



**Wilco Montessori Partners
dba Goodwater Montessori School**

Financial Statements

For the Year Ended August 31, 2018

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 School

Williamson
County

246-802
Co. Distr. Number

We, the undersigned, certify that the attached Financial and Compliance Report of Wilco Montessori Partners was reviewed and (check one) approved ___ disapproved for the year ended August 31, 2018 at a meeting of governing body of the charter holder on the 22 day of January, 2019.

Mr Bowling
Signature of Board Secretary

[Signature]
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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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wilco Montessori Partners
Dba Goodwater Montessori School
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Wilco Montessori Partners (the "Corporation") (a nonprofit organization) which comprise the statement of financial position as of August 31, 2018, and the related statements of activities and cash flows for the year then ended, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Wilco Montessori Partners as of August 31, 2018, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 22, 2019, on our consideration of Wilco Montessori Partner'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 Partner'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 Partner's internal control over financial reporting and compliance.



Waco, Texas
January 22, 2019

FINANCIAL STATEMENTS

**Wilco Montessori Partners
dba Goodwater Montessori School**
Statement of Financial Position
August 31, 2018

Assets

Current Assets	
Cash and cash equivalents	\$ 171,486
Due from governments	69,377
Other assets	24,957
Total current assets	<u>265,820</u>
Property and equipment, net	<u>202,810</u>
Total Assets	<u>\$ 468,630</u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	45,596
Accrued wages	94,100
Line of credit	139,500
Total current liabilities	<u>279,196</u>
Total Liabilities	<u>279,196</u>
Net Assets	
Unrestricted	95,945
Temporarily restricted	93,489
Total Net Assets	<u>189,434</u>
Total Liabilities and Net Assets	<u>\$ 468,630</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Local support:			
Gifts and bequests income	\$ 93,167	\$ -	\$ 93,167
Enterprising services	55,924	-	55,924
Other income	90,424	-	90,424
Total local support	<u>239,515</u>	<u>-</u>	<u>239,515</u>
State program revenues:			
Foundation school program act	-	1,983,437	1,983,437
Other state aid	-	2,124	2,124
Total state program revenues	<u>-</u>	<u>1,985,561</u>	<u>1,985,561</u>
Federal program revenues:			
ESEA, Title I, Part A	-	4,864	4,864
IDEA-Part B, Formula	-	39,146	39,146
IDEA-Part B, Pre-school	-	966	966
ESEA, Title II, Part A	-	2,463	2,463
Public Charter Schools	-	323,298	323,298
Total federal program revenues	<u>-</u>	<u>370,737</u>	<u>370,737</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>2,361,110</u>	<u>(2,361,110)</u>	<u>-</u>
Total Revenues	<u>2,600,625</u>	<u>(4,812)</u>	<u>2,595,813</u>
Expenses			
Program Services:			
Instruction and instructional - related services	1,437,148	-	1,437,148
Instructional and school leadership	163,738	-	163,738
Support services:			
Administrative support services	97,170	-	97,170
Ancillary services	51,213	-	51,213
Support services - non-student based	748,946	-	748,946
Support services - student (pupil)	83,120	-	83,120
Debt service	2,478	-	2,478
Total Expenses	<u>2,583,813</u>	<u>-</u>	<u>2,583,813</u>
Change in Net Assets	16,812	(4,812)	12,000
Prior year adjustment	-	6,830	6,830
Net Assets, Beginning of Year	<u>79,133</u>	<u>91,471</u>	<u>170,604</u>
Net Assets, End of Year	<u>\$ 95,945</u>	<u>\$ 93,489</u>	<u>\$ 189,434</u>

The accompanying notes are integral part of these financial statements.

Wilco Montessori Partners
dba Goodwater Montessori School
Statement of Cash Flows
For the Year Ended August 31, 2018

Cash Flows from Operating Activities:

Foundation school program payments	\$	1,971,135
Grant payments		671,639
Miscellaneous sources		239,515
Payments to vendors for goods and services rendered		(1,316,786)
Payments to charter school personnel for services rendered		(1,390,978)
Interest payments		(2,478)
Net Cash Provided/(Used) by Operating Activities		172,048

Cash Flows from Investing Activities:

Purchase of capital assets		(91,078)
Net Cash Provided/(Used) by Investing Activities		(91,078)

Cash Flows from Financing Activities:

Issuance of long-term debt		99,500
Principal payments on long-term debt		(10,000)
Net Cash Provided/(Used) by Financing Activities		89,500

Net Increase (Decrease) in Cash 170,470

Cash at Beginning of Year 1,016

Cash at End of Year \$ 171,486

**Reconciliation of Change in Net Assets to Net Cash Provided
by Operating Activities:**

Change in Net Assets	\$	12,000
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		22,775
(Increase) Decrease in assets:		
Due from governments		286,477
Prepaid expenses		(24,957)
Increase (Decrease) in liabilities:		
Accounts payable		(124,247)
Net Cash Provided/(Used) by Operating Activities	\$	172,048

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

Wilco Montessori Partners
dba Goodwater Montessori School
Notes To Financial Statements
August 31, 2018

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of Wilco Montessori Partners (the "Corporation") (a nonprofit organization) 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 Corporation 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 Corporation is governed by a Board of Directors comprised of eight members. The Board of Directors are selected pursuant to the bylaws of the Corporation and has the authority to make decisions, appoint the chief executive officer of the Corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Corporation.

Since the Corporation received 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 Corporation 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 was opened to operate Goodwater Montessori School, a generation twenty-one open-enrollment charter school. Wilco Montessori Partners was organized to operate exclusively for charitable, educational, scientific, and literary purposes. The specific purpose of the corporation is to promote Montessori education in support of a charter school.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation, the charter school, and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted - net assets required to be maintained in perpetuity with only the income to be used for the Corporation's activities due to donor-imposed restrictions. The Corporation did not have any permanently restricted net assets as of August 31, 2018.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes To Financial Statements
August 31, 2018

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

Contributions

The Corporation accounts for contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For financial statement purposes, the Corporation 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 Corporation 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 Corporation considers all government grants and contracts as exchange transactions rather than contributions. The Corporation 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 Corporation 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 Corporation did not recognize an impairment loss during the year ended August 31, 2018.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes To Financial Statements
August 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

State Funding

The amount of state foundation school program act revenue the Corporation 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 foundation school program act revenue estimate for the year ended August 31, 2018 will change.

Revenue Recognition

Revenues from the State of Texas are based on reported attendance. Public and private grants received are recognized in the period received and when the terms of the grant are met.

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 costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Corporation which will only be resolved when one or more future events occur or fail to occur. The Corporation's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves and exercise of judgment. In assessing loss contingences related to legal proceedings that are pending against the Corporation or unasserted claims that may result in such proceedings, the Corporation'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 Corporation'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.

Wilco Montessori Partners
 dba Goodwater Montessori School
 Notes To Financial Statements
 August 31, 2018

Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification ("ASC") apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Fair Value Measurements and Disclosures* also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets or liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At August 31, 2018, the Corporation had no investments.

The fair value of the Corporation's cash and cash equivalents, due from governments, prepaid expenses, accounts payable, and due to governments approximate the carrying amounts of such instruments due to their short-term maturity.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents as of August 31, 2018 consist of the following:

Checking accounts	\$	171,486
		171,486
		\$ 171,486

Note 3 - Due from Governments

Amounts due from governments consist of:

Texas Department of Education, Texas Education Agency	\$	66,788
U.S. Department of Education passed through Texas Education Agency		2,590
Total		\$ 69,377

Wilco Montessori Partners
dba Goodwater Montessori School
Notes To Financial Statements
August 31, 2018

Note 4 - Capital Assets

A summary of changes in capital assets is as follows:

Property and Equipment:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Buildings and improvements	\$ 9,602	\$ 13,900	\$ -	\$ 33,776	\$ 57,278	\$ 4,006	\$ 53,272
Furniture and equipment	91,471	78,505	1,326	-	168,649	19,111	149,538
Construction in progress	33,776	-	-	(33,776)	-	-	-
Total	<u>\$ 134,849</u>	<u>\$ 92,405</u>	<u>\$ 1,326</u>	<u>\$ -</u>	<u>\$ 225,927</u>	<u>\$ 23,117</u>	<u>\$ 202,810</u>

Capital assets acquired with public funds received by the Corporation for the operation of Wilco Montessori Partners 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, 2018 was \$22,775.

Note 5 - Long-Term Debt

The Corporation maintains a \$50,000 line of credit at a local financial institution. The line of credit bears interest at 3.00% and expires on July 15, 2019. The balance on the line of credit at August 31, 2018 was \$ 49,500.

The Corporation maintains a \$100,000 revolving line of credit at a local financial institution. The line of credit bears interest at 5.75% and expires on May 23, 2019. The balance on the line of credit at August 31, 2018 was \$ 90,000.

The Corporation had outstanding loans payable of \$139,500 as of August 31, 2018.

First Year Ending August 31,	Principal	Interest	Total
2019	\$ 139,500	\$ 1,605	\$ 141,105
	<u>\$ 139,500</u>	<u>\$ 1,605</u>	<u>\$ 141,105</u>

Interest expense for the year ended August 31, 2018 was \$2,478.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes To Financial Statements
August 31, 2018

Note 6 - Pension Plan Obligations

The Corporation contributes to the Teacher Retirement System of Texas (TRS), a public employee retirement system. It is a cost-sharing, multiemployer defined benefit pension plan with one exception: all risks and costs are not shared by the Corporation but are the liability of the state of Texas. TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, *Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas*, which is subject to amendment by the Texas Legislature. TRS's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Austin, Texas 78701-2698 or by calling (800) 877-0123.

The TRS plan differs from a single-employer plan as follows:

- Charter schools are legally separate entities from the state and each other.
- Assets contributed by one charter school or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter school.
- The unfunded obligations get passed along to the other charter schools and ISDs.
- There is no withdrawal penalty for leaving the TRS system.

Total plan assets, accumulated benefit obligations, and % funded are as follows:

Total Plan Assets - \$165,379,341,964
Accumulated Benefit Obligations - \$179,336,535,000
The plan is 82% funded.

There are no collective-bargaining agreements.

Funding Policy

Under provisions in state law, plan members are required to contribute 7.7% of their annual covered salary, and the state of Texas contributes an amount equal to 6.8% of the Corporation's covered payroll. The Corporation's contribution to TRS for the year ended August 31, 2018 was \$42,497, which includes \$18,402 in Non-OASDI participation surcharges. The Corporation'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 7 - Health Care Coverage

During the year ended August 31, 2018, employees of the Corporation were covered by a health insurance plan. The Corporation contributed \$250 per month per employee for the year ended August 31, 2018 to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

Note 8 - 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.

Wilco Montessori Partners
 dba Goodwater Montessori School
 Notes To Financial Statements
 August 31, 2018

Note 9 - Leases

The Corporation leases its facilities under non-cancellable operating lease, which expires on September 1, 2037. Approximate aggregate remaining minimum rental commitments as of August 31, 2018 under the lease is summarized as follows:

<u>Fiscal Year Ending August 31,</u>	
2019	\$ 571,742
2020	583,177
2021	594,841
2022	606,738
2023-2037	<u>10,702,419</u>
Total	<u>\$ 13,058,917</u>

Rent expense for the operating lease for the year ended August 31, 2018 was \$525,833.

Note 10 - Income Tax

The Corporation 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 Corporation has no material unrelated business income for the year ended August 31, 2018.

Generally accepted accounting principles requires that the Corporation 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 new requirements also provide guidance on measurement, classification, interest and penalties, and disclosure.

Tax positions taken related to the Corporation'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 Corporation has not recorded an income tax liability for uncertain tax benefits. For the year ended August 31, 2018, there were no interest or penalties related to income taxes recorded or included in the financial statements. As of August 31, 2018, the Corporation's tax years 2015 through 2017 remain subject to examination.

Note 11 - Credit Risk

Financial instruments that potentially subject the Corporation 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.

Note 12 - Commitments and Contingencies

The Corporation 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 Corporation 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.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes To Financial Statements
August 31, 2018

Note 12 – Prior Period Adjustment

Temporarily restricted net assets as of the beginning of the year have been adjusted for after school program revenue that was earned and received in the prior school year.

Note 13 - Evaluation of Subsequent Events

The Corporation has evaluated subsequent events through January 22, 2019, 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, 2018

Expenses

6100 Payroll costs	\$ 1,497,680
6200 Professional and contracted services	911,018
6300 Supplies and materials	117,176
6400 Other operating costs	55,461
6500 Debt	2,478
 Total Expenses	 <u>\$ 2,583,813</u>

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

Wilco Montessori Partners
dba Goodwater Montessori School
 Schedule of Capital Assets
 August 31, 2018

		Ownership Interest		
		Local	State	Federal
1520	Buildings and improvements	\$ 57,278	\$ -	\$ -
1539	Furniture and equipment	-	-	168,649
		<u>\$ 57,278</u>	<u>\$ -</u>	<u>\$ 168,649</u>

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

Wilco Montessori Partners
dba Goodwater Montessori School
Budgetary Comparison Schedule
For the Year Ended August 31, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance from Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Local support:				
5740 Other revenues from local sources	\$ 330,900	\$ 178,522	\$ 219,636	\$ 41,114
5750 Revenues from cocurricular, enterprising services or activities	50,000	53,000	19,879	(33,121)
Total local support	<u>380,900</u>	<u>231,522</u>	<u>239,515</u>	<u>7,993</u>
State program revenues:				
5810 Foundation school program act	1,988,204	1,971,135	1,983,437	12,302
5820 State program revenues distributed by Texas Education Agency	-	2,335	2,124	(211)
Total state program revenues	<u>1,988,204</u>	<u>1,973,470</u>	<u>1,985,561</u>	<u>12,091</u>
Federal program revenues:				
5920 Federal revenues distributed by the Texas Education Agency	-	361,896	370,737	8,841
Total federal program revenues	<u>-</u>	<u>361,896</u>	<u>370,737</u>	<u>8,841</u>
Total Revenues	<u>2,369,104</u>	<u>2,566,888</u>	<u>2,595,813</u>	<u>28,925</u>
Expenses				
11 Instruction	1,130,971	1,301,386	1,385,300	(83,914)
13 Curriculum development and instructional staff development	28,500	68,503	51,846	16,657
21 Instructional leadership	51,646	48,730	48,595	135
23 School leadership	129,944	110,812	115,144	(4,332)
31 Guidance, counseling and evaluation services	73,200	-	-	-
33 Health services	10,000	3,000	2,253	747
34 Student (Pupil) Transportation	-	-	-	-
35 Food services	50,000	76,943	72,439	4,504
36 Cocurricular/extracurricular activities	-	21,000	8,429	12,571
41 General administration	144,688	91,140	97,170	(6,030)
51 Plant maintenance and operations	650,600	698,141	694,070	4,071
52 Security and monitoring services	-	1,400	345	1,055
53 Data processing services	12,500	59,841	54,531	5,310
61 Community services	85,171	51,262	51,213	49
71 Debt service	-	2,000	2,478	(478)
81 Fund raising	750	-	-	-
Total Expenses	<u>2,367,970</u>	<u>2,534,158</u>	<u>2,583,813</u>	<u>(49,655)</u>
Change in Net Assets	1,134	32,730	12,000	(20,730)
Prior year adjustment	-	-	6,830	6,830
Net Assets, Beginning of Year	<u>170,604</u>	<u>170,604</u>	<u>170,604</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 171,738</u>	<u>\$ 203,334</u>	<u>\$ 189,434</u>	<u>\$ (13,900)</u>

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

COMPLIANCE AND INTERNAL CONTROL SECTION

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Paul J. Christensen, C.P.A.
Gary L. Sauls, C.P.A.
Andrew W. 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
San Antonio, Texas

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 (School) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2019.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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 in 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.



Waco, Texas
January 22, 2019

Wilco Montessori Partners
dba Goodwater Montessori School
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2018

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 <u>X</u> No
Significant deficiencies(s) identified that are not considered to be material weaknesses?	___ Yes <u>X</u> No
Noncompliance material to financial statements noted?	___ Yes <u>X</u> No