

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

**Annual Financial and Compliance Audit**

**Years ended August 31, 2021 and 2020**

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

**Years ended August 31, 2021 and 2020**

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# ECAP ENTERPRISES, INC.

dba MEYERPARK ELEMENTARY CHARTER SCHOOL

CDN: 101855

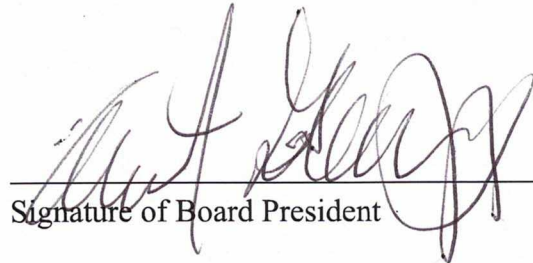
(Federal Employer Identification Number: 76-0644461)

## Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of ECAP Enterprises, Inc. dba Meyerpark Elementary Charter School was reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2021, at a meeting of the governing body of the charter holder on the 25<sup>th</sup> day of January, 2022.



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



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



# McConnell Jones

## 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 statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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.

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# McConnell Jones

## **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, 2021, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **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 27, 2022, 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 27, 2022

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

**Statements of Financial Position**  
**August 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,548,488	\$ 1,355,234
Due from governments	121,002	38,893
Total Current Assets	<u>1,669,490</u>	<u>1,394,127</u>
Noncurrent Assets:		
Property and equipment, net	1,572,354	1,502,818
Total Noncurrent Assets	<u>1,572,354</u>	<u>1,502,818</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,241,844</u></u>	<u><u>\$ 2,896,945</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 76,302	\$ 21,171
Deferred revenue	-	94,708
Accrued wages payable	65,779	64,945
Line of credit	26,660	-
Other liabilities	36,700	33,124
Current portion of loan payable	43,054	192,735
Total Current Liabilities	<u>248,495</u>	<u>406,683</u>
Noncurrent Liabilities:		
Loan payable, net of current portion	1,046,372	1,246,219
Total Noncurrent Liabilities	<u>1,046,372</u>	<u>1,246,219</u>
<b>TOTAL LIABILITIES</b>	<u>1,294,867</u>	<u>1,652,902</u>
Net Assets:		
Without donor restrictions	58,759	20,543
With donor restrictions	1,888,218	1,223,500
<b>TOTAL NET ASSETS</b>	<u>1,946,977</u>	<u>1,244,043</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,241,844</u></u>	<u><u>\$ 2,896,945</u></u>

*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, 2021**  
**(With comparative totals for 2020)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals for August 31</b>	
			<b>2021</b>	<b>2020</b>
<b>REVENUES</b>				
Local Revenue:				
Food service sales	\$ -	\$ -	\$ -	\$ 1,414
Other revenues from local sources	38,216	5,824	44,040	15,441
Total Local Revenue	38,216	5,824	44,040	16,855
<b>State Program Revenue:</b>				
Per Capita and Foundation School Program Act Revenue	-	2,504,142	2,504,142	2,364,343
State Program Revenue distributed by the TEA	-	948	948	86,028
Total State Program Revenues	-	2,505,090	2,505,090	2,450,371
<b>Federal Program Revenues:</b>				
Federal Revenues Distributed Direct for PPP Loan Forgiveness	-	306,000	306,000	-
ESEA Title I, Part A	-	156,880	156,880	133,980
IDEA B-Formula and Pre School	-	42,305	42,305	38,361
Child Nutrition	-	196,159	196,159	97,868
ESEA, Title II, Part A	-	8,777	8,777	3,954
ESSER Grant	-	43,498	43,498	38,254
Coronavirus Relief Fund (CRF) of the CARES Act	-	14,327	14,327	-
CRRSA ESSER II - Federal Revenues Distributed	-	21,742	21,742	-
Title IV, Part A, Subpart I	-	9,746	9,746	2,670
Total Federal Program Revenues	-	799,434	799,434	315,087
<b>Net Assets Released from Restrictions:</b>				
Restrictions satisfied by payments	2,645,630	(2,645,630)	-	-
Total Net Assets Released from Restrictions	2,645,630	(2,645,630)	-	-
<b>TOTAL REVENUES</b>	<b>\$ 2,683,846</b>	<b>\$ 664,718</b>	<b>\$ 3,348,564</b>	<b>\$ 2,782,313</b>
<b>EXPENSES</b>				
Program services:				
Instruction and instructional-related services	\$ 1,429,731	\$ -	\$ 1,429,731	\$ 1,358,468
Instructional and school leadership	293,168	-	293,168	324,794
Support services:				
Support Services - Student (Pupil)	302,572	-	302,572	285,534
General Administration	236,894	-	236,894	252,777
Support Services - Non-student based	303,259	-	303,259	292,049
Community Services	28,388	-	28,388	-
Debt Service	51,618	-	51,618	70,425
<b>TOTAL EXPENSES</b>	<b>2,645,630</b>	<b>-</b>	<b>2,645,630</b>	<b>2,584,047</b>
Change in net assets	38,216	664,718	702,934	198,266
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>20,543</b>	<b>1,223,500</b>	<b>1,244,043</b>	<b>1,045,777</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 58,759</b>	<b>\$ 1,888,218</b>	<b>\$ 1,946,977</b>	<b>\$ 1,244,043</b>

*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, 2021**  
**(With comparative totals for 2020)**

	Program Services			Supporting Services								
	Instruction and Instructional 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	Total Expenditures 2021	Total Expenditures 2020	
EXPENSES:												
Teachers and other professional personnel	\$ 884,877	\$ 144,324	\$ 1,029,201	\$ 84,274	\$ 34,145	\$ 9,729	\$ -	103,448	\$ 231,596	\$ 1,260,797	1,254,820	
Support personnel	104,431	68,355	172,786	73,691	46,168	13,785	-	43,461	177,105	349,891	308,675	
Employee Benefits	149,720	32,384	182,104	22,162	4,022	4,874	-	14,076	45,134	227,238	203,136	
Total Payroll Expenses	1,139,028	245,063	1,384,091	180,127	84,335	28,388	-	160,985	453,835	1,837,926	1,766,631	
Professional services	6,579	-	6,579	6,556	2,048	-	-	32,351	40,955	47,534	30,824	
Education Service Center Services	2,800	-	2,800	-	-	-	-	-	-	2,800	100	
Contracted, maintenance and repair	1,560	-	1,560	17,343	9,503	-	-	-	26,846	28,406	16,792	
Utilities	15,370	-	15,370	-	73,130	-	-	-	73,130	88,500	75,910	
Rentals	92,408	-	92,408	-	3,917	-	-	-	3,917	96,325	84,129	
Miscellaneous contracted services	90,076	24,738	114,814	18,702	28,880	-	-	18,900	66,482	181,296	206,891	
Maintenance and operations	-	776	776	1,289	26,989	-	-	-	28,278	29,054	14,758	
Instructional materials	-	-	-	-	-	-	-	-	-	-	47,963	
Testing materials	1,127	-	1,127	-	-	-	-	-	-	1,127	-	
Food service	-	-	-	63,990	-	-	-	-	63,990	63,990	60,646	
Supplies and materials	72,818	10,530	83,348	5,025	-	-	-	284	5,309	88,657	100,465	
Travel, subsistence, and stipends	-	205	205	-	-	-	-	1,355	1,355	1,560	12,995	
Insurance and bonding costs	5,548	-	5,548	4,814	32,325	-	-	158	37,297	42,845	26,118	
Depreciation expense	-	-	-	4,392	39,464	-	-	-	43,856	43,856	43,836	
Miscellaneous operating costs	2,417	11,856	14,273	334	2,668	-	-	22,861	25,863	40,136	25,564	
Other debt service expenditures	-	-	-	-	-	-	51,618	-	51,618	51,618	70,425	
Total Non-payroll Expenses	290,703	48,105	338,808	122,445	218,924	-	51,618	75,909	468,896	807,704	817,416	
TOTAL EXPENSES	\$ 1,429,731	\$ 293,168	\$ 1,722,899	\$ 302,572	\$ 303,259	\$ 28,388	\$ 51,618	\$ 236,894	\$ 922,731	\$ 2,645,630	\$ 2,584,047	

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



**ECAP ENTERPRISES, INC.**  
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**Statements of Cash Flows**  
**For the Years Ended August 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Foundation school program payments	\$ 2,374,588	\$ 2,488,191
Grant payments	752,171	292,872
Other state and local revenue payments	44,988	102,883
Payments to vendors for goods and services rendered	(657,099)	(714,599)
Payments to charter school personnel for services rendered	(1,833,516)	(1,760,369)
Interest payments	(51,618)	(70,425)
Net cash provided by operating activities	<u>629,514</u>	<u>338,553</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(113,392)	(19,447)
Net cash used in investing activities	<u>\$ (113,392)</u>	<u>\$ (19,447)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayments) or borrowings on line of credit	26,660	-
Proceeds from loans	-	306,000
Principal payments on loans	(349,528)	(41,366)
Net cash provided by/(used in) financing activities	<u>(322,868)</u>	<u>264,634</u>
<b>NET INCREASE IN CASH</b>	193,254	583,740
<b>CASH, BEGINNING OF YEAR</b>	<u>1,355,234</u>	<u>771,494</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 1,548,488</u></u>	<u><u>\$ 1,355,234</u></u>
<b>RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 702,934	\$ 198,266
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities:		
Depreciation	43,856	43,836
Changes in operating assets:		
Due from Texas Education Agency	(82,109)	6,925
Changes in operating liabilities:		
Accounts payable	55,131	(11,444)
Accrued wages payable	834	9,665
Deferred revenue	(94,708)	94,708
Other liabilities	3,576	(3,403)
Net Cash Provided by Operating Activities	<u><u>\$ 629,514</u></u>	<u><u>\$ 338,553</u></u>

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

**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

**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.

**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

***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.

***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.

**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

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, 2021 and 2020, 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, 2021 and 2020.

***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.

***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 is then treated as cost. The Organization had no donated capital assets as of August 31, 2021 and 2020.

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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

***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 publicly 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.

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

The following table reflects the Schools’ financial assets, as of August 31, 2021 and 2020, that are available to meet the School’s cash needs within one year of the statement of financial position date.

	<b>2021</b>	<b>2020</b>
Cash	\$1,548,488	\$1,355,234
Due from other governments	121,002	38,893
Total	<u>\$1,669,490</u>	<u>\$1,394,127</u>

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, 2021 and 2020, the School did not invest the small amounts

**ECAP ENTERPRISES, INC.**  
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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

of excess cash to keep cash on hand. Cash flow is monitored through monthly reviews of operating reports of actual revenue vs. expenses as compared to the official budget.

***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.

In June 2018, the FASB issued ASU 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments require all entities, both donors and recipients, to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction and whether contributions are conditional or unconditional. This update will be effective for the School’s 2021 annual financial statements. No additional disclosures will be required under this standard. The School adopted ASU 2018-08 in 2021. The adoption resulted in no impact to 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, 2021 and 2020, the uninsured portion of these balances were \$1,302,651 and \$1,158,303, 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 contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of FDIC insurance.

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

**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

**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><b>2021</b></u>	<u><b>2020</b></u>
Title I, Part A	\$ 22,164	-
Title II, Part A	(592)	-
Title IV, Part A	209	
ESSER Grant	34,597	38,254
IDEA Part B, Preschool	(1,556)	(1,766)
IDEA Part B, Formula	8,414	-
Child Nutrition Program	22,920	-
NSLP - Due from Feds	-	2,405
Foundation School Program	34,846	-
	<u><u>\$ 121,002</u></u>	<u><u>\$ 38,893</u></u>

**NOTE 4: CAPITAL ASSETS**

Capital assets at August 31, 2021 and 2020 were as follows:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Land	\$ 752,500	\$ 752,500
Buildings and improvements	914,197	826,733
Computers	7,995	-
Vehicles and equipment	209,346	191,413
Total property and equipment	1,884,038	1,770,646
Less: Accumulated depreciation	(311,684)	(267,828)
Property and equipment, net	<u><u>\$ 1,572,354</u></u>	<u><u>\$ 1,502,818</u></u>

**ECAP ENTERPRISES, INC.**  
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**August 31, 2021 and 2020**

Depreciation expense was \$43,856 and \$43,836 for the year ended August 31, 2021 and 2020, respectively.

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 \$65,779 and \$64,945 in salaries for the years ended August 31, 2021 and 2020, 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 10.00% as of August 31, 2021 and 2020, respectively. The Organization has the balance of \$26,600 and \$0 in line of credit as of August 31, 2021 and 2020, 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, 2021 and 2020 were as follows:

<b>2021</b>							
<b>Description</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Maturity Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Loans payable to:</b>							
Unity Bank	5.25%	1,224,000	7/30/2023	1,132,954		43,528	1,089,426
PPP Loan	0.00%	306,000	5/7/2022	306,000		306,000	-
Total				1,438,954	-	349,528	1,089,426
<b>2020</b>							
<b>Description</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Maturity Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<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



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**August 31, 2021 and 2020**

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

<b><u>Year ending August 31,</u></b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	43,281	56,292	99,573
2023	1,046,145	49,559	1,095,704
Total	<u><u>\$ 1,089,426</u></u>	<u><u>\$ 105,851</u></u>	<u><u>\$ 1,195,277</u></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 School had submitted PPP loan forgiveness application on July 13, 2021 and was approved on August 30, 2021. The loan forgiveness is recognized as revenue in the statement of activities.

**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, 2021, are as follows:

<b><u>Year ending August 31,</u></b>	<b><u>Amount</u></b>
2022	9,842
2023	8,202
Total Minimum Lease Payments	<u><u>18,044</u></u>

The Organization's lease expense for the years ended August 31, 2021 and 2020 totaled \$94,850 and \$84,129, respectively.

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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

**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, 2021 and 2020:

Name of Pension Fund	EIN and Plan Number	Total Plan Assets		Accumulated Benefit		% Funded	
		2021	2020	2021	2020	2021	2020
TRS	N/A	\$223,172,755	\$184,361,871	\$227,273,464	\$218,974,205	88.79%	75.54%

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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

The following presents information about the Organization's involvement in multiemployer pension plan for the years ended August 31, 2021 and 2020:

<b>2021</b>				
<u>Collective</u>		<u>More than 5%</u>		
<u>Bargaining</u>	<u>School's</u>	<u>of Total</u>		<u>Surcharge</u>
<u>Agreement</u>	<u>Contributions</u>	<u>Contributions</u>	<u>FIP/RP Status</u>	<u>Imposed</u>
N/A	\$9,962	No	N/A	No
<b>2020</b>				
<u>Collective</u>		<u>More than 5%</u>		
<u>Bargaining</u>	<u>School's</u>	<u>of Total</u>		<u>Surcharge</u>
<u>Agreement</u>	<u>Contributions</u>	<u>Contributions</u>	<u>FIP/RP Status</u>	<u>Imposed</u>
N/A	\$10,093	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, 2021 and 2020, and 0.65% of their annual covered salary to TRS Care for August 31, 2021 and 2020. 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 \$127,971 and \$129,650 to TRS Retirement and \$9,962 and \$10,093 to TRS Care for the fiscal years ended August 31, 2021 and 2020, respectively.

**NOTE 10: HEALTH CARE COVERAGE**

During the years ended August 31, 2021 and 2020, employees of the Organization were covered by a Health Insurance Plan (the Plan). The Organization contributed \$540 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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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

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

At August 31, 2021 and 2020, net assets with donor restrictions of the Organization consisted of the following:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Restricted for Food Program	\$ 121,333	\$ 74,549
Restricted for State Foundation School Program	<u>1,766,885</u>	<u>1,148,951</u>
Total Restricted Funds	<u>\$ 1,888,218</u>	<u>\$1,223,500</u>

**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, 2021 and 2020, the Charter Holder earned \$2,504,142 and \$2,364,343, 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, 2021 and 2020, the Organization earned revenue of \$3,304,524 and \$2,765,458, 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, 2021 and 2020. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the charter school to continue to provide the current level of services to its students.

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**Notes to the Financial Statements**  
**August 31, 2021 and 2020**

**NOTE 15: CHARTER HOLDER OPERATIONS**

The charter holder operated only a single charter school (i.e., MeyerPark Elementary Charter School) in fiscal years 2021 and 2020 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 \$390,898 and \$177,483 in compensation from the Organization during the years ended August 31, 2021 and 2020, 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. This has resulted in the variances between the original adopted budget and final amended budget presented on the Budgetary Comparison Schedule.

**NOTE 18: RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization classified the global coronavirus outbreak (COVID-19) as a pandemic, triggering significant negative impact on the global economy. Management assessed the effect of COVID-19 and has determined that the effect of COVID-19 is not expected to be significant, and that it will not create a substantial doubt about the School's ability to continue as a going concern. The School continues to take proper actions to maintain the health and safety of employees and students at the School as well as regular operations of the School. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

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.

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**Notes to the Financial Statements**  
**August 31, 2021 and 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 27, 2022, the date which the financial statements were available to be issued. No change to the financial statements for the fiscal year ended August 31, 2021 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, 2021**  
**(With comparative totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	Totals for August 31	
			2021	2020
<b>REVENUES</b>				
Local Revenue:				
5740 Food service sales	\$ -	\$ -	\$ -	\$ 1,414
5740 Other revenues from local sources	38,216	5,824	44,040	15,441
Total Local Revenue	38,216	5,824	44,040	16,855
<b>State Program Revenue:</b>				
5810 Per Capita and Foundation School Program Act Revenue	-	2,504,142	2,504,142	2,364,343
5820 State Program Revenue distributed by the TEA	-	948	948	86,028
Total State Program Revenues	-	2,505,090	2,505,090	2,450,371
<b>Federal Program Revenues:</b>				
5949 Federal Revenues Distributed Direct for PPP Loan Forgiveness	-	306,000	306,000	-
5929 ESEA Title I, Part A	-	156,880	156,880	133,980
5929 IDEA B-Formula and Pre School	-	42,305	42,305	38,361
5929 Child Nutrition	-	196,159	196,159	97,868
5929 ESEA, Title II, Part A	-	8,777	8,777	3,954
5929 ESSER Grant	-	43,498	43,498	38,254
5929 Coronavirus Relief Fund (CRF) of the CARES Act	-	14,327	14,327	-
5929 CRRSA ESSER II - Federal Revenues Distributed	-	21,742	21,742	-
5929 Title IV, Part A, Subpart 1	-	9,746	9,746	2,670
Total Federal Program Revenues	-	799,434	799,434	315,087
<b>Net Assets Released from Restrictions:</b>				
Restrictions satisfied by payments	2,645,630	(2,645,630)	-	-
Total Net Assets Released from Restrictions	2,645,630	(2,645,630)	-	-
<b>TOTAL REVENUES</b>	<b>\$ 2,683,846</b>	<b>\$ 664,718</b>	<b>\$ 3,348,564</b>	<b>\$ 2,782,313</b>
<b>EXPENSES</b>				
Program services:				
11 Instruction	\$ 1,373,427	\$ -	\$ 1,373,427	1,344,669
13 Curriculum and instructional staff development	56,304	-	56,304	13,799
21 Instructional leadership	13,123	-	13,123	47,882
23 School leadership	280,045	-	280,045	276,912
31 Guidance, counseling & evaluation services	35,370	-	35,370	25,002
33 Health services	6,992	-	6,992	10,421
34 Student (Pupil) transportation	95,179	-	95,179	70,714
35 Food service	164,195	-	164,195	165,909
36 Extracurricular activities	836	-	836	13,488
41 General administration	236,894	-	236,894	252,777
51 Facilities maintenance and operations	273,420	-	273,420	269,112
52 Security and monitoring services	29,839	-	29,839	22,937
61 Community services	28,388	-	28,388	-
71 Debt services	51,618	-	51,618	70,425
<b>TOTAL EXPENSES</b>	<b>2,645,630</b>	<b>-</b>	<b>2,645,630</b>	<b>2,584,047</b>
Change in net assets	38,216	664,718	702,934	198,266
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>20,543</b>	<b>1,223,500</b>	<b>1,244,043</b>	<b>1,045,777</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 58,759</b>	<b>\$ 1,888,218</b>	<b>\$ 1,946,977</b>	<b>\$ 1,244,043</b>



**ECAP ENTERPRISES, INC.**  
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**Schedules of Expenses**  
**For the Years Ended August 31, 2021 and 2020**

<b>Expenses:</b>	<b>2021</b>	<b>2020</b>
6100 Payroll costs	\$ 1,837,926	\$ 1,766,631
6200 Professional and contracted services	444,861	414,646
6300 Supplies and materials	182,828	223,832
6400 Other operating costs	128,397	108,513
6500 Debt service	51,618	70,425
	<u>\$ 2,645,630</u>	<u>\$ 2,584,047</u>

**ECAP ENTERPRISES, INC.**  
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**Schedules of Capital Assets**  
**For the Years ended August 31, 2021 and 2020**

<b>2021</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	891,359	22,838	-	914,197
1531 Vehicles	-	79,934	-	79,934
1535 Computers	-	-	7,995	7,995
1539 Furniture and equipment	16,624	100,188	12,600	129,412
Total property and equipment	<u>\$ 1,644,704</u>	<u>\$ 218,739</u>	<u>\$ 20,595</u>	<u>\$ 1,884,038</u>

<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
1535 Computers	-	-	-	-
1539 Furniture and equipment	11,291	100,188	-	111,479
Total property and equipment	<u>\$ 1,551,907</u>	<u>\$ 218,739</u>	<u>\$ -</u>	<u>\$ 1,770,646</u>

**ECAP ENTERPRISES, INC.**  
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**Schedule of Real Property Ownership Interest**  
**For the Years ended August 31, 2021**

<b>Description</b>	<b>Property Address</b>	<b>Total Assessed Value</b>	<b>Ownership Interest - Local</b>	<b>Ownership Interest - State</b>	<b>Ownership Interest - Federal</b>
Reserve B Lot Block 2 Southwest Crossing Section 5	13663 Main Street Houston, TX 77035	\$ 1,250,960	\$ 1,096,100	\$ 154,860	-

**ECAP ENTERPRISES, INC.**  
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**Schedule of Related Party Transactions**  
**For the Year ended August 31, 2021**

<b>Related Party Name</b>	<b>Name of Relation of the Related Party</b>	<b>Relationship</b>	<b>Type of Transaction</b>	<b>Description of Terms and Conditions</b>	<b>Source of Funds Used</b>	<b>Payment Frequency</b>	<b>Total Paid During FY</b>	<b>Principal Balance Due</b>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Schedule of Related Party Compensation and Benefits**  
**For the Year ended August 31, 2021**

<b>Related Party Name</b>	<b>Name of Relation of the Related Party</b>	<b>Relationship</b>	<b>Compensation or Benefit</b>	<b>Payment Frequency</b>	<b>Description</b>	<b>Source of Funds Used</b>	<b>Total Paid During FY</b>
Curtis Whittaker	Gloria Whittaker Ford	Mother/Son	Compensation	Semi-Monthly	Payroll	State and Federal	\$ 46,825
Roy Pace	Sheretta Hernandez & Julia Wright	Father & Daughters	Compensation	Semi-Monthly	Payroll	State	\$ 68,288
Sheretta Hernandez	Julia Wright & Roy Pace	Sister & Father	Compensation	Semi-Monthly	Payroll	State and Federal	\$ 125,597
Julia Wright	Sheretta Hernandez & Roy Pace	Sister & Father	Compensation	Semi-Monthly	Payroll	State and Federal	\$ 131,188
Julia Wright	Sheretta Hernandez & Roy Pace	Sister & Father	Benefit	Semi-Monthly	Payroll	State	\$ 19,000

**ECAP ENTERPRISES, INC.**  
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**Budgetary Comparison Schedule**  
**For the Year Ended August 31, 2021**

			Budgeted Amounts		Actual Compared to Final Budgeted Amounts		Explanation (See references)	Final Compared to Original Budgeted Amounts		Explanation (See references)	
			Original	Final	Actual Amounts	\$ Variance		% Variance	Unaudited		\$ Variance
REVENUES											
Local Revenue:											
5700	Local and intermediate sources		\$ 5,200	\$ 5,200	\$ 44,040	\$ 38,840	746.92%	{a}	-	0.00%	
State Program Revenue:											
5810	Per Capita and Foundation School Program Act Revenue		2,388,011	2,388,011	2,504,142	116,131	4.86%		-	0.00%	
5820	State Program Revenues Distributed by Texas Education Agency		-	-	948	948	n/a		-		
Federal Program Revenues:											
5929	Federal Revenues Distributed by the Texas Education Agency		387,735	501,959	799,434	297,475	59.26%	{a}	(114,224)	-29.46%	{a}
TOTAL REVENUES			\$ 2,780,946	\$ 2,895,170	\$ 3,348,564	\$ 453,394	811.05%		(114,224)	-29.46%	
EXPENSES											
Program services:											
11	Instruction		1,516,744	1,530,994	1,373,427	157,567	10.29%	{b}	(14,250)	-0.94%	
12	Instructional resources and media services		1,599	1,599	-	1,599	100.00%	{b}	-	0.00%	
13	Curriculum development and instructional staff development		56,173	56,173	56,304	(131)	-0.23%		-	0.00%	
21	Instructional leadership		28,375	28,375	13,123	15,252	53.75%	{b}	-	0.00%	
23	School leadership		249,343	280,543	280,045	498	0.18%		(31,200)	-12.51%	{g}
31	Guidance, Counseling and Evaluation Services		30,690	52,653	35,370	17,283	32.82%	{b}	(21,963)	-71.56%	{g}
33	Health services		2,406	14,718	6,992	7,726	52.49%	{b}	(12,312)	-511.72%	{h}
34	Student (Pupil) transportation		79,501	79,501	95,179	(15,678)	-19.72%	{c}	-	0.00%	
35	Food services		152,152	170,152	164,195	5,957	3.50%		(18,000)	-11.83%	{i}
36	Cocurricular/Extracurricular activities		17,910	1,695	836	859	50.68%	{d}	16,215	90.54%	{d}
41	General administration		219,640	243,290	236,894	6,396	2.63%		(23,650)	-10.77%	{g}
51	Facilities maintenance and operations		195,100	207,729	273,420	(65,691)	-31.62%	{e}	(12,629)	-6.47%	
52	Security and monitoring services		31,000	31,060	29,839	1,221	3.93%		(60)	-0.19%	
61	Community Services		32,020	32,020	28,388	3,632	11.34%	{b}	-	0.00%	
71	Debt Service		66,800	66,800	51,618	15,182	22.73%	{f}	-	0.00%	
TOTAL EXPENSES			\$ 2,679,453	\$ 2,797,302	\$ 2,645,630	\$ 151,672	5.42%		(117,849)	-4.40%	
Change in net assets					702,934						
NET ASSETS, BEGINNING OF YEAR					1,244,043						
NET ASSETS, END OF YEAR					\$ 1,946,977						

*Variance Explanation:*

- {a} Unanticipated additional COVID funding received
- {b} Reduction in number of students on campus necessitates reduction in certain expenditures
- {c} Unexpected bus repairs needed just prior to year end
- {d} Limited extracurricular activities to prevent the spread of COVID-19
- {e} Unforeseen expenses related to preventing the spread of COVID-19

- {f} Increased amount of payments on principal thereby reduces interest paid
- {g} Additional resources needed to address the response to COVID-19
- {h} Cover costs PPE and other Covid related supplies needed for students/staff returning to building
- {i} Increase in number of families participating in food distribution due to loss of income

## **COMPLIANCE AND INTERNAL CONTROLS**



# McConnell Jones

## **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, 2021, 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 27, 2022.

### ***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.

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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.

## ***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 27, 2022



**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**Summary Schedule of Findings and Responses**  
**Year Ended August 31, 2021**

**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<br>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, 2021**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None noted.