

The Excel Center (for Adults)

Financial Statements
and Supplementary Information
and Single Audit Reports and Schedules

June 30, 2023



TABLE OF CONTENTS

	<u>Page No.</u>
Certificate of Board	i
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 16
TEA Required Supplementary Information	
Statement of Activities	18
Schedules of Expenses	19
Schedule of Capital Assets	20
Budgetary Comparison Schedule	21
Notes to Budgetary Comparison Schedule	22
Schedule of Compensatory and Bilingual Education Programs	23
Schedule of Related Party Transactions	24
Single Audit Reports and Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 - 27
Independent Auditor's Report on Compliance for Each Major Program, Internal Control Over Compliance, and on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	28 - 30
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33 - 34
Summary Schedule of Prior Audit Findings	35

The Excel Center (for Adults)
(Federal Employer Identification Number: 74-1322808)
Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of The Excel Center (for Adults) was reviewed and (X) approved () disapproved for the period ended June 30, 2023, at a meeting of the governing body of said charter school on the 17th day of November, 2023.



Signature of Board Secretary



Signature of Board President



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Excel Center (for Adults)
Austin, Texas

Opinion

We have audited the accompanying financial statements of The Excel Center (for Adults) (a Texas nonprofit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Excel Center (for Adults) 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Excel Center (for Adults)'s ability to continue as a going concern 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards 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 Excel Center (for Adults)'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 Excel Center (for Adults)'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on pages 17 - 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Additionally, the accompanying schedule of federal awards on page 29, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of The Excel Center (For Adults)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Excel Center (For Adults)'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 Excel Center (For Adults)'s internal control over financial reporting and compliance.



Armanino^{LLP}
Dallas, Texas

November 17, 2023

The Excel Center (for Adults)
Statement of Financial Position
June 30, 2023

ASSETS

Current assets	
Cash	\$ 1,541,450
Due from State	2,901,534
Due from related party	412,163
Contributions and grants receivable	250,976
Other receivables	181,995
Prepaid expenses	<u>16,864</u>
Total current assets	5,304,982
Property and equipment, net	<u>7,766</u>
Total assets	<u><u>\$ 5,312,748</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 249,271
Accrued expenses	896,786
Due to related party	<u>256,454</u>
Total current liabilities	<u>1,402,511</u>
Net assets	
Without donor restrictions	516,844
With donor restrictions	<u>3,393,393</u>
Total net assets	<u>3,910,237</u>
Total liabilities and net assets	<u><u>\$ 5,312,748</u></u>

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

The Excel Center (for Adults)
Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Local support			
Contributions	\$ 26,311	\$ 452,798	\$ 479,109
In-kind contributions	1,048,562	-	1,048,562
Enterprising services and student activities	<u>1,634,643</u>	<u>-</u>	<u>1,634,643</u>
Total local support	<u>2,709,516</u>	<u>452,798</u>	<u>3,162,314</u>
Foundation School Program	-	7,953,635	7,953,635
Other State aid	<u>20,019</u>	<u>120,451</u>	<u>140,470</u>
Total	<u>20,019</u>	<u>8,074,086</u>	<u>8,094,105</u>
Federal program revenues			
Federal program revenues distributed by Texas			
Education Agency	<u>-</u>	<u>1,250,348</u>	<u>1,250,348</u>
Total Federal program revenues	<u>-</u>	<u>1,250,348</u>	<u>1,250,348</u>
Net assets released from restriction	<u>9,406,178</u>	<u>(9,406,178)</u>	<u>-</u>
Total revenues	<u>12,135,713</u>	<u>371,054</u>	<u>12,506,767</u>
Functional expenses			
Program services	<u>8,300,715</u>	<u>-</u>	<u>8,300,715</u>
General and administrative	<u>3,835,685</u>	<u>-</u>	<u>3,835,685</u>
Total functional expenses	<u>12,136,400</u>	<u>-</u>	<u>12,136,400</u>
Change in net assets	(687)	371,054	370,367
Net assets, beginning of year	<u>517,531</u>	<u>3,022,339</u>	<u>3,539,870</u>
Net assets, end of year	<u>\$ 516,844</u>	<u>\$ 3,393,393</u>	<u>\$ 3,910,237</u>

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

The Excel Center (for Adults)
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Program Services</u>	General and <u>administrative</u>	<u>Total</u>
Payroll expenses			
Salaries and wages	\$ 5,325,217	\$ 2,520,478	\$ 7,845,695
Employee benefits	904,758	445,006	1,349,764
Payroll taxes	108,254	56,028	164,282
Total payroll expenses	<u>6,338,229</u>	<u>3,021,512</u>	<u>9,359,741</u>
Non-payroll expenses			
Contract labor	287,008	134,590	421,598
Legal and professional fees	117,105	159,870	276,975
Travel	130,902	61,659	192,561
Depreciation	7,375	-	7,375
Insurance and bonding costs	-	16,755	16,755
Other	23,849	147,440	171,289
Supplies	460,019	83,817	543,836
Rent	69,202	-	69,202
Donated use of facilities	838,850	209,712	1,048,562
Utilities	28,176	330	28,506
Total non-payroll expenses	<u>1,962,486</u>	<u>814,173</u>	<u>2,776,659</u>
	<u>\$ 8,300,715</u>	<u>\$ 3,835,685</u>	<u>\$ 12,136,400</u>

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

The Excel Center (for Adults)
Statement of Cash Flows
For the Ten Months Ended June 30, 2023

Cash flows from operating activities	
Change in net assets	\$ 370,367
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	7,375
Changes in operating assets and liabilities	
Due from State	(538,442)
Contributions and grants receivable	(412,163)
Due from related party	(151,374)
Other receivables	64,985
Prepaid expenses	15,884
Accounts payable	75,793
Accrued expenses	180,435
Due to related party	255,585
Refundable advance	(68,200)
Net cash used in operating activities	<u>(199,755)</u>
Net decrease in cash	(199,755)
Cash, beginning of year	<u>1,741,205</u>
Cash, end of year	<u><u>\$ 1,541,450</u></u>

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

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

1. NATURE OF OPERATIONS

The Excel Center (for Adults) ("the School") is a nonprofit charter school that began operations in August 2014. The School is a state-authorized, open-enrollment charter school. The contract for Charter granted by the State Board of Education of the state of Texas pursuant to Chapter 29.259 of the Texas Education Code is effective until July 2029. The Charter Holder is Goodwill Industries of Central Texas, Inc. The School is the first free, public charter high school in Austin, Texas to provide the opportunity to earn a high school diploma for individuals from 18 to 50 years of age.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

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

The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The School currently has no permanently restricted net assets.

- *Net assets without donor restrictions* - represent resources available for the support of the Organization's operations that are not subject to donor-imposed restrictions.
- *Net assets with donor restrictions* - represent funds that are subject to donor restrictions which either expire with the passage of time, will be fulfilled for the intended purpose pursuant to those provisions, or are perpetual in nature.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers between the applicable classes of net assets.

Cash and cash equivalents

The School considers all highly liquid investment instruments with an original maturity date of three months or less from the date of purchase to be cash equivalents. There are no cash equivalents as of June 30, 2023.

Use of estimates

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

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

The School's receivables represent amounts primarily due from the State of Texas for state and federal pass-through funding. Management considers such receivables at June 30, 2023 to be fully collectible. Accordingly, no allowance for doubtful accounts was recorded in the accompanying financial statements.

Revenue recognition

The School recognizes support and revenue on the accrual basis of accounting. Revenues from exchange transactions are recognized following the core principle that an entity should recognize revenue to depicts the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Contributions and promises to give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2023, the School had approximately \$416,746 of conditional funding that had not been recognized as the conditions upon which they depend upon had not been met.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed nonfinancial assets

The School's policy is to recognize in-kind goods when donated as revenue at fair value in the period such contribution is made or pledged. The School leases various facilities on a year to year basis at below market rental rates. .

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed nonfinancial assets (continued)

Contributed nonfinancial assets for the year ended June 30, 2023, consisted of the following:

<u>Product</u>	<u>Revenue Recognized - June 30, 2023</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Use of facilities	\$ 1,048,562	School Operations	No donor restrictions	Estimated fair value on the basis of values that would be paid for renting comparable space.

Property and equipment

Capital assets, which include furniture and equipment, are reported in the financial statements. Capital assets are defined by the School as assets with an individual cost of more than \$5,000 and with a useful life of more than one year. Such assets are recorded at historical cost and are depreciated over the estimated useful life of the assets using the straight-line method of depreciation.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and equipment	3 years
Curriculum	10 years

Property and equipment acquired with public funds received by the School for operations constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets within the supplementary schedules.

Functional allocation of expenses

The costs of providing education and support services are presented on a functional basis in the statement of activities according to the function of the related expenditure as outlined by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting. The statement of functional expenses further categorizes costs according to nature based on the purpose of the expenditure as outlined by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore no provision has been made for federal income taxes in the accompanying financial statements.

The School recognizes in its financial statements the financial effects of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken related to School tax-exempt status, unrelated business income, and deductibility of expenses have been reviewed, and management is of the opinion that material positions taken by School would more likely than not be sustained upon examination. Accordingly, the School has not recorded an income tax liability for uncertain tax benefits.

New accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). This standard requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The School adopted this guidance effective July 1, 2022 using the modified retrospective approach, which eliminated the requirement to restate amounts presented prior to July 1, 2022. The School implemented the standard and concluded that the value of its lease asset and liability obligations under the standard are not material to the financial statements to be recorded or disclosed.

Subsequent events

The School has evaluated subsequent events through November 17, 2023, the date the financial statements were available to be issued. Management's review discovered no subsequent events that should be recognized or that are deemed significant enough for disclosure.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

In addition to financial assets available to meet general expenses over the next 12 months, the School operates a balanced budget and anticipates collecting sufficient revenue to cover general expenses not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the School's cash and shows positive cash generated by operations for 2023.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The following quantitative disclosure describes assets that are available or expected to be available within one year of June 30, 2023 to fund general expenditures and obligations as they become due:

Cash	\$ 1,541,450
Due from State	2,901,534
Contributions and grants receivable	250,976
Due from related party	412,163
Other receivables	<u>181,995</u>
	<u><u>\$ 5,288,118</u></u>

As of June 30, 2023, the School has \$3,318,265 of donor restricted funds that is available to use for general expenditures in the next fiscal year.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following as of June 30, 2023:

Furniture, equipment and curriculum	\$ 89,277
Less accumulated depreciation	<u>(81,511)</u>
	<u><u>\$ 7,766</u></u>

Depreciation expense was \$7,375 for the year ended June 30, 2023.

5. PENSION PLAN

Plan description

The School contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit plan with one exception: all risks and costs are not shared by the School, but instead are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. The charter schools are legally separate entities from the state and each other and the assets that are contributed by one charter or school district may be used for the benefit of an employee of another school district or charter. The unfunded obligations are passed along to the other charters and schools districts. There is no withdrawal penalty for leaving the System.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

5. PENSION PLAN (continued)

TRS 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 TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

Funding policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action.

TRS as a multiple-employer plan is different from single-employer plans in that:

- Charters are legally separate entities from the state and each other.
- Assets contributed by one charter or Independent School District (ISD) may be used for the benefit of an employee of another ISD or charter.
- Unfunded obligations of the plan get passed along to other charters and ISDs participating in the plan.
- There is not a withdrawal penalty for leaving the TRS system.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

5. PENSION PLAN (continued)

The following table includes the disclosures required per FASB 715-80-50-5:

Legal name of plan	Teacher Retirement System of Texas
Plan's Employer Identification Number	n/a
Zone Status	Unknown
<ul style="list-style-type: none"> • Total Plan Assets • Accumulated Benefit Obligations • % Funded 	<p>\$207,621,897,538</p> <p>\$243,553,045,455</p> <p style="text-align: right;">75.62%</p>
Expiration date of the collective-bargaining agreements requiring contributions to the plan	There is not a collective bargaining agreement
Employer contributions for the period ending June 30:	\$499,848 (the School's contributions to the plan did not represent more than 5% of the total contributions to the plan)
As of the end of the year ended June 30, 2023	
<ul style="list-style-type: none"> • Status of funding improvement plan or rehabilitation plan had been implemented or pending: • Did employer pay surcharge to the plan? • Contribution Rates 	<p>N/A</p> <p>Yes</p>
<ul style="list-style-type: none"> * Member * Non-Member Contributing Entity (State) * Employers 	<p>8.0%</p> <p>8.0%</p> <p>8.0%</p>

6. COMMITMENTS AND CONTINGENCIES

The School receives funding 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 TEA and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the School have complex compliance requirements and should state or federal auditors discover areas of noncompliance, the School's funds may be subject to refund if so determined by the TEA or the grantor agency.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

6. COMMITMENTS AND CONTINGENCIES (continued)

From time to time, the School is subject to certain claims and contingent liabilities that arise in the normal course of business. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the School's financial position.

7. CONCENTRATIONS OF CREDIT RISK

In the normal course of operations, the School maintains cash balances on deposit at a financial institution, which, at times, may exceed federally insured limits. The School's exposure to loss, should the financial institution fail, is the excess on deposit over the insured amount covered by the Federal Deposit Insurance Corporation. The School has not experienced any losses on such accounts and management believes the School is not exposed to any significant risk.

For the years ended June 30, 2023, revenues from the Texas Education Agency accounted for \$9,344,453, which was approximately 75% of the revenues and support for the School.

8. RELATED PARTY

Goodwill Industries of Central Texas (GICT) is the charter holder and controlling entity of the School. GICT's support for the School includes rent-free space to house the school. GICT donates rent of the facilities to the School. To accurately reflect the transaction, revenue and expenses in the amount of \$1,048,562 was recorded for the year ended June 30, 2023. As of June 30, 2023, the School had receivables due from GICT of \$412,163 and payables due to GICT of \$256,454.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Woodnext grant	\$ 69,789
Winnie gage scholarship	4,922
State textbook fund	417
Foundation School Program	<u>3,318,265</u>
	<u>\$ 3,393,393</u>

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2023

9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

Applied materials grant	\$	7,815
Woodnext grant		10,211
Childcare relief fund		372,798
Foster Youth grant		2,403
Federal programs		1,250,348
Foundation School Program		<u>7,762,603</u>
	\$	<u>9,406,178</u>

TEA REQUIRED SUPPLEMENTARY INFORMATION

The Excel Center (for Adults)
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023
Revenues			
Local support:			
574X Revenues from local sources	\$ 1,074,873	\$ 452,798	\$ 1,527,671
575X Revenues from Enterprising Services and Student Activities	1,634,643	-	1,634,643
Total local support	<u>2,709,516</u>	<u>452,798</u>	<u>3,162,314</u>
State program revenues			
581X Foundation School Program	-	7,953,635	7,953,635
582X State program revenues distributed by the Texas Education Agency	20,019	120,451	140,470
Total state program revenues	<u>20,019</u>	<u>8,074,086</u>	<u>8,094,105</u>
Federal program revenues			
592X Federal revenues distributed by the Texas Education Agency	-	1,250,348	1,250,348
Total federal program revenues	<u>-</u>	<u>1,250,348</u>	<u>1,250,348</u>
Non operating revenues			
79XX Other funding sources	-	-	-
Total non operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	9,406,178	(9,406,178)	-
Total revenues	<u>12,135,713</u>	<u>371,054</u>	<u>12,506,767</u>
Expenses			
11 Instruction	4,341,095	-	4,341,095
13 Curriculum development and instructional staff development	342,711	-	342,711
21 Instructional leadership	323,288	-	323,288
23 School leadership	1,075,125	-	1,075,125
31 Guidance, counseling and evaluation services	1,379,646	-	1,379,646
34 Transportation	1,122	-	1,122
36 Cocurricular/extracurricular activities	5,620	-	5,620
41 General administration	1,639,689	-	1,639,689
51 Plant maintenance and operations	1,075,556	-	1,075,556
52 Security and monitoring services	30,892	-	30,892
53 Data processing services	56,611	-	56,611
61 Community services	1,865,045	-	1,865,045
Total expenses	<u>12,136,400</u>	<u>-</u>	<u>12,136,400</u>
Change in net assets	(687)	371,054	370,367
Net assets, beginning of year	<u>517,531</u>	<u>3,022,339</u>	<u>3,539,870</u>
Net assets, ending of year	<u>\$ 516,844</u>	<u>\$ 3,393,393</u>	<u>\$ 3,910,237</u>

The Excel Center (for Adults)
Schedule of Expenses
For the Year Ended June 30, 2023

	<u>Totals</u> <u>2023</u>
Expenses	
6100 Payroll costs	\$ 9,359,741
6200 Professional and contracted services	1,844,933
6300 Supplies and materials	543,836
6400 Other operating costs	<u>387,890</u>
 Total expenses	 <u><u>\$ 12,136,400</u></u>

The Excel Center (for Adults)
Schedule of Capital Assets
June 30, 2023

The schedule of capital assets as of June 30, 2023, is as follows:

	Ownership Interest			Total
	Local	State	Federal	
<u>Cash</u>				
1110 Cash	\$ 202,483	\$ 2,476,326	\$ (1,137,359)	\$ 1,541,450
Total cash	202,483	2,476,326	(1,137,359)	1,541,450
<u>Property and equipment</u>				
1549 Furniture and equipment	51,925	37,352	-	89,277
Total property and equipment	51,925	37,352	-	89,277
1573 Less accumulated depreciation	(51,925)	(29,586)	-	(81,511)
Total property and equipment, net	-	7,766	-	7,766
Total cash and property and equipment	\$ 202,483	\$ 2,484,092	\$ (1,137,359)	\$ 1,549,216

The Excel Center (for Adults)
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Unaudited Budgeted Amounts		Actual Amounts	Variance from Final Budget % Variance	
	Original	Final			
Revenues					
Local support:					
574X Revenues from Charter Holder and other local sources	\$ -	\$ -	\$ -	\$ -	
575X Revenues from cocurricular	-	-	-	-	
Total local support	-	-	-	-	
State program revenues					
581X Foundation School Program	7,584,128	7,738,760	7,953,635	214,875	3%
582X State program revenues distributed by Texas Education Agency	241,000	51,000	20,019	(30,981)	-61% (1)
Total state program revenues	7,825,128	7,789,760	7,973,654	183,894	
Federal program revenues					
592X Federal revenues distributed by the Texas Education Agency	1,439,137	1,624,137	1,220,652	(403,485)	-25% (2)
Total federal program revenues	1,439,137	1,624,137	1,220,652	(403,485)	
Total revenues	9,264,265	9,413,897	9,194,306	(219,591)	
Expenses					
11 Instruction	4,088,765	4,093,765	4,135,228	41,463	1%
13 Curriculum development and instructional staff development	357,000	382,000	342,327	(39,673)	-10% (3)
21 Instructional leadership	500,000	425,000	323,288	(101,712)	-24% (4)
23 School leadership	886,000	1,026,000	1,043,089	17,089	2%
31 Guidance, counseling and evaluation services	1,292,000	1,472,000	1,341,450	(130,550)	-9%
34 Transportation	-	-	1,124	1,124	0% (5)
41 General Administration	1,461,500	1,256,500	1,405,474	148,974	12% (6)
51 Maintenance and operations	90,000	50,000	26,994	(23,006)	-46% (7)
52 Security and monitoring services	1,000	51,000	30,892	(20,108)	-39% (8)
53 Data processing services	8,000	83,000	56,406	(26,594)	-32% (9)
61 Community services	580,000	420,000	146,613	(273,387)	-65% (10)
Total expenses	9,264,265	9,259,265	8,852,885	(406,380)	
Change in net assets	-	154,632	341,421	186,789	

- (1) Delayed the use of multiyear grant funds to 23-24 school year
- (2) Delayed the use of multiyear grant funds to 23-24 school year
- (3) Summer curriculum project was delayed to 23-24 school year after unanticipated staff turnover
- (4) Delayed start of state grant funded project to 23-24 school year
- (5) Transportation needs were not anticipated in final budget
- (6) Higher than expected costs incurred due to superintendent change.
- (7) WiFi upgrades were delayed to 23-24 school year
- (8) Was able to contract with Austin ISD police department at a much lower rate for security services.
- (9) Was able to use unbudgeted grant funds to pay for software purchases.
- (10) Was able to use unbudgeted grant funds to pay for childcare payroll expenses.

Original to final budget variances:

The district opened a new campus and expanded services offered at two others. As the needs for these expanded programs were better understood, a significant budget amendment was approved by the board to more closely align the budget with expected expenditures.

The Excel Center (for Adults)
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2023

Personnel in the business office closely monitor expenditures within the budget. Budget amendments are made as considered necessary.

The amounts listed in the Budgetary Comparison Schedule and the Notes to the Budgetary Comparison Schedule report only revenues and expenses assigned to board-approved funds. As such, the Statement of Activities, which includes all revenues and expenses for the organization, will not agree to the Budgetary Comparison Schedule.

The Excel Center (for Adults)
 Schedule of Compensatory and Bilingual Education Programs
 For the Year Ended June 30, 2023

Data Codes	Section A: State Compensatory Education Programs	Responses
AP1	Did your local education agency ("LEA") expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$1,472,760
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (Program intent codes ("PIC") 24, 26, 28, 29, 30, 34)	\$812,373
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$86,522
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$49,900

The Excel Center (for Adults)
Schedule of Related Party Transactions
For the Year Ended June 30, 2023

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During FY</u>	<u>Principal Balance Due</u>
Goodwill Industries of Central Texas	N/A	Charter Holder	Financial	General Operations	N/A	Yearly	61,944	256,454
Goodwill Industries of Central Texas	N/A	Charter Holder	Nonfinancial	Donated space	N/A	One Time	-	-

SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Excel Center (for Adults)
Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Excel Center (for Adults) (a Texas nonprofit corporation) (the "School"), which comprise the statement of financial position as of June 30, 2023, 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 November 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino^{LLP}
Dallas, Texas

November 17, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
The Excel Center (for Adults)
Austin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Excel Center (for Adults) (a Texas nonprofit corporation) (the "School")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. 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 School 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 June 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations 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 School 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 School'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 School'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 School'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 generally accepted auditing standards, *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 School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 School'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 School'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 School'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 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 weakness 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School as of and for the year ended June 30, 2023, and have issued our report thereon dated November 17, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Armanino^{LLP}
Dallas, Texas

November 17, 2023

The Excel Center (for Adults)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Education			
Passed through Texas Education Agency:			
IDEA, Part B - Formula	84.027A	23660001227827 6600	26,774
Title II, Part A - Supporting Effective Instruction State Grant	84.367A	23694501227827	204
COVID-19 Texas COVID Learning Acceleration Supports Elementary and Secondary School Emergency Relief Fund (TCLAS ESSER III)	84.425U	21528042227827	69,608
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER Supplemental)	84.425U	21528043227827	<u>1,136,367</u>
			<u>1,232,953</u>
 Total U.S. Department of Education			 <u>1,232,953</u>
 Total Expenditures of Federal Awards			 <u>\$ 1,232,953</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

The Excel Center (for Adults)
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Excel Center (for Adults) (a Texas nonprofit corporation) (the "School") under programs of the federal government for the year ended June 30, 2023. The information in this 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 presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. STANDARD FINANCIAL ACCOUNTING SYSTEM

For all federal programs, the School used the net asset classes and codes specified by the Texas Education Agency in the Module 3: Charter Schools - Financial Accounting and Reporting Non-profit Chart of Accounts, Nonprofit Charter School Chart of Accounts. Net assets with donor restrictions are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in net assets with donor restrictions.

5. EXPENDITURES OF FEDERAL AWARDS

The total expenditures of federal awards of \$1,232,953 reported on the Schedule do not agree to the total federal awards revenue of \$1,250,348 reported on the statement of activities for the year ended June 30, 2023. This difference derives from awards from Texas Education Agency that are considered general revenue and not federally funded support with corresponding assistance listing numbers.

The Excel Center (for Adults)
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
ARP ESSER	84.425U
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

The Excel Center (for Adults)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

The Excel Center (for Adults)
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Finding number:	2022-001
Criteria:	A liability for accrued vacation was not properly recorded in the prior year.
Condition:	The School had calculated accrued vacation, but did not record the liability within the previously issued audited financial statements.
Cause:	During the course of the audit, it was discovered the School had understated accrued expenses and, therefore, overstated net assets by approximately \$208,000 as of August 31, 2021, due to not correctly capturing earned, but not paid employee vacation.
Effect or potential effect:	Net assets as of September 1, 2021 was overstated by approximately \$208,000 by not recording the requisite accrued vacation liability.
Management Response:	Management has fully resolved this matter by implementing procedures for the School Business Officer to review accrued vacation at the end of each period to ensure it complies with U.S. Generally Accepted Accounting Principles.