 831,650	\$ 3,552,408	\$ 4,977,521	\$ 1,425,113
5800	State program revenues	52,352,061	48,016,522	45,604,230	(2,412,292)
5900	Federal program revenues	2,606,902	14,131,248	16,011,581	1,880,333
	Total revenue	55,790,613	65,700,178	66,593,332	893,154
EXPENSES					
11	Instruction	18,853,530	22,369,435	22,175,702	193,733
13	Curriculum and instructional staff development	1,000,404	3,562,462	5,048,442	(1,485,980)
21	Instructional leadership	815,171	2,303,836	1,824,946	478,890
23	School leadership	7,807,555	8,491,331	8,944,009	(452,678)
31	Guidance, counseling and evaluation services	7,067,353	6,655,131	6,654,477	654
32	Social work services	-	53,220	46,862	6,358
33	Health services	78,393	395,471	334,205	61,266
34	Student transportation	892,330	364,724	282,903	81,821
35	Food services	1,533,720	1,680,636	1,681,892	(1,256)
36	Co-curricular/extracurricular activities	46,492	36,936	62,608	(25,672)
41	General administration	4,284,751	4,157,270	3,819,136	338,134
51	Plant maintenance and operations	7,385,579	7,570,681	8,011,589	(440,908)
52	Security and monitoring services	1,612,787	2,059,451	1,998,001	61,450
53	Data processing services	2,734,581	2,666,265	2,864,351	(198,086)
61	Community services	210,290	970,563	886,162	84,401
71	Debt service	529,423	381,078	377,594	3,484
81	Fund raising	938,254	382,089	362,287	19,802
	Total expenses	55,790,613	64,100,579	65,375,166	(1,274,587)
	Gain on sale of property	-	-	7,250	(7,250)
	Change in net assets	-	1,599,599	1,225,416	(374,183)
	Net assets, beginning of year	49,361,529	49,361,529	49,361,529	-
NET ASSETS, end of year		\$ 49,361,529	\$ 50,961,128	\$ 50,586,945	\$ (374,183)

Budget Amendments and Variances

During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected expenses. 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 2022 which resulted in less state revenue. Variances with the final budget were due to reclassification of salaries to the correct function, particularly function 13 and 23, and due to more maintenance than expected during 2022.

Texans Can!

Schedule of Real Property Ownership Interest (Unaudited) For the Year Ended June 30, 2022

Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
9704 Skillman St, Dallas 75243	\$ 5,500,000	\$ -	\$ 5,500,000	\$ -
325 W. 12th St, Dallas 75208	7,000,000	-	7,000,000	-
2720 Hollandale Ln, Dallas 75234	2,200,000	-	2,200,000	-
Hollandale Ln, Dallas 75234	300,000	-	300,000	-
1227 N. Masters Dr, Dallas 75217	6,000,000	-	6,000,000	-
2901 Morgan Dr, Dallas 75241	1,600,000	-	1,600,000	-
2406 Rosewood Ave, Austin 78702	10,000,000	-	10,000,000	-
6620 Westcreek Dr, Fort Worth 76133	3,000,000	-	3,000,000	-
1316 E. Lancaster Ave, Fort Worth 76102	4,000,000	-	4,000,000	-
3401 Hardy St, Houston 77009	2,500,000	-	2,500,000	-
9020 Gulf Fwy, Houston 77017	3,000,000	-	3,000,000	-
1807 Centennial Blvd, San Antonio 78211	3,500,000	-	3,500,000	-
10914 S. Gessner Rd, Houston 77071	9,000,000	-	9,000,000	-

Texans Can!

J4 Use of Funds Report

Select State Allotment Programs

For the Year Ended June 30, 2022

Data Codes		Responses
Section A: Compensatory Education Programs		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 7,346,767
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 4,111,821
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 709,693
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 1,395,401



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





**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 consolidated financial statements of America Can! (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows and for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered America Can!'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of America Can!'s internal control. Accordingly, we do not express an opinion on the effectiveness of America Can!'s internal control.

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

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Directors of
America Can!

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 9, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited America Can!'s (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of America Can!'s major federal programs for the year ended June 30, 2022. 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.

In our opinion, America Can! complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of America Can! and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of America Can!'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to America Can!'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on America Can!'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about America Can!'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding America Can!'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of America Can!'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 America Can!'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

The Board of Directors of
America Can!

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on America Can!'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. America Can!'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 9, 2022

America Can!

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

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>
84.010A	Title I, Part A - Improving Basic Programs
84.010A	Title I, Part A - ESF
84.010A	Title I 1003 (A), School Improvement Grant
84.287C	21 st CCLC Cycle 10 Year 3
84.287C	21 st CCLC Cycle 10 Year 1
84.425D	COVID-19 CRRSA ESSER II
84.425U	COVID-19 ARP ESSER III
84.425U	COVID-19 TCLAS ESSER III
84.425U	COVID-19 TCLAS High-Quality Afterschool

Threshold for distinguishing Type A and B programs: \$750,000

Auditee qualified as a low- risk auditee? ___Yes ☒ No

America Can!

Schedule of Findings and Questioned Costs – Continued For the Year Ended June 30, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

Finding 2022-001

Assistance Listing # 84.010A Title I, Part A and # 84.287C 21st CCLC, Department of Education passed through Texas Education Agency

Compliance Requirements: Allowable Costs and Cost Principles

Significant Deficiency in Controls over 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 testing for allowable costs and cost principles, we noted that one out of the four selections of submitted invoices reimbursement tested for Title I, Part A was for unallowable costs and activities. The invoice for the unallowed cost and activity was for \$107, which is the total known questioned cost.

During compliance testing for allowable costs and cost principles, we noted that one out of the 19 selections of submitted invoices reimbursement tested for 21st Century Community Learning Centers (CCLC) was for unallowable costs and activities. The invoice for the unallowed cost and activity was for \$17, which is the total known questioned cost.

Cause

The Charter Holder manually reviewed the reimbursement requests for Title I, Part A and 21st CCLC to ensure the invoices submitted were allowable. Due to an oversight, the Charter Holder erroneously submitted unallowable costs for Title I, Part A and 21st CCLC, although the amounts were not material for compliance and have since been replaced with allowable costs.

Effect or Potential Effect

The Charter Holder incorrectly submitted an invoice for unallowable costs and activities for Title I, Part A, which overstated the reimbursement received by \$107.

The Charter Holder incorrectly submitted an invoice for unallowable costs and activities for 21st CCLC, which overstated the reimbursement received by \$17.

Questioned Costs

\$107 and \$17 total known questioned costs for Title I Part A, and 21st CCLC respectively.

Identification as a repeat finding, if applicable

Repeat finding.

America Can!

Schedule of Findings and Questioned Costs – Continued For the Year Ended June 30, 2022

Recommendation

The Charter Holder should reinforce the importance to persons responsible for reviewing allowable cost and activities for the Title I Part A grant, and 21st CCLC grant to ensure that the entity does not receive reimbursement for unallowable costs and activities.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

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

Finding 2021-001 - Significant Deficiency in Internal Control over Financial Reporting- Procurement

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

Corrective Action:

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.

Status:

Implemented

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**

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.

Corrective Action:

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.

Status:

Partially implemented, see current year finding 2022-001.





Corrective Action Plan (Prepared by the Charter Holder)

Finding 2022 – 001 Allowable Costs and Cost Principles

Management will ensure that all employees involved in the procurement cycle attend appropriate training to further assist in their understanding of federal allowable cost principles.

Responsible Party: Marian Hamlett, CFO

Implementation Date: February 2023

America Can!

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Fund Code	Federal/State Grantor-Pass Through Grantor/Program Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services				
Passed Through Texas Education Agency				
288	ELC Reopening Schools	93.323	39352201	\$ 180,353
	Total Passed Through Texas Education Agency			180,353
	Total U.S. Department of Health and Human Services			180,353
U.S. Department of Education				
Direct programs:				
202	Project READ2	84.215G	S215G180014	\$ 138,106
204	Project Ready 2 Excel	84.374A	U374A160003	1,421,304
	Total direct programs			1,559,410
Passed Through Texas Education Agency				
211	Title I, Part A - Improving Basic Programs	84.010A	22610101057804	1,563,529
212	Title I, Part A - ESF	84.010A	21610141057804	625,812
216	Title I 1003 (A), School Improvement Grant	84.010A	21610101057804	480,410
	Total Assistance Listing Number 84.010A			2,669,751
Special Education Cluster (IDEA):				
224	IDEA-B Formula	84.027A	226600010578046000	951,577
	Total Special Education Cluster (IDEA)			951,577
255	Title II, Part A - Teacher & Principal Training & Recruitment	84.367A	21694501057804	7,300
263	Title III, Part A - LEP	84.365A	22671001057804	148,817
281	COVID-19 - CRRSA Elementary and Secondary School Emergency Relief (ESSER) II	84.425D	20521001057804	50,191
279	COVID-19 - TCLAS ESSER III	84.425U	21528042057804	112,990
275	COVID-19 - TCLAS High -Quality Afterschool	84.425U	215280587110149	32,164
282	COVID-19 - ARP ESSER III	84.425U	21528001057804	6,149,316
	Total Assistance Listing Number 84.425U			6,294,470
289	Title IV, Part A - Subpart 1	84.424A	22680101057804	79,381
261	21st CCLC Cycle 10 Year 3	84.287C	226950307110040	734,518
265	21st CCLC Cycle 10 Year 1	84.287C	226950267110046	1,344,099
	Total Assistance Listing Number 84.287C			2,078,617
	Total Passed Through Texas Education Agency			12,280,104
	Total U.S. Department of Education			13,839,514
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	68,020
Passed Through Texas Education Agency				
240	National School Lunch Program	10.555	71302201	1,187,861
	Total Assistance Listing Number 10.555			1,255,881
240	National School Breakfast Program	10.553	71402201	547,752
	Total Child Nutrition Cluster			1,803,633
	Total U.S. Department of Agriculture			1,803,633
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 15,823,500

America Can!

Notes on Accounting Policies for Federal Awards For the Year Ended June 30, 2022

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. Restricted funds (funds with donor restrictions) 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	\$ 16,011,581
Shars revenue	<u>(188,081)</u>
Per Schedule of Expenditures of Federal Awards	<u>\$ 15,823,500</u>

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