



**Wilco Montessori Partners
dba Goodwater Montessori School**

Annual Financial Report

For the Year Ended August 31, 2024

Paul J. Christensen & Associates, LLC
Certified Public Accountants
Waco, Texas

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Wilco Montessori Partners
dba Goodwater Montessori School

Certificate of Board

Wilco Montessori Partners
Name of Charter Holder

46-4523814
Federal Employer ID Number

Goodwater Montessori School
Name of Charter Corporation

Williamson
County

246-802
Co. Distr. Number

We, the undersigned, certify that the attached Financial and Compliance Report of the above named Charter Holder was reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2024 at a meeting of governing body of the Charter Holder on the 23rd day of January, 2025.

Lydia Hancock
Lydia Hancock (Jan 27, 2025 11:53 CST)

Signature of Board Secretary

Dr. Allen Brown
Dr. Allen Brown (Jan 27, 2025 12:16 CST)

Signature of Board President

If the governing body of the Charter Holder does not approve the Independent Auditor's Report, it must forward a written statement discussing the reason(s) for not approving the report.

Paul J. Christensen & Associates, LLC

Certified Public Accountants

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Paul J. Christensen, C.P.A.
Gary L. Sauls, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wilco Montessori Partners
dba Goodwater Montessori School
Georgetown, Texas 78626

Opinion

We have audited the accompanying financial statements of Wilco Montessori Partners dba Goodwater Montessori School (a nonprofit organization), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wilco Montessori Partners dba Goodwater Montessori School as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wilco Montessori Partners dba Goodwater Montessori School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Wilco Montessori Partners dba Goodwater Montessori School changed its method of accounting for the allowance for credit losses effective September 1, 2023, as required by the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-03 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 Wilco Montessori Partners dba Goodwater Montessori School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Wilco Montessori Partners dba Goodwater Montessori School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilco Montessori Partners dba Goodwater Montessori School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025, on our consideration of Wilco Montessori Partners dba Goodwater Montessori School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Wilco Montessori Partners dba Goodwater Montessori School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wilco Montessori Partners dba Goodwater Montessori School's internal control over financial reporting and compliance.



Waco, Texas
January 23, 2025

FINANCIAL STATEMENTS

Wilco Montessori Partners
dba Goodwater Montessori School
Statement of Financial Position
August 31, 2024

Assets

Current Assets	
Cash and cash equivalents	\$ 547,601
Due from governments	195,489
Other assets	56,199
Total current assets	<u>799,289</u>
Property and equipment, net	246,197
Operating right of use asset	<u>5,939,412</u>
Total Assets	<u><u>\$ 6,984,898</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 90,403
Accrued wages	102,739
Other payroll liabilities	76,004
Current portion of lease liability, operating	212,590
Total current liabilities	<u>481,736</u>
Lease liability, operating	<u>5,734,350</u>
Total long-term liabilities	<u>5,734,350</u>
Total Liabilities	<u>6,216,086</u>
Net Assets	
Without donor restrictions	121,159
With donor restrictions	647,653
Total Net Assets	<u>768,812</u>
Total Liabilities and Net Assets	<u><u>\$ 6,984,898</u></u>

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

Wilco Montessori Partners
dba Goodwater Montessori School
Statement of Activities
For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local support:			
Gifts and bequests	\$ 55,192	\$ -	\$ 55,192
Enterprising services	30,364	-	30,364
Other income	143,381	-	143,381
Total local support	228,937	-	228,937
State program revenues:			
Foundation school program act	-	3,570,493	3,570,493
TRS on behalf payments	-	186,356	186,356
Other state aid	-	120,496	120,496
Total state program revenues	-	3,877,345	3,877,345
Federal program revenues:			
ESEA, Title I, Part A	-	26,893	26,893
IDEA-Part B, Formula	-	66,215	66,215
IDEA-Part B, Preschool	-	701	701
National School Lunch and Breakfast Program	-	61,938	61,938
ESEA, Title II, Part A	-	8,073	8,073
TCLAS - ESSER III	-	183,345	183,345
SPED Capacity Service Grant	-	50,000	50,000
Title IV, Part A, Subpart 1	-	5,349	5,349
ERATE	-	8,325	8,325
Total federal program revenues	-	410,839	410,839
Net assets released from restrictions:			
Restrictions satisfied by payments	4,096,724	(4,096,724)	-
Total Revenues	4,325,661	191,460	4,517,121
Expenses			
Program Services:			
11 Instruction	\$ 2,172,417	\$ -	\$ 2,172,417
12 Instructional resources and media services	1,005	-	1,005
13 Curriculum development and			
Instructional and school leadership	148,687	-	148,687
21 Instructional leadership	62,007	-	62,007
23 School leadership	330,743	-	330,743
31 Guidance, counseling and			
evaluation services	41,330	-	41,330
33 Health services	1,978	-	1,978
35 Food services	133,687	-	133,687
36 Cocurricular/ extracurricular activities	1,116	-	1,116
53 Data processing services	108,969	-	108,969
Total Program Services	3,001,939	-	3,001,939
Support Services:			
41 General administration	222,145	-	222,145
51 Plant maintenance and operations	976,308	-	976,308
52 Security and monitoring services	34,733	-	34,733
61 Community services	73,235	-	73,235
Total Support Services	1,306,421	-	1,306,421
Total Expenses	4,308,360	-	4,308,360
Change in Net Assets	17,301	191,460	208,761
Net Assets, Beginning of Year	103,858	456,193	560,051
Net Assets, End of Year	\$ 121,159	\$ 647,653	\$ 768,812

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

Wilco Montessori Partners
dbs Goodwater Montessori School
Statement of Functional Expenses
For the Year Ended August 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Expenses			
Salaries and wages	\$ 2,055,558	\$ 152,321	\$ 2,207,879
Benefits	413,938	25,772	439,710
Payroll taxes	36,918	3,910	40,828
Total Payroll Expenses	<u>2,506,414</u>	<u>182,003</u>	<u>2,688,417</u>
Legal services	-	24,651	24,651
Audit services	-	21,500	21,500
Professional services	318,300	18,900	337,200
Education service center services	6,200	170	6,370
Contracted maintenance & repair	-	136,965	136,965
Utilities	-	59,545	59,545
Rentals/operating leases	-	679,922	679,922
Consulting services	2,189	48,000	50,189
Maintenance supplies	-	27,915	27,915
Food	77,053	-	77,053
Computer & technology	15,830	855	16,685
General supplies	52,561	27,681	80,242
Travel - employees	157	930	1,087
Insurance	-	30,392	30,392
Depreciation	15,181	19,748	34,929
Miscellaneous operating costs	8,054	27,244	35,298
Total Non-payroll Expenses	<u>495,525</u>	<u>1,124,418</u>	<u>1,619,943</u>
Total Expenses	<u><u>\$ 3,001,939</u></u>	<u><u>\$ 1,306,421</u></u>	<u><u>\$ 4,308,360</u></u>

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

Wilco Montessori Partners
dba Goodwater Montessori School
Statement of Cash Flow
For the Year Ended August 31, 2024

Cash Flows from Operating Activities:

Foundation school program payments	\$ 3,811,646
Grant payments	462,734
Miscellaneous sources	225,737
Payments to vendors for goods and services rendered	(1,627,463)
Payments to charter school personnel for services rendered	(2,641,506)
Net Cash Provided by Operating Activities	<u>231,148</u>

Cash Flows from Investing Activities:

Purchase of capital assets	<u>(85,791)</u>
Net Cash Used by Investing Activities	<u>(85,791)</u>

Net Increase in Cash and Cash Equivalents 145,357

Cash and Cash Equivalents - Beginning of Year 402,243

Cash and Cash Equivalents - End of Year \$ 547,600

Reconciliation of Change in Net Assets to Net

Cash Provided by Operating Activities:

Change in Net Assets	\$ 208,761
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	34,929
(Increase) Decrease in assets:	
Due from governments	(13,804)
Other assets	12,497
Operating right of use asset	188,707
Increase (Decrease) in liabilities:	
Accounts payable	(58,643)
Accrued wages	27,024
Other payroll liabilities	19,884
Deferred revenue	(3,200)
Lease liability, operating	(185,007)
Net Cash Provided by Operating Activities	<u><u>\$ 231,148</u></u>

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

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of Wilco Montessori Partners (the “Charter Holder”) dba Goodwater Montessori School were prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Reporting Entity

The Charter Holder is a not-for-profit organization incorporated in the State of Texas in 2013 and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Charter Holder is governed by a Board of Directors comprised of five members. The Board of Directors are selected pursuant to the bylaws of the Charter Holder and has the authority to make decisions, appoint the chief executive officer of the Charter Holder, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter Holder.

Since the Charter Holder receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Corporate Operations

The State Board of Education of the State of Texas granted the Charter Holder an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, Wilco Montessori Partners dba Goodwater Montessori School was opened. Wilco Montessori Partners dba Goodwater Montessori School operates under a single charter and does not conduct any non-charter activities. The Charter Holder provides a safe, disciplined Montessori education for students in grades Pre-Kindergarten through eighth grade.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board designated.

Net Assets with Donor Restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contributions

The Charter Holder accounts for contributions as contributions without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For financial statement purposes, the Charter Holder considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets, which include land, buildings and improvements, vehicles, and furniture and equipment are reported in the financial statements. Capital assets are defined by the Charter Holder as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from four to forty years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

Due from Governments

The Charter Holder considers all government grants and contracts as contributions rather than exchange transactions. The Charter Holder recognizes revenue from fee-for-service transactions as services are rendered and, for grants, as eligible expenditures are incurred. Advances from government agencies are recorded as deferred revenues. Eligible expenditures incurred in excess of grant fund reimbursements are recorded as receivables.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of any noncompliance with terms of the grant contract.

Impairment of Long-Lived Assets

The Charter Holder reviews the carrying value of capital assets 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. The Charter Holder did not recognize an impairment loss during the year ended August 31, 2024.

State Funding

The amount of State Foundation Program revenue the Charter Holder earns may vary until the time when final values for all factors in the state aid formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the State Foundation Program revenue estimate for the year ended August 31, 2024, will change.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues from the state of Texas are based on reported attendance. A portion of the Charter Holder's revenue is derived from cost-reimbursement contracts and grants, which are based upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Charter Holder has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Government grant contracts that are entered into by the Charter Holder are recognized as revenue when services are rendered or when qualifying expenses are incurred.

All contributions are considered to be available for purposes without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

Donated Services and Assets

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and which would typically need to be purchased if not provided by donation are recorded at the estimated fair market value in the period received.

Contributions of donated noncash assets are recorded at the estimated fair market value in the period received.

Functional Allocation of Expenses

The cost of providing educational services to students has been summarized on a functional basis in the statements of activities and allocated among the programs and services benefited in the statement of functional expenses.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Charter Holder which will only be resolved when one or more future events occur or fail to occur. The Charter Holder's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves and exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Charter Holder or unasserted claims that may result in such proceedings, the Charter Holder's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is possible that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Charter Holder's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Change in Accounting Principle

The Charter Holder adopted ASU 2016-03, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses on certain financial instruments. The Charter Holder adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Charter Holder's financial statements but did change how the allowance for credit losses is determined.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents as of August 31, 2024, consist of the following:

Checking accounts	\$ 547,601
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Note 3 - Due from Governments

As of August 31, 2024, due from governments consisted of the following:

Foundation School Program	\$ 13,141
Idea B Formula	66,215
National School Lunch Program	4,365
Title II, Part A-Supporting	8,073
TCLAS ESSER Grant III	39,100
Title IV Part A, Subpart I	5,349
Textbook and Kindergarten Materials	36,345
Safe Cycle II	4,724
School Safety Standards	3,659
Strong Foundations I	14,518
Total	<u>\$ 195,489</u>

Note 4 - Net Assets with Donor Restrictions

As of August 31, 2024, net assets with donor restrictions in the amount of \$647,653 consisted of unexpended state program revenue.

Note 5 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. During the year ended August 31, 2024, the Charter Holder released \$4,096,724 of funds with donor restrictions related to Foundation School Program and federal grants.

Note 6 - Capital Assets

A summary of changes in capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Buildings and improvements	\$ 132,556	\$ -	\$ -	\$ 132,556	\$ 49,340	\$ 83,216
Furniture and equipment	239,709	85,791	-	325,500	162,519	162,981
Total	<u>\$ 372,265</u>	<u>\$ 85,791</u>	<u>\$ -</u>	<u>\$ 458,056</u>	<u>\$ 211,859</u>	<u>\$ 246,197</u>

Capital assets acquired with public funds for the operation of the Charter Holder constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified in the Schedule of Capital Assets.

Depreciation expense for the year ended August 31, 2024, was \$34,929.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

Note 7 - Pension Plan Obligations

Plan Description

The Charter Holder contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiemployer defined benefit pension plan with one exception; all risks and costs are not shared by the Charter Holder, but are the liability of the State of Texas. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas.

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS.

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

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent Corporation district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

Funding Policy

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

Contributions

State law provides for a member contribution rate of 8.25% for fiscal year 2024. The state's contribution rate as a non-employer contributing entity was 8.25% for fiscal year 2024.

Under provisions in state law, plan members are required to contribute 8.0% of their annual covered salary, and the state of Texas contributes an amount equal to 8.25% of the Charter Holder's covered payroll. The Charter Holder's contribution to TRS for the year ended August 31, 2024, was \$125,596, which includes \$36,912 in Non-OASDI participation surcharges. The Charter Holder's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

Note 8 - Health Care Coverage

During the year ended August 31, 2024, employees of the Charter Holder were covered by a health insurance plan. The Charter Holder contributed \$400 per month per employee for the year ended August 31, 2024, to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

Note 9 - Risk Management Program

Worker's compensation coverage, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have historically not exceeded commercial coverage.

Note 10 – Leases

The Charter Holder accounts for leases in accordance with FASB 842. The Charter Holder is the lessee for all of its leases. Upon adoption, a reporting entity should apply the provisions of ASC 842 at the beginning of the earliest period presented using a modified retrospective approach, which includes certain optional practical expedients that an entity may elect to apply. This standard was adopted September 1, 2022, using the modified retrospective approach. As a result, the opening net assets for September 1, 2022, was unaffected.

At the inception of a contract, the Charter Holder assesses whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Charter Holder assesses whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Charter Holder has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Charter Holder has the right to direct the use of the asset. The Charter Holder has the right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Charter Holder has the right to direct the use of the asset if either the Charter Holder has the right to operate the assets or the Charter Holder designed the asset in a way that predetermined how and for what purpose it will be used.

A contract may contain multiple lease components; if so, the Charter Holder allocates the consideration in a contract to each lease component based on each component's relative stand-alone price. The Charter Holder is required to account for the right-to-use land and other assets separately unless the effect of doing so would be insignificant to the overall accounting for the transaction.

After separate lease components are identified, the Charter Holder applies the following steps to each separate lease component:

- Determine the lease term, generally calculated beginning at the lease commencement date.
- Determine the lease payments, which may include fixed payments, variable lease payments, amount the Charter Holder will probably owe under residual value guarantees and payments related to renewal or termination options that the Charter Holder are reasonably certain to exercise.
- Determine the discount rate for the lease based on information available at lease commencement. For the Charter Holder, the discount rate implicit in the lease unless that rate cannot be readily determined, in which case we are required to use the incremental borrowing rate of 7.5%.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

Note 10 – Leases (continued)

Finance Leases

The Charter Holder classifies leases as finance leases if they are not short-term leases (see below) and they meet any of the following criteria:

- The lease transfers ownership of the underlying asset to the Charter Holder by the end of the lease term.
- The lease grants the Charter Holder an option to purchase the underlying asset that the Charter Holder is reasonably certain to exercise.
- The lease term is for a major part of the remaining economic life of the underlying asset. If the commencement date is at or near the end of the underlying asset's economic life, this test does not apply.
- The present value of the sum of (1) the lease payments and (2) any lessee residual value guarantee not reflected in the lease payments equal or exceed substantially all of the underlying asset's fair value.
- The underlying asset is of such specialized nature that is expected to have no alternative use to the lessor at the end of the lease term.

For finance leases, the Charter Holder recognizes a right-of-use (ROU) asset and a lease liability at lease commencement.

The finance lease ROU asset is initially measured at cost, which comprises the sum of (1) the initial amount of the finance lease liability, (2) initial direct costs incurred (incremental costs that would not have been incurred if the lease had not been obtained) and (3) any lease payments made before or at lease commencement, (4) reduced for any lease incentives received.

Subsequent to commencement, the Charter Holder measures the ROU asset at cost, less accumulated amortization and any accumulated impairment losses.

The Charter Holder amortizes the finance ROU asset on a straight-line basis over the period from the commencement date to the earlier (1) the end of the useful life of the ROU asset or (2) the end of the lease term. However, if the lease transfers ownership of the underlying asset to us, or if we are reasonably certain to exercise a purchase option to acquire the underlying, the Charter Holder amortize the ROU asset to the end of the underlying asset's useful life. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The finance lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the discount rate determined at commencement. Subsequent to commencement, we measure the finance lease liability on an amortized cost basis using the effective interest method. The lease liability is remeasured when (1) there is a change in future lease payment arising from a change in a rate or index, (2) there is a change in the estimate of the amount the Charter Holder expects to pay under a residual value guarantee or (3) if we change our assessment of whether we will exercise a purchase, extension, or termination option.

Finance lease ROU assets are included in property and equipment, net in the consolidated financial statement of the Charter Holder and in each District in the Statement of Financial Position. Finance lease liabilities are included in the current portion of long-term debt and long-term debt, net. Amortization on the ROU assets is included in the properly functional expense based on the use of the buildings.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

Note 10 – Leases (continued)

The Charter Holder leases its facilities under non-cancellable operating leases, which contain varying renewal options. Approximate aggregate remaining minimum rental commitments as of August 31, 2024, under these leases are summarized as follows:

<u>Fiscal Year Ending August 31,</u>	
2025	\$ 651,439
2026	664,467
2027	677,757
2028	691,312
2029-2037	<u>6,808,251</u>
Total payments due under lease liability	9,493,226
Less discount to present value	<u>3,546,286</u>
Total operating lease liability	<u><u>\$ 5,946,940</u></u>

ROU assets under operating lease for the year ended August 31, 2024, are as follows:

Buildings	\$ 6,128,119
Accumulated depreciation	<u>(188,707)</u>
	<u><u>\$ 5,939,412</u></u>

Rent expense for the operating lease for the year ended August 31, 2024, was \$676,922.

Note 11 - Income Tax

The Charter Holder is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business taxable income. The Charter Holder has no material unrelated business income for the year ended August 31, 2024.

Generally accepted accounting principles requires that the Charter Holder recognize in its financial statements the financial effects of a tax position, if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the tax position. The requirements also provide guidance on measurement, classification, interest and penalties, and disclosure.

Tax positions taken related to the Charter Holder's tax-exempt status, unrelated business activities taxable income and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken would more likely than not be sustained by examination. Accordingly, the Charter Holder has not recorded an income tax liability for uncertain tax benefits. For the year ended August 31, 2024, there were no interest or penalties related to income taxes recorded or included in the financial statements. As of August 31, 2024, the Charter Holder's tax years 2020 through 2023 remain subject to examination.

Note 12 - Credit Risk

Financial instruments that potentially subject the Charter Holder to credit risk consist of cash at financial institutions. At times, the balances in cash accounts may be in excess of FDIC insurance limits. The financial institution pledges investment securities to compensate for deposits in excess of FDIC insurance limits.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2024

Note 13 - Commitments and Contingencies

The Charter Holder receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Charter Holder have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

Note 14 - Liquidity and Availability of Financial Resources

The Charter Holder does not have financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date. The Charter Holder's cash and cash equivalents and due from governments are restricted by the Texas Education Agency and federal agencies for charter school operations.

Note 15 - Evaluation of Subsequent Events

The Charter Holder has evaluated subsequent events through January 23, 2025, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Wilco Montessori Partners
dba Goodwater Montessori School
Schedule of Expenses
For the Year Ended August 31, 2024

Expenses

6100	Payroll costs	\$	2,688,414
6200	Professional and contracted services		1,316,342
6300	Supplies and materials		201,898
6400	Other operating costs		101,706
Total Expenses		\$	<u>4,308,360</u>

See independent auditor's report.

Wilco Montessori School
 dba Goodwater Montessori School
 Schedule of Assets
 August 31, 2024

		Ownership Interest		
		Local	State	Federal
1110	Cash	\$ 184,118	\$ 363,483	\$ -
1520	Buildings and Improvements	92,486	40,070	-
1539	Furniture and equipment	23,405	118,446	183,649
1551	Right of use asset - operating	-	5,939,412	-
		<u>\$ 300,009</u>	<u>\$ 6,461,411</u>	<u>\$ 183,649</u>

See independent auditor's report,

Wilco Montessori Partners
dba Goodwater Montessori School
Budgetary Comparison Schedule
For the Year Ended August 31, 2024

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenues				
Local support:				
5740 Other revenues from local sources	\$ 175,000	\$ 187,549	\$ 198,573	\$ 11,024
5750 Revenues from cocurricular, enterprising services or activities	30,000	29,500	30,364	864
Total local support	205,000	217,049	228,937	11,888
State program revenues:				
5810 Foundation school program act	3,547,000	3,560,000	3,570,493	10,493
5820 State program revenues distributed by Texas Education Agency	135,000	94,016	120,496	26,480
5830 TRS on behalf	-	91,090	186,356	95,266
Total state program revenues	3,682,000	3,745,106	3,877,345	132,239
Federal program revenues:				
5919 Federal revenues distributed by ESC	-	50,000	50,000	-
5920 Federal revenues distributed by the Texas Education Agency	327,228	311,902	352,514	40,612
5930 Federal revenues distributed by the Texas Department of Agriculture	-	9,500	8,325	(1,175)
Total federal program revenues	327,228	371,402	410,839	39,437
Total Revenues	4,214,228	4,333,557	4,517,121	183,564
Expenses				
11 Instruction	2,003,125	2,103,608	2,172,417	(68,809)
12 Instructional resources and media services	10,000	2,000	1,005	995
13 Curriculum development and instructional staff development	150,512	140,614	148,687	(8,073)
21 Instructional leadership	67,000	60,000	62,007	(2,007)
23 School leadership	321,791	321,455	330,743	(9,288)
31 Guidance, counseling and evaluation services	50,000	47,900	41,330	6,570
33 Health services	1,000	2,500	1,978	522
35 Food services	135,500	135,100	133,687	1,413
36 Cocurricular/extracurricular activities	4,000	1,000	1,116	(116)
41 General administration	215,000	209,000	222,145	(13,145)
51 Plant maintenance and operations	999,100	981,546	976,308	5,238
52 Security and monitoring services	101,300	50,719	34,733	15,986
53 Data processing services	84,000	110,100	108,969	1,131
61 Community services	66,000	73,190	73,235	(45)
Total Expenses	4,208,328	4,238,732	4,308,360	(69,628)
Change in Net Assets	5,900	94,825	208,761	113,936
Net Assets, Beginning of Year	560,051	560,051	560,051	-
Net Assets, End of Year	\$ 565,951	\$ 654,876	\$ 768,812	\$ 113,936

See independent auditor's report.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Budgetary Comparison Schedule
For the Year Ended August 31, 2024

Original to Final Budget Variances

5820 - Final budget was miscalculated as actual spending was close to original budget.
5830 - TRS On-behalf was added by rule mid-year.
5919 - Federal grant distributed near year end was not part of original budget.
5930 - Federal grant distributed near year end was not part of original budget.
Function 12 - Reallocation of resources during year based on enrollment and student needs.
Function 21 - Reallocation of resources during year based on enrollment and student needs.
Function 33 - Variance amount only \$1,500. Percent variance not reflective of materiality.
Function 36 - Reallocation of resources during year based on enrollment and student needs.
Function 52 - Safety grant resources budget as 66xx moved to 15x at year end per FASRG.
Function 53 - Reallocation of resources during year based on enrollment and student needs.
Function 61 - Reallocation of resources during year based on enrollment and student needs.

Actual to Final Budget Variance

5820 - Erate and EMAT spending were corrected after final budget was approved.
5830 - TRS On-behalf calculations used for final budget were corrected after final budget was approved.
5920 - Grants were utilized to cover first few weeks of new year staffing.
5930 - Variance amount is less than \$1,200. Percent variance not reflective of materiality.
Function 12 - Variance amount less than \$1,000. Percent variance not reflective of materiality.
Function 31 - Resources allocated for the last few weeks of the fiscal year were not utilized until after year end.
Function 33 - Variances amount less than \$600. Percent variance not reflective of materiality.
Function 36 - Variance amount less than \$120. Percent variance not reflective of materiality.
Function 52 - Safety grant resources budgeted as 66xx moved to 15x at year end per FASRG.

Wilco Montessori Partners
 dba Goodwater Montessori School
 Schedule of Real Property Ownership Interest
 For the Year Ended August 31, 2024

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal

None

Wilco Montessori Partners
 dba Goodwater Montessori School
 Schedule of Related Party Transactions
 For the Year Ended August 31, 2024

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Condition	Source of Funds Used	Payment Frequency	Total Paid During Fiscal Year	Principal Balance Due
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None

Wilco Montessori Partners
 dba Goodwater Montessori School
 Schedule of Related Party Compensation and Benefits
 For the Year Ended August 31, 2024

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefit	Description of Terms and Condition	Payment Frequency	Description	Source of Funds Used	Total Paid During Fiscal Year
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None

Wilco Montessori Partners
dba Goodwater Montessori School
Use of Funds Report
For the Year Ended August 31, 2024

Data Codes	Section A: Compensatory Education Programs	Column 1	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the districts fiscal year?	Yes	
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes	
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$208,593	
AP4	List the actual direct program expenditures for the state compensatory education programs during the LEA's fiscal year. (PIC's 24,26,28,29,30,34)	\$198,308	
	Section B: Bilingual Education Programs		
AP5	Did your LEA expend and state bilingual education program state allotment funds during the districts fiscal year?	Yes	
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes	
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$10,250	
AP8	List the actual direct program expenditures for the bilingual education programs during the LEA's fiscal year. (PIC's 25,35)	\$4,739	

COMPLIANCE AND INTERNAL CONTROL SECTION

Paul J. Christensen & Associates, LLC

Certified Public Accountants

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Paul J. Christensen, C.P.A.
Gary L. Sauls, C.P.A.

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

Board of Directors
Wilco Montessori Partners
dba Goodwater Montessori School
Georgetown, Texas 78626

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wilco Montessori Partners, dba Goodwater Montessori School (a nonprofit organization), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wilco Montessori Partners, dba Goodwater Montessori 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 Wilco Montessori Partners, dba Goodwater Montessori School's internal control. Accordingly, we do not express an opinion on the effectiveness of Wilco Montessori Partners, dba Goodwater Montessori School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilco Montessori Partners, dba Goodwater Montessori School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wilco Montessori Partners, dba Goodwater Montessori School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wilco Montessori Partners, dba Goodwater Montessori School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Paul J. Utts in black ink.

Waco, Texas
January 23, 2025

Wilco Montessori Partners
dba Goodwater Montessori School
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies(s) identified that are not
considered to be material weaknesses?

___ Yes X No

Noncompliance material to financial statements noted?

___ Yes X No

II. FINANCIAL STATEMENT FINDINGS

None