All Great Hearts academies in Texas are tuition-free, open-enrollment public charter schools that are held to the same state academic and financial accountability standards as traditional school districts. Furthermore, Great Hearts is organized as a Not-For-Profit entity and operated exclusively for tax-exempt purposes set forth in section 501(c)(3) of the Internal Revenue Code. None of its earnings may inure to any private shareholder or individual. In order to fulfill our not-for-profit mission we employ sound financial practices, such as ensuring the organization is financially healthy and has enough resources to serve its students and employees both in the present and future.

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). As such, Contributions are recorded as revenue at fair value when Great Hearts receives an unconditional promise to give. Conditional promises to give are included as revenues in the financial statement when the conditions are satisfied. As such, Great Hearts may record revenue in one fiscal period, but not receive the associated cash until later fiscal periods, thus creating a difference in the amount of Change in Net Assets on a GAAP versus cash basis for accounting purposes.

We take these formal levels of accountability very seriously and appreciate that as an operator of charter schools, Great Hearts needs to continue to be transparent in our financial reporting and demonstrate a greater return of value on our public and donated funds.