

The Excel Center (for Adults)

Financial Statements
and Supplementary Information
and Other Audit Report

June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Excel Center (for Adults) (a Texas nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Excel Center (for Adults) as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 21 - 29 is 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 10, 2025, 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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Austin, Texas

November 11, 2025

The Excel Center (for Adults)
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash	\$ 4,063,756	\$ 2,402,299
Due from State	2,933,392	4,390,921
Due from related party	1,250	128,427
Contributions and grants receivable	13,373	33,194
Other receivables	999	350
Prepaid expenses	<u>51,874</u>	<u>22,941</u>
Total current assets	7,064,644	6,978,132
Property and equipment, net	<u>109,764</u>	<u>135,128</u>
Total assets	<u><u>\$ 7,174,408</u></u>	<u><u>\$ 7,113,260</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 13,459	\$ 80,237
Due to State	-	7,761
Accrued expenses	1,002,703	858,044
Deferred revenue	21,450	-
Due to related party	<u>10,179</u>	<u>118,715</u>
Total current liabilities	<u>1,047,791</u>	<u>1,064,757</u>
Net assets		
Without donor restrictions	695,957	806,030
With donor restrictions	<u>5,430,660</u>	<u>5,242,473</u>
Total net assets	<u>6,126,617</u>	<u>6,048,503</u>
Total liabilities and net assets	<u><u>\$ 7,174,408</u></u>	<u><u>\$ 7,113,260</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, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Local support			
Contributions	\$ 140,790	\$ 102,215	\$ 243,005
In-kind contributions, related party	612,575	-	612,575
Enterprising services and student activities	151,493	-	151,493
Total local support	<u>904,858</u>	<u>102,215</u>	<u>1,007,073</u>
Foundation School Program	-	11,855,415	11,855,415
Other State aid	<u>1,670</u>	<u>649,672</u>	<u>651,342</u>
	<u>1,670</u>	<u>12,505,087</u>	<u>12,506,757</u>
Federal program revenues			
Federal program revenues distributed by Texas			
Education Agency	-	104,274	104,274
Total Federal program revenues	<u>-</u>	<u>104,274</u>	<u>104,274</u>
Net assets released from restriction	<u>12,523,389</u>	<u>(12,523,389)</u>	<u>-</u>
Total revenues	<u>13,429,917</u>	<u>188,187</u>	<u>13,618,104</u>
Functional expenses			
Program services	11,048,163	-	11,048,163
General and administrative	<u>2,491,827</u>	<u>-</u>	<u>2,491,827</u>
Total functional expenses	<u>13,539,990</u>	<u>-</u>	<u>13,539,990</u>
Change in net assets	(110,073)	188,187	78,114
Net assets, beginning of year	<u>806,030</u>	<u>5,242,473</u>	<u>6,048,503</u>
Net assets, end of year	<u>\$ 695,957</u>	<u>\$ 5,430,660</u>	<u>\$ 6,126,617</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, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Local support			
Contributions	\$ 213,976	\$ 105,000	\$ 318,976
In-kind contributions, related party	963,200	-	963,200
Enterprising services and student activities	425,970	-	425,970
Total local support	<u>1,603,146</u>	<u>105,000</u>	<u>1,708,146</u>
Foundation School Program	-	11,110,351	11,110,351
Other State aid	<u>-</u>	<u>883,364</u>	<u>883,364</u>
	<u>-</u>	<u>11,993,715</u>	<u>11,993,715</u>
Federal program revenues			
Federal program revenues distributed by Texas Education Agency	<u>-</u>	<u>372,434</u>	<u>372,434</u>
Net assets released from restriction	<u>10,622,069</u>	<u>(10,622,069)</u>	<u>-</u>
Total revenues, gains, and other support	<u>12,225,215</u>	<u>1,849,080</u>	<u>14,074,295</u>
Functional expenses			
Program services	9,161,128	-	9,161,128
General and administrative	<u>2,774,901</u>	<u>-</u>	<u>2,774,901</u>
Total functional expenses	<u>11,936,029</u>	<u>-</u>	<u>11,936,029</u>
Change in net assets	289,186	1,849,080	2,138,266
Net assets, beginning of year	<u>516,844</u>	<u>3,393,393</u>	<u>3,910,237</u>
Net assets, end of year	<u><u>\$ 806,030</u></u>	<u><u>\$ 5,242,473</u></u>	<u><u>\$ 6,048,503</u></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, 2025

	<u>Program services</u>	<u>General and administrative</u>	<u>Total</u>
Payroll expenses			
Salaries and wages	\$ 6,689,750	\$ 1,310,440	\$ 8,000,190
Employee benefits	2,946,590	490,722	3,437,312
Payroll taxes	102,526	22,636	125,162
Total payroll expenses	<u>9,738,866</u>	<u>1,823,798</u>	<u>11,562,664</u>
Non-payroll expenses			
Contract labor	81,269	183,033	264,302
Legal and professional fees	61,368	62,874	124,242
Travel	143,564	36,495	180,059
Depreciation	1,110	49,508	50,618
Insurance and bonding costs	-	17,773	17,773
Other	165,933	102,080	268,013
Supplies	247,075	93,751	340,826
Rent	92,945	-	92,945
Donated use of facilities	490,060	122,515	612,575
Utilities	25,973	-	25,973
Total non-payroll expenses	<u>1,309,297</u>	<u>668,029</u>	<u>1,977,326</u>
	<u>\$ 11,048,163</u>	<u>\$ 2,491,827</u>	<u>\$ 13,539,990</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, 2024

	<u>Program services</u>	<u>General and administrative</u>	<u>Total</u>
Payroll expenses			
Salaries and wages	\$ 5,746,808	\$ 1,648,442	\$ 7,395,250
Employee benefits	1,604,233	404,519	2,008,752
Payroll taxes	<u>90,256</u>	<u>26,432</u>	<u>116,688</u>
Total payroll expenses	<u>7,441,297</u>	<u>2,079,393</u>	<u>9,520,690</u>
Non-payroll expenses			
Contract labor	144,425	132,296	276,721
Legal and professional fees	184,678	139,076	323,754
Travel	132,588	53,599	186,187
Depreciation	6,657	8,500	15,157
Insurance and bonding costs	-	28,629	28,629
Other	103,741	75,852	179,593
Supplies	247,746	64,916	312,662
Rent	104,174	-	104,174
Donated use of facilities	770,560	192,640	963,200
Utilities	<u>25,262</u>	<u>-</u>	<u>25,262</u>
Total non-payroll expenses	<u>1,719,831</u>	<u>695,508</u>	<u>2,415,339</u>
	<u>\$ 9,161,128</u>	<u>\$ 2,774,901</u>	<u>\$ 11,936,029</u>

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

The Excel Center (for Adults)
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 78,114	\$ 2,138,266
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	50,618	15,157
Changes in operating assets and liabilities		
Due from State	1,457,529	(1,489,387)
Due from related party	127,177	283,736
Contributions and grants receivable	19,821	217,782
Other receivables	(649)	181,645
Prepaid expenses	(28,933)	(6,077)
Accounts payable	(66,778)	(169,034)
Due to State	(7,761)	7,761
Accrued expenses	144,659	(38,742)
Due to related party	(108,536)	(137,739)
Deferred revenue	21,450	-
Net cash provided by operating activities	<u>1,686,711</u>	<u>1,003,368</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(25,254)</u>	<u>(142,519)</u>
Net cash used in investing activities	<u>(25,254)</u>	<u>(142,519)</u>
Net increase in cash	1,661,457	860,849
Cash, beginning of year	<u>2,402,299</u>	<u>1,541,450</u>
Cash, end of year	<u><u>\$ 4,063,756</u></u>	<u><u>\$ 2,402,299</u></u>

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

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

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 12.255 of the Texas Education Code is effective until July 2029. The Charter Holder is Goodwill Industries of Central Texas, Inc. (GICT). 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 net assets with donor restrictions that are perpetual in nature.

- *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, 2025 or 2024.

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, 2025 and 2024

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, 2025 and 2024 to be fully collectible. Accordingly, no allowance for credit losses 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 depict 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, 2025 and 2024, the School had approximately \$21,450 and \$62,291 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 utilizes facilities on a year to year basis at below market rental rates. The on-behalf payments are included in the Other State aid balance on the statement of activities.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed nonfinancial assets (continued)

Contributed nonfinancial assets for the year ended June 30, 2025, consisted of the following:

<u>Product</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Use of facilities	\$ 612,575	School Operations	No donor restrictions	Estimated fair value on the basis of values that would be paid for renting comparable space.
On-behalf payments	\$ 594,567	School operations	No donor restrictions	Calculated based on eligible payroll multiplied by the TRS employer contribution rate set by the Texas Legislature.

Contributed nonfinancial assets for the year ended June 30, 2024, consisted of the following:

<u>Product</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Use of facilities	\$ 963,200	School Operations	No donor restrictions	Estimated fair value on the basis of values that would be paid for renting comparable space.
On-behalf payments	\$ 526,209	School operations	No donor restrictions	Calculated based on eligible payroll multiplied by the TRS employer contribution rate set by the Texas Legislature.

Property and equipment

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
Land improvements	3 years
Curriculum	10 years

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

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.

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.

Subsequent events

The School has evaluated subsequent events through November 11, 2025, 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.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

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 2025.

The following quantitative disclosure describes assets that are available or expected to be available within one year of June 30, 2025 and 2024 to fund general expenditures and obligations as they become due:

	<u>2025</u>	<u>2024</u>
Cash	\$ 4,063,756	\$ 2,402,299
Due from State	2,933,392	4,390,921
Contributions and grants receivable	13,373	33,194
Due from related party	1,250	128,427
Other receivables	<u>999</u>	<u>350</u>
	<u>7,012,770</u>	<u>6,955,191</u>
Less amounts unavailable for general expenditure within one year:		
Net assets with specified donor purpose restrictions	<u>(73,197)</u>	<u>(114,391)</u>
	<u>(73,197)</u>	<u>(114,391)</u>
	<u>\$ 6,939,573</u>	<u>\$ 6,840,800</u>

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following as of June 30, 2025:

	<u>2025</u>	<u>2024</u>
Furniture, equipment and curriculum	\$ 213,196	\$ 197,304
Leasehold improvements	<u>9,360</u>	<u>-</u>
	222,556	197,304
Less accumulated depreciation	<u>(112,792)</u>	<u>(62,176)</u>
	<u>\$ 109,764</u>	<u>\$ 135,128</u>

Depreciation expense was \$50,618 and \$15,157 for the years ended June 30, 2025 and 2024, respectively.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

5. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	<u>2025</u>	<u>2024</u>
Accrued wages	\$ 459,015	\$ 484,390
Self-insurance incurred but not reported	215,816	161,174
Accrued paid time off	284,168	105,673
Other accrued expenses	<u>43,704</u>	<u>106,807</u>
	<u>\$ 1,002,703</u>	<u>\$ 858,044</u>

6. 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.

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.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

6. PENSION PLAN (continued)

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, 2025 and 2024

6. PENSION PLAN (continued)

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

	2025	2024
Legal name of plan	Teacher Retirement System of Texas	Teacher Retirement System of Texas
Plan's Employer Identification Number	N/A	N/A
<ul style="list-style-type: none"> Total Plan Assets for TRS plan year ended December 31, 2024 and 2023, respectively 	\$243,089,145,656	\$213,472,526,000
<ul style="list-style-type: none"> Accumulated Benefit Obligations for TRS plan year ended December 31, 2024 and 2023, respectively 	\$271,627,434,294	\$255,860,886,500
<ul style="list-style-type: none"> % Funded for TRS plan year ended December 31, 2024 and 2023, respectively 	77.51%	73.15%
Employer contributions for the period ending June 30:	\$419,055 (the School's contributions to the plan did not represent more than 5% of the total contributions to the plan)	\$340,333 (the School's contributions to the plan did not represent more than 5% of the total contributions to the plan)
<ul style="list-style-type: none"> Status of funding improvement plan or rehabilitation plan had been implemented or pending: 	N/A	N/A
<ul style="list-style-type: none"> Did employer pay surcharge to the plan? 	Yes	Yes
<ul style="list-style-type: none"> Contribution Rates as of June 30: 		
<ul style="list-style-type: none"> * Member 	8.25%	8.25%
<ul style="list-style-type: none"> * Non-Member Contributing Entity (State) 	8.25%	8.25%
<ul style="list-style-type: none"> * Employers 	2.0%	1.9%

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

7. 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 on student enrollment data and student performance data submitted to the Texas Education Agency (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.

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.

8. 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, 2025 and 2024, revenues from the TEA accounted for \$12,611,030 and \$12,366,149, which was approximately 88% and 88%, respectively, of the revenues and support for the School. Receivables from TEA accounted for \$2,933,392 and \$4,390,921, which was approximately 98% and 96% of the total receivables for the School as of June 30, 2025 and 2024, respectively.

9. RELATED PARTY

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 \$612,575 and \$963,200 was recorded for the year ended June 30, 2025. and 2024, respectively. As of June 30, 2025, the School had receivables due from GICT of \$1,250 and payables due to GICT of \$10,178. As of June 30, 2024, the School had receivables due from GICT of \$128,427 and payables due to GICT of \$118,715.

The Excel Center (for Adults)
Notes to Financial Statements
June 30, 2025 and 2024

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>2025</u>	<u>2024</u>
Educational costs from TEA	\$ 5,229,279	\$ 5,064,677
Special revenue funds	73,197	113,405
Refugee and immigrant student costs	-	30,000
Scholarships	75,000	29,922
Other	<u>53,184</u>	<u>4,469</u>
	<u>\$ 5,430,660</u>	<u>\$ 5,242,473</u>

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

	<u>2025</u>	<u>2024</u>
Educational costs from TEA	\$ 12,290,485	\$ 10,306,966
Educational costs from federal sources	141,401	235,359
Other	91,503	65,320
Special revenue funds	<u>-</u>	<u>14,424</u>
	<u>\$ 12,523,389</u>	<u>\$ 10,622,069</u>

TEA REQUIRED SUPPLEMENTARY INFORMATION

The Excel Center (for Adults)
Statement of Activities
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local support:			
574X Revenues from local sources	\$ 753,365	\$ 102,215	\$ 855,580
575X Revenues from Enterprising Services and Student Activities	151,493	-	151,493
Total local support	904,858	102,215	1,007,073
State program revenues			
581X Foundation School Program	-	11,855,415	11,855,415
582X State program revenues distributed by the Texas Education Agency	-	56,775	56,775
5831 TRS Care - On behalf payments	1,670	592,897	594,567
Total state program revenues	1,670	12,505,087	12,506,757
Federal program revenues			
592X Federal revenues distributed by the Texas Education Agency	-	104,274	104,274
Total federal program revenues	-	104,274	104,274
Net assets released from restrictions:			
Restrictions satisfied by payments	12,523,389	(12,523,389)	-
Total revenues	13,429,917	188,187	13,618,104
Expenses			
11 Instruction	5,374,937	-	5,374,937
13 Curriculum development and instructional staff development	206,387	-	206,387
21 Instructional leadership	(1,535)	-	(1,535)
23 School leadership	2,791,586	-	2,791,586
31 Guidance, counseling and evaluation services	2,064,955	-	2,064,955
34 Transportation	2,343	-	2,343
36 Cocurricular/extracurricular activities	2,062	-	2,062
41 General administration	1,223,150	-	1,223,150
51 Plant maintenance and operations	800,613	-	800,613
52 Security and monitoring services	57,681	-	57,681
53 Data processing services	226,741	-	226,741
61 Community services	791,070	-	791,070
Total expenses	13,539,990	-	13,539,990
Other Financing Sources			
7999 Transfers In			-
8911 Transfers Out			-
	-	-	-
Change in net assets	(110,073)	188,187	78,114
Net assets, beginning of year	806,030	5,242,473	6,048,503
Net assets, ending of year	\$ 695,957	\$ 5,430,660	\$ 6,126,617

The Excel Center (for Adults)
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local support:			
574X Revenues from local sources	\$ 1,177,176	\$ 105,000	\$ 1,282,176
575X Revenues from Enterprising Services and Student Activities	425,970	-	425,970
Total local support	1,603,146	105,000	1,708,146
State program revenues			
581X Foundation School Program	-	11,110,351	11,110,351
582X State program revenues distributed by the Texas Education Agency	-	883,364	883,364
Total state program revenues	-	11,993,715	11,993,715
Federal program revenues			
592X Federal revenues distributed by the Texas Education Agency	-	372,434	372,434
Total federal program revenues	-	372,434	372,434
Net assets released from restrictions:			
Restrictions satisfied by payments	10,622,069	(10,622,069)	-
Total revenues	12,225,215	1,849,080	14,074,295
Expenses			
11 Instruction	4,459,484	-	4,459,484
13 Curriculum development and instructional staff development	196,079	-	196,079
21 Instructional leadership	106,312	-	106,312
23 School leadership	1,792,455	-	1,792,455
31 Guidance, counseling and evaluation services	1,706,921	-	1,706,921
34 Transportation	-	-	-
36 Cocurricular/extracurricular activities	9,481	-	9,481
41 General administration	1,422,389	-	1,422,389
51 Plant maintenance and operations	1,138,051	-	1,138,051
52 Security and monitoring services	55,596	-	55,596
53 Data processing services	258,516	-	258,516
61 Community services	790,745	-	790,745
Total expenses	11,936,029	-	11,936,029
Other Financing Sources			
7999 Transfers In	279,919		279,919
8911 Transfers Out	(279,919)		(279,919)
	-	-	-
Change in net assets	289,186	1,849,080	2,138,266
Net assets, beginning of year	516,844	3,393,393	3,910,237
Net assets, ending of year	\$ 806,030	\$ 5,242,473	\$ 6,048,503

The Excel Center (for Adults)
Schedule of Expenses
For the Year Ended June 30, 2025

Expenses

6100 Payroll costs	\$ 11,562,659
6200 Professional and contracted services	1,127,525
6300 Supplies and materials	343,170
6400 Other operating costs	<u>506,636</u>

Total expenses	<u><u>\$ 13,539,990</u></u>
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The Excel Center (for Adults)
Schedule of Expenses
For the Year Ended June 30, 2024

Expenses

6100 Payroll costs	\$ 9,526,225
6200 Professional and contracted services	1,706,755
6300 Supplies and materials	312,661
6400 Other operating costs	<u>390,388</u>
Total expenses	<u><u>\$ 11,936,029</u></u>

The Excel Center (for Adults)
Schedule of Assets
June 30, 2025

		Ownership Interest			
		Local	State	Federal	Total
<u>Cash</u>					
1110	Cash	\$ 864,385	\$ 3,196,269	\$ 3,102	\$ 4,063,756
	Total cash	864,385	3,196,269	3,102	4,063,756
<u>Property and equipment</u>					
1549 & 1520	Furniture and equipment	17,433	84,501	120,623	\$ 222,557
	Total property and equipment	17,433	84,501	120,623	222,557
1573	Less accumulated depreciation	(17,433)	(47,934)	(47,426)	\$ (112,793)
	Total property and equipment, net	-	36,567	73,197	109,764
	Total cash and property and equipment	\$ 864,385	\$ 3,232,836	\$ 76,299	\$ 4,173,520

The Excel Center (for Adults)
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Variance	%	Actual	Variance from	%
	Original	Final	from Original	Variance	Amounts	Final Budget	Variance
Revenues							
Local support:							
574X Revenues from Charter Holder and other local sources	\$ -	\$ -	-	0%	\$ -	\$ -	
575X Revenues from cocurricular	-	-	-		-	-	
Total local support	-	-			-	-	
State program revenues							
581X Foundation School Program	11,946,462	11,946,462	-	0%	11,855,415	(91,047)	-1%
582X State program revenues distributed by Texas Education Agency	-	-	-	0%	-	-	0%
583X State revenues distributed by State of Texas Government Agencies	533,473	533,473	-	0%	592,897	59,424	11% (1)
Total state program revenues	12,479,935	12,479,935			12,448,312	(31,623)	
Federal program revenues							
592X Federal revenues distributed by the Texas Education Agency	55,204	96,786	41,582	75% (a)	96,786	-	0%
Total federal program revenues	55,204	96,786			96,786	-	
Total revenues	12,535,139	12,576,721			12,545,098	(31,623)	
Expenses							
11 Instruction	5,896,020	5,858,617	(37,403)	-1%	5,323,571	(535,046)	-9%
13 Curriculum development and instructional staff development	124,806	190,823	66,017	53% (b)	205,913	15,090	8%
21 Instructional leadership	28,057	8,057	(20,000)	-71% (c)	(1,535)	(9,592)	-119% (2)
23 School leadership	2,446,655	2,478,123	31,468	1%	2,643,872	165,749	7%
31 Guidance, counseling and evaluation services	1,870,241	1,870,241	-	0%	1,983,089	112,848	6%
32 Social work services	-	-	-	0%	-	-	0%
34 Transportation	5,000	1,500	(3,500)	-70%	2,343	843	56% (3)
36 Cocurricular/extracurricular activities	-	-	-	0%	-	-	0%
41 General Administration	993,355	1,133,355	140,000	14% (d)	1,151,037	17,682	2%
51 Maintenance and operations	140,811	120,811	(20,000)	-14% (e)	132,243	11,432	9%
52 Security and monitoring services	45,000	45,000	-	0%	20,310	(24,690)	-55% (4)
53 Data processing services	286,806	221,806	(65,000)	-23% (f)	241,248	19,442	9%
61 Community services	698,388	648,388	(50,000)	-7%	639,455	(8,933)	-1%
Total expenses	12,535,139	12,576,721			12,341,546	(235,175)	
Change in net assets	-	-			203,552	203,552	

(1) This is budgeted based on an average years of service for new hires. This increase was a result of the actual service years exceeding the estimate.

(2) A budgeted position remained unfilled during the year.

(3) Transportation expenses were higher than anticipated.

(4) Security costs funded through sources outside the board-approved budget.

Original to final budget variances:

(a) The original budget did not anticipate any additional funds in this multi-year award. All final expenses were incurred in FY 2024-2025

(b) Budgeted expense increase needed due to curriculum software purchases and additional travel required for Teacher Incentive Allotment implementation.

(c) Budgeted expense decrease needed due to an unfilled budgeted position.

(d) Budgeted expense increase needed due to unbudgeted consultant and professional service fees, professional development, and recruiting costs.

(e) Budgeted expense decrease needed as a result of re-negotiated rental agreements.

(f) Budgeted expense decrease needed due to multiple budgeted positions remaining vacant.

The Excel Center (for Adults)
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2025

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, 2025

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.	\$2,670,593
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)	\$1,470,530
	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.	\$63,035
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$50,794

The Excel Center (for Adults)
Schedule of Related Party Transactions
For the Year Ended June 30, 2025

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
Goodwill Industries of Central Texas	N/A	Charter Holder	Financial	General Operations	N/A	Yearly	199,788	10,179
Goodwill Industries of Central Texas	N/A	Charter Holder	Nonfinancial	Donated space	N/A	One Time	-	-

OTHER AUDIT REPORT

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)

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 statements of financial position as of June 30, 2025, 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 11, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-01 that we consider to be significant deficiencies.

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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Austin, Texas

November 11, 2025

The Excel Center (for Adults)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no current year findings.

SECTION II - STATUS OF PRIOR YEAR FINDINGS

Condition:	Control procedures were not effective to ensure required reporting information was complete and accurate
Cause:	During the year ended June 30, 2024, the School's PEIMS report was submitted to the Texas Education Agency (TEA) with a specific reporting fund missing from their submission.
Effect or potential effect:	Inaccurate reporting of submitted PEIMS reports for the year ended June 30, 2024
Status and corrective action:	Management has worked with staff that pull in PEIMS data to ensure all Funds are selected. Accounting staff has updated the annual task list to include PEIMS submission review against Fund Balances per the trial balance and the Audited Financial Report