

**Wilco Montessori Partners  
dba Goodwater Montessori School**

**Financial Statements**

**For the Year Ended August 31, 2019**

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

## TABLE OF CONTENTS

<b>Certificate of Board</b>	3
<b>Independent Auditor's Report</b>	4-5
<b>Financial Statements:</b>	6
Statement of Financial Position	7
Statement of Activities	8
Statement of Functional Expenses	9
Statement of Cash Flows	10
Notes to Financial Statements	11-17
<b>Supplementary Information:</b>	18
Schedule of Expenses	19
Schedule of Capital Assets	20
Budgetary Comparison Schedule	21
<b>Compliance and Internal Controls Section:</b>	22
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 <i>Government Auditing Standards</i>	23-24
Schedule of Findings and Questioned Costs	25

Wilco Montessori Partners  
dba Goodwater Montessori School

Certificate of Board

Wilco Montessori Partners  
Name of Charter Holder

46-4523814  
Federal Employer ID Number

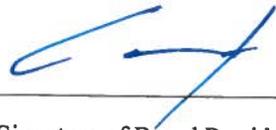
Goodwater Montessori School  
Name of Charter Corporation

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, 2019 at a meeting of governing body of the Charter Holder on the 21<sup>st</sup> day of January, 2020.

  
Signature of Board Secretary

  
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  
Georgetown, Texas 78626

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Wilco Montessori Partners (the "Charter Holder") dba Goodwater Montessori School (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, 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 the Charter Holder as of August 31, 2019, 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 21, 2020, on our consideration of the Charter Holder'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 the Charter Holder'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 the Charter Holder's internal control over financial reporting and compliance.



Waco, Texas  
January 21, 2020

## **FINANCIAL STATEMENTS**

Wilco Montessori Partners  
dba Goodwater Montessori School  
Statement of Financial Position  
August 31, 2019

Assets

Current Assets	
Cash and cash equivalents	\$ 91,442
Due from governments	43,263
Other assets	35,178
Total current assets	<u>169,883</u>
Property and equipment, net	<u>219,316</u>
Total Assets	<u>\$ 389,199</u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 52,873
Accrued wages	83,597
Other liabilities	7,779
Line of credit	140,000
Total current liabilities	<u>284,249</u>
Total Liabilities	<u>284,249</u>
Net Assets	
Without donor restrictions	81,366
With donor restrictions	23,584
Total Net Assets	<u>104,950</u>
Total Liabilities and Net Assets	<u>\$ 389,199</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Local support:			
Gifts and bequests	\$ 86,560	\$ -	\$ 86,560
Enterprising services	125,867	-	125,867
Other income	30,755	-	30,755
Total local support	<u>243,182</u>	<u>-</u>	<u>243,182</u>
State program revenues:			
Foundation school program act	-	2,425,428	2,425,428
Other state aid	-	34,953	34,953
Total state program revenues	<u>-</u>	<u>2,460,381</u>	<u>2,460,381</u>
Federal program revenues:			
ESEA, Title I, Part A	-	126,469	126,469
IDEA-Part B, Formula	-	37,602	37,602
2017-2019 Public Charter School	-	120,847	120,847
ESEA, Title II, Part A	-	2,921	2,921
Title IV, Part A, Subpart 1	-	9,659	9,659
Total federal program revenues	<u>-</u>	<u>297,498</u>	<u>297,498</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	2,827,784	(2,827,784)	-
Total Revenues	<u>3,070,966</u>	<u>(69,905)</u>	<u>3,001,061</u>
<b>Expenses</b>			
Program Services:			
11 Instruction	\$ 1,626,870	\$ -	\$ 1,626,870
12 Instructional resources and media services	3,123	-	3,123
13 Curriculum development and Instructional and school leadership	32,210	-	32,210
21 Instructional leadership	34,459	-	34,459
23 School leadership	151,510	-	151,510
31 Guidance, counseling and evaluation services	1,844	-	1,844
33 Health services	1,711	-	1,711
35 Food services	68,913	-	68,913
36 Cocurricular/ extracurricular activities	32,984	-	32,984
Total Program Services	<u>1,953,624</u>	<u>-</u>	<u>1,953,624</u>
Support Services:			
41 General administration	192,270	-	192,270
51 Plant maintenance and operations	795,168	-	795,168
52 Security and monitoring services	5,579	-	5,579
53 Data processing services	45,578	-	45,578
61 Community services	90,306	-	90,306
71 Debt services	3,020	-	3,020
Total Support Services	<u>1,131,921</u>	<u>-</u>	<u>1,131,921</u>
Total Expenses	<u>3,085,545</u>	<u>-</u>	<u>3,085,545</u>
Change in Net Assets	(14,579)	(69,905)	(84,484)
Net Assets, Beginning of Year	95,945	93,489	189,434
Net Assets, End of Year	<u>\$ 81,366</u>	<u>\$ 23,584</u>	<u>\$ 104,950</u>

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

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Statement of Functional Expenses  
 For the Year Ended August 31, 2019

	Program Services	Supporting Services	Total
Expenses			
Salaries and wages	\$ 1,333,305	\$ 212,811	\$ 1,546,116
Benefits	92,248	14,163	106,411
Payroll taxes	24,249	6,646	30,895
Total Payroll Expenses	<u>1,449,802</u>	<u>233,620</u>	<u>1,683,422</u>
Professional services	96,997	70,027	167,024
Staff tuition	7,250	-	7,250
Education service center	2,320	-	2,320
Repairs and maintenance	-	24,011	24,011
Utilities	-	44,639	44,639
Rentals	-	587,526	587,526
Miscellaneous contract services	186,721	105,577	292,298
Fuel - Vehicles	-	-	-
Maintenance supplies	-	14,900	14,900
Textbooks	30,989	-	30,989
Food	12,058	-	12,058
General supplies	140,267	3,753	144,020
Travel	4,304	-	4,304
Insurance	-	22,383	22,383
Depreciation	15,181	18,520	33,701
Interest	-	3,020	3,020
Miscellaneous	7,735	3,945	11,680
Total Non-payroll Expenses	<u>503,822</u>	<u>898,301</u>	<u>1,402,123</u>
Total Expenses	<u>\$ 1,953,624</u>	<u>\$ 1,131,921</u>	<u>\$ 3,085,545</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, 2019

<b>Cash Flows from Operating Activities:</b>	
Foundation school program payments	\$ 2,434,152
Grant payments	349,841
Miscellaneous sources	243,182
Payments to vendors for goods and services rendered	(1,360,567)
Payments to charter school personnel for services rendered	(1,693,925)
Interest payments	(3,020)
Net Cash Provided/(Used) by Operating Activities	(30,337)
<b>Cash Flows from Investing Activities:</b>	
Purchase of capital assets	(50,207)
Net Cash Provided/(Used) by Investing Activities	(50,207)
<b>Cash Flows from Financing Activities:</b>	
Draws on line of credit	265,000
Principal payments on line of credit	(264,500)
Net Cash Provided/(Used) by Financing Activities	500
Net Increase (Decrease) in Cash	(80,044)
Cash at Beginning of Year	171,486
<b>Cash at End of Year</b>	<b>\$ 91,442</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>	
Change in Net Assets	\$ (84,484)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	33,701
(Increase) Decrease in assets:	
Due from governments	26,114
Other assets	(10,221)
Increase (Decrease) in liabilities:	
Accounts payable	7,277
Accrued wages	(10,503)
Other liabilities	7,779
Net Cash Provided/(Used) by Operating Activities	\$ (30,337)

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

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes To Financial Statements  
August 31, 2019

**NOTE 1 - Summary of Significant Accounting Policies**

The financial statements of Wilco Montessori Partners (the “Charter Holder”) dba Goodwater Montessori School (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 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 eight 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 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 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). The more significant of the Charter Holder’s accounting policies are described below:

The Charter Holder is required to report information regarding its financial position and activities according to two classes of net assets:

**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 that are more restrictive than the Charter Holder’s mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or 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 that 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, 2019

**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 exchange transactions rather than contributions. 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, 2019.

**State Funding**

The amount of state foundation program act 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 act revenue estimate for the year ended August 31, 2019 will change.

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes To Financial Statements  
August 31, 2019

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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 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 contingences 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.

**New Accounting Pronouncement**

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. The ASU generally should be applied retrospectively to all prior periods presents. In prior reports, the Charter Holder presented the classification of net assets as unrestricted, temporarily restricted, and permanently restricted. The new guidance requires two categories of net assets: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Charter Holder to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements.

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Notes To Financial Statements  
 August 31, 2019

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents as of August 31, 2019 consist of the following:

Checking Accounts	\$ <u>91,442</u>
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**Note 3 - Due from Governments**

At August 31, 2019, due from governments consisted of the following:

Foundation School Program	\$ 9,666
ESEA, Title I Part A	2,609
Textbook and Kindergarten Materials	<u>30,988</u>
Total	<u>\$ 43,263</u>

**Note 4 - Restrictions on Net Assets**

Net assets with donor restrictions are restricted for the benefit of the students of the Charter Holder, the Foundation School Program, and for any activities supported by federal and local grants. Net assets with donor restrictions are comprised of the following as of August 31, 2019:

Foundation School Program	\$ <u>23,584</u>
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**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 events specified by the donors. During the year ended August 31, 2019, the Charter Holder released \$2,827,784 of funds with donor restrictions.

**Note 6 - Capital Assets**

A summary of changes in capital assets is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Capital</u> <u>Assets</u>
Buildings and improvements	\$ 57,278	\$ 35,208	\$ -	\$ 92,486	\$ 9,313	\$ 83,173
Furniture and equipment	<u>168,649</u>	<u>15,000</u>	<u>-</u>	<u>183,649</u>	<u>47,506</u>	<u>136,143</u>
Total	<u>\$ 225,927</u>	<u>\$ 50,208</u>	<u>\$ -</u>	<u>\$ 276,135</u>	<u>\$ 56,819</u>	<u>\$ 219,316</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, 2019 was \$33,702.

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes To Financial Statements  
August 31, 2019

**Note 7 - Long-Term Debt**

The Charter Holder 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, 2020. The balance on the line of credit at August 31, 2019 was \$ 40,000.

The Charter Holder maintains a \$150,000 revolving line of credit at a local financial institution. The line of credit bears interest at 5.75% and expires on September 17, 2020. The balance on the line of credit at August 31, 2019 was \$100,000.

The Charter Holder had outstanding loans payable of \$140,000 as of August 31, 2019.

Interest expense for the year ended August 31, 2019 was \$3,020.

**Note 8 - 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.trstate.tx.us](http://www.trstate.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.

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes To Financial Statements  
August 31, 2019

**Note 8 - Pension Plan Obligations (continued)**

**Contributions**

State law provides for a member contribution rate of 7.7% for fiscal year 2019. The state's contribution rate as a non-employer contributing entity was 6.8% for fiscal year 2019.

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 Charter Holder's covered payroll. The Charter Holder's contribution to TRS for the year ended August 31, 2019 was \$54,889, which includes \$20,667 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 9 - Health Care Coverage**

During the year ended August 31, 2019, employees of the Charter Holder were covered by a health insurance plan. The Charter Holder contributed \$310 per month per employee for the year ended August 31, 2019 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 10 - 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 11 - Leases**

The Charter Holder leases its facilities under non-cancellable operating lease, which expires on September 1, 2037. Approximate aggregate remaining minimum rental commitments as of August 31, 2019 under the lease is summarized as follows:

<u>Fiscal Year Ending August 31,</u>	
2020	\$ 589,046
2021	600,827
2022	612,844
2023	6,251,001
2024-2037	<u>10,185,024</u>
Total	<u>\$ 18,238,742</u>

Rent expense for the operating lease for the year ended August 31, 2019 was \$587,526.

**Note 12 - 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, 2019.

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 new requirements also provide guidance on measurement, classification, interest and penalties, and disclosure.

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes To Financial Statements  
August 31, 2019

**Note 12 - Income Tax (continued)**

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, 2019, there were no interest or penalties related to income taxes recorded or included in the financial statements. As of August 31, 2019, the Charter Holder's tax years 2016 through 2018 remain subject to examination.

**Note 13 - 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.

**Note 14 - 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 School 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 15 - Liquidity and Availability of Financial Resources**

The Charter Holder relies on state aid and federal grants to meet general expenditures related to operations. The Charter Holder considers all expenditures related to its ongoing activities of education as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of the Charter Holder's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

The Charter Holder's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

Financial assets at August 31, 2019:	
Cash and cash equivalents	\$ 91,442
Due from Governments	<u>43,263</u>
Total financial assets available for general expenditure	<u>\$ 134,705</u>

**Note 16 - Evaluation of Subsequent Events**

The Charter Holder has evaluated subsequent events through January 21, 2020, the date which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

Wilco Montessori Partners  
dba Goodwater Montessori School  
Schedule of Expenses  
August 31, 2019

**Expenses**

6100	Payroll costs	\$ 1,683,422
6200	Professional and contracted services	1,125,068
6300	Supplies and materials	201,967
6400	Other operating costs	72,068
6500	Debt	3,020
	Total Expenses	<u>\$ 3,085,545</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, 2019

		Ownership Interest	
		Local	State
			Federal
1520	Buildings and Improvements	\$ 92,486	\$ -
1539	Furniture and equipment	-	183,649
		\$ 92,486	\$ -
			\$ 183,649

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

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Budgetary Comparison Schedule  
 August 31, 2019

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>Revenues</b>				
Local support:				
5740 Other revenues from local sources	\$ 209,834	\$ 198,202	\$ 117,315	\$ (80,887)
5750 Revenues from cocurricular, enterprising services or activities	33,200	44,832	125,867	81,035
Total local support	<u>243,034</u>	<u>243,034</u>	<u>243,182</u>	<u>148</u>
State program revenues:				
5810 Foundation school program act	2,379,054	2,379,054	2,425,428	46,374
5820 State program revenues distributed by Texas Education Agency	-	33,887	34,953	1,066
Total state program revenues	<u>2,379,054</u>	<u>2,412,941</u>	<u>2,460,381</u>	<u>47,440</u>
Federal program revenues:				
5920 Federal revenues distributed by the Texas Education Agency	-	298,374	297,498	(876)
Total federal program revenues	<u>-</u>	<u>298,374</u>	<u>297,498</u>	<u>(876)</u>
Total Revenues	<u>2,622,088</u>	<u>2,954,349</u>	<u>3,001,061</u>	<u>46,712</u>
<b>Expenses</b>				
11 Instruction	1,346,074	1,649,302	1,626,870	22,432
12 Instructional resources and media services	2,785	3,125	3,123	2
13 Curriculum development and instructional staff development	4,300	33,323	32,210	1,113
21 Instructional leadership	37,187	35,553	34,459	1,094
23 School leadership	159,230	150,063	151,510	(1,447)
31 Guidance, counseling and evaluation services	1,900	1,900	1,844	56
33 Health services	2,425	1,711	1,711	-
35 Food services	69,500	70,130	68,913	1,217
36 Cocurricular/extracurricular activities	40,543	40,534	32,984	7,550
41 General administration	198,790	201,125	192,270	8,855
51 Plant maintenance and operations	800,376	807,494	795,168	12,326
52 Security and monitoring services	1,400	6,108	5,579	529
53 Data processing services	34,100	45,805	45,578	227
61 Community services	92,974	91,059	90,306	753
71 Debt service	3,223	3,223	3,020	203
Total Expenses	<u>2,794,807</u>	<u>3,140,455</u>	<u>3,085,545</u>	<u>54,910</u>
Change in Net Assets	(172,719)	(186,106)	(84,484)	101,622
Net Assets, Beginning of Year	<u>189,434</u>	<u>189,434</u>	<u>189,434</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 16,715</u>	<u>\$ 3,328</u>	<u>\$ 104,950</u>	<u>\$ 101,622</u>

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

**COMPLIANCE AND INTERNAL CONTROL SECTION**

**Paul J. Christensen & Associates, LLC**  
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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  
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, 2019, 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 21, 2020.

**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 21, 2020

Wilco Montessori Partners  
dba Goodwater Montessori School  
Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2019

**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  No

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

Yes  No

Noncompliance material to financial statements noted?

Yes  No

**II. FINANCIAL STATEMENT FINDINGS**

None