

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

**Annual Financial and Compliance Audit**

**Years ended August 31, 2022 and 2021**

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

**Years ended August 31, 2022 and 2021**

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**ECAP ENTERPRISES, INC.**

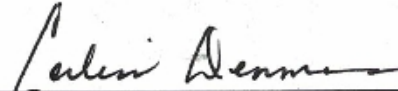
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**

**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, 2022, at a meeting of the governing body of the charter holder on the 26<sup>th</sup> day of January, 2023.

  
\_\_\_\_\_  
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

### ***Opinion***

We have audited 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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP).

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for 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.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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



aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's August 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2022. 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and other supplementary information presented under table of contents are required by the Texas Education Agency and 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 US GAAS. In our opinion, the schedule of expenditures of federal awards and other supplementary information presented under table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.



# McConnell Jones

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023 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 solely 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 the effectiveness of the Organization's 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 26, 2023

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

**Statements of Financial Position**  
**August 31, 2022 and 2021**

|   | <b>2022</b>         | <b>2021</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                           |                     |                     |
| Current Assets:                         |                     |                     |
| Cash                                    | \$ 1,340,025        | \$ 1,548,488        |
| Due from governments                    | 409,679             | 121,002             |
| Total Current Assets                    | 1,749,704           | 1,669,490           |
| Noncurrent Assets:                      |                     |                     |
| Property and equipment, net             | 1,529,341           | 1,572,354           |
| Total Noncurrent Assets                 | 1,529,341           | 1,572,354           |
| <b>TOTAL ASSETS</b>                     | <b>\$ 3,279,045</b> | <b>\$ 3,241,844</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                     |
| Current Liabilities:                    |                     |                     |
| Accounts payable                        | \$ 105,190          | \$ 76,302           |
| Accrued wages payable                   | 82,558              | 65,779              |
| Line of credit                          | 23,638              | 26,660              |
| Other liabilities                       | 26,857              | 36,700              |
| Current portion of loan payable         | 1,050,434           | 43,054              |
| Total Current Liabilities               | 1,288,677           | 248,495             |
| Noncurrent Liabilities:                 |                     |                     |
| Loan payable, net of current portion    | -                   | 1,046,372           |
| Total Noncurrent Liabilities            | -                   | 1,046,372           |
| <b>TOTAL LIABILITIES</b>                | 1,288,677           | 1,294,867           |
| Net Assets:                             |                     |                     |
| Without donor restrictions              | 69,811              | 58,759              |
| With donor restrictions                 | 1,920,557           | 1,888,218           |
| <b>TOTAL NET ASSETS</b>                 | 1,990,368           | 1,946,977           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 3,279,045</b> | <b>\$ 3,241,844</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, 2022**  
**(With comparative totals for 2021)**

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Totals for August 31 |              |
|--|-------------------------------|----------------------------|----------------------|--------------|
|  |                               |                            | 2022                 | 2021         |
| <b>REVENUES</b>  |                               |                            |                      |              |
| Local Revenue:   |                               |                            |                      |              |
| Other revenues from local sources                            | \$ 11,052                     | \$ 5,099                   | \$ 16,151            | \$ 44,040    |
| Total Local Revenue  | 11,052                        | 5,099                      | 16,151               | 44,040       |
| <b>State Program Revenue:</b>                                |                               |                            |                      |              |
| Per Capita and Foundation School<br>Program Act Revenue      | -                             | 2,569,213                  | 2,569,213            | 2,504,142    |
| State Program Revenue distributed by<br>the TEA              | -                             | 16,937                     | 16,937               | 948          |
| Total State Program Revenues                                 | -                             | 2,586,150                  | 2,586,150            | 2,505,090    |
| <b>Federal Program Revenues:</b>                             |                               |                            |                      |              |
| Federal Revenues Distributed Direct for PPP Loan Forgiveness | -                             | -                          | -                    | 306,000      |
| ESEA Title I, Part A   | -                             | 138,241                    | 138,241              | 156,880      |
| IDEA B-Formula and Pre School                                | -                             | 47,944                     | 47,944               | 42,305       |
| IDEA Part B Formula - American Rescue Plan (ARP) Act         | -                             | 12,722                     | 12,722               | -            |
| IDEA Part B Preschool - American Rescue Plan (ARP) Act       | -                             | 1,631                      | 1,631                | -            |
| Child Nutrition  | -                             | 250,169                    | 250,169              | 196,159      |
| ESEA, Title II, Part A                                       | -                             | 17,604                     | 17,604               | 8,777        |
| ESSER Grant  | -                             | 1,217                      | 1,217                | 43,498       |
| Coronavirus Relief Fund (CRF) of the CARES Act               | -                             | -                          | -                    | 14,327       |
| CRRSA ESSER II - Federal Revenues Distributed                | -                             | 112,888                    | 112,888              | 21,742       |
| ESSER III  | -                             | 217,789                    | 217,789              | -            |
| Title IV, Part A, Subpart 1                                  | -                             | 10,254                     | 10,254               | 9,746        |
| Total Federal Program Revenues                               | -                             | 810,459                    | 810,459              | 799,434      |
| <b>Net Assets Released from Restrictions:</b>                |                               |                            |                      |              |
| Restrictions satisfied by payments                           | 3,369,369                     | (3,369,369)                | -                    | -            |
| Total Net Assets Released from Restrictions                  | 3,369,369                     | (3,369,369)                | -                    | -            |
| <b>TOTAL REVENUES</b>  | \$ 3,380,421                  | \$ 32,339                  | \$ 3,412,760         | \$ 3,348,564 |
| <b>EXPENSES</b>  |                               |                            |                      |              |
| Program services:  |                               |                            |                      |              |
| Instruction and instructional-related services               | \$ 1,966,135                  | \$ -                       | \$ 1,966,135         | \$ 1,429,731 |
| Instructional and school leadership                          | 275,625                       | -                          | 275,625              | 293,168      |
| Support services:  |                               |                            |                      |              |
| Support Services - Student (Pupil)                           | 361,726                       | -                          | 361,726              | 302,572      |
| General Administration                                       | 253,342                       | -                          | 253,342              | 236,894      |
| Support Services - Non-student based                         | 422,182                       | -                          | 422,182              | 303,259      |
| Community Services   | 31,018                        | -                          | 31,018               | 28,388       |
| Debt Service   | 59,341                        | -                          | 59,341               | 51,618       |
| <b>TOTAL EXPENSES</b>  | 3,369,369                     | -                          | 3,369,369            | 2,645,630    |
| Change in net assets   | 11,052                        | 32,339                     | 43,391               | 702,934      |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                         | 58,759                        | 1,888,218                  | 1,946,977            | 1,244,043    |
| <b>NET ASSETS, END OF YEAR</b>                               | \$ 69,811                     | \$ 1,920,557               | \$ 1,990,368         | \$ 1,946,977 |

*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 Functional Expenses**  
**For the Year Ended August 31, 2022**  
**(With comparative totals for 2021)**

|  | Program Services                             |   |                           | Supporting Services                      |   |                       |                  |                                       |                           | Total Expenditures<br>2022 | Total Expenditures<br>2021 |
|--|--|---|---------------------------|--|---|-----------------------|------------------|---------------------------------------|---------------------------|----------------------------|----------------------------|
|  | Instruction and<br>Instructional<br>Services | Instructional<br>and School<br>Leadership | Total Program<br>Services | Support<br>Services -<br>Student (Pupil) | Support<br>Services - Non-<br>Student Based | Community<br>Services | Debt<br>Service  | Administrative<br>Support<br>Services | Total Support<br>Services |                            |                            |
| <b>EXPENSES:</b>                           |  |   |                           |  |   |                       |                  |                                       |                           |                            |                            |
| Teachers and other professional personnel  | \$ 1,141,753                                 | \$ 145,094                                | \$ 1,286,847              | \$ 97,379                                | \$ 36,797                                   | \$ 8,683              | \$ -             | \$ 99,064                             | \$ 241,923                | \$ 1,528,770               | \$ 1,260,797               |
| Support personnel                          | 146,245                                      | 70,893                                    | 217,138                   | 72,940                                   | 33,220                                      | 13,024                | -                | 44,565                                | 163,749                   | 380,887                    | 336,106                    |
| Employee Benefits                          | 198,567                                      | 29,731                                    | 228,298                   | 23,770                                   | 3,587                                       | 5,184                 | -                | 23,969                                | 56,510                    | 284,808                    | 227,238                    |
| Total Payroll Expenses                     | 1,486,565                                    | 245,718                                   | 1,732,283                 | 194,089                                  | 73,604                                      | 26,891                | -                | 167,598                               | 462,182                   | 2,194,465                  | 1,824,141                  |
| Professional services                      | 16,266                                       | -   | 16,266                    | 3,990                                    | -   | -                     | -                | 30,498                                | 34,488                    | 50,754                     | 47,534                     |
| Staff tuition and related fees - higher ed | -  | -   | -                         | -  | -   | -                     | -                | 3,760                                 | 3,760                     | 3,760                      | -                          |
| Education Service Center Services          | 10,805                                       | 100                                       | 10,905                    | -  | -   | -                     | -                | -                                     | -                         | 10,905                     | 2,800                      |
| Contracted, maintenance and repair         | -  | -   | -                         | 5,837                                    | 3,481                                       | -                     | -                | -                                     | 9,318                     | 9,318                      | 28,406                     |
| Utilities                                  | 17,247                                       | -   | 17,247                    | -  | 78,784                                      | -                     | -                | -                                     | 78,784                    | 96,031                     | 88,500                     |
| Rentals                                    | 116,928                                      | -   | 116,928                   | 4,650                                    | 4,339                                       | -                     | -                | -                                     | 8,989                     | 125,917                    | 96,325                     |
| Miscellaneous contracted services          | 198,614                                      | 6,769                                     | 205,383                   | 30,514                                   | 137,966                                     | -                     | -                | 21,800                                | 190,280                   | 395,663                    | 181,296                    |
| Maintenance and operations                 | -  | -   | -                         | 666                                      | 30,540                                      | -                     | -                | -                                     | 31,206                    | 31,206                     | 28,278                     |
| Instructional materials                    | 13,229                                       | -   | 13,229                    | -  | -   | -                     | -                | -                                     | -                         | 13,229                     | -                          |
| Testing materials                          | -  | -   | -                         | -  | -   | -                     | -                | -                                     | -                         | -                          | 1,127                      |
| Food service                               | -  | -   | -                         | 109,720                                  | -   | -                     | -                | -                                     | 109,720                   | 109,720                    | 63,990                     |
| Supplies and materials                     | 96,907                                       | 10,353                                    | 107,260                   | 5,771                                    | 1,330                                       | 3,541                 | -                | 3,638                                 | 14,280                    | 121,540                    | 88,657                     |
| Travel, subsistence, and stipends          | 1,432  | 3,336                                     | 4,768                     | -  | -   | -                     | -                | 290                                   | 290                       | 5,058                      | 1,560                      |
| Insurance and bonding costs                | 6,142  | -   | 6,142                     | 4,392                                    | 43,959                                      | -                     | -                | 70                                    | 48,421                    | 54,563                     | 38,031                     |
| Depreciation expense                       | -  | -   | -                         | -  | 46,655                                      | -                     | -                | -                                     | 46,655                    | 46,655                     | 43,856                     |
| Miscellaneous operating costs              | 2,000  | 9,349                                     | 11,349                    | 2,097                                    | 1,524                                       | 586                   | -                | 25,688                                | 29,895                    | 41,244                     | 40,136                     |
| Other debt service expenditures            | -  | -   | -                         | -  | -   | -                     | 59,341           | -                                     | 59,341                    | 59,341                     | 51,618                     |
| Total Non-payroll Expenses                 | 479,570                                      | 29,907                                    | 509,477                   | 167,637                                  | 348,578                                     | 4,127                 | 59,341           | 85,744                                | 665,427                   | 1,174,904                  | 802,114                    |
| <b>TOTAL EXPENSES</b>                      | <b>\$ 1,966,135</b>                          | <b>\$ 275,625</b>                         | <b>\$ 2,241,760</b>       | <b>\$ 361,726</b>                        | <b>\$ 422,182</b>                           | <b>\$ 31,018</b>      | <b>\$ 59,341</b> | <b>\$ 253,342</b>                     | <b>\$ 1,127,609</b>       | <b>\$ 3,369,369</b>        | <b>\$ 2,626,255</b>        |

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

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

**Statements of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

|  | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |              |
| Foundation school program payments   | \$ 2,554,006 | \$ 2,374,588 |
| Grant payments   | 536,989      | 752,171      |
| Other state and local revenue payments   | 33,088       | 44,988       |
| Payments to vendors for goods and services rendered  | (1,043,662)  | (657,099)    |
| Payments to charter school personnel for services rendered                                     | (2,187,529)  | (1,833,516)  |
| Interest payments  | (59,341)     | (51,618)     |
| Net cash (used in)/provided by operating activities  | (166,449)    | 629,514      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |              |
| Purchase of property and equipment   | -            | (113,392)    |
| Net cash used in investing activities  | \$ -         | \$ (113,392) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |              |              |
| Net (repayments) or borrowings on line of credit   | (3,022)      | 26,660       |
| Principal payments on loans  | (38,992)     | (349,528)    |
| Net cash used in financing activities  | (42,014)     | (322,868)    |
| <b>NET (DECREASE)/INCREASE IN CASH</b>   | (208,463)    | 193,254      |
| <b>CASH, BEGINNING OF YEAR</b>   | 1,548,488    | 1,355,234    |
| <b>CASH, END OF YEAR</b>   | \$ 1,340,025 | \$ 1,548,488 |
| <b>RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>    |              |              |
| Change in net assets   | \$ 43,391    | \$ 702,934   |
| Adjustments to reconcile change in net assets to<br>Net cash provided by operating activities: |              |              |
| Depreciation   | 46,655       | 43,856       |
| Changes in operating assets:   |              |              |
| Due from Texas Education Agency  | (288,677)    | (82,109)     |
| Changes in operating liabilities:  |              |              |
| Accounts payable   | 28,888       | 55,131       |
| Accrued wages payable  | 16,779       | 834          |
| Deferred revenue   | -            | (94,708)     |
| Other liabilities  | (13,485)     | 3,576        |
| Net Cash (used in)/provided by Operating Activities  | \$ (166,449) | \$ 629,514   |

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

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

**Notes to the Financial Statements**  
**August 31, 2022 and 2021**

**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.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
**(A Texas Nonprofit Organization)**

**Notes to the Financial Statements**  
**August 31, 2022 and 2021**

***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.

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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, 2022 and 2021, 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, 2022 and 2021.

***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 in then treated as cost. The Organization had no donated capital assets as of August 31, 2022 and 2021.

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***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, 2022 and 2021, that are available to meet the School’s cash needs within one year of the statement of financial position date.

|                            | <u>2022</u>        | <u>2021</u>        |
|----------------------------|--------------------|--------------------|
| Cash                       | \$1,340,025        | \$1,548,488        |
| Due from other governments | 409,679            | 121,002            |
| Total                      | <u>\$1,749,704</u> | <u>\$1,669,490</u> |

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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, 2022 and 2021, the School did not invest the small amounts 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 Adopted***

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendments in this update improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The Organization adopted ASU 2020-07 in 2022. The adoption resulted in no impact to the financial statements.

***Pending Accounting Pronouncements Not Yet Adopted***

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, 2022 and 2021, the uninsured portion of these balances were \$1,111,414 and \$1,302,651, 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.

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**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>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| Title I, Part A   | \$ 30,684         | 22,164            |
| Title II, Part A  | 14,927            | (592)             |
| Title IV, Part A  | 1,120             | 209               |
| ESSER Grant   | 18,239            | 34,597            |
| CRRSA ESSER II - Due from Feds  | 73,127            | -                 |
| ARP ESSER III - Due from Feds   | 172,531           | -                 |
| IDEA-Part B, Formula - American Rescue Plan (ARP) Act - Due from Feds   | 12,722            | -                 |
| IDEA-Part B, Preschool - American Rescue Plan (ARP) Act - Due from Feds | 1,631             | -                 |
| IDEA Part B, Preschool  | 822               | (1,556)           |
| IDEA Part B, Formula  | 20,497            | 8,414             |
| Child Nutrition Program   | -                 | 22,920            |
| NSLP - Due from Feds  | 13,326            | -                 |
| Foundation School Program   | 35,389            | 34,846            |
| State Funded Spec Rev Funds - Due from State                            | 14,664            | -                 |
|   | <u>\$ 409,679</u> | <u>\$ 121,002</u> |

**NOTE 4: CAPITAL ASSETS**

Capital assets at August 31, 2022 and 2021 were as follows:

|                                | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| Land                           | \$ 752,500          | \$ 752,500          |
| Buildings and improvements     | 914,197             | 914,197             |
| Computers                      | 7,995               | 7,995               |
| Vehicles and equipment         | 209,345             | 209,346             |
| Total property and equipment   | <u>1,884,037</u>    | <u>1,884,038</u>    |
| Less: Accumulated depreciation | <u>(354,696)</u>    | <u>(311,684)</u>    |
| Property and equipment, net    | <u>\$ 1,529,341</u> | <u>\$ 1,572,354</u> |



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Depreciation expense was \$46,655 and \$43,856 for the year ended August 31, 2022 and 2021, 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 \$82,558 and \$65,779 in salaries for the years ended August 31, 2022 and 2021, 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 12.25% and 10.00% as of August 31, 2022 and 2021, respectively. The Organization has the balance of \$23,638 and \$26,600 in line of credit as of August 31, 2022 and 2021, 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, 2022 and 2021 were as follows:

| 2022                     |               |                |               |                     |             |                   |                     |
|--------------------------|---------------|----------------|---------------|---------------------|-------------|-------------------|---------------------|
| 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     | \$ 1,089,426        | \$ -        | \$ 38,992         | \$ 1,050,434        |
| Total                    |               |                |               | <u>\$ 1,089,426</u> | <u>\$ -</u> | <u>\$ 38,992</u>  | <u>\$ 1,050,434</u> |
| 2021                     |               |                |               |                     |             |                   |                     |
| 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     | \$ 1,132,954        | \$ -        | \$ 43,528         | \$ 1,089,426        |
| PPP Loan                 | 0.00%         | 306,000        | 5/7/2022      | 306,000             | -           | 306,000           | -                   |
| Total                    |               |                |               | <u>\$ 1,438,954</u> | <u>\$ -</u> | <u>\$ 349,528</u> | <u>\$ 1,089,426</u> |

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**August 31, 2022 and 2021**

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

| <u>August 31,</u> | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|-------------------|------------------|-----------------|--------------|
| 2023              | \$ 1,050,434     | \$ 49,559       | \$ 1,099,993 |
| Total             | \$ 1,050,434     | \$ 49,559       | \$ 1,099,993 |

**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 loan was forgiven on August 2021 and recognized as revenue in the statement of activities during fiscal year 2021 upon forgiveness of the PPP loan.

**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, 2022, are as follows:

| <u>Year ending August 31,</u> | <u>Amount</u> |
|-------------------------------|---------------|
| 2023                          | \$ 8,202      |
| Total Minimum Lease Payments  | \$ 8,202      |

The Organization’s lease expense for the years ended August 31, 2022 and 2021 totaled \$125,917 and \$94,850, respectively.

**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

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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, 2022 and 2021:

| Name of Pension Fund | EIN and Plan Number | Total Plan Assets |               | Accumulated Benefit |               | % Funded |        |
|----------------------|---------------------|-------------------|---------------|---------------------|---------------|----------|--------|
|                      |                     | 2022              | 2021          | 2022                | 2021          | 2022     | 2021   |
| TRS                  | N/A                 | \$207,621,898     | \$223,172,755 | \$243,553,045       | \$227,273,464 | 75.62%   | 88.79% |

The following presents information about the Organization's involvement in multiemployer pension plan for the years ended August 31, 2022 and 2021:

| <b>2022</b>                            |                               |  |                      |                          |
|--|-------------------------------|--|----------------------|--------------------------|
| <u>Collective Bargaining Agreement</u> | <u>School's Contributions</u> | <u>More than 5% of Total Contributions</u> | <u>FIP/RP Status</u> | <u>Surcharge Imposed</u> |
| N/A                                    | \$11,706                      | No   | N/A                  | No                       |
| <b>2021</b>                            |                               |  |                      |                          |
| <u>Collective Bargaining Agreement</u> | <u>School's Contributions</u> | <u>More than 5% of Total Contributions</u> | <u>FIP/RP Status</u> | <u>Surcharge Imposed</u> |
| N/A                                    | \$9,962                       | No   | N/A                  | No                       |

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**August 31, 2022 and 2021**

***Funding Policy***

Under provisions in State law, the System’s plan members are required to contribute 8% of their annual covered salary for TRS Retirement for August 31, 2022 and 2021, and 0.65% of their annual covered salary to TRS Care for August 31, 2022 and 2021. The State of Texas contributes an amount equal to 7.8% of the covered payroll of the participating employees compensated with State funds for TRS Retirement for TRS Care. The School employees contributed \$155,780 and \$127,971 to TRS Retirement and \$11,706 and \$9,962 to TRS Care for the fiscal years ended August 31, 2022 and 2021, respectively.

**NOTE 10: HEALTH CARE COVERAGE**

During the years ended August 31, 2022 and 2021, employees of the Organization were covered by a Health Insurance Plan (the Plan). The Organization contributed \$560 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.

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

At August 31, 2022 and 2021, net assets with donor restrictions of the Organization consisted of the following:

|  | <b>2022</b>  | <b>2021</b> |
|--|--------------|-------------|
| Restricted for Food Program                    | \$ 161,523   | \$ 121,333  |
| Restricted for State Foundation School Program | 1,759,034    | 1,766,885   |
| Total Restricted Funds                         | \$ 1,920,557 | \$1,888,218 |

**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

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**August 31, 2022 and 2021**

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, 2022 and 2021, the Charter Holder earned \$2,569,213 and \$2,504,142, 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, 2022 and 2021, the Organization earned revenue of \$3,396,609 and \$2,765,458, respectively, from the Texas Education Agency (TEA), including grants passed through the TEA. This amount constitutes approximately 100% of total revenues earned for the year ended August 31, 2022 and 2021. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the charter school to continue to provide the current level of services to its students.

**NOTE 15: CHARTER HOLDER OPERATIONS**

The charter holder operated only a single charter school (i.e., MeyerPark Elementary Charter School) in fiscal years 2022 and 2021 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 \$420,537 and \$390,898 in compensation from the Organization during the years ended August 31, 2022 and 2021, 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: MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 26, 2023, the date which the financial statements were available to be issued. No change to the financial statements for the fiscal year ended August 31, 2022 is deemed necessary as a result of this evaluation.

## **SUPPLEMENTAL INFORMATION**

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**Supplemental Statement of Activities**

**For the Year Ended August 31, 2022**  
**(With comparative totals for 2021)**

|   | Without Donor       |                     | With Donor           |                     |
|---|---------------------|---------------------|----------------------|---------------------|
|   | Restrictions        |                     | Restrictions         |                     |
|   |                     |                     | Totals for August 31 |                     |
|   |                     |                     | 2022                 | 2021                |
| <b>REVENUES</b>   |                     |                     |                      |                     |
| Local Revenue:  |                     |                     |                      |                     |
| 5740 Other revenues from local sources                            | \$ 11,052           | \$ 5,099            | \$ 16,151            | \$ 44,040           |
| Total Local Revenue   | <u>11,052</u>       | <u>5,099</u>        | <u>16,151</u>        | <u>44,040</u>       |
| <b>State Program Revenue:</b>                                     |                     |                     |                      |                     |
| 5810 Per Capita and Foundation School Program Act Revenue         | -                   | 2,569,213           | 2,569,213            | 2,504,142           |
| 5820 State Program Revenue distributed by the TEA                 | -                   | 16,937              | 16,937               | 948                 |
| Total State Program Revenues                                      | <u>-</u>            | <u>2,586,150</u>    | <u>2,586,150</u>     | <u>2,505,090</u>    |
| <b>Federal Program Revenues:</b>                                  |                     |                     |                      |                     |
| 5949 Federal Revenues Distributed Direct for PPP Loan Forgiveness | -                   | -                   | -                    | 306,000             |
| 5929 ESEA Title I, Part A   | -                   | 138,241             | 138,241              | 156,880             |
| 5929 IDEA B-Formula and Pre School                                | -                   | 47,944              | 47,944               | 42,305              |
| IDEA Part B Formula - American Rescue Plan (ARP) Act              |                     | 12,722              | 12,722               |                     |
| IDEA Part B Preschool - American Rescue Plan (ARP) Act            |                     | 1,631               | 1,631                |                     |
| 5929 Child Nutrition  | -                   | 250,169             | 250,169              | 196,159             |
| 5929 ESEA, Title II, Part A                                       | -                   | 17,604              | 17,604               | 8,777               |
| 5929 ESSER Grant  | -                   | 1,217               | 1,217                | 43,498              |
| 5929 Coronavirus Relief Fund (CRF) of the CARES Act               | -                   | -                   | -                    | 14,327              |
| 5929 CRRSA ESSER II - Federal Revenues Distributed                | -                   | 112,888             | 112,888              | 21,742              |
| Total Federal Program Revenues                                    | <u>-</u>            | <u>810,459</u>      | <u>810,459</u>       | <u>799,434</u>      |
| <b>Net Assets Released from Restrictions:</b>                     |                     |                     |                      |                     |
| Restrictions satisfied by payments                                | 3,369,369           | (3,369,369)         | -                    | -                   |
| Total Net Assets Released from Restrictions                       | <u>3,369,369</u>    | <u>(3,369,369)</u>  | <u>-</u>             | <u>-</u>            |
| <b>TOTAL REVENUES</b>   | <u>\$ 3,380,421</u> | <u>\$ 32,339</u>    | <u>\$ 3,412,760</u>  | <u>\$ 3,348,564</u> |
| <b>EXPENSES</b>   |                     |                     |                      |                     |
| Program services:   |                     |                     |                      |                     |
| 11 Instruction  | \$ 1,916,035        | \$ -                | \$ 1,916,035         | \$ 1,373,427        |
| 13 Curriculum and instructional staff development                 | 50,100              | -                   | 50,100               | 56,304              |
| 21 Instructional leadership                                       | 2,258               | -                   | 2,258                | 13,123              |
| 23 School leadership  | 273,367             | -                   | 273,367              | 280,045             |
| 31 Guidance, counseling & evaluation services                     | 31,869              | -                   | 31,869               | 35,370              |
| 33 Health services  | 9,746               | -                   | 9,746                | 6,992               |
| 34 Student (Pupil) transportation                                 | 86,440              | -                   | 86,440               | 95,179              |
| 35 Food service   | 209,995             | -                   | 209,995              | 164,195             |
| 36 Extracurricular activities                                     | 23,676              | -                   | 23,676               | 836                 |
| 41 General administration   | 253,342             | -                   | 253,342              | 236,894             |
| 51 Facilities maintenance and operations                          | 359,640             | -                   | 359,640              | 273,420             |
| 52 Security and monitoring services                               | 53,696              | -                   | 53,696               | 29,839              |
| 53 Data processing services                                       | 8,846               | -                   | 8,846                | -                   |
| 61 Community services   | 31,018              | -                   | 31,018               | 28,388              |
| 71 Debt services  | 59,341              | -                   | 59,341               | 51,618              |
| <b>TOTAL EXPENSES</b>   | <u>3,369,369</u>    | <u>-</u>            | <u>3,369,369</u>     | <u>2,645,630</u>    |
| Change in net assets  | 11,052              | 32,339              | 43,391               | 702,934             |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                              | <u>58,759</u>       | <u>1,888,218</u>    | <u>1,946,977</u>     | <u>1,244,043</u>    |
| <b>NET ASSETS, END OF YEAR</b>                                    | <u>\$ 69,811</u>    | <u>\$ 1,920,557</u> | <u>\$ 1,990,368</u>  | <u>\$ 1,946,977</u> |

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**Schedules of Expenses**  
**For the Years Ended August 31, 2022 and 2021**

| <b>Expenses:</b>                          | <u><b>2022</b></u>         | <u><b>2021</b></u>         |
|---|----------------------------|----------------------------|
| 6100 Payroll costs                        | \$ 2,194,465               | \$ 1,837,926               |
| 6200 Professional and contracted services | 692,348                    | 444,861                    |
| 6300 Supplies and materials               | 275,695                    | 182,828                    |
| 6400 Other operating costs                | 147,520                    | 128,397                    |
| 6500 Debt service                         | 59,341                     | 51,618                     |
|   | <u><u>\$ 3,369,369</u></u> | <u><u>\$ 2,645,630</u></u> |



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

**Schedules of Capital Assets**  
**For the Years ended August 31, 2022 and 2021**

|                                 | <b>2022</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    | \$ 1,644,704              | \$ 218,739   | \$ 20,595      | \$ 1,884,038 |

|                                 | <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    | \$ 1,644,704              | \$ 218,739   | \$ 20,595      | \$ 1,884,038 |

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

**Schedule of Real Property Ownership Interest**  
**For the Years ended August 31, 2022**

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

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

**Schedule of Related Party Transactions**  
**For the Year ended August 31, 2022**

| <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                          |

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

**Schedule of Related Party Compensation and Benefits**  
**For the Year ended August 31, 2022**

| <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           | \$ 53,110                   |
| Roy Pace                  | Sheretta Hernandez & Julia Wright            | Father & Daughters  | Compensation                   | Semi-Monthly             | Payroll            | State                       | \$ 71,095                   |
| Sheretta Hernandez        | Julia Wright & Roy Pace                      | Sister & Father     | Compensation                   | Semi-Monthly             | Payroll            | State and Federal           | \$ 122,223                  |
| Julia Wright              | Sheretta Hernandez & Roy Pace                | Sister & Father     | Compensation                   | Semi-Monthly             | Payroll            | State and Federal           | \$ 153,029                  |
| Julia Wright              | Sheretta Hernandez & Roy Pace                | Sister & Father     | Benefit                        | Semi-Monthly             | Payroll            | State                       | \$ 21,080                   |

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

**Budgetary Comparison Schedule**  
**For the Year Ended August 31, 2022**

|                                      | Budgeted Amounts   |                     | Actual<br>Amounts   | Actual Compared to Final<br>Budgeted Amounts |                    | Explanation<br>(See references) | Final Compared to<br>Original Budgeted<br>Amounts |                 | Explanation<br>(See<br>references) |     |
|--------------------------------------|--|---------------------|---------------------|--|--------------------|---------------------------------|---|-----------------|------------------------------------|-----|
|                                      | Original   | Final               |                     | \$ Variance                                  | % Variance         |                                 | \$ Variance                                       | % Variance      |                                    |     |
|                                      | Unaudited  | Unaudited           |                     | Unaudited                                    | Unaudited          |                                 | Unaudited   | Unaudited       |                                    |     |
| <b>REVENUES</b>                      |  |                     |                     |  |                    |                                 |   |                 |                                    |     |
| <b>Local Revenue:</b>                |  |                     |                     |  |                    |                                 |   |                 |                                    |     |
| 5700                                 | Local and intermediate sources                               | \$ 5,200            | \$ 5,200            | \$ 16,151                                    | \$ 10,951          | 211%                            | {a}   | -               | 0.00%                              |     |
| <b>State Program Revenue:</b>        |  |                     |                     |  |                    |                                 |   |                 |                                    |     |
| 5810                                 | Per Capita and Foundation School Program Act Revenue         | 2,478,675           | 2,478,675           | 2,569,213                                    | 90,538             | 4%                              |   | -               | 0.00%                              |     |
| 5820                                 | State Program Revenues Distributed by Texas Education Agency | -                   | 25,000              | 16,937                                       | (8,063)            | -32%                            | {b}   | (25,000)        | 100%                               | {b} |
| <b>Federal Program Revenues:</b>     |  |                     |                     |  |                    |                                 |   |                 |                                    |     |
| 5929                                 | Federal Revenues Distributed by the Texas Education Agency   | 1,079,675           | 1,079,675           | 810,459                                      | (269,216)          | -25%                            | {c}   | -               | 0.00%                              |     |
| <b>TOTAL REVENUES</b>                |  | <u>\$ 3,563,550</u> | <u>\$ 3,588,550</u> | <u>\$ 3,412,760</u>                          | <u>\$(175,790)</u> | <u>157.06%</u>                  |   | <u>(25,000)</u> | <u>100.00%</u>                     |     |
| <b>EXPENSES</b>                      |  |                     |                     |  |                    |                                 |   |                 |                                    |     |
| Program services:                    |  |                     |                     |  |                    |                                 |   |                 |                                    |     |
| 11                                   | Instruction  | 2,222,709           | 2,044,779           | 1,916,035                                    | 128,744            | 6%                              |   | 177,930         | 8%                                 |     |
| 12                                   | Instructional resources and media services                   | 5,000               | 1,000               | -  | 1,000              | 100%                            | {d}   | 4,000           | 80%                                | {d} |
| 13                                   | Curriculum development and instructional staff development   | 84,370              | 55,000              | 50,100                                       | 4,900              | 9%                              |   | 29,370          | 35%                                | {l} |
| 21                                   | Instructional leadership                                     | 2,500               | 2,500               | 2,258  | 242                | 10%                             | {e}   | -               | 0%                                 |     |
| 23                                   | School leadership  | 265,000             | 285,600             | 273,367                                      | 12,233             | 4%                              |   | (20,600)        | -8%                                |     |
| 31                                   | Guidance, Counseling and Evaluation Services                 | 50,719              | 35,719              | 31,869                                       | 3,850              | 11%                             | {f}   | 15,000          | 30%                                | {f} |
| 33                                   | Health services  | 33,800              | 11,800              | 9,746  | 2,054              | 17%                             | {g}   | 22,000          | 65%                                | {g} |
| 34                                   | Student (Pupil) transportation                               | 89,000              | 99,000              | 86,440                                       | 12,560             | 13%                             | {h}   | (10,000)        | -11%                               | {m} |
| 35                                   | Food services  | 165,652             | 200,180             | 209,995                                      | (9,815)            | -5%                             |   | (34,528)        | -21%                               | {n} |
| 36                                   | Cocurricular/Extracurricular activities                      | 8,495               | 23,495              | 23,676                                       | (181)              | -1%                             |   | (15,000)        | -177%                              | {o} |
| 41                                   | General administration                                       | 238,410             | 252,510             | 253,342                                      | (832)              | 0%                              |   | (14,100)        | -6%                                |     |
| 51                                   | Facilities maintenance and operations                        | 217,868             | 316,218             | 359,640                                      | (43,422)           | -14%                            | {i}   | (98,350)        | -45%                               | {p} |
| 52                                   | Security and monitoring services                             | 32,000              | 57,000              | 53,696                                       | 3,304              | 6%                              |   | (25,000)        | -78%                               | {q} |
| 53                                   | Data processing services                                     | 25,000              | 25,000              | 8,846  | 16,154             | 65%                             | {j}   | -               | 0%                                 |     |
| 61                                   | Community Services   | 31,370              | 31,370              | 31,018                                       | 352                | 1%                              |   | -               | 0%                                 |     |
| 71                                   | Debt Service   | 66,000              | 66,000              | 59,341                                       | 6,659              | 10%                             | {k}   | -               | 0%                                 |     |
| <b>TOTAL EXPENSES</b>                |  | <u>\$ 3,537,893</u> | <u>\$ 3,507,171</u> | <u>\$ 3,369,369</u>                          | <u>\$ 137,802</u>  | <u>3.93%</u>                    |   | <u>30,722</u>   | <u>0.87%</u>                       |     |
| Change in net assets                 |  |                     |                     | 43,391                                       |                    |                                 |   |                 |                                    |     |
| <b>NET ASSETS, BEGINNING OF YEAR</b> |  |                     |                     | <u>1,946,977</u>                             |                    |                                 |   |                 |                                    |     |
| <b>NET ASSETS, END OF YEAR</b>       |  |                     |                     | <u>\$ 1,990,368</u>                          |                    |                                 |   |                 |                                    |     |

*Variance Explanation:*

- |  |   |
|--|---|
| {a} Increased enrollment.  | {j} Decrease due to change to new student account system did not occur  |
| {b} Security grant life was extended due to COVID-19 pandemic.   | {k} Anticipated paying off line of credit.  |
| {c} Anticipated new program not implemented until next academic year.  | {l} Anticipated new program not implemented until next academic year.   |
| {d} Anticipated services not implemented until next academic year.   | {m} Additional mechanical repairs not needed.   |
| {e} Decrease need for extra duty pay.  | {n} Increased student participation and increased food costs due to supply chain disruption caused by COVID-19. |
| {f} Decreased need for counseling services as requested by parents and/or staff.                                 | {o} Increased student participation.  |
| {g} Decreased need for medical supplies.   | {p} Increased expenditures due to increasing safety of staff and students                                       |
| {h} Anticipated increase for mechanical repairs.   | {q} Increased expenditures due to increasing safety of staff and students                                       |
| {i} Increased expenditures due to repairs and maintenance of the building because of increased safety protocols. |   |

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

**Use of Funds – Select State of Allotment Programs**  
**For the Year Ended August 31, 2022**

Data Codes

Responses

**Section A: Compensatory Education Programs**

|  |  |                  |
|--|--|------------------|
| Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, 48.104. |  |                  |
| AP1  | Did your School expend any state compensatory education program state allotment funds during the district’s fiscal year?                             | <b>Yes</b>       |
| AP2  | Does the School have written policies and procedures for its state compensatory education program?   | <b>Yes</b>       |
| AP3  | List the total state allotment funds received for state compensatory education programs during the school’s fiscal year.                             | <b>\$377,606</b> |
| AP4  | List the actual direct program expenditures for state compensatory education programs during the School’s fiscal year. (PICs 24, 26, 28, 29, 30, 34) | <b>\$207,306</b> |

**Section B: Bilingual Education Programs**

|   |   |                |
|---|---|----------------|
| Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, 48.105. |   |                |
| AP5   | Did your School expend any bilingual education program state allotment funds during the School’s fiscal year?               | <b>Yes</b>     |
| AP6   | Does the School have written policies and procedures for its bilingual education program?                                   | <b>Yes</b>     |
| AP7   | List the total state allotment funds received for bilingual education programs during the School’s fiscal year.             | <b>\$2,815</b> |
| AP8   | List the actual direct program expenditures for bilingual education programs during the School’s fiscal year. (PICs 25, 35) | <b>\$7,027</b> |

**SINGLE AUDIT SECTION**

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

**Schedules of Expenditures of Federal Awards**  
**For the Years ended August 31, 2022 and 2021**

| Federal Grantor/Pass-through Grantor/Program Title              | Federal<br>Assistance Listing<br><u>Number</u> | Agency or<br>Pass-through<br><u>Number</u> | Federal<br>Expenditures  |
|---|--|--|--------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>                             |  |  |                          |
| Pass-through programs from:                                     |  |  |                          |
| Texas Education Agency  |  |  |                          |
| ESEA Title I, Part A--Improving Basic Programs                  | 84.010A  | S010A210043                                | \$ 138,241               |
| Title II, Part A--Teacher and Principal Training and Recruiting | 84.367A  | S367A210041                                | 17,604                   |
| IDEA B--Formula   | 84.027A  | H027A210008                                | 46,388                   |
| IDEA B--PreSchool   | 84.173A  | H173A210004                                | 1,556                    |
| Title IV, Part A, Subpart 1                                     | 84.424A  | S424A210045                                | 10,254                   |
| ESSER Grant   | 84.425D  | S425D200042                                | 1,217                    |
| CRRSA ESSER II  | 84.425D  | S425D210042                                | 112,888                  |
| ARP ESSER III   | 84.425U  | S425U210042                                | 217,789                  |
| IDEA B--Formula ARP   | 84.027X  | H027X210008                                | 12,722                   |
| IDEA B PRESCHOOL--ARP   | 84.173X  | H173X210004                                | 1,631                    |
| Total Passed Through Texas Education Agency                     |  |  | <u>560,290</u>           |
| <b>Total U.S. Department of Education</b>                       |  |  | <b><u>560,290</u></b>    |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                           |  |  |                          |
| Pass-through programs from:                                     |  |  |                          |
| Texas Education Agency  |  |  |                          |
| School Breakfast Program  | 10.553   | 202222N109946                              | 68,045                   |
| National School Lunch Program                                   | 10.555   | 202222N109946                              | 169,864                  |
| School Lunch Matching   |  | 030022                                     | 254                      |
| Supply Chain Assistance   | 10.555   |  | 12,006                   |
| Total Passed Through Texas Education Agency                     |  |  | <u>250,169</u>           |
| <b>Total U.S. Department of Agriculture</b>                     |  |  | <b><u>250,169</u></b>    |
| <b>Total Federal Awards</b>                                     |  |  | <b><u>810,459</u></b>    |
|   |  |  | <u>\$ 810,459</u>        |
| Total federal program revenues                                  |  |  | <b><u>\$ 810,459</u></b> |



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

**Notes to Schedule of Expenditure on Federal Awards**  
**For the Years ended August 31, 2022 and 2021**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes federal grant activities of the school under programs of the federal government for the year ended August 31, 2022. The information in the schedule is presented in accordance with the requirements of title 2 U.S. code of federal regulations part 200, uniform administrative requirements, cost principles, and audit requirements for federal awards (“uniform guidance”). Because the schedule present only a selected portion of the operation of the Organization, they are not intended to and do not present the financial position, changes in net assets, and cash flows of the Organization.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures on the schedule are reported on the accrual basis of accounting. such expenditures are recognized following the cost principles contained in subpart e of the uniform guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. RELATIONSHIP TO FINANCIAL REPORT SUBMITTED TO GRANTOR AGENCIES**

Amounts reflected in the financial reports filed with grantor agencies for the programs and the supplementary schedules may not agree because of accruals which will be included in the next report filed with the agencies, matching requirements not included in the schedules and different program year ends.

**4. ELECTION TO USE 10% DE MINIMIS INDIRECT COST RATE**

The charter school has elected not to use the 10% de minimis indirect cost rate allowed under uniform guidance.

**5. COMMITMENTS AND CONTINGENCIES**

Federal grants received by the school are subject to review and audit by grantor agencies. the school’s management believes that the results of such audits will not have a material effect on the schedule.



**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***

**INDEPENDENT AUDITOR'S REPORT**

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, 2022, 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 26, 2023.

***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.



# McConnell Jones

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 or significant deficiencies 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 26, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited ECAP Enterprises, Inc. dba MeyerPark Elementary Charter School (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2022, The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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



*Responsibilities of Management for Compliance*

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

*Auditor's Responsibilities for the Audit of Compliance*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.



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

### **Report on Internal Control over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Houston, Texas  
January 26, 2023

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

**Schedule of Findings and Questioned Costs**  
**For the Year ended August 31, 2022**

**PART I – 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         |

**Federal Awards Section**

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a) Material weaknesses identified?  | No         |
| b) Significant deficiencies identified which are not considered to be material weaknesses?                        | No         |
| 2. Type of auditor’s report issued on compliance for major programs:  | Unmodified |
| 3. Any audit findings disclosed, which are required to be reported in accordance with 2 CFR section 200.6.516(a)? | No         |
| 4. Identification of major programs:  |            |

| Federal - CFDA Number | Name of Federal Program/Cluster |
|-----------------------|---------------------------------|
| 84.425D               | ESSER Grant, CRRSA ESSER II     |
| 84.425U               | ESSER III                       |

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B federal programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR section 200.520?             | No        |

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

**Schedule of Findings and Questioned Costs**  
**For the Year ended August 31, 2022**

**PART II: FINDINGS – FINANCIAL STATEMENT AUDIT**

This section identifies the significant deficiencies, material weaknesses, and instances of fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards require reporting under 2 CFR Section 200.515(d)(2).

**NONE NOTED**



**ECAP ENTERPRISES, INC.**  
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**Schedule of Findings and Questioned Costs**  
**For the Year ended August 31, 2022**

**PART III: STATE COMPLIANCE AND REPORTING REQUIREMENT**

**NONE NOTED**

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
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**Schedule of Findings and Questioned Costs**  
**For the Year ended August 31, 2022**

**PART IV: FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARDS**

**NONE NOTED**

**ECAP ENTERPRISES, INC.**  
**dba MEYERPARK ELEMENTARY CHARTER SCHOOL**  
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**Summary Schedule of Prior Audit Findings**  
**For the Year ended August 31, 2022**

**PART V: STATUS OF PRIOR YEAR FINDINGS**

**NOT APPLICABLE**