

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY**  
**CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Annual Financial and Compliance Audit**

**Years ended August 31, 2020 and 2019**

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Years ended August 31, 2020 and 2019**

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**ECAP ENTERPRISES, INC.**

**CDN: 101855**

**(Federal Employer Identification Number: 76-0644461)**

**Certificate of Board**

We, the undersigned, certify that the attached Financial and Compliance Report of ECAP Enterprises, Inc. was reviewed and (check one)  approved  disapproved for the year ended August 31, 2020, at a meeting of the governing body of the charter holder on the 20<sup>th</sup> day of January, 2021.



\_\_\_\_\_  
Signature of Board Secretary



\_\_\_\_\_  
Signature of Board President



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
ECAP Enterprises, Inc.  
dba Meyerpark Elementary Charter School

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of ECAP Enterprises, Inc. dba Meyerpark Elementary Charter School (the "Organization"), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. 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 audit 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2020 and 2019, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules, as listed in the table of contents, as required by the Texas Education Agency, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.



Houston, Texas  
January 25, 2021

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Statements of Financial Position**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,355,234	\$ 771,494
Due from governments	38,893	45,818
Total Current Assets	1,394,127	817,312
Noncurrent Assets:		
Property and equipment, net	1,502,818	1,527,207
Total Noncurrent Assets	1,502,818	1,527,207
<b>TOTAL ASSETS</b>	<b>\$ 2,896,945</b>	<b>\$ 2,344,519</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 21,171	\$ 32,615
Deferred revenue	94,708	-
Accrued wages payable	64,945	55,280
Other liabilities	33,124	36,527
Current portion of loan payable	192,735	34,187
Total Current Liabilities	406,683	158,609
Noncurrent Liabilities:		
Loan payable, net of current portion	1,246,219	1,140,133
Total Noncurrent Liabilities	1,246,219	1,140,133
<b>TOTAL LIABILITIES</b>	<b>1,652,902</b>	<b>1,298,742</b>
Net Assets:		
Without donor restrictions	20,543	13,943
With donor restrictions	1,223,500	1,031,834
<b>TOTAL NET ASSETS</b>	<b>1,244,043</b>	<b>1,045,777</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,896,945</b>	<b>\$ 2,344,519</b>

*The accompanying notes are an integral part of these financial statements.*

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Statement of Activities**  
**For the Years Ended August 31, 2020**  
**(With comparative totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals for August 31</u>	
			<u>2020</u>	<u>2019</u>
<b>REVENUES</b>				
Local Revenue:				
Food service sales	\$ -	\$ 1,414	\$ 1,414	\$ 3,615
Other revenues from local sources	6,600	8,841	15,441	16,725
Total Local Revenue	<u>6,600</u>	<u>10,255</u>	<u>16,855</u>	<u>20,340</u>
<b>State Program Revenue:</b>				
Per Capita and Foundation School Program Act Revenue	-	2,364,343	2,364,343	2,309,322
State Program Revenue distributed by the TEA	-	86,028	86,028	1,193
Total State Program Revenues	<u>-</u>	<u>2,450,371</u>	<u>2,450,371</u>	<u>2,310,515</u>
<b>Federal Program Revenues:</b>				
ESEA Title I, Part A	-	133,980	133,980	243,184
IDEA B-Formula and Pre School	-	38,361	38,361	37,574
Child Nutrition	-	97,868	97,868	180,077
ESEA, Title II, Part A	-	3,954	3,954	9,316
ESSER Grant	-	38,254	38,254	-
Title IV, Part A, Subpart 1	-	2,670	2,670	10,998
Total Federal Program Revenues	<u>-</u>	<u>315,087</u>	<u>315,087</u>	<u>481,149</u>
<b>Net Assets Released from Restrictions:</b>				
Restrictions satisfied by payments	2,584,047	(2,584,047)	-	-
Total Net Assets Released from Restrictions	<u>2,584,047</u>	<u>(2,584,047)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,590,647</u>	<u>\$ 191,666</u>	<u>\$ 2,782,313</u>	<u>\$ 2,812,004</u>
<b>EXPENSES</b>				
Program services:				
Instruction and instructional-related services	\$ 1,358,468	\$ -	\$ 1,358,468	\$ 1,433,504
Instructional and school leadership	324,794	-	324,794	248,095
Support services:				
Support Services - Student (Pupil)	285,534	-	285,534	284,809
General Administration	252,777	-	252,777	228,549
Support Services - Non-student based	292,049	-	292,049	251,987
Community Services	-	-	-	15,514
Debt Service	70,425	-	70,425	75,006
<b>TOTAL EXPENSES</b>	<u>2,584,047</u>	<u>-</u>	<u>2,584,047</u>	<u>2,537,464</u>
Change in net assets	6,600	191,666	198,266	274,540
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>13,943</u>	<u>1,031,834</u>	<u>1,045,777</u>	<u>771,237</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 20,543</u>	<u>\$ 1,223,500</u>	<u>\$ 1,244,043</u>	<u>\$ 1,045,777</u>

*The accompanying notes are an integral part of these financial statements.*

**ECAP ENTERPRISES, INC.**  
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**Statement of Functional Expenses**  
**For the Year Ended August 31, 2020**  
**(With comparative totals for 2019)**

	Program Services			Supporting Services						Total Expenditures 2020	Total Expenditures 2019
	Instructional and School Services	Instructional and School Leadership	Total Program Services	Support Services - Student (Pupil)	Support Services - Non- Student Based	Community Services	Debt Service	Administrative Support Services	Total Support Services		
<b>EXPENSES:</b>											
Teachers and other professional personnel	819,950	188,296	\$ 1,008,246	85,628	33,172	-	\$ -	127,774	\$ 246,574	\$ 1,254,820	1,102,628
Support personnel	81,504	68,879	150,383	68,806	47,872	-	-	41,614	158,292	308,675	355,371
Employee Benefits	131,223	34,908	166,131	19,960	4,022	-	-	13,023	37,005	203,136	182,407
Total Payroll Expenses	1,032,677	292,083	1,324,760	174,394	85,066	-	-	182,411	441,871	1,766,631	1,640,406
Professional services	-	-	-	-	2,237	-	-	28,587	30,824	30,824	52,030
Education Service Center Services	100	-	100	-	-	-	-	-	-	100	1,445
Contracted, maintenance and repair	-	-	-	2,059	14,733	-	-	-	16,792	16,792	21,498
Utilities	-	-	-	-	75,910	-	-	-	75,910	75,910	66,712
Rentals	79,501	-	79,501	218	4,410	-	-	-	4,628	84,129	75,683
Miscellaneous contracted services	122,727	14,346	137,073	20,216	29,676	-	-	19,926	69,818	206,891	162,168
Maintenance and operations	-	-	-	1,931	12,801	-	-	26	14,758	14,758	15,572
Instructional materials	47,963	-	47,963	-	-	-	-	-	-	47,963	34,780
Testing materials	-	-	-	-	-	-	-	-	-	-	250
Food service	-	-	-	60,646	-	-	-	-	60,646	60,646	81,877
Supplies and materials	62,518	11,198	73,716	22,259	2,662	-	-	1,828	26,749	100,465	179,454
Travel, subsistence, and stipends	5,660	2,999	8,659	129	-	-	-	4,207	4,336	12,995	31,716
Insurance and bonding costs	4,149	1,055	5,204	-	19,984	-	-	930	20,914	26,118	20,679
Depreciation expense	-	-	-	-	43,836	-	-	-	43,836	43,836	38,930
Miscellaneous operating costs	3,173	3,113	6,286	3,682	734	-	-	14,862	19,278	25,564	39,258
Other debt service expenditures	-	-	-	-	-	-	70,425	-	70,425	70,425	75,006
Total Non-payroll Expenses	325,791	32,711	358,502	111,140	206,983	-	70,425	70,366	458,914	817,416	897,058
<b>TOTAL EXPENSES</b>	<b>\$ 1,358,468</b>	<b>\$ 324,794</b>	<b>\$ 1,683,262</b>	<b>\$ 285,534</b>	<b>\$ 292,049</b>	<b>\$ -</b>	<b>\$ 70,425</b>	<b>\$ 252,777</b>	<b>\$ 900,785</b>	<b>\$ 2,584,047</b>	<b>\$ 2,537,464</b>

*The accompanying notes are an integral part of these financial statements.*



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**Statements of Cash Flows**  
**For the Years Ended August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Foundation school program payments	\$ 2,488,191	\$ 2,280,183
Grant payments	292,872	486,403
Other state and local revenue payments	102,883	22,312
Payments to vendors for goods and services rendered	(714,599)	(789,845)
Payments to charter school personnel for services rendered	(1,760,369)	(1,611,415)
Interest payments	(70,425)	(75,006)
	<b>338,553</b>	<b>312,632</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(19,447)	(89,735)
	<b>\$ (19,447)</b>	<b>\$ (89,735)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayments) or borrowings on line of credit	-	(39,956)
Proceeds from loans	306,000	-
Principal payments on loans	(41,366)	(49,680)
	<b>264,634</b>	<b>(89,636)</b>
<b>NET INCREASE IN CASH</b>	<b>583,740</b>	<b>133,261</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>771,494</b>	<b>638,233</b>
<b>CASH, END OF YEAR</b>	<b>\$ 1,355,234</b>	<b>\$ 771,494</b>
<b>RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 198,266	\$ 274,540
Adjustments to reconcile change in net assets to Net cash provided by operating activities:		
Depreciation	43,836	38,930
Changes in operating assets:		
Due from Texas Education Agency	6,925	(23,107)
Changes in operating liabilities:		
Accounts payable	(11,444)	(7,233)
Accrued wages payable	9,665	20,292
Deferred revenue	94,708	-
Other liabilities	(3,403)	9,210
Net Cash Provided by Operating Activities	<b>\$ 338,553</b>	<b>\$ 312,632</b>

*The accompanying notes are an integral part of these financial statements.*

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of ECAP Enterprises, Inc. dba Meyerpark Elementary Charter School (the “Organization”) were prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

***Reporting Entity***

The Organization is a not-for-profit organization incorporated in the State of Texas in July 1998 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Organization is governed by a Board of Directors. The Board of Directors is selected pursuant to the bylaws of the Organization and has the authority to make decisions, appoint the administrator of the Organization, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Organization.

Since the Organization received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

***Corporate Operations***

The Organization was organized to provide educational services to students. The programs, services, activities and functions are governed by the Organization’s Board of Directors. The Organization operates under an open enrollment charter granted by the State Board of Education. The Organization is part of the public school system of the State of Texas and is, therefore, entitled to distributions from the State’s available school fund. The Organization does not have the authority to impose ad valorem taxes on its district or to charge tuition.

***Programs and Support Services***

The Organization operates the MeyerPark Elementary Charter School (the “School”). Support services consist of general administration functions that are necessary to coordinate the Organization’s programs and plant maintenance and operations necessary to maintain its facilities.

***Standard Financial Accounting System***

For all federal and state programs, the School used the net asset classes and codes specified by the TEA in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. Temporarily restricted net asset codes 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 net asset codes.

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

***Basis of Accounting and Presentation***

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-210, net assets, revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

***Net assets without donor restrictions*** – Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of directors are reported as net assets without donor restrictions, board-designated.

***Net assets with donor restrictions*** – Net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

In addition, the Organization is required by Financial Accounting Standards Board's (FASB) Accounting Standards Codification ("ASC") Topic 958-205, Not-for-Profit Entities-Presentation of Financial Statements, to present statements of activities and cash flows.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

***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. Significant estimates included in the School's financial statements are related to the School's estimate of revenue and receivable for the foundation school program, depreciation expense and the functional allocation of expenses.

**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

***Contributions***

The Organization accounts for contributions in accordance with FASB ASC Topic 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC Topic 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions and net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

***Contributed Services***

The Organization recognizes contributed services at their fair value if the services provide value to the Organization and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by the contributors, as established by FASB ASC Topic 958-605. During the fiscal years ended August 31, 2020 and 2019, the Organization did not receive any services that would meet the criteria for recognition in the financial statements as prescribed in FASB ASC 958-605.

***Cash and Cash Equivalents***

For financial statement purposes, the Organization considers all highly liquid investment instruments with an original maturity of three months or less from the date of purchase to be cash equivalents. The Organization did not have any cash equivalents as of August 31, 2020 and 2019.

***Revenue Recognition***

Per Capita and State Foundation Aid revenues are recognized based on the reported student attendance. State and Federal grant revenues are recognized when services are rendered. Contributions and other revenues are recognized when received or unconditionally promised by a third party.

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

***Capital Assets***

Capital assets, which include land, buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the financial statements. Capital assets are defined by the Organization as assets with an individual cost of more than \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty-nine years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized. 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 in then treated as cost. The Organization had no donated capital assets as of August 31, 2020 and 2019.

***Federal Income Tax***

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“the Code”) and comparable State of Texas law. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal incomes taxes in the accompanying financial statements. The Organization has also been classified as a publically supported organization, which is not a private foundation under Section 509(a) of the Code. Accordingly, contributions to the Organization are tax deductible within the limitation prescribed by the Code.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization’s tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

***Functional allocation of expenses***

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

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

***Liquidity and Availability of Financial Assets***

The following table reflects the Schools’ financial assets, as of August 31, 2020 and 2019, that are available to meet the School’s cash needs within one year of the statement of financial position date.

	2020	2019
Cash	\$1,355,234	\$ 771,494
Due from other governments	38,893	45,818
Total	\$1,394,127	\$ 817,312

As part of the School’s liquidity management, the school structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. During the majority of the year ended August 31, 2020, the School did not invest any of the small amounts of excess cash. Cash flow is monitored through monthly reviews of operating reports of actual revenue vs. expenses as compared to the official budget.

***Reclassification***

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

***New Accounting Pronouncements***

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 – Leases (Topic 842), which supersedes existing guidance on leases and amends and supersedes a number of other paragraphs throughout the FASB ASC. This update will be effective for the Organization’s 2023 annual financial statements. Management is currently evaluating the impact this update will have on the financial statements.

**NOTE 2: CASH**

The Organization’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. These balances are partially insured by the Federal Deposit Insurance Corporation (FDIC). As of August 31, 2020 and 2019, the uninsured portion of these balances were \$1,158,303 and \$595,405, respectively, and such balances were secured with pledged securities held by the custodial bank. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the Organization’s and the depository bank’s agent custodial bank. The pledged securities shall be in an amount sufficient to protect Organization funds on a day-to-day basis during the period of the

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance.

**NOTE 3: DUE FROM TEXAS EDUCATION AGENCY**

The charter school has earned but not received payment for several state and federal programs. As such, a receivable has been recorded for each of the funding sources shown below:

	<u>2020</u>	<u>2019</u>
Title I, Part A	\$ -	7,641
Title II, Part A	-	1,188
ESSER Grant	38,254	-
IDEA Part B, Preschool	(1,766)	(1,766)
IDEA Part B, Formula	-	(1,213)
Child Nutrition Program	-	10,828
NSLP - Due from Feds	2,405	-
Foundation School Program	-	29,140
	<u>\$ 38,893</u>	<u>\$ 45,818</u>

**NOTE 4: CAPITAL ASSETS**

Capital assets at August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 752,500	\$ 752,500
Buildings and improvements	826,733	818,576
Vehicles and equipment	191,413	180,124
Total property and equipment	1,770,646	1,751,200
Less: Accumulated depreciation	(267,828)	(223,993)
Property and equipment, net	<u>\$ 1,502,818</u>	<u>\$ 1,527,207</u>

Depreciation expense was \$43,836 and \$38,930 for the year ended August 31, 2020 and 2019, respectively.

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

Capital assets acquired with public funds received by the Organization for the operation of the School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets for the Organization.

**NOTE 5: ACCRUED SALARIES**

The Organization accrued \$64,945 and \$55,280 in salaries for the years ended August 31, 2020 and 2019, respectively.

**NOTE 6: LINE OF CREDIT**

The line of credit was opened on October 1, 2012 with an extended line of \$75,000 and a stated rate of interest of 10.00% and 11.75% as of August 31, 2020 and 2019, respectively. The Organization has no balance in line of credit as of August 31, 2020 and 2019, respectively.

**NOTE 7: LONG-TERM DEBT**

The School has taken a loan from Unity Bank, for \$1,224,000. The new loan matures in July 2023 and carries an interest rate of 5.25%.

Loans payable activity for the years ended August 31, 2020 and 2019 were as follows:

<b>2020</b>							
Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>Loans payable to:</b>							
Unity Bank	5.25%	1,224,000	7/30/2023	1,174,320		41,366	1,132,954
PPP Loan	0.00%	306,000	5/7/2022	-	306,000		306,000
Total				1,174,320	306,000	41,366	1,438,954

  

<b>2019</b>							
Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>Loans payable to:</b>							
Unity Bank	5.25%	1,224,000	7/30/2023	1,224,000	-	\$ (49,680)	1,174,320
Total				\$ 1,224,000	\$ -	\$ (49,680)	\$1,174,320



**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

Annual debt service requirements to maturity of the loan payable is as follows:

<u>Year ending August 31,</u>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	192,735	61,826	254,561
2022	197,626	56,936	254,562
2023	<u>1,048,593</u>	<u>49,559</u>	<u>1,098,152</u>
Total	<u>\$ 1,438,954</u>	<u>\$ 168,321</u>	<u>\$ 1,607,275</u>

**Paycheck Protection Program Loan**

On March 11, 2020 the World Health Organization classified the global coronavirus outbreak of COVID-19 as a pandemic. As a result of the CARES Act, The Paycheck Protection Program (PPP) was established. On May 7, 2020, the School received the PPP loan in the amount of \$306,000.

The loan is payable in 17 equal installments with first installment due on December 7, 2020. The interest on the loan is computed at a 30/360 simple interest basis at the rate of 1% per annum, and it matures on May 7, 2022. The Charter has not yet applied for forgiveness of the loan. At the time of the issuance of the report there has been no determination. Management position is that they have expended the funds appropriately and expect to have the note forgiven.

**NOTE 8: OPERATING LEASES**

The Organization has non-cancellable operating leases for its classrooms and equipment. The future minimum rental payments required under the non-cancellable lease agreements for its facilities as of August 31, 2020, are as follows:

<u>Year ending August 31,</u>	<u>Amount</u>
2021	12,876
2022	<u>11,566</u>
Total Minimum Lease Payments	<u>24,442</u>

The Organization's lease expense for the years ended August 31, 2020 and 2019 totaled \$84,129 and \$75,683, respectively.

**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 9: PENSION PLAN OBLIGATIONS**

*Plan Description*

The Organization contributes to the Teacher Retirement System of Texas (the “System” or “TRS”), 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 School, but are the liability of the State of Texas. The System administers retirement and disability annuities, and death and survivor benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in the 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 issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the System’s Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the System’s Communications Department at 1-800-223-8778, or by downloading the report from the System’s Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading.

The risk of participating in this multiemployer defined benefit pension plan is different from a single-employer plan because: (a) the Organization is a legally separate entity from the State of Texas, (b) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (c) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (d) if an entity chooses to stop participating in the multiemployer plan, there is no withdrawal liability to the plan. The Organization has no plans to withdraw from its multiemployer plan.

The following present information about the Organization's multiemployer pension plan as of and for the years ended August 31, 2020 and 2019:

Name of Pension Fund	EIN and Plan Number	Total Plan Assets		Accumulated Benefit		% Funded	
		2020	2019	2020	2019	2020	2019
TRS	N/A	\$184,361,871	\$181,800,159	\$218,794,205	\$209,961,325	75.54%	75.24%

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

The following presents information about the Organization's involvement in multiemployer pension plan for the years ended August 31, 2020 and 2019:

<b>2020</b>				
<u>Collective</u> <u>Bargaining</u> <u>Agreement</u>	<u>School's</u> <u>Contributions</u>	<u>More than 5%</u> <u>of Total</u> <u>Contributions</u>	<u>FIP/RP Status</u>	<u>Surcharge</u> <u>Imposed</u>
N/A	\$10,093	No	N/A	No
<b>2019</b>				
<u>Collective</u> <u>Bargaining</u> <u>Agreement</u>	<u>School's</u> <u>Contributions</u>	<u>More than 5%</u> <u>of Total</u> <u>Contributions</u>	<u>FIP/RP Status</u>	<u>Surcharge</u> <u>Imposed</u>
N/A	\$9,207	No	N/A	No

***Funding Policy***

Under provisions in State law, the System's plan members are required to contribute 7.7% of their annual covered salary for TRS Retirement for August 31, 2020 and 2019, and 0.65% of their annual covered salary to TRS Care for August 31, 2020 and 2019. The State of Texas contributes an amount equal to 6.80% of the covered payroll of the participating employees compensated with State funds for TRS Retirement for TRS Care. The School employees contributed \$129,650 and \$109,075 to TRS Retirement and \$10,093 and \$9,207 to TRS Care for the fiscal years ended August 31, 2020 and 2019, respectively.

**NOTE 10: HEALTH CARE COVERAGE**

During the years ended August 31, 2020 and 2019, employees of the Organization were covered by a Health Insurance Plan (the Plan). The Organization contributed \$255 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

**ECAP ENTERPRISES, INC.**  
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**(A Texas Nonprofit Organization)**

**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS**

At August 31, 2020 and 2019, net assets with donor restrictions of the Organization consisted of the following:

	<b>2020</b>	<b>2019</b>
Restricted for Food Program	\$ 74,549	\$ 62,205
Restricted for State Foundation School Program	1,148,951	969,629
Total Restricted Funds	\$ 1,223,500	\$1,031,834

**NOTE 12: CONTINGENCIES**

The Organization receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustments by the grantor agency. The programs administered by the charter school have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

**NOTE 13: STATE AID**

Charter schools in the State of Texas participate in the State foundation program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period, and at the close of the year, actual attendance is calculated by the TEA and the attendance reports are subject to audit by the TEA and final State foundation program earnings may be adjusted as a result of any such audit. During the years ended August 31, 2020 and 2019, the Charter Holder earned \$2,364,343 and \$2,309,322, respectively, of Per Capita and State Foundation Aid (before any possible TEA enrollment and attendance audit).

**NOTE 14: ECONOMIC DEPENDENCY**

During the years ended August 31, 2020 and 2019, the Organization earned revenue of \$2,765,458 and \$2,791,664, respectively, from the Texas Education Agency (TEA), including grants passed through the TEA. This amount constitutes approximately 99% of total revenues earned for the year ended August 31, 2020 and 2019. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the charter school to continue to provide the current level of services to its students.

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 15: CHARTER HOLDER OPERATIONS**

The charter holder operated only a single charter school (i.e., MeyerPark Elementary Charter School) in fiscal years 2020 and 2019 and did not conduct any other charter or non-charter activities.

**NOTE 16: RELATED PARTY TRANSACTIONS**

A non-administrative School employee is related to a member of the Organization's board of directors. In addition, a non-administrative School employee is related to members of the Organization's management. The related employees received \$177,483 and \$222,363 in compensation from the Organization during the years ended August 31, 2020 and 2019, respectively.

**NOTE 17: BUDGET AMENDMENTS AND VARIANCES**

Prior to the beginning of each school year, the School prepares and submits its annual budget for the next fiscal year. However, due to the significant inflows and outflows of students from the program, the budget must be amended on a regular basis.

Function 33 (Health Services) contained an unfavorable variance from budget primarily related to renting health related equipment instead of purchasing.

Function 36 (Cocurricular/Extracurricular Activities) contained an unfavorable variance from budget primarily related to a reduced amount of extracurricular activities.

Management has taken steps to ensure that future related budgets are amended to reflect changes in actual and budgeted amounts.

**NOTE 18: RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization classified the global coronavirus outbreak (COVID-19) as a pandemic. On March 13, 2020, The Governor of Texas (the "Governor") declared a state of disaster for all Texas counties in response to the Pandemic. Harris County Judge Hidalgo issued a Declaration of Local Disaster for Public Health Emergency on March 11, 2020. On March 19, 2020, The Governor issues Executive Order GA08 which temporarily closed schools in the State of Texas. As a result, The school closed to on-campus instruction on March 16, 2020 and started off-campus instruction on March 16, 2020 and virtual instruction on March 23, 2020. This model was used to complete the 2019-2020 school year as of May 21, 2020.

**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

Due to the continuing uncertainties surrounding COVID-19, the TEA recommended all public and charter schools to delay in person school for the 2020-2021 school year should the Local Education Agency (“LEA”) choose to open while following all federal, state, and local guidelines including county restrictions. Schools were permitted to start before a date that the LEA determined was appropriate for the community it serves. The school had four weeks to prepare for in person learning based on TEA guidelines or request a waiver. The 20-21 school year began with 100% virtual instruction on August 31, 2020. Parents were given the option of face-to-face or online instruction beginning the week of September 14 and face-to-face instruction began on October 1, 2020.

As of October 1, 2020, the TEA announced that the minimum funding guarantee established for the pandemic would extend through the first half of the 2020-2021 school year. The TEA will address further funding adjustments for the second half of the school year by January 2021. As of the report date, no new information has been released by the TEA.

**NOTE 19: MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 25, 2021, the date which the financial statements were available to be issued. No change to the financial statements for the fiscal year ended August 31, 2020 is deemed necessary as a result of this evaluation.

## **SUPPLEMENTAL INFORMATION**

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Supplemental Statement of Activities**  
**For the Year Ended August 31, 2020**  
**(With comparative totals for 2019)**

	Without Donor Restrictions	With Donor Restrictions	Totals for August 31	
			2020	2019
<b>REVENUES</b>				
Local Revenue:				
5740 Food service sales	\$ -	\$ 1,414	\$ 1,414	\$ 3,615
5740 Other revenues from local sources	6,600	8,841	15,441	16,725
Total Local Revenue	6,600	10,255	16,855	20,340
<b>State Program Revenue:</b>				
5810 Per Capita and Foundation School Program Act Revenue	-	2,364,343	2,364,343	2,309,322
5820 State Program Revenue distributed by the TEA	-	86,028	86,028	1,193
Total State Program Revenues	-	2,450,371	2,450,371	2,310,515
<b>Federal Program Revenues:</b>				
5929 ESEA Title I, Part A	-	133,980	133,980	243,184
5929 IDEA B-Formula and Pre School	-	38,361	38,361	37,574
5929 Child Nutrition	-	97,868	97,868	180,077
5929 ESEA, Title II, Part A	-	3,954	3,954	9,316
5929 ESSER Grant	-	38,254	38,254	-
5929 Title IV, Part A, Subpart I	-	2,670	2,670	10,998
Total Federal Program Revenues	-	315,087	315,087	481,149
<b>Net Assets Released from Restrictions:</b>				
Restrictions satisfied by payments	2,584,047	(2,584,047)	-	-
Total Net Assets Released from Restrictions	2,584,047	(2,584,047)	-	-
<b>TOTAL REVENUES</b>	<b>\$ 2,590,647</b>	<b>\$ 191,666</b>	<b>\$ 2,782,313</b>	<b>\$ 2,812,004</b>
<b>EXPENSES</b>				
Program services:				
11 Instruction	\$ 1,344,669	\$ -	\$ 1,344,669	1,399,223
13 Curriculum and instructional staff development	13,799	-	13,799	34,281
21 Instructional leadership	47,882	-	47,882	-
23 School leadership	276,912	-	276,912	248,095
31 Guidance, counseling & evaluation services	25,002	-	25,002	24,612
33 Health services	10,421	-	10,421	269
34 Student (Pupil) transportation	70,714	-	70,714	77,006
35 Food service	165,909	-	165,909	177,387
36 Extracurricular activities	13,488	-	13,488	5,535
41 General administration	252,777	-	252,777	228,549
51 Facilities maintenance and operations	269,112	-	269,112	218,718
52 Security and monitoring services	22,937	-	22,937	33,269
61 Community services	-	-	-	15,514
71 Debt services	70,425	-	70,425	75,006
<b>TOTAL EXPENSES</b>	<b>2,584,047</b>	<b>-</b>	<b>2,584,047</b>	<b>2,537,464</b>
Change in net assets	6,600	191,666	198,266	274,540
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>13,943</b>	<b>1,031,834</b>	<b>1,045,777</b>	<b>771,237</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 20,543</b>	<b>\$ 1,223,500</b>	<b>\$ 1,244,043</b>	<b>\$ 1,045,777</b>



**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Schedules of Expenses**  
**For the Years Ended August 31, 2020 and 2019**

<b>Expenses:</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
6100 Payroll costs	\$ 1,766,631	\$ 1,640,916
6200 Professional and contracted services	414,646	379,536
6300 Supplies and materials	223,832	311,933
6400 Other operating costs	108,513	130,073
6500 Debt service	70,425	75,006
	<u>\$ 2,584,047</u>	<u>\$ 2,537,464</u>

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Schedules of Capital Assets**  
**For the Years ended August 31, 2020 and 2019**

<b>2020</b>				
<b>Ownership Interest</b>				
	<b>Local</b>	<b>State</b>	<b>Federal</b>	<b>Total</b>
1510 Land and improvements	\$ 736,721	\$ 15,779	\$ -	\$ 752,500
1520 Buildings and improvements	803,895	22,838	-	826,733
1531 Vehicles	-	79,934	-	79,934
1539 Furniture and equipment	11,291	100,188	-	111,479
Total property and equipment	\$ 1,551,907	\$ 218,739	\$ -	\$ 1,770,646

<b>2019</b>				
<b>Ownership Interest</b>				
	<b>Local</b>	<b>State</b>	<b>Federal</b>	<b>Total</b>
1510 Land and improvements	\$ 736,721	\$ 15,779	\$ -	\$ 752,500
1520 Buildings and improvements	795,738	22,838	-	818,576
1531 Vehicles	-	79,936	-	79,936
1539 Furniture and equipment	-	100,188	-	100,188
Total property and equipment	\$ 1,532,459	\$ 218,741	\$ -	\$ 1,751,200

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Budgetary Comparison Schedule**  
**For the Year Ended August 31, 2020**

	Budgeted Amounts		Actual Amounts	Actual Compared to Final Budgeted Amounts		Explanation (See references)	Final Compared to Original Budgeted Amounts		Explanation (See references)	
	Original	Final		\$ Variance	% Variance		\$ Variance	% Variance		
							Unaudited			Unaudited
<b>REVENUES</b>										
<b>Local Revenue:</b>										
5700	Local and intermediate sources	5,800	5,800	\$ 16,855	\$ 11,055	190.60%	{a}	-	0.00%	
<b>State Program Revenue:</b>										
5810	Per Capita and Foundation School Program Act Revenue	2,514,494	2,289,621	2,364,343	74,722	3.26%		224,873	8.94%	
5820	State Program Revenues Distributed by Texas Education Agency	-	-	86,028	86,028	n/a		-		
<b>Federal Program Revenues:</b>										
5929	Federal Revenues Distributed by the Texas Education Agency	160,500	478,217	315,087	(163,130)	-34.11%	{b}	(317,717)	-197.95%	{b}
	<b>TOTAL REVENUES</b>	<u>2,680,794</u>	<u>2,773,638</u>	<u>2,782,313</u>	<u>8,675</u>	<u>159.75%</u>		<u>(92,844)</u>	<u>-189.01%</u>	
<b>EXPENSES</b>										
Program services:										
11	Instruction	1,373,713	1,521,006	1,344,669	176,337	11.59%	{c}	(147,293)	-10.72%	{l}
12	Instructional resources and media services	1,599	1,599	-	1,599	100.00%	{c}	-	0.00%	
13	Curriculum development and instructional staff development	32,071	21,200	13,799	7,401	34.91%	{d}	10,871	33.90%	{d}
21	Instructional leadership	2,600	2,600	47,882	(45,282)	-1741.62%	{e}	-	0.00%	
23	School leadership	256,269	262,069	276,912	(14,843)	-5.66%		(5,800)	-2.26%	
31	Guidance, Counseling and Evaluation Services	28,290	28,290	25,002	3,288	11.62%	{f}	-	0.00%	
33	Health services	2,806	32,806	10,421	22,385	68.23%	{g}	(30,000)	-1069.14%	{g}
34	Student (Pupil) transportation	114,551	79,051	70,714	8,337	10.55%	{h}	35,500	30.99%	{h}
35	Food services	187,596	159,033	165,909	(6,876)	-4.32%		28,563	15.23%	{m}
36	Cocurricular/Extracurricular activities	17,801	15,209	13,488	1,721	11.32%	{i}	2,592	14.56%	{i}
41	General administration	232,501	231,301	252,777	(21,476)	-9.28%		1,200	0.52%	
51	Facilities maintenance and operations	205,158	237,108	269,112	(32,004)	-13.50%	{n}	(31,950)	-15.57%	{n}
52	Security and monitoring services	36,200	26,200	22,937	3,263	12.45%	{j}	10,000	27.62%	{j}
61	Community Services	17,920	29,920	-	29,920	100.00%	{k}	(12,000)	-66.96%	{k}
71	Debt Service	66,300	66,300	70,425	(4,125)	-6.22%		-	0.00%	
	<b>TOTAL EXPENSES</b>	<u>2,575,375</u>	<u>2,713,692</u>	<u>2,584,047</u>	<u>129,645</u>	<u>4.78%</u>		<u>(138,317)</u>	<u>-5.37%</u>	
Change in net assets				198,266						
<b>NET ASSETS, BEGINNING OF YEAR</b>				<u>1,045,777</u>						
<b>NET ASSETS, END OF YEAR</b>				<u>\$ 1,244,043</u>						

*Variance Explanation:*

{a} Insurance payment for property damage	{h} Decreased transportation needs due to online instruction due to COVID-19
{b} Placed PPP proceeds here prior to TEA guidance	{i} No extracurricular activities due to COVID-19 quarantine
{c} Reduced need for tutoring and supplies due to COVID-19	{j} Security expenses decreased due to COVID-19 quarantine
{d} Professional development cancelled/rescheduled due to COVID-19	{k} Community activities cancelled due to COVID-19 quarantine
{e} Increased instructional planning due to COVID-19 online instruction change	{l} Budget increased to provide instruction during summer
{f} Services decreased due to online instruction because of COVID-19	{m} Expected meal service decrease due to COVID-19
{g} Increased need for personal protection equipment due to COVID-19	{n} Increase in building cleaning/maintenance services projected due to COVID-19 pandemic

## **COMPLIANCE AND INTERNAL CONTROLS**



**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  
ECAP Enterprises, Inc.  
dba Meyerpark Elementary Charter School

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 ECAP Enterprises, Inc. dba Meyerpark Elementary Charter School (the “Organization”), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization’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 the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’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.

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Suite 1000  
Houston, TX 77081  
Phone: 713.968.1600  
Fax: 713.968.1601

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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



Houston, Texas  
January 25, 2021

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**Summary Schedule of Findings and Responses**  
**Year Ended August 31, 2020**

**SECTION 1:**

**SUMMARY OF AUDITOR'S RESULTS**

*Financial Statement Section*

- |  |            |
|--|------------|
| 1. Type of auditor's report issued:  | Unmodified |
| 2. Internal control over financial reporting:  |            |
| a) Material weaknesses identified?   | No         |
| b) Significant deficiencies identified, which were not considered to be material weaknesses? | No         |
| c) Noncompliance material to financial statements noted?                                     | No         |

**SECTION 2:**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None noted

**SECTION 3:**

**FINDINGS - STATE COMPLIANCE AND REPORTING REQUIREMENTS**

None noted

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**Summary Schedule of Prior Year Findings and Current Status**  
**Year Ended August 31, 2020**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None noted.