



**Wilco Montessori Partners  
dba Goodwater Montessori School**

**Financial Statements**

**For the Year Ended August 31, 2020**

**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, 2020 at a meeting of governing body of the Charter Holder on the 21<sup>st</sup> day of January, 2021.

*ME Bowling*  
Mary Evelyn Bowling ME Bowling (Jan 25, 2021 12:06 CST)

Signature of Board Secretary

*CH*  
Carl Illig Carl Illig (Jan 25, 2021 10:31 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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Waco, Texas 76701  
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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

#### **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, 2020, 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, 2020, 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.

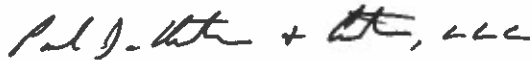
**Other Matters**

**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, 2021

**FINANCIAL STATEMENTS**

Wilco Montessori Partners  
dba Goodwater Montessori School  
Statement of Financial Position  
August 31, 2020

Assets

<b>Current Assets</b>	
Cash and cash equivalents	\$ 365,252
Due from governments	98,964
Other assets	53,339
<b>Total current assets</b>	<u>517,555</u>
<b>Property and equipment, net</b>	<u>184,757</u>
<b>Total Assets</b>	<u><u>\$ 702,312</u></u>

Liabilities and Net Assets

<b>Current Liabilities</b>	
Accounts payable	\$ 89,712
Accrued wages	68,769
<b>Total current liabilities</b>	<u>158,481</u>
<b>Total Liabilities</b>	<u>158,481</u>
<b>Net Assets</b>	
Without donor restrictions	75,195
With donor restrictions	468,636
<b>Total Net Assets</b>	<u>543,831</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 702,312</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
<b>Local support:</b>			
Gifts and bequests	\$ 30,393	\$ -	\$ 30,393
Enterprising services	15,316	-	15,316
Other income	113,929	-	113,929
<b>Total local support</b>	<b>159,638</b>	<b>-</b>	<b>159,638</b>
<b>State program revenues:</b>			
Foundation school program act	-	3,242,851	3,242,851
Other state aid	-	86,190	86,190
<b>Total state program revenues</b>	<b>-</b>	<b>3,329,041</b>	<b>3,329,041</b>
<b>Federal program revenues:</b>			
ESEA, Title I, Part A	-	54,299	54,299
IDEA-Part B, Formula	-	44,827	44,827
National School Lunch and Breakfast Program	-	48,150	48,150
ESEA, Title II, Part A	-	3,878	3,878
ESSER Grant	-	10,034	10,034
Paycheck Protection Program Forgiveness	-	358,200	358,200
Operation Connectivity Prior Purchase Reimbursement Program	-	14,694	14,694
Title IV, Part A, Subpart 1	-	3,989	3,989
<b>Total federal program revenues</b>	<b>-</b>	<b>538,071</b>	<b>538,071</b>
<b>Net assets released from restrictions:</b>			
Restrictions satisfied by payments	3,422,060	(3,422,060)	-
<b>Total Revenues</b>	<b>3,581,698</b>	<b>445,052</b>	<b>4,026,750</b>
<b>Expenses</b>			
<b>Program Services:</b>			
11 Instruction	\$ 2,010,648	\$ -	\$ 2,010,648
12 Instructional resources and media services	9,386	-	9,386
13 Curriculum development and Instructional and school leadership	54,487	-	54,487
21 Instructional leadership	70,907	-	70,907
23 School leadership	198,766	-	198,766
31 Guidance, counseling and evaluation services	11,598	-	11,598
33 Health services	2,785	-	2,785
35 Food services	87,270	-	87,270
36 Cocurricular/ extracurricular activities	8,076	-	8,076
<b>Total Program Services</b>	<b>2,453,923</b>	<b>-</b>	<b>2,453,923</b>
<b>Support Services:</b>			
41 General administration	161,262	-	161,262
51 Plant maintenance and operations	848,707	-	848,707
52 Security and monitoring services	7,972	-	7,972
53 Data processing services	63,895	-	63,895
61 Community services	51,209	-	51,209
71 Debt services	901	-	901
<b>Total Support Services</b>	<b>1,133,946</b>	<b>-</b>	<b>1,133,946</b>
<b>Total Expenses</b>	<b>3,587,869</b>	<b>-</b>	<b>3,587,869</b>
<b>Change in Net Assets</b>	<b>(6,171)</b>	<b>445,052</b>	<b>438,881</b>
Net Assets, Beginning of Year	81,366	23,584	104,950
Net Assets, End of Year	<b>\$ 75,195</b>	<b>\$ 468,636</b>	<b>\$ 543,831</b>

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, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
<b>Expenses</b>			
Salaries and wages	\$ 1,770,459	\$ 152,687	\$ 1,923,146
Benefits	142,951	20,676	163,627
Payroll taxes	30,191	3,090	33,281
<b>Total Payroll Expenses</b>	<u>1,943,601</u>	<u>176,453</u>	<u>2,120,054</u>
Legal services	-	27,785	27,785
Audit services	-	22,000	22,000
Professional services	123,535	-	123,535
Contracted maintenance & repair	-	24,514	24,514
Utilities	-	43,354	43,354
Rentals/operating leases	-	617,285	617,285
Miscellaneous contract services	102,191	153,405	255,596
Maintenance supplies	-	18,907	18,907
Textbooks	74,977	-	74,977
Food	59,269	-	59,269
Computer & technology	14,694	-	14,694
General supplies	105,708	7,048	112,756
Travel - employees	1,927	68	1,995
Travel - students	677	-	677
Insurance	-	19,931	19,931
Depreciation	15,179	19,380	34,559
Miscellaneous operating costs	12,166	2,916	15,082
Interest on debt	-	901	901
<b>Total Non-payroll Expenses</b>	<u>510,322</u>	<u>957,493</u>	<u>1,467,815</u>
<b>Total Expenses</b>	<u><u>\$ 2,453,923</u></u>	<u><u>\$ 1,133,946</u></u>	<u><u>\$ 3,587,869</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, 2020

<b>Cash Flows from Operating Activities:</b>	
Foundation school program payments	\$ 3,305,772
Grant payments	505,640
Miscellaneous sources	159,638
Payments to vendors for goods and services rendered	(2,074,593)
Payments to charter school personnel for services rendered	(1,481,745)
Interest payments	(901)
Net Cash Provided by Operating Activities	<u>413,810</u>
<b>Cash Flows from Financing Activities:</b>	
Draws on line of credit	40,000
Principal payments on line of credit	(180,000)
Net Cash Used by Financing Activities	<u>(140,000)</u>
Net Increase in Cash and Cash Equivalents	273,810
Cash and Cash Equivalents - Beginning of Year	<u>91,442</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 365,252</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>	
Change in Net Assets	\$ 438,881
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	34,559
(Increase) Decrease in assets:	
Due from governments	(55,701)
Other assets	(18,161)
Increase (Decrease) in liabilities:	
Accounts payable	36,839
Accrued wages	(14,828)
Other liabilities	(7,779)
Net Cash Provided by Operating Activities	<u><u>\$ 413,810</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, 2020

**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 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).

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 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, 2020

**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, 2020.

**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, 2020 will change.

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes to Financial Statements  
August 31, 2020

**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.

**Note 2 – Deferred Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The ASU provides a five-step analysis in determining when and how revenue is recognized. This new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration an organization expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606 and Leases Topic 842): Effective Dates for Certain Entities*, to defer these two standards. Under the deferral for revenue recognition rules, private companies, and private not-for-profit organizations can apply the standard to fiscal years beginning after December 15, 2019.

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Notes to Financial Statements  
 August 31, 2020

**Note 2 – Deferred Accounting Pronouncements (continued)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require most leases to be recognized on the statement of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. Under the deferral for leases rules, private companies and private not-for-profit organizations can apply the standard to fiscal years beginning after December 15, 2021.

The Charter Holder is currently evaluating the impacts these pronouncements will have on its financial statements and related disclosures.

**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents as of August 31, 2020 consist of the following:

Checking accounts	<u>\$ 365,252</u>
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**Note 4 - Due from Governments**

As of August 31, 2020, due from governments consisted of the following:

Foundation School Program	\$ 36,946
ESEA, Title I Part A	8,992
IDEA-Part B, Formula	734
ESEA, Title II, Part A	168
ESSER Grant	10,034
Operation Connectivity Prior Purchase Reimbursement Program	-
Title IV, Part A, Subpart I	418
School Safety and Security Grant	5,360
Textbook and Kindergarten Materials	<u>36,312</u>
Total	<u>\$ 98,964</u>

**Note 5 – Net Assets with Donor Restrictions**

As of August 31, 2020, net assets with donor restrictions in the amount of \$468,636 consisted of unexpended state program revenue.

**Note 6 – 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, 2020, the Charter Holder released \$3,422,060 of funds with donor restrictions related to Foundation School Program and federal grants.

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Notes to Financial Statements  
 August 31, 2020

**Note 7 - 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	\$ 92,486	\$ -	\$ -	\$ 92,486	\$ 15,478	\$ 77,008
Furniture and equipment	183,649	-	-	183,649	75,900	107,749
Total	<u>\$ 276,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,135</u>	<u>\$ 91,378</u>	<u>\$ 184,757</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, 2020 was \$34,559.

**Note 8 - Long-Term Debt**

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, 2020 was \$-0-.

Interest expense for the year ended August 31, 2020 was \$901.

**Note 9 - 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](http://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.

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Notes to Financial Statements  
 August 31, 2020

**Note 9 - Pension Plan Obligations (continued)**

**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 7.7% for fiscal year 2020. The state's contribution rate as a non-employer contributing entity was 7.5% for fiscal year 2020.

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 7.5% of the Charter Holder's covered payroll. The Charter Holder's contribution to TRS for the year ended August 31, 2020 was \$94,065, which includes \$25,014 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 10 - Health Care Coverage**

During the year ended August 31, 2020, 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, 2020 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 11 - 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 12 - 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, 2020 under the lease is summarized as follows:

<u>Fiscal Year Ending August 31,</u>	
2021	\$ 601,829
2022	613,865
2023	626,142
2024	638,665
2025-2037	9,493,226
Total	<u>\$ 11,973,727</u>

Rent expense for the operating lease for the year ended August 31, 2020 was \$617,285.



Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes to Financial Statements  
August 31, 2020

**Note 13 - Payroll Protection Program Loan**

During the year, the Charter Holder received a loan under the Payroll Protection Program in the amount of \$358,000. The Charter Holder received forgiveness of the entire loan during the year, and the amount of the forgiveness is included in revenue.

**Note 14 - 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, 2020.

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, 2020, there were no interest or penalties related to income taxes recorded or included in the financial statements. As of August 31, 2020, the Charter Holder's tax years 2017 through 2019 remain subject to examination.

**Note 15 - 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 16 - 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 17 - 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 18 - Evaluation of Subsequent Events**

The Charter Holder has evaluated subsequent events through January 21, 2021, the date which the financial statements were available to be issued.

In addition, as a result of the spread of COVID-19 Coronavirus, economic uncertainties have arisen which may negatively affect the financial position, statement of activities, and cash flows for the Charter Holder. The duration of these uncertainties and the ultimate financial effects cannot be reasonably determined at this time.

**SUPPLEMENTARY INFORMATION**

**Wilco Montessori Partners**  
**dba Goodwater Montessori School**  
**Schedule of Expenses**  
**August 31, 2020**

<b>Expenses</b>	
6100 Payroll costs	\$ 2,120,051
6200 Professional and contracted services	1,114,066
6300 Supplies and materials	280,605
6400 Other operating costs	72,246
6500 Debt	901
<b>Total Expenses</b>	<b><u>\$ 3,587,869</u></b>

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

**Wilco Montessori School**  
**dba Goodwater Montessori School**  
**Schedule of Capital Assets**  
**August 31, 2020**

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

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

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Budgetary Comparison Schedule  
 August 31, 2020

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>Revenues</b>				
Local support:				
5740 Other revenues from local sources	\$ 93,000	\$ 135,837	\$ 144,322	\$ 8,485
5750 Revenues from cocurricular, enterprising services or activities	90,000	13,336	15,316	1,980
Total local support	<u>183,000</u>	<u>149,173</u>	<u>159,638</u>	<u>10,465</u>
State program revenues:				
5810 Foundation school program act	3,226,500	3,217,961	3,242,851	24,890
5820 State program revenues distributed by Texas Education Agency		102,395	86,190	(16,205)
Total state program revenues	<u>3,226,500</u>	<u>3,320,356</u>	<u>3,329,041</u>	<u>8,685</u>
Federal program revenues:				
5920 Federal revenues distributed by the Texas Education Agency	-	551,121	538,071	(13,050)
Total federal program revenues	<u>-</u>	<u>551,121</u>	<u>538,071</u>	<u>(13,050)</u>
Total Revenues	<u>3,409,500</u>	<u>4,020,650</u>	<u>4,026,750</u>	<u>6,100</u>
<b>Expenses</b>				
11 Instruction	1,949,371	2,050,750	2,010,648	40,102
12 Instructional resources and media services	18,101	9,042	9,386	(344)
13 Curriculum development and instructional staff development	2,500	55,794	54,487	1,307
21 Instructional leadership	-	66,547	70,907	(4,360)
23 School leadership	182,276	199,272	198,766	506
31 Guidance, counseling and evaluation services	5,000	11,331	11,598	(267)
33 Health services	14,601	2,986	2,785	201
35 Food services	90,000	88,020	87,270	750
36 Cocurricular/extracurricular activities	-	8,264	8,076	188
41 General administration	131,628	162,091	161,262	829
51 Plant maintenance and operations	851,981	859,974	848,707	11,267
52 Security and monitoring services	1,000	8,646	7,972	674
53 Data processing services	14,500	63,820	63,895	(75)
61 Community services	-	55,114	51,209	3,905
71 Debt service	2,500	2,251	901	1,350
Total Expenses	<u>3,263,458</u>	<u>3,643,902</u>	<u>3,587,869</u>	<u>56,033</u>
Change in Net Assets	146,042	376,748	438,881	62,133
Net Assets, Beginning of Year	<u>104,950</u>	<u>104,950</u>	<u>104,950</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 250,992</u>	<u>\$ 481,698</u>	<u>\$ 543,831</u>	<u>\$ 62,133</u>

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

**COMPLIANCE AND INTERNAL CONTROL SECTION**

# Paul J. Christensen & Associates, LLC

## *Certified Public Accountants*

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<http://www.waco-cpa.com>

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, 2020, 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, 2021.

#### **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.

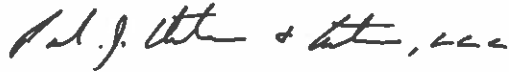
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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, 2021



Wilco Montessori Partners  
dba Goodwater Montessori School  
Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2020

**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

**II. FINANCIAL STATEMENT FINDINGS**

None






# Goodwater Audit Report 08312020 (3)

Final Audit Report

2021-01-25

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