Great Hearts America—Texas

Financial Statements, Independent Auditors' Report,
and Texas Education Agency Reports
for the year ended June 30, 2025

Great Hearts America—Texas

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Certificate of Board

We, the undersigned, certify that the attached financial report of Great Hearts America—Texas was reviewed and (check one) ✓ approved _____ disapproved for the year ended June 30, 2025, at a meeting of the governing body of the charter holder on the 13th day of November 2025.

Signed by: Jackie J. Moczygemba	DocuSigned by: James Rahn
Signature of Board Vice President	Signature of Board President

If the governing body of the charter holder disapproved the independent auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

Independent Auditors' Report

To the Board of Directors of
Great Hearts America—Texas:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Great Hearts America—Texas, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Great Hearts America—Texas 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Great Hearts America—Texas 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 the 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 Great Hearts America—Texas' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditors' 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 auditors' 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 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 Great Hearts America—Texas' 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 Great Hearts America—Texas' 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 accompanying supplementary information is presented for purposes of additional analysis as required by the Texas Education Agency 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 our 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.

Unaudited Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The unaudited information is presented for purposes of additional analysis as required by the Texas Education Agency and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2025 on our consideration of Great Hearts America—Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Great Hearts America—Texas' 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 Great Hearts America—Texas' internal control over financial reporting and compliance.

Blazek & Vetterling

November 13, 2025

Great Hearts America—Texas

Statements of Financial Position as of June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash	$ 11,863,957	$ 14,547,817
Contributions receivable – government agencies *(Note 3)*	22,922,842	22,646,658
Other contributions receivable *(Note 3)*	189,100	8,500
Investments *(Note 4)*	6,825,797	7,354,272
Stop loss reimbursement receivable *(Note 11)*	3,005,648	
Prepaid expenses and other assets	2,578,576	1,929,824
Total current assets	47,385,920	46,487,071
Cash restricted	69,048	53,881
Investments – held in trust *(Note 4)*	32,430,011	58,100,117
Lease deposits	250,131	195,803
Operating right-of-use assets *(Note 5)*	3,424,451	2,042,347
Property and equipment, net *(Note 6)*	273,308,375	247,633,792
TOTAL ASSETS	$ 356,867,936	$ 354,513,011
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 5,524,020	$ 5,239,766
Retainage payable	1,255,228	644,722
Interest payable	4,081,485	3,372,890
Accrued compensation and benefits	5,860,699	5,154,543
Due to related parties	574,516	1,821,002
Deferred revenues	514,354	728,251
Operating lease liabilities *(Note 5)*	1,361,597	1,197,863
Current portion of notes and bonds payable *(Note 7)*	20,667,703	3,129,016
Total current liabilities	39,839,602	21,288,053
Operating lease liabilities *(Note 5)*	2,067,108	967,968
Notes and bonds payable, net *(Note 7)*	283,706,308	299,416,836
Total liabilities	325,613,018	321,672,857
Commitments and contingencies *(Notes 9, 11 and 12)*		
Net assets:		
Without donor restrictions	26,454,583	28,854,661
With donor restrictions *(Note 8)*	4,800,335	3,985,493
Total net assets	31,254,918	32,840,154
TOTAL LIABILITIES AND NET ASSETS	$ 356,867,936	$ 354,513,011

See accompanying notes to financial statements.

Great Hearts America—Texas

Statement of Activities for the year ended June 30, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES AND OTHER SUPPORT:			
Local support:			
Contributions	$ 5,783,557	$ 860,000	$ 6,643,557
Program service fees	5,763,350		5,763,350
Rental income	10,085		10,085
Investment return	2,402,035		2,402,035
State program revenues *(Note 9)*:			
Foundation School Program – State of Texas		126,345,244	126,345,244
Other state aid		2,041,556	2,041,556
Federal program revenues *(Note 9)*:			
Title I, Part A – Improving Basic Programs		1,102,211	1,102,211
IDEA B Formula		1,623,477	1,623,477
Title II, Part A – Teacher and Principal Training and Recruiting		298,211	298,211
ESSER Grant		146,934	146,934
Title III, Part A – English Language Acquisition and Language Enhancement		41,348	41,348
Title IV, Part A – Student Support and Academic Enrichment		26,803	26,803
Child Nutrition Cluster		2,034,392	2,034,392
Other federally funded		90,952	90,952
Total revenue	13,959,027	134,611,128	148,570,155
Net assets released:			
For purpose restrictions	132,913,074	(132,913,074)	
For capital expenditures	883,212	(883,212)	
Total	147,755,313	814,842	148,570,155
EXPENSES:			
Program services:			
Instruction and instruction-related services	69,842,313		69,842,313
Instructional and school leadership	24,661,954		24,661,954
Student support services	15,243,517		15,243,517
Support services – nonstudent based	24,535,239		24,535,239
Debt service	7,895,162		7,895,162
Total program services	142,178,185		142,178,185
Management and general	6,995,571		6,995,571
Fundraising	836,499		836,499
Total expenses	150,010,255		150,010,255
Other changes in net assets:			
Realized and unrealized gains on investments, net	764,012		764,012
Loss on valuation of receivables	(909,148)		(909,148)
CHANGES IN NET ASSETS	(2,400,078)	814,842	(1,585,236)
Net assets, beginning of year	28,854,661	3,985,493	32,840,154
Net assets, end of year	$ 26,454,583	$ 4,800,335	$ 31,254,918

See accompanying notes to financial statements.

Great Hearts America—Texas

Statement of Activities for the year ended June 30, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES AND OTHER SUPPORT:			
Local support:			
Contributions	$ 2,471,326	$ 2,456,183	$ 4,927,509
Program service fees	5,620,582		5,620,582
Rental income	121,251		121,251
Investment return	1,762,816		1,762,816
State program revenues *(Note 9)*:			
Foundation School Program – State of Texas		116,450,810	116,450,810
Other state aid		3,847,612	3,847,612
Federal program revenues *(Note 9)*:			
Title I, Part A – Improving Basic Programs		671,489	671,489
IDEA B Formula		1,365,288	1,365,288
Title II, Part A – Teacher and Principal Training and Recruiting		180,204	180,204
ESSER Grant		671,636	671,636
Title III, Part A – English Language Acquisition and Language Enhancement		44,401	44,401
Title IV, Part A – Student Support and Academic Enrichment		55,334	55,334
Child Nutrition Cluster		1,703,957	1,703,957
Total revenue	9,975,975	127,446,914	137,422,889
Net assets released:			
For purpose restrictions	126,082,259	(126,082,259)	
For capital expenditures	1,782,851	(1,782,851)	
Total	137,841,085	(418,196)	137,422,889
EXPENSES:			
Program services:			
Instruction and instruction-related services	68,978,610		68,978,610
Instructional and school leadership	15,988,608		15,988,608
Student support services	12,652,463		12,652,463
Support services – nonstudent based	24,239,814		24,239,814
Debt service	6,652,999		6,652,999
Total program services	128,512,494		128,512,494
Management and general	9,694,725		9,694,725
Fundraising	1,219,066		1,219,066
Total expenses	139,426,285		139,426,285
Other changes in net assets:			
Realized and unrealized gains on investments, net	742,934		742,934
CHANGES IN NET ASSETS	(842,266)	(418,196)	(1,260,462)
Net assets, beginning of year	29,696,927	4,403,689	34,100,616
Net assets, end of year	$ 28,854,661	$ 3,985,493	$ 32,840,154

See accompanying notes to financial statements.

Great Hearts America—Texas

Statements of Functional Expenses for the years ended June 30, 2025 and 2024

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2025 TOTAL
Payroll	$ 92,405,681	$ 4,526,269	$ 677,967	$ 97,609,917
Professional and contract services	23,664,671	2,139,236	(16,368)	25,787,539
Debt service	7,895,162			7,895,162
Supplies and materials	6,872,820	31,255	17,148	6,921,223
Other	11,339,851	298,811	157,752	11,796,414
Total expenses	$142,178,185	$ 6,995,571	$ 836,499	$150,010,255

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2024 TOTAL
Payroll	$ 82,706,793	$ 5,113,678	$ 1,066,068	$ 88,886,539
Professional and contract services	21,531,379	3,399,959	66,683	24,998,021
Debt service	6,652,999			6,652,999
Supplies and materials	7,850,645	42,753	47,458	7,940,856
Other	9,770,678	1,138,335	38,857	10,947,870
Total expenses	$128,512,494	$ 9,694,725	$ 1,219,066	$139,426,285

See accompanying notes to financial statements.

Great Hearts America—Texas

Statements of Cash Flows for the years ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (1,585,236)	$ (1,260,462)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of leases	2,322,838	2,203,344
Amortization of bond premium and discounts and debt issuance costs	(895,822)	(1,193,144)
Net realized and unrealized gain on investments	(764,012)	(742,934)
Depreciation	8,356,937	7,394,250
Changes in operating assets and liabilities:		
Contributions receivable – government agencies	(276,184)	(2,149,617)
Other contributions receivable	(180,600)	712,434
Stop loss reimbursement receivable	(3,005,648)	
Prepaid expenses, other assets and lease deposits	(703,080)	(859,888)
Accounts payable	284,254	(310,366)
Interest payable	708,595	428,713
Accrued compensation and benefits	706,156	1,392,524
Due to related parties	(1,246,486)	543,118
Deferred revenues	(213,897)	383,660
Operating lease liabilities	(2,442,068)	(2,370,325)
Net cash provided by operating activities	1,065,747	4,171,307
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	1,500,000	16,592
Purchases of investments	(207,513)	(227,395)
Change in money market mutual funds held in trust	25,670,106	(7,194,433)
Construction and purchase of property and equipment	(33,421,014)	(35,803,052)
Net cash used by investing activities	(6,458,421)	(43,208,288)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans, notes and bonds payable	10,638,981	57,115,117
Payments on loans, notes and bonds payable	(7,915,000)	(10,708,297)
Loan issuance costs		(888,698)
Net cash provided by financing activities	2,723,981	45,518,122
NET CHANGE IN CASH	(2,668,693)	6,481,141
Cash, beginning of year	14,601,698	8,120,557
Cash, end of year	$ 11,933,005	$ 14,601,698

Reconciliation of cash in the statements of cash flows and the statements of financial position:

	2025	2024
Cash	$ 11,863,957	$ 14,547,817
Cash – restricted	69,048	53,881
Total	$ 11,933,005	$ 14,601,698

Supplemental disclosure of cash flow information:

	2025	2024
Cash paid for interest	$10,921,058	$8,547,925
Property and equipment purchased through debt		$4,101,244
Right-of-use assets obtained in exchange for new lease obligations	$3,704,942	$995,872

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – Great Hearts America—Texas is a nonprofit 501(c)(3) corporation established in the State of Texas to operate public charter schools with open admissions policies in Texas. Great Hearts America—Texas' mission is to develop each student's academic potential, personal character and leadership qualities through an academically rigorous and content-rich educational program grounded in the classical liberal arts tradition and to strive to give every student the education he or she deserves and needs. The primary goal of Great Hearts America—Texas is to graduate thoughtful leaders of character who will contribute to a more philosophical, humane and just society.

Great Hearts America, an Arizona nonprofit 501(c)(3) corporation, is the sole corporate member of Great Hearts America—Texas. This nonprofit corporate structure is intended to maintain the integrity of the national Great Hearts America academic and programmatic model, while also allowing for local input and control. Great Hearts America—Texas is the charter holder for all campuses operated in Texas and does not conduct any other charter or noncharter activities.

Great Hearts America—Texas has 12 campuses in Texas and one virtual campus with total average daily attendance of 11,298 in fiscal year 2025. In March 2018, the State Board approved the renewal of Great Hearts America—Texas' charter for an additional 10 years.

Federal income tax status – Great Hearts America—Texas is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(ii).

Cash – Great Hearts America—Texas maintains bank balances at Regions Bank in excess of the federally insured limit. At June 30, 2025, the carrying amount and bank balances of these deposits were $11,018,248 and $14,696,671, respectively. Great Hearts America—Texas has a Depository Contract with Jefferson Bank as collateral to secure public funds on deposit in amounts that exceed the FDIC limit. At June 30, 2025, both the carrying amount and bank balances of Jefferson Bank deposits were $914,755.

Restricted cash is limited as to use under the terms of the bond indenture. The restricted cash represents amounts restricted for construction activity and debt service requirements for bonds.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. An allowance is provided when it is believed the balances may not be collected in full. Balances are written off against the allowance when management determines the receivable will not be collected. The amount of bad debt expense or loss on valuation of receivables recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a combination of historical loss experience and account-by-account analysis of receivable balances each period.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

The following accounting policy elections were made:

- *Short-term leases* – Great Hearts America—Texas has elected not to recognize right-of-use assets and lease liabilities for leases with terms of 12 months or less. Instead, these leases are recognized as expense on a straight-line basis over the lease term.
- *Discount rates* – Great Hearts America—Texas elected to use the risk-free-rate as the discount rate when the rate implicit in a lease is not readily determinable.
- *Lease and non-lease components* – Great Hearts America—Texas elected the practical expedient to choose whether to separate non-lease components from lease components by class of underlying assets or account for them as a single lease component. Great Hearts America—Texas elected not to separate lease and non-lease components for copier leases and elected to separate lease and non-lease components for other leases.

Property and equipment are assets with individual costs of more than $5,000. Such assets are recorded at cost if purchased or fair value if donated. Depreciation is calculated using the straight-line method based on the following estimated useful lives of the respective assets. Construction in progress will be depreciated when placed into service.

ASSET CLASSIFICATION	ESTIMATED USEFUL LIVES
Buildings and improvements	39 years
Furniture and equipment	3-10 years
Leasehold improvements	2-10 years
Computers and software	3-7 years
Textbooks	3 years

Impairment of long-lived assets – Great Hearts America—Texas reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results; trends and prospects; and the effects of obsolescence, demand, competition and other economic factors. Great Hearts America—Texas did not recognize an impairment loss during the years ended June 30, 2025 or 2024.

Debt issuance costs, bond premium and bond discounts are amortized over the term of the respective debt as interest expense. Unamortized balance is presented as a direct reduction of the debt liability.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Donor-restricted endowment earnings are released when scholarships are awarded in accordance with spending policies. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before Great Hearts America—Texas is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met.

Program service fees are derived primarily from food service, athletes, co-curricular and other student fees. All fees are recognized at a point in time when the goods or services are provided. All performance obligations related to program service fees are satisfied within the academic year which is contained within the fiscal year. Program service fees are due monthly as goods and services are provided to the student or to other organizations. Payments received in advance of goods or services provided are recorded as deferred revenue. There are no receivables or contract assets resulting from program fees at June 30, 2025 or 2024. Contract liabilities include deferred revenue of $514,354 at June 30, 2025, $728,251 at June 30, 2024 and $508,688 at June 30, 2023.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Costs including depreciation, amortization, printing, subscriptions, travel and transportation, insurance and other expenses have been allocated based on location and/or activity benefited. Salaries and related costs are allocated on the basis of estimated time and effort expended on information technology costs, depreciation, and interest, and facility costs are allocated based on estimated square footage.

Advertising – Great Hearts America—Texas expenses advertising costs when they are incurred. Advertising costs for the years ended June 30, 2025 and 2024 are $261,576 and $374,380, respectively.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

	2025	2024
Financial assets:		
Cash, including restricted cash	$ 11,933,005	$ 14,601,698
Contributions receivable	23,111,942	22,655,158
Investments	39,255,808	65,454,389
Total financial assets	74,300,755	102,711,245
Less financial assets not available for general expenditure:		
Amounts subject to donor restrictions	(4,572,775)	(3,906,871)
Contractually obligated financial assets	(32,499,059)	(58,153,998)
Total financial assets available for general expenditure	$ 37,228,921	$ 40,650,376

Great Hearts America—Texas primarily relies on state and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Great Hearts America—Texas considers all expenditures related to its ongoing educational activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of Great Hearts America—Texas' liquidity management, financial assets have been structured to be available as its general expenditures, liabilities, and other obligations become due by maintaining a significant portion of its assets in cash.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are comprised of the following:

	2025	2024
Government agencies	$ 22,922,842	$ 22,646,658
Other contributions receivable	197,600	17,000
Total contributions receivable	23,120,442	22,663,658
Allowance	(8,500)	(8,500)
Total	$ 23,111,942	$ 22,655,158

Contributions receivable at June 30, 2025 are expected to be collected within one year.

At June 30, 2025 and 2024, Great Hearts America—Texas also has approximately $1,044,000 and $943,900 of conditional contributions from government agencies, respectively. The contributions will be recognized as revenue when the conditions, which include incurring allowable expenses, are met.

NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at June 30, 2025 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Mutual funds:				
Money market	$ 32,431,595			$ 32,431,595
Large equity	2,734,592			2,734,592
International	2,014,671			2,014,671
Intermediate bond	1,339,340			1,339,340
International bond	568,079			568,079
Common stock	167,531			167,531
Total assets measured at fair value	$ 39,255,808	$ 0	$ 0	$ 39,255,808

Assets measured at fair value at June 30, 2024 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Mutual funds:				
Money market	$ 58,101,626			$ 58,101,626
Large equity	3,429,798			3,429,798
International	1,948,572			1,948,572
Intermediate bond	1,314,436			1,314,436
International bond	590,653			590,653
Common stock	69,304			69,304
Total assets measured at fair value	$ 65,454,389	$ 0	$ 0	$ 65,454,389

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held.
- *Common stock* is valued at the closing price reported on the active market on which the securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Great Hearts America—Texas believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 5 – OPERATING LEASES

Great Hearts America—Texas leases building space pursuant to five noncancelable operating lease agreements expiring through 2030.

Lease costs associated with operating leases are as follows:

	2025	2024
Operating lease cost	$ 2,518,171	$ 2,232,057
Short-term lease costs	273,368	341,072
Total lease costs	$ 2,791,539	$ 2,573,129

Future payments due under operating leases as of June 30, 2025 are as follows:

2026	$ 1,361,597
2027	806,513
2028	802,990
2029	630,437
2030	49,368
Total undiscounted cash flows	3,650,905
Less present value discount	(222,200)
Total present value of lease liabilities	$ 3,428,705

The following table provides the weighted-average term and discount rate for the operating leases outstanding as of June 30, 2025 and 2024:

	WEIGHTED-AVERAGE LEASE TERM	WEIGHTED-AVERAGE DISCOUNT RATE
2025	1.1 years	1.23%
2024	2.6 years	1.97%

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2025	2024
Land and improvements	$ 33,145,458	$ 32,476,727
Buildings and improvements	217,073,679	201,652,874
Furniture and equipment	6,520,594	5,945,678
Leasehold improvements	1,430,481	1,302,776
Computers and software	4,902,379	4,327,776
Textbooks	2,453,144	1,752,021
Construction in progress	41,220,508	25,256,866
Total property and equipment, at cost	306,746,243	272,714,718
Less accumulated depreciation	(33,437,868)	(25,080,926)
Property and equipment, net	$ 273,308,375	$ 247,633,792

Texas statutes state that property purchased with funds received by a charter school holder are considered to be public property for all purposes under state law and are to be held in trust by the charter school holder for the benefit of the students of the open enrollment charter school and may be used only for those purposes. Primarily all capitalized property and equipment was acquired with public funds received by Great Hearts America—Texas and constitute public property pursuant to Chapter 12 of the Texas Education Code.

NOTE 7 – NOTES AND BONDS PAYABLE

Notes and bonds payable at June 30, 2025 consist of the following:

	OUTSTANDING BALANCE	UNAMORTIZED PREMIUM OR DISCOUNT	UNAMORTIZED DEBT ISSUANCE COSTS	TOTAL
2019 Bonds Series A Tax Exempt	$ 87,720,000	$ 3,547,228	$ (3,778,012)	$ 87,489,216
2020 Bonds Series A Tax Exempt	29,785,000	3,385,393	(1,483,127)	31,687,266
2021 Bonds Series A	83,540,000	2,885,950	(3,725,076)	82,700,874
2022 Bonds Series A	19,230,000	(260,471)	(1,023,435)	17,946,094
2022 Bonds Series B	200,000			200,000
2023 Bonds Series A	22,690,000	(223,568)	(1,173,039)	21,293,393
2023 Bonds Series B	195,000			195,000
2024 Bonds Series A	48,095,000	(1,317,389)	(857,838)	45,919,773
Total bonds payable	$ 291,455,000	$ 8,017,143	$ (12,040,527)	287,431,616
Capital expenditure line of credit for $10 million, bearing interest at Bloomberg Short-Term – Bank Yield (BSBY) index plus 1.73% (6.06% at June 30, 2025). Matures June 30, 2026.				6,591,021
Working capital line of credit for $5 million bearing interest at BSBY plus 1.93% (6.26% at June 30, 2025). Matures September 1, 2025.				5,005,228
Working capital line of credit for $5 million bearing interest at BSBY plus 1.85% (6.18% at June 30, 2025). Matures June 30, 2026.				5,033,454
Note payable in the original amount of $300,000, including interest at 1.00%; due in June 2025.				208,000
Note payable in the original amount of $100,000, including interest at 1.00%; due June 30, 2027.				104,692
Total				304,374,011
Less current portion				(20,667,703)
Long-term notes and bonds payable, net				$ 283,706,308

Notes and bonds payable at June 30, 2024 consist of the following:

	OUTSTANDING BALANCE	UNAMORTIZED PREMIUM OR DISCOUNT	UNAMORTIZED DEBT ISSUANCE COSTS	TOTAL
2019 Bonds Series A Tax Exempt	$ 89,190,000	$ 3,996,564	$ (3,907,546)	$ 89,279,018
2020 Bonds Series A Tax Exempt	30,235,000	3,724,990	(1,532,564)	32,427,426
2021 Bonds Series A	84,535,000	3,396,176	(3,841,591)	84,089,585
2022 Bonds Series A	19,230,000	(233,896)	(1,055,251)	17,940,853
2022 Bonds Series B	200,000			200,000
2023 Bonds Series A	22,690,000	(193,519)	(1,208,766)	21,287,715
2023 Bonds Series B	195,000			195,000
2024 Bonds Series A	48,095,000	(1,384,698)	(887,461)	45,822,841
Total bonds payable	$ 294,370,000	$ 9,305,617	$ (12,433,179)	291,242,438
Capital expenditure line of credit for $15 million, bearing interest at Bloomberg Short-Term – Bank Yield (BSBY) index plus 1.65% (7.02% at June 30, 2024). Matures June 30, 2026.				5,987,706
Working capital line of credit for $5 million bearing interest at BSBY plus 1.85% (7.22% at June 30, 2024). Matures June 30, 2026.				5,006,016
Note payable in the original amount of $300,000, including interest at 1.00%; due in June 2025.				208,000
Note payable in the original amount of $100,000, including interest at 1.00%; due June 30, 2027.				101,692
Total				302,545,852
Less current portion				(3,129,016)
Long-term notes and bonds payable, net				$ 299,416,836

Interest costs, including amortization of debt issuance costs, debt premiums and discounts totaled $10,779,393 and $7,961,163 for the years ended June 30, 2025 and 2024, respectively, of which $7,832,305 and $6,643,527 was expensed and $2,947,088 and $1,317,636 was capitalized, respectively. The effective interest rate was 3.55% and 2.86% in fiscal years 2025 and 2024, respectively.

Series 2019 bonds: In August 2019, Great Hearts America—Texas issued $89,515,000 of Education Revenue Bonds Series 2019A. The Series 2019A Bonds mature serially each August 15, starting 2023 through 2039, and term bond maturing August 15, 2044 through 2054, with a stated interest rate ranging from 3% to 5%.

Series 2020 bonds: In June 2020, Great Hearts America—Texas issued $30,590,000 of Education Revenue Bonds Series 2020A. The Series 2020A Bonds mature serially each August 15, starting 2023 through 2036, and term bond maturing August 15, 2033 through 2055, with a stated interest rate ranging from 3% to 5%.

Series 2021 bonds: In June 2021, Great Hearts America—Texas issued $84,535,000 of Education Revenue Bonds Series 2021A. The Series 2021A Bonds mature serially each August 15, starting 2024 through 2056, with a stated interest rate of 4%.

Series 2022 bonds: In September 2022, Great Hearts America—Texas issued $19,230,000 of Education Revenue Bonds Series 2022A, and $200,000 of Taxable Education Revenue Bonds Series 2022B.

The Series 2022A Bonds mature serially each August 15, starting 2032 through 2057, with a stated interest rate ranging from 3.4% to 4.65%. The Series 2022B Bonds matured August 15, 2025, with a stated interest rate of 4.25%.

Series 2023 bonds: In April 2023, Great Hearts America—Texas issued $22,690,000 of Education Revenue Bonds Series 2023A, and $195,000 of Taxable Education Revenue Bonds Series 2023B.

The Series 2023A Bonds mature serially each August 15, starting 2026 through 2033 with a stated interest rate of 5.00%, and the term bonds mature with a stated interest rate from 4.08% to 4.12%. The Series 2023B Bonds mature August 15, 2026, with a stated interest rate of 4.75%.

Series 2024 bonds: In May 2024, Great Hearts America—Texas issued $48,095,000 of Education Revenue Bonds Series 2024A.

The Series 2024A Bonds mature serially each August 15, starting 2027 through 2054 with a stated interest rate of 5.00%, and the term bonds mature with a stated interest rate ranging from 4.25% to 5.00%.

Debt service requirements for bonds payable for the year ended June 30, 2025 are as follows:

	PRINCIPAL	INTEREST	TOTAL
2026	$ 3,830,000	$ 10,806,221	$ 14,636,221
2027	4,320,000	10,619,164	14,939,164
2028	5,410,000	10,395,820	15,805,820
2029	5,660,000	10,142,870	15,802,870
2030	5,920,000	9,876,126	15,796,126
Thereafter	266,315,000	144,969,087	411,284,087
Total bonds payable	$ 291,455,000	$ 196,809,288	$ 488,264,288

Aggregate maturities for notes payable at June 30, 2025 are as follows:

2026	$ 16,837,703
2027	104,692
Total notes payable	$ 16,942,395

Covenants

In accordance with the master trust indenture and security agreement, Great Hearts America—Texas is required to maintain a debt service coverage ratio of not less than 1.10 and cash on hand of 45 days. In addition, there are negative covenants that preclude Great Hearts America—Texas from selling, leasing or transferring its assets or collateral; making material alternations, modifications or substitutions to the collateral without prior consent or changing the use for which the property was intended. As of June 30, 2025 and 2024, Great Hearts America—Texas was in compliance with these covenants.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2025	2024
San Antonio	$ 2,637,903	$ 2,050,621
North Texas	1,856,250	1,856,250
Other	306,182	78,622
Total net assets with donor restrictions	$ 4,800,335	$ 3,985,493

NOTE 9 – GOVERNMENT GRANTS

Great Hearts America—Texas is a party to contracts with federal and state governmental agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of significant government grants recognized include the following:

	2025	2024
State:		
Foundation School Program	$ 126,345,244	$ 116,450,810
Other	2,041,556	3,847,612
Federal:		
U. S. Department of Education	3,238,984	2,988,352
U. S. Department of Agriculture	2,034,392	1,703,957
Other	90,952	
Total due from government agencies	$ 133,751,128	$ 124,990,731

The grants from government funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by Great Hearts America—Texas with the terms of the contracts. Management believes such disallowances, if any, would not be material to Great Hearts America—Texas' financial position or changes in net assets.

NOTE 10 – MULTIEMPLOYER PENSION PLANS

Great Hearts America—Texas' full-time employees participate in the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost-sharing, multiemployer, defined benefit pension plan with plan year from September 1 to August 31. All risks and costs are not shared by Great Hearts America—Texas but are the liability of the State of Texas. TRS plan contribution rates are effective with TRS eligible compensation paid on or after September 1 of each plan year. TRS Plan contribution rates are as follows:

	TRS PLAN YEAR 2025	TRS PLAN YEAR 2024
Member retirement contribution	8.25%	8.25%
State of Texas contribution	8.25%	8.25%
Great Hearts America—Texas Public Education Employer Contribution	2.0%	1.9%

Great Hearts America—Texas is required to pay the State of Texas contribution during the first 90 days of employment of a new TRS plan member.

TRS plan assets, obligation and funded status as of August 31 are as follows:

	TRS PLAN YEAR 2024	TRS PLAN YEAR 2023
Plan assets	$243.1 billion	$213.5 billion
Accumulated benefit obligations	$271.6 billion	$255.9 billion
Funded status	77.5%	73.2%

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) is a multi-employer, cost-sharing defined benefit plan with plan year from September 1 to August 31. TRS-Care provides health insurance coverage for retirees who are members of the TRS pension systems with at least 10 years of service credit in the TRS pension system. TRS-Care plan contribution rates are effective with TRS eligible compensation paid on or after September 1 of each plan year. TRS-Care plan contribution rates are as follows:

	TRS-CARE PLAN YEAR 2025	TRS-CARE PLAN YEAR 2024
Member TRS-Care contribution	0.65%	0.65%
Great Hearts America—Texas TRS-Care contribution	0.75%	0.75%
State of Texas contribution	1.25%	1.25%

TRS-Care plan assets, obligation and funded status as of August 31 are as follows:

	TRS-CARE PLAN YEAR 2024	TRS-CARE PLAN YEAR 2023
Plan assets	$5.0 billion	$4.1 billion
Accumulated benefit obligations	$35.2 billion	$26.0 billion
Funded status	13.70%	14.94%

The risks of participating in a multiemployer, defined benefit plan are different from single-employer plans because (a) amounts contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

Great Hearts America—Texas recognized expense of $4.0 million during the year ended June 30, 2025 and $3.6 million during the year ended June 30, 2024 for contributions to TRS and TRS-Care plans. Great Hearts America—Texas' contributions do not represent more than 5% of TRS' or TRS-Care's total plan contributions. The State of Texas matched approximately $2.2 million and $2.7 million on behalf of Great Hearts America—Texas' employees in 2025 and 2024, respectively, with respect to these plans.

NOTE 11 – HEALTH INSURANCE

Great Hearts America—Texas acquires its health insurance coverage through a self-insured, self-funded plan. Administration of the Great Hearts America—Texas health program was contracted with Blue Cross Blue Shield. Great Hearts America—Texas maintains stop loss insurance subject to maximum claims per employees of $200,000 for aggregate claims and 125% of expected claims. At June 30, 2025 and 2024, stop loss reimbursement receivable totaled $3,005,648 and $0, respectively.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

At June 30, 2025, Great Hearts America—Texas had contracts to perform construction on new schools. The construction commitment balance is approximately $15.8 million at June 30, 2025.

In November 2025, the Texas Education Agency entered into an agreed order with Great Heart Texas where the agency agreed to administratively close its investigations and the charter holder agreed to the appointment of a conservator over governance and operations. The agency is also in the process of approving a services agreement/memorandum of understanding as additional corrective actions between Great Hearts Texas and its sole member, Great Hearts America.

NOTE 13 – RELATED PARTY TRANSACTIONS

In the ordinary course of business, Great Hearts America—Texas received various services from the sole member of its corporation, Great Hearts America, totaling $3.1 million in fiscal year 2025 and $3.8 million in fiscal year 2024. The amount due to related parties at June 30, 2025 and 2024 totaled $544,726 and $1,810,174, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2025, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Great Hearts America—Texas

Charter #015835
Supplemental Statement of Activities for the year ended June 30, 2025

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:				
Local support:				
5740	Other revenue from local sources	$ 8,195,677	$ 860,000	$ 9,055,677
5750	Co-curriculum/enterprising	5,763,350		5,763,350
	Total local support	13,959,027	860,000	14,819,027
State program revenue:				
5810	Foundation School Program		126,345,244	126,345,244
5820	State revenue distributed by Texas Education Agency		2,041,556	2,041,556
	Total state program revenues		128,386,800	128,386,800
Federal program revenue:				
5920	Federal revenue distributed by Texas Education Agency		5,364,328	5,364,328
Total revenue		13,959,027	134,611,128	148,570,155
Net assets released for purpose restrictions:				
	Expiration of time restrictions	132,913,074	(132,913,074)	
	Capital expenditures	883,212	(883,212)	
Total revenue and other support		147,755,313	814,842	148,570,155
EXPENSES:				
11	Instruction	69,288,684		69,288,684
12	Instructional resources and media services	90,272		90,272
13	Curriculum development and instructional staff development	463,357		463,357

(continued)

Great Hearts America—Texas

Charter #015835

Supplemental Statement of Activities for the year ended June 30, 2025 *(continued)*

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
21	Instructional leadership	5,387,753		5,387,753
23	School leadership	19,274,201		19,274,201
31	Guidance counseling and evaluation services	6,589,391		6,589,391
33	Health services	1,849,153		1,849,153
35	Food services	2,818,262		2,818,262
36	Extracurricular activities	3,986,711		3,986,711
41	General administration	6,995,571		6,995,571
51	Plant maintenance and operations	19,818,256		19,818,256
52	Security and monitoring services	2,346,834		2,346,834
53	Data processing services	2,335,886		2,335,886
61	Community services	34,263		34,263
71	Debt service	7,895,162		7,895,162
81	Fundraising	836,499		836,499
Total expenses		150,010,255		150,010,255
Realized and unrealized gains on investments, net		764,012		764,012
Loss on valuation of receivables		(909,148)		(909,148)
CHANGES IN NET ASSETS		(2,400,078)	814,842	(1,585,236)
Net assets, beginning of year		28,854,661	3,985,493	32,840,154
Net assets, end of year		$ 26,454,583	$ 4,800,335	$ 31,254,918

Great Hearts America—Texas

Charter #015835

Schedule of Expenses for the year ended June 30, 2025

6100	Payroll costs	$ 97,609,917
6200	Professional and contracted services	25,787,539
6300	Supplies and materials	6,921,223
6400	Other operating costs	11,796,414
6500	Debt service	7,895,162
Total		$ 150,010,255

Great Hearts America—Texas

Charter #015835
Schedule of Assets as of June 30, 2025

		OWNERSHIP INTEREST			
		LOCAL	STATE	FEDERAL	TOTAL
1100	Cash		$ 9,083,113	$ 2,849,942	$ 11,933,055
1120	Investments		12,439,668	26,816,140	39,255,808
Total cash and investments			21,522,781	29,666,082	51,188,863
1510	Land and improvements		33,145,458		33,145,458
1520	Buildings and improvements		218,025,135	479,025	218,504,160
1532	Computers and software		4,452,859	449,520	4,902,379
1539	Furniture and equipment		4,730,105	1,790,489	6,520,594
1542	Textbooks		2,365,631	87,513	2,453,144
1590	Construction in progress		41,220,508		41,220,508
Total property and equipment			303,939,696	2,806,547	306,746,243
Accumulated depreciation					(33,437,868)
Property and equipment, net					273,308,375
1554	Right-of-use assets: Operating lease for building		3,552,156	1,302,776	4,854,932
Accumulated amortization					(1,430,481)
Right-of-use assets, net					3,424,451
Total assets		$ 0	$ 329,014,633	$ 33,775,405	
Total assets, net					$ 327,921,689

Great Hearts America—Texas

Charter #015835
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 FISCAL YEAR	PRINCIPAL BALANCE DUE
Great Hearts America	N/A	Affiliated Organization	Contracted services	$2,200 per student	State funds	Monthly	$2,489,251	$ 574,516
Total							$2,489,251	$ 574,516

Great Hearts America—Texas

Charter #015835

Schedule of Related Party Compensation and Benefits for the year ended June 30, 2025

RELATED PARTY NAME	NAME OF RELATION TO THE RELATED PARTY	RELATIONSHIP	COMPENSATION OR BENEFIT	PAYMENT FREQUENCY	DESCRIPTION	SOURCE OF FUNDS USED	TOTAL PAID DURING FISCAL YEAR
None							

Great Hearts America—Texas

Charter #015835
Use of Funds Report – Select State Allotment Programs for the year ended June 30, 2025

Section A: Compensatory Education Programs	Responses
Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
Does the LEA have written policies and procedures for its state compensatory education program?	Yes
List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$4,878,258
List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$2,703,812
Section B: Bilingual Education Programs	**Responses**
Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
Does the LEA have written policies and procedures for its bilingual education program?	Yes
List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$782,127
List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$1,780,798

Great Hearts America—Texas

Charter #015835
Budgetary Comparison Schedule for the year ended June 30, 2025

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS	VARIANCE FROM FINAL BUDGET	
REVENUE:					
Local program revenue 57XX	$ 12,858,346	$ 12,858,346	$ 14,819,027	$ 1,960,681	(1)
State program revenue 58XX	129,763,990	129,763,990	128,386,800	(1,377,190)	
Federal program revenue 59XX	4,799,767	4,799,767	5,364,328	564,561	(2)
Total revenue	147,422,103	147,422,103	148,570,155	1,148,052	
EXPENSES:					
11 Instruction	72,530,244	72,530,244	69,288,684	(3,241,560)	
12 Instructional resources and media services			90,272	90,272	(3)
13 Curriculum development and instructional staff development	107,939	107,939	463,357	355,418	(4)
21 Instructional leadership	1,504,292	1,504,292	5,387,753	3,883,461	(4)
23 School leadership	15,636,079	15,636,079	19,274,201	3,638,122	(4)
31 Guidance counseling and evaluation services	4,278,322	4,278,322	6,589,391	2,311,069	(5)
33 Health services	1,433,386	1,433,386	1,849,153	415,767	(4)
35 Food services	2,518,524	2,518,524	2,818,262	299,738	(6)
36 Extracurricular activities	2,812,313	2,812,313	3,986,711	1,174,398	(7)
41 General administration	11,374,407	11,374,407	6,995,571	(4,378,836)	(8)
51 Plant maintenance and operations	18,056,964	18,056,964	19,818,256	1,761,292	
52 Security and monitoring services	2,256,473	2,256,473	2,346,834	90,361	
53 Data processing services	4,465,236	4,465,236	2,335,886	(2,129,350)	(9)

(continued)

Great Hearts America—Texas

Charter #015835

Budgetary Comparison Schedule for the year ended June 30, 2025 *(continued)*

		BUDGETED AMOUNTS			VARIANCE
		ORIGINAL	FINAL	ACTUAL AMOUNTS	FROM FINAL BUDGET
61	Community services			34,263	34,263
71	Debt service	7,401,599	7,401,599	7,895,162	493,563
81	Fundraising	788,699	788,699	836,499	47,800
Total expenses		145,164,477	145,164,477	150,010,255	4,845,778
Realized and unrealized gains on investments, net				764,012	764,012
Loss on valuation of receivables				(909,148)	(909,148)
CHANGES IN NET ASSETS		2,257,626	2,257,626	(1,585,236)	(3,842,862)
Net assets, beginning of year		32,840,154	32,840,154	32,840,154	
Net assets, end of year		$ 35,097,780	$ 35,097,780	$ 31,254,918	$ (3,842,862)

Great Hearts America—Texas

Charter #015835
Explanation for Budget Variances for the year ended June 30, 2025 (unaudited)

The following are explanations of the 10% variances from original budget/final budget reported to actual on the Budgetary Comparison Schedule:

(1) Favorable budget variance is a result of better than anticipated participation in field trips, athletics and co-curriculum programs.

(2) Favorable budget variance as IDEA-B and ESSA funding exceeded expectations.

(3) Unfavorable budget variance due to unexpected costs for on-line books.

(4) Unfavorable budget variance compensation exceeded and employee health insurance exceeded budget and TRS on behalf was not budgeted.

(5) Unfavorable budget variance to increased volume of diagnostic testing and increases in price of testing.

(6) Unfavorable budget variance as a result of changing food vendor resulting in increased interest in school based meals.

(7) Unfavorable budget variance is a result of better than anticipated participation in field trips, athletics and co-curriculum programs.

(8) The favorable variance is a result of cost-cutting measures.

(9) The favorable variance is a result of cost efficiencies gained by migrating to in-house IT department.

Great Hearts America—Texas

Charter #015835
Schedule of Real Property Ownership Interest at June 30, 2025 (unaudited)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST LOCAL	STATE	FEDERAL
NCB 17725 Blk 1 Lot 21 (Bulverde 17 Acre Tract)	17223 Jones Maltsberger Rd., San Antonio, Texas 78204	$ 19,474,770		$ 19,474,770	
NCB 15329 (Great Hearts-Ingram) Block 4 Lot 2	8702 Ingram Rd., San Antonio, Texas 78245	15,392,280		15,392,280	
NCB 14705 Blk 5 Not 20 (Great Hearts-Prue)	5538 Research Rd., San Antonio, Texas 78744	8,071,520		8,071,520	
CB 5043A (Great Hearts-Gateway), Blk Lot 1	7653 N. Loop 1604 E., Live Oak, Texas 78233	10,874,640		10,874,640	
NCB 14867 Blk 3 Lot 37 (Great Hearts-Helotes)	12018 Bandera Rd., Helotes, Texas 78023	1,471,430		1,471,430	
NCB 14867 Blk 2 Lot 4 (Great Hearts-Bandera)	12018 Bandera Rd., Helotes, Texas 78023	5,014,900		5,014,900	
Tavolo Park Block 1 Lot 4	7633 Harris Parkway, Fort Worth, Texas 76123	32,452,265		32,452,265	
Great Hearts-Cooper Block 1 Lot 1	6701 S. Cooper St., Arlington, Texas 76001	19,133,108		19,133,108	
Great Hearts-Cooper Block 1 Lot 2	6701 S. Cooper St., Arlington, Texas 76001	254,668		254,668	
Walker, Josiah Survey Abstract 1600 Tract 2A3A3 2F1C & Ridgeview Farms 34587 Blk 20 Lt 5A, 14.4 Acres	US 287 & Harmon Rd., Fort Worth, Texas	25,269,600		25,269,600	

(continued)

Great Hearts America—Texas

Charter #015835

Schedule of Real Property Ownership Interest at June 30, 2025 (unaudited) *(continued)*

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST LOCAL	OWNERSHIP INTEREST STATE	OWNERSHIP INTEREST FEDERAL
Blk A Lt 1 ACS 8.665 INT201800202703 DD07262018 CO-DC 0745165100105 1C107451651	3520 World Cup Way, Irving, Texas 75038	36,285,460		36,285,460	
S12819 - New Amstel Sec 2 PH 1, Block A, Lot 1, Acres 12.483	1207 Liberty Oaks Blvd., Cedar Park, Texas 78613	3,262,557		3,262,557	
NCB 17725 Blk 1 Lot 10 (Fischer 9.023 Acres)	# N. Loop 1604 E., San Antonio, Texas 78247	617,790		617,790	
NCB 17725 Blk 1 Lot 11 (Fischer 9.023 Acres)	# Jones Maltsberger Rd., San Antonio, Texas 78247	698,700		698,700	
NCB 17725 Blk 1 Lot 12 (Fischer 9.023 Acres)	# Jones Maltsberger Rd., San Antonio, Texas 78247	567,620		567,620	
NCB 17725 Blk 1 Lot 24 1.033AC (Fischer Marketplace Subd 9.023 Acres)	# Jones Maltsberger Rd., San Antonio, Texas 78247	724,460		724,460	
NCB 17725 Blk 1 Lot 25 1.234AC (Fischer Marketplace Subd 9.023 Acres)	# Jones Maltsberger Rd., San Antonio, Texas 78247	865,420		865,420	

(continued)

Great Hearts America—Texas

Charter #015835
Schedule of Real Property Ownership Interest at June 30, 2025 (unaudited) *(continued)*

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST LOCAL	STATE	FEDERAL
NCB 17725 Blk 1 Lot 26 0.781AC (Fischer Marketplace Subd 9.023 Acres)	# Jones Maltsberger Rd., San Antonio, Texas 78247	547,730		547,730	
NCB 17725 Blk 1 Lot 27 0.651AC (Fischer Marketplace Subd 9.023 Acres)	# N. Loop 1604 E., San Antonio, Texas 78247	456,560		456,560	
Blk A Lt 2 ACS 2.00 CO-Dallas 0745165100500 1C107451651	4039 Carbon Rd. Cl Irving, Texas 75038	435,600		435,600	
James Moore Abst 921 PG 715 TR 2.9 ACS 7.9627 INT202400048026 DD03082024 CO-DC 0921715100209 1CI09217151	4321 N. Beltline Rd. Cl Irving, Texas 75038	1,387,470		1,387,470	
Total		$183,258,548	$ 0	$183,258,548	$ 0

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
Great Hearts America – Texas:

We have audited, 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, the financial statements of Great Hearts America – Texas (the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated Date.

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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item #2025-001 that we consider to be a significant deficiency.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item #2025-001.

2900 Weslayan, Suite 200 Houston, Texas 77027-5132 (713) 439-5757 Fax (713) 439-5758

Great Hearts America – Texas's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Blazek & Vetterling

November 13, 2025

Great Hearts America – Texas

Schedule of Findings and Responses for the year ended June 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	☒ unmodified	☐ qualified	☐ adverse	☐ disclaimer

Internal control over financial reporting:

• Material weakness(es) identified?	☐ yes	☒ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☒ yes	☐ none
Noncompliance material to the financial statements noted?	☐ yes	☒ no
Other noncompliance noted?	☒ yes	☐ no

Section II – Financial Statement Findings

Finding #2025-001 – Significant Deficiency and Other Noncompliance

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting in order to prepare financial statements and supplementary information in accordance with generally accepted accounting principles (GAAP) and the Texas Education Agency (TEA) Financial Accountability System Resource Guide (FASRG). FASRG requires nonprofit charter schools' fiscal accounting systems to track expenses utilizing prescribed functions for reporting in the Public Education Information Management System (PEIMS), as well as in the supplemental schedules required by the TEA.

Condition and context: During our testing of disbursements coding, we identified 5 of 72 non- payroll transactions coded to the incorrect period, and 5 of 49 non-payroll transactions coded to the incorrect object or function code.

Cause and effect: The School's employees failed to follow policies and procedures for coding of disbursements based on its chart of accounts and the FASRG, *Nonprofit Charter School Chart of Accounts*. A lack of effective internal control over the reporting of expenses could result in errors in government grant billings, financial statements, in PEIMS reporting and in the TEA supplemental schedules.

Recommendation: Reemphasize current policies and procedures to ensure proper coding of disbursements based on the period and the organization's chart of accounts and FASRG codes.

Views of responsible officials and planned corrective actions: Great Hearts America – Texas concurs with the findings. While the noted errors were immaterial, management recognizes the importance of consistent expense recognition and coding accuracy to ensure compliance with TEA, PEIMS and financial reporting standards.

To strengthen controls, management has implemented the following actions:

1. **Month-End Cutoff Procedures:** The Finance Department will issue enhanced month-end closing guidance emphasizing invoice cutoff dates, accrual requirements, and proper period recognition.
2. **AP Supervisor Review:** The Accounts Payable Supervisor will conduct a secondary review of all significant invoices processed to confirm proper period recognition.
3. **Coding Accuracy Checks:** The Accounts Payable Supervisor will perform periodic sampling of expense transactions to verify correct Function, Object, and PIC coding.
4. **Training:** Refresher training will be provided to campus and department staff responsible for coding transactions to ensure understanding of chart of accounts structure.