

## NOTICE OF MEETING

**MARCH 24, 2020** – 12:30 P.M. or upon adjournment of the Meeting of the Board of Directors of TexAmericas Center on said date and location, whichever is the later to occur.

NEW BOSTON, TX  
TEXAMERICAS CENTER  
107 CHAPEL LANE  
NEW BOSTON, TX 75570

Persons wishing to attend the TAC East Holdings Company No. 1 Board of Directors Meeting by telephone can call 1-866-778-5424 and enter the Participant Code of 5090805. Board meeting agenda and materials can be found at the [www.texamericascenter.org](http://www.texamericascenter.org) website.

The Board of Directors of TAC East Holdings Company No. 1 will meet to conduct business at the above stated date, time and location.

## AGENDA

1. Call to Order.
2. Roll Call of Directors.
3. Consider and Take Action on:
  - A. Approve Minutes from November 26, 2019 Meeting.
  - B. **Resolution #20200324-01 TAC East Holdings Company No. 1 – a Texas non-profit corporation** – Authorizing the transfer of the contract previously awarded to Evans and Knauth, PLLC to Knauth & Company, P.C. for the audit of the financial statements of TAC East Holdings Company No. 1.
  - C. **Resolution #20200324-02 TAC East Holdings Company No. 1 – a Texas non-profit corporation** – Accepting the Fiscal Year 2019 Audited Financial Statements.
4. Adjournment.

**TAC EAST HOLDINGS COMPANY NO. 1  
A TEXAS NON-PROFIT CORPORATION**

**MEETING MINUTES  
NOVEMBER 26, 2019**

**NOVEMBER 26, 2019** – 12:30 P.M. or upon adjournment of the Meeting of the Board of Directors of TexAmericas Center on said date and location, whichever is the later to occur.

NASH, TEXAS  
NASH, TEXAS CITY HALL – TRAINING FACILITY  
119 Elm Street  
NASH, TX 75569

The Board of Directors of TAC East Holdings Company No. 1 met to conduct business at the above stated date, time and location.

1. The meeting was called to order at 1:11 p.m. by Denis Washington, Chairman of the Board who certified that the meeting was properly posted, being held in accordance with the Texas Open Meetings Act and that a quorum was present.

2. **Directors, Officers and Others in Attendance were:**

Denis Washington	Gabe Tarr	Ben King	William Scott Norton
Wes Jordan	Eric Voyles	Marla Byrd	

**Directors Absent were:**

Boyd Sartin

3. Considered and Took Action on:

A. Approved Minutes from September 24, 2019 Meeting. A motion was made by Ben King and seconded by Gabe Tarr. The motion carried unanimously by voice vote.

B. Approved a lease addendum template for feral hog disposal. A motion was made by Ben King and seconded by Gabe Tarr. The motion carried unanimously by voice vote.

C. Authorizing the President of TAC East Holdings Company No. 1., a Texas non-profit corporation, to execute a new industrial lease agreement with C J Tex-Corp L.L.C. for

Bldgs. F-1, F-15, and F-18 and about 191.36 acres on the F-line. A motion was made Ben King and seconded by Gabe Tarr. The motion carried unanimously by voice vote.

With no other business to discuss, a motion was made by Ben King and seconded by Gabe Tarr to adjourn the meeting at 1:15 p.m. The motion carried unanimously by voice vote.

**The above and foregoing minutes of the TAC EAST HOLDINGS COMPANY NO. 1 Board of Directors meeting, November 26, 2019 were read approved on March 24, 2020.**

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**Boyd Sartin, Secretary of the Board**

**TAC EAST HOLDINGS COMPANY NO. 1  
A TEXAS NON-PROFIT CORPORATION**

**RESOLUTION NO. 20200324-01**

**RESOLUTION AUTHORIZING THE TRANSFER OF THE CONTRACT PREVIOUSLY  
AWARDED TO EVANS & KNAUTH, PLLC TO KNAUTH & COMPANY, P.C.**

**WHEREAS**, TAC EAST HOLDINGS COMPANY NO. 1 is a Texas Non-Profit Corporation; and

**WHEREAS**, TAC EAST HOLDINGS COMPANY NO. 1 previously approved the Audit to be performed by Evans & Knauth, PLLC, by **Resolution #20180522-02**; and

**WHEREAS**, the firm of Evans & Knauth, PLLC has dissolved and designated the work to be transferred to Knauth & Company, P.C.

**NOW, THEREFORE**, be it resolved by the Board of Directors of TAC EAST HOLDINGS COMPANY NO. 1 that the Audit contract previously awarded to Evans & Knauth, PLLC can be assigned to Knauth & Company, P.C.

**PASSED AND APPROVED THIS 24<sup>th</sup> day of March, 2020.**

\_\_\_\_\_  
**Denis R. Washington, Chairman of the Board**

**ATTEST:**

\_\_\_\_\_  
**Boyd Sartin, Secretary**



January 31, 2020

Thank you for your confidence in our services. Evans & Knauth, PLLC dissolved and the work under the existing Evans & Knauth, PLLC agreement with TAC EAST Holdings Company No. 1 will be transferred to Knauth & Company, P.C., effective immediately. This change will allow us to continue to provide and improve our services. As a result, the audit services and report will be issued under Knauth & Company, P.C..

You will be served by our Frisco office, and Chris Knauth will be the managing partner. Our goal remains to provide the highest level of service to you. Please be assured you will continue to receive accurate and timely service.

If you have any concerns or questions, please contact Chris Knauth at (972) 689-4150.

Sincerely,

A handwritten signature in cursive script that reads 'Knauth &amp; Company, P.C.' The signature is written in dark ink and is positioned above the printed address.

Knauth & Company, P.C.  
4433 Punjab Way, Ste 102  
Frisco, TX 75033

**TAC EAST HOLDINGS COMPANY NO. 1  
A TEXAS NON-PROFIT CORPORATION**

**RESOLUTION NO. 20200324-02**

**ACCEPTANCE OF FISCAL YEAR 2019 AUDITED FINANCIAL STATEMENTS**

**WHEREAS**, TAC EAST HOLDINGS COMPANY NO. 1 is a Texas Non-Profit Corporation; and

**WHEREAS**, by prior **Resolution No. 20200324-01** of the Board of Directors, TAC EAST HOLDINGS COMPANY NO. 1 hired auditors Knauth & Company, P.C. and provided them with the unaudited financial statements of TAC EAST HOLDINGS COMPANY NO. 1 for their review; and

**WHEREAS**, the auditors, outside accountants and TAC EAST HOLDINGS COMPANY NO. 1 staff collaborated to conduct the audit and represent the financial statements, management discussion and analysis, and management representations in accordance with applicable law and regulations (Attached), and

**WHEREAS**, the auditors have found no material misstatements in the financial statements.

**WHEREAS**, Knauth & Company, P.C. has the necessary experience and expertise to provide auditing services to TAC EAST HOLDINGS COMPANY NO. 1.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of TAC EAST HOLDINGS COMPANY NO. 1 that the FY 2019 Audited Financial Statements are hereby accepted as presented in the attachment hereto.

**PASSED AND APPROVED THIS 24<sup>th</sup> day of March, 2020.**

\_\_\_\_\_  
**Denis R. Washington, Chairman of the Board**

**ATTEST:**

\_\_\_\_\_  
**Boyd Sartin, Secretary of the Board**

Attached: FY 2019 Audited Financials



February 1, 2020

Board of Directors and Scott Norton, President  
TAC EAST Holdings Company No.1  
107 Chapel Lane  
New Boston, TX 75570

Dear Mr. Norton:

We are pleased to confirm our understanding of the services we are to provide for TAC EAST Holdings Company No.1 (the "Company") for the year ended September 30, 2019.

We will audit the financial statements of the Company, which comprise the statement of financial position as of year ended September 30, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. Also, the following supplementary information accompanying the financial statements will be 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, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

#### **Audit Objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Company's financial statements. Our report will be addressed to the Board of Directors of the Company. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

#### **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even

though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Management Responsibilities**

You agree to assume all management responsibilities for the tax services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also



agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

**Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Chris Knauth is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately December 11, 2019 and to complete and issue our report no later than April 1, 2020.

We estimate that our fees for these services will be \$6,113 for the audit. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Knauth & Company, P.C.

**RESPONSE:**

This letter correctly sets forth the understanding of TAC EAST Holdings Company No.1

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**TAC EAST HOLDINGS COMPANY NO. 1**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended September 30, 2019**

**TAC EAST HOLDINGS COMPANY NO. 1**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended September 30, 2019**

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## **Report of Independent Auditors**

To the Board of Directors  
TAC East Holdings Company No. 1

We have audited the accompanying financial statements of TAC East Holdings Company No. 1 (a nonprofit organization) which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and cash flows for the year ending September 30, 2019, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TAC East Holdings Company No. 1 as of September 30, 2019, and the changes in its net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Functional Expenses on page 6 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.

*Krauth & Company, PC*

Frisco, Texas  
February 28, 2020

**TAC East Holdings Company No. 1**  
**Statement of Financial Position**  
**September 30, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 35,199
Accounts Receivable	<u>612</u>
Total Current Assets	<u>35,811</u>

**PROPERTY, PLANT and EQUIPMENT**

Property, Plant and Equipment	1,755,744
Accumulated Depreciation	<u>(192,937)</u>
Total Property, Plant & Equipment	<u>1,562,807</u>

<b>Total Assets</b>	<b><u><u>\$ 1,598,618</u></u></b>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	408
Due to TexAmericas Center	<u>\$ 169,553</u>
Total Short Term Liabilities	<u>\$ 169,962</u>

**LONG TERM LIABILITIES**

Security Deposits	12,850
Lease Deposits	<u>25,993</u>
Total Long Term Liabilities	<u>38,843</u>

<b>Total Liabilities</b>	<b><u>208,805</u></b>
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**NET ASSETS**

Unrestricted	(219,299)
Temporarily Restricted Funds	<u>1,609,112</u>
Total Net Assets	<u>1,389,813</u>

<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,598,618</u></u></b>
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*The accompanying notes are an integral part of these financial statements.*

**TAC East Holdings Company No. 1**  
**Statement of Activities and Changes in Net Assets**  
**Year Ending September 30, 2019**

<b>Revenue</b>	
Leases	\$ 377,839
Total Support and Revenue	<u>377,839</u>
<b>Expenses</b>	
Legal Fees	650
Leased Employee Expense	540,272
Insurance	14,105
Professional Fees	7,035
Management Fees	15,896
Contribution to TAC	106,559
Depreciation	46,306
Total Expenses	<u>730,823</u>
<b>Change in Net Assets</b>	(352,984)
<b>Net Assets - Beginning</b>	<u>1,742,797</u>
<b>Net Assets - Ending</b>	<u><u>\$ 1,389,813</u></u>

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

**TAC East Holdings Company No. 1**  
**Statement of Cash Flows**  
**Year Ending September 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (352,984)
Adjustments to Reconcile Net Assets to Net Cash Provided by Operations:	
Depreciation	46,306
Changes in Assets and Liabilities:	
Accounts Receivable	23,512
Prepaid Expenses	-
Due to TexAmericas Center	154,430
Security Deposits	-
Property Tax Deposits	-
Other Payables	<u>125</u>
Net Cash Provided by Operating Activities	<u>(128,611)</u>
Net Increase in Cash and Cash Equivalents	(128,611)
Cash and Cash Equivalents, September 30, 2017	<u>163,810</u>
Cash and Cash Equivalents, September 30, 2017	<u><u>\$ 35,199</u></u>

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



**TAC East Holdings Company No. 1**  
**Statement of Functional Expenses**  
**Year Ending September 30, 2019**

	<b><u>General &amp; Management</u></b>
Insurance	\$ 14,105
Payroll	540,272
Auditing	5,935
Accounting Fees	1,100
Management Fees	15,896
Legal	650
Contributions	106,559
Depreciation	46,306
Total Expenses	<b><u>\$ 730,823</u></b>

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

**TAC EAST HOLDINGS COMPANY NO. 1**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

**Note 1 - Nature of Activities and Significant Accounting Policies**

**Nature of Activities**

TAC East Holdings Company No. 1 (Organization) was founded on July 28, 2015 and has its registered office in New Boston, Texas. The Organization is organized and shall be operated exclusively for the purpose of holding title to real property, collecting income therefrom and turning over the entire amount, less expenses, to TexAmericas Center, a political subdivision of the State of Texas within the meaning of Section 501(c)(25) of the Internal Revenue Code of 1986, as amended, or its successor statute, if any. The Organization will confine its activities to the receipt and administration of passive income including (a) rents and royalties and (2) gains from the sale of real property so held when directed to sell said property by TexAmericas Center. No part of the net income or net assets of the Organization shall inure to the benefit of, or be distributable to its directors, officers or other private persons or entities other than TexAmericas Center. The Organization is however, authorized to pay reasonable compensation for services actually rendered.

**Summary of Significant Accounting Policies**

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The financial statements of the Organization have been prepared on the accrual basis of accounting as a voluntary not for profit organization.

**Financial Statement Presentation**

The Organization's financial statements are presented in accordance with FASB ASC 958 which requires the Organization to report its financial position and activities using three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets and changes therein are classified as follows:

**Unrestricted Funds** - Net assets not subject to donor-imposed stipulations.

**Temporarily Restricted Funds** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. Temporarily restricted net assets are donations received from individuals, foundations, churches, and private groups, which are designated by the donor for specific expenditures.

**Permanently Restricted Funds** - The Organization has no permanently restricted net assets.

**TAC EAST HOLDINGS COMPANY NO. 1**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions are recognized as revenues in the period unconditional promises to give are received.

**Basis of Accounting**

The financial statements of the Organization are reported on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

**Budgetary Control**

Annual budgets are adopted by the Organization and approved by the Board of Directors. The adopted budgets are prepared on a basis consistent with generally accepted accounting principles

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, actual results could differ from those estimates. Significant estimates used in the preparation of these financial statements include the assumption in recording depreciation.

**Cash and Cash Equivalents**

The Organization's cash and cash equivalents include amounts in demand deposit, negotiable order of withdrawal, and money market accounts, as well as certificates of deposit with a maturity of 90 days or less.

**Receivables and Payables**

Activity between the Organization and TexAmericas Center that is representative of borrowing/lending arrangements outstanding at the end of the year is referred to as either "other receivables/other payables. As of September 30, 2019, the Organization had \$169,553 payable to TexAmericas Center.

The Organization provides allowances for uncollectable receivables in compliance with generally accepted accounting principles. However, at September 30, 2019 the balance of the allowance account was \$0 since management believes all receivables to be fully collectible.

**TAC EAST HOLDINGS COMPANY NO. 1**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

The Statement of Financial Position, Statement of Activities, Statement of Functional Expenses and Statement of Cash Flows for the Organization are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Financial Position. Under the accrual basis of accounting, revenues are recognized when earned; expenses are recognized at the time the liability is incurred.

**Capital Assets**

	<i>September 30,</i>			<i>September 30,</i>
	<i>2018</i>	<i>Additions</i>	<i>Retirements</i>	<i>2019</i>
Land	\$ 844,094			844,094
Buildings	868,268			868,268
Improvements	43,382			43,382
Total	1,755,744	-	-	1,755,744
Accumulated Depreciation	(146,632)	(46,306)		(192,938)
Net Capital Assets	<u>\$ 1,609,112</u>	<u>(46,306)</u>	-	<u>1,562,806</u>

Depreciation expense for the fiscal year ended September 30, 2019 was \$46,306.

Capital assets, which include land, property, and improvements, are reported in the applicable financial statements. All capital assets are valued at historical costs or estimated historical cost if actual historical is not available. The Organization capitalizes property and equipment over \$5,000. Donated assets are valued at their fair market value on the date of donation. TexAmericas Center donated all assets to TAC East Holdings Company No. 1 on July 28, 2015. Repairs and maintenance are recorded as expenses.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 Years
Improvements	15 Years

**Source of Revenues**

The major source for the revenue of the Organization includes lease revenue from leased properties.

**TAC EAST HOLDINGS COMPANY NO. 1**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

**Functional Allocation of Expenses**

The cost of providing programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses.

**Income Taxes**

The Organization is political subdivision of the State of Texas, which is an organization described in Section 501 (c)(25) of the Internal Revenue Code as per I.R.S. letter dated May 10, 2016. For the period from October 1, 2018 to September 30, 2019, the Organization did not conduct any activities that would be subject to federal income taxes.

**Note 2 - Cash**

As of September 30, 2017, the Organization maintains all bank accounts and certificates of deposit in financial institutions that are members of the FDIC. At September 30, 2019, the Organization's deposits in its depository banks totaled \$35,199.

**Note 3 - Fair Value of Measurements**

The "Fair Value Measurements and Disclosures" Topic of the FASB ASC (Topic 820) defines fair value as exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. These three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level I, such as quote prices for similar assets and liabilities in active markets; Quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**TAC EAST HOLDINGS COMPANY NO. 1**  
**Notes to the Financial Statements**  
**For the Year Ended September 30, 2019**

The carrying value of cash and cash equivalents, receivables, and accounts payable approximates fair value due to the relatively short-term nature of the financial instruments. Investments in marketable securities debt securities are reported at their fair values in the statement of financial position.

**Note 4 - Subsequent Events**

Subsequent events have been evaluated through February 28, 2020, the report issuance date.