



**Wilco Montessori Partners  
dba Goodwater Montessori School**

**Annual Financial Report**

**For the Year Ended August 31, 2022**

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

## TABLE OF CONTENTS

<b>Certificate of Board</b>	<b>3</b>
<b>Independent Auditor's Report</b>	<b>4-5</b>
<b>Financial Statements:</b>	<b>6</b>
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>	<b>18</b>
Schedule of Expenses	19
Schedule of Capital Assets	20
Budgetary Comparison Schedule	21
Notes to Budgetary Comparison Schedule	22
Schedule of Real Property Ownership Interest	23
Schedule of Related Party Transactions	24
Schedule of Related Party Compensation and Benefits	25
Schedule J-4	26
<b>Compliance and Internal Controls Section:</b>	<b>27</b>
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>	28-29
Schedule of Findings and Questioned Costs	30

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, 2022 at a meeting of governing body of the Charter Holder on the 24<sup>th</sup> day of January, 2023.

Christopher M Hinds  
Christopher M Hinds (Jan 24, 2023 19:26 CST)

Suzanne Robinson  
Suzanne Robinson (Jan 26, 2023 14:12 CST)

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*

2110 Austin Avenue  
Waco, Texas 76701  
(254)752-3436  
FAX (254)752-3463  
<http://www.waco-cpa.com>

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

### INDEPENDENT AUDITOR'S REPORT

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

#### **Opinion**

We have audited the accompanying financial statements of Wilco Montessori Partners dba Goodwater Montessori School (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wilco Montessori Partners dba Goodwater Montessori School as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilco Montessori Partners dba Goodwater Montessori School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wilco Montessori Partners dba Goodwater Montessori School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilco Montessori Partners dba Goodwater Montessori School's ability to continue as a going concern for a reasonable period of time.

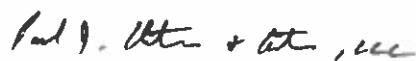
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 24, 2023, on our consideration of Wilco Montessori Partners dba Goodwater Montessori School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wilco Montessori Partners dba Goodwater Montessori School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wilco Montessori Partners dba Goodwater Montessori School's internal control over financial reporting and compliance.



Waco, Texas  
January 24, 2023

## **FINANCIAL STATEMENTS**

Wilco Montessori Partners  
dba Goodwater Montessori School  
Statement of Financial Position  
August 31, 2022

Assets

<b>Current Assets</b>	
Cash and cash equivalents	\$ 372,569
Due from governments	426,820
Other assets	54,823
<b>Total current assets</b>	<u>854,212</u>
 Property and equipment, net	 <u>166,848</u>
 <b>Total Assets</b>	 <u><u>\$ 1,021,060</u></u>

Liabilities and Net Assets

<b>Current Liabilities</b>	
Accounts payable	\$ 80,622
Accrued wages	78,394
Other payroll liabilities	60,791
Deferred revenue	5,580
<b>Total current liabilities</b>	<u>225,387</u>
 <b>Total Liabilities</b>	 <u>225,387</u>
 <b>Net Assets</b>	
Without donor restrictions	77,982
With donor restrictions	717,691
 <b>Total Net Assets</b>	 <u>795,673</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 1,021,060</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Local support:			
Gifts and bequests	\$ 24,183	\$ -	\$ 24,183
Enterprising services	29,230	-	29,230
Other income	149,637	-	149,637
Total local support	<u>203,050</u>	<u>-</u>	<u>203,050</u>
State program revenues:			
Foundation school program act	-	2,971,557	2,971,557
Other state aid	-	41,962	41,962
Total state program revenues	<u>-</u>	<u>3,013,519</u>	<u>3,013,519</u>
Federal program revenues:			
ESEA, Title I, Part A	-	33,445	33,445
IDEA-Part B, Formula	-	49,521	49,521
IDEA-Part B, Preschool	-	546	546
National School Lunch and Breakfast Program	-	37,167	37,167
ESEA, Title II, Part A	-	5,177	5,177
TCLAS - ESSER III	-	39,569	39,569
CRRSA - ESSER II	-	55,644	55,644
ESSER Grant III	-	64,079	64,079
ESSER Supplemental	-	281,630	281,630
IDEA-B Formula-ARP	-	14,586	14,586
IDEA-B Preschool-ARP	-	2,123	2,123
Title IV, Part A, Subpart I	-	12,548	12,548
Total federal program revenues	<u>-</u>	<u>596,035</u>	<u>596,035</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	3,608,664	(3,608,664)	-
Total Revenues	<u>3,811,714</u>	<u>890</u>	<u>3,812,604</u>
<b>Expenses</b>			
Program Services:			
11 Instruction	\$ 1,988,293	\$ -	\$ 1,988,293
12 Instructional resources and media services	14,242	-	14,242
13 Curriculum development and Instructional and school leadership	85,015	-	85,015
21 Instructional leadership	79,813	-	79,813
23 School leadership	286,157	-	286,157
31 Guidance, counseling and evaluation services	24,996	-	24,996
33 Health services	1,234	-	1,234
35 Food services	88,845	-	88,845
36 Cocurricular/ extracurricular activities	574	-	574
53 Data processing services	103,410	-	103,410
Total Program Services	<u>2,672,579</u>	<u>-</u>	<u>2,672,579</u>
Support Services:			
41 General administration	215,266	-	215,266
51 Plant maintenance and operations	964,644	-	964,644
52 Security and monitoring services	1,022	-	1,022
61 Community services	46,310	-	46,310
Total Support Services	<u>1,227,242</u>	<u>-</u>	<u>1,227,242</u>
Total Expenses	<u>3,899,821</u>	<u>-</u>	<u>3,899,821</u>
Change in Net Assets	(88,107)	890	(87,217)
Net Assets, Beginning of Year	166,089	716,801	882,890
Net Assets, End of Year	<u>\$ 77,982</u>	<u>\$ 717,691</u>	<u>\$ 795,673</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, 2022**

	Program Services	Supporting Services	Total
<b>Expenses</b>			
Salaries and wages	\$ 1,907,745	\$ 182,153	\$ 2,089,898
Benefits	202,716	24,660	227,376
Payroll taxes	32,326	2,919	35,245
<b>Total Payroll Expenses</b>	<b>2,142,787</b>	<b>209,732</b>	<b>2,352,519</b>
Legal services	-	12,950	12,950
Audit services	-	23,000	23,000
Professional services	355,357	15,467	370,824
Education service center services	3,350	-	3,350
Contracted maintenance & repair	-	127,118	127,118
Utilities	2,551	64,749	67,300
Rentals/operating leases	-	649,178	649,178
Consulting services	39,000	42,000	81,000
Maintenance supplies	-	33,598	33,598
Food	53,113	-	53,113
Computer & technology	7,041	329	7,370
General supplies	45,739	4,337	50,076
Travel - employees	190	-	190
Insurance	-	25,354	25,354
Depreciation	15,181	12,051	27,232
Miscellaneous operating costs	8,270	7,379	15,649
<b>Total Non-payroll Expenses</b>	<b>529,792</b>	<b>1,017,510</b>	<b>1,547,302</b>
<b>Total Expenses</b>	<b>\$ 2,672,579</b>	<b>\$ 1,227,242</b>	<b>\$ 3,899,821</b>

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, 2022

<b>Cash Flows from Operating Activities:</b>	
Foundation school program payments	\$ 3,443,752
Grant payments	341,547
Miscellaneous sources	203,050
Payments to vendors for goods and services rendered	(1,616,235)
Payments to charter school personnel for services rendered	(2,281,987)
Net Cash Provided by Operating Activities	<u>90,127</u>
Net Increase in Cash and Cash Equivalents	90,127
Cash and Cash Equivalents - Beginning of Year	<u>282,442</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 372,569</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash Used by Operating Activities:</b>	
Change in Net Assets	\$ (87,217)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	27,232
(Increase) Decrease in assets:	
Due from governments	170,165
Other assets	(4,823)
Increase (Decrease) in liabilities:	
Accounts payable	(91,342)
Accrued wages	9,741
Other payroll liabilities	60,791
Deferred revenue	5,580
Net Cash Used by Operating Activities	<u><u>\$ 90,127</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, 2022

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

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

**Reporting Entity**

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

Since the Charter Holder 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, 2022

**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, 2022.

**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, 2022 will change.

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes to Financial Statements  
August 31, 2022

**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 - Cash and Cash Equivalents**

Cash and cash equivalents as of August 31, 2022 consist of the following:

Checking accounts	\$ 372,569
-------------------	------------

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Notes to Financial Statements  
 August 31, 2022

**Note 3 - Due from Governments**

As of August 31, 2022, due from governments consisted of the following:

Foundation School Program	\$ 77,042
Title I, Part A, Improving Basic	5,693
ESSER Supplemental	175,498
IDEA-Part B, Formula	1,000
National School Lunch Program	25,065
ESSER Grant III	9,606
ESSER Grant II	55,644
ESSER Grant II - ARP	10,989
Textbook and Kindergarten Materials	66,283
Total	\$ 426,820

**Note 4 - Net Assets with Donor Restrictions**

As of August 31, 2022, net assets with donor restrictions in the amount of \$717,691 consisted of unexpended state program revenue.

**Note 5 - Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. During the year ended August 31, 2022, the Charter Holder released \$3,608,664 of funds with donor restrictions related to Foundation School Program and federal grants.

**Note 6 - Capital Assets**

A summary of changes in capital assets is as follows:

	<u>Beginning</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	\$ 132,556	\$ -	\$ -	\$ 132,556	\$ 31,667	\$ 100,889
Furniture and equipment	183,649	-	-	183,649	117,690	65,959
Total	\$ 316,205	\$ -	\$ -	\$ 316,205	\$ 149,357	\$ 166,848

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, 2022 was \$27,232.

**Note 7 - Pension Plan Obligations**

**Plan Description**

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

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes to Financial Statements  
August 31, 2022

**Note 7 - Pension Plan Obligations (continued)**

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.

**Funding Policy**

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

**Contributions**

State law provides for a member contribution rate of 8.0% for fiscal year 2022. The state's contribution rate as a non-employer contributing entity was 7.75% for fiscal year 2022.

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, 2022 was \$120,767, which includes \$33,100 in Non-OASDI participation surcharges. The Charter Holder's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

**Note 8 - Health Care Coverage**

During the year ended August 31, 2022, employees of the Charter Holder were covered by a health insurance plan. The Charter Holder contributed \$400 per month per employee for the year ended August 31, 2022 to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes to Financial Statements  
August 31, 2022

**Note 9 - Risk Management Program**

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

**Note 10 - Leases**

The Charter Holder leases its facilities under non-cancellable operating lease, which expires on September 1, 2037. Approximate aggregate remaining minimum rental commitments as of August 31, 2022 under the lease is summarized as follows:

<u>Fiscal Year Ending August 31,</u>	
2023	\$ 626,142
2024	638,665
2025	651,439
2026	664,467
2027-2037	<u>8,177,320</u>
Total	<u>\$ 10,758,033</u>

Rent expense for the operating lease for the year ended August 31, 2022 was \$614,887.

**Note 11 - Income Tax**

The Charter Holder is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business taxable income. The Charter Holder has no material unrelated business income for the year ended August 31, 2022.

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, 2022, there were no interest or penalties related to income taxes recorded or included in the financial statements. As of August 31, 2022, the Charter Holder's tax years 2018 through 2021 remain subject to examination.

**Note 12 - Credit Risk**

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



Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes to Financial Statements  
August 31, 2022

**Note 13 - Commitments and Contingencies**

The Charter Holder receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the 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 14 - Liquidity and Availability of Financial Resources**

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

**Note 15 - Evaluation of Subsequent Events**

The Charter Holder has evaluated subsequent events through January 24, 2023, 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, 2022**

<b>Expenses</b>	
6100 Payroll costs	\$ 2,352,519
6200 Professional and contracted services	1,334,720
6300 Supplies and materials	144,157
6400 Other operating costs	<u>68,425</u>
Total Expenses	<u><u>\$ 3,899,821</u></u>

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

**Wilco Montessori School**  
**dba Goodwater Montessori School**  
**Schedule of Capital Assets**  
**August 31, 2022**

		Ownership Interest		
		Local	State	Federal
1520	Buildings and Improvements	\$ 132,556	\$ -	\$ -
1539	Furniture and equipment	-	-	183,649
		<u>\$ 132,556</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  
For the Year Ended August 31, 2022

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>Revenues</b>				
Local support:				
5740 Other revenues from local sources	\$ 165,000	\$ 178,633	\$ 173,820	\$ (4,813)
5750 Revenues from cocurricular, enterprising services or activities	20,000	20,459	29,230	8,771
5760 Revenues from intermediate sources	-	-	-	-
Total local support	<u>185,000</u>	<u>199,092</u>	<u>203,050</u>	<u>3,958</u>
State program revenues:				
5810 Foundation school program act	3,200,000	2,942,609	2,971,557	28,948
5820 State program revenues distributed by Texas Education Agency	-	41,074	41,962	888
Total state program revenues	<u>3,200,000</u>	<u>2,983,683</u>	<u>3,013,519</u>	<u>29,836</u>
Federal program revenues:				
5920 Federal revenues distributed by the Texas Education Agency	549,603	603,324	596,035	(7,289)
5930 Federal revenues distributed by the Texas Department of Agriculture	-	-	-	-
Total federal program revenues	<u>549,603</u>	<u>603,324</u>	<u>596,035</u>	<u>(7,289)</u>
Total Revenues	<u>3,934,603</u>	<u>3,786,099</u>	<u>3,812,604</u>	<u>26,505</u>
<b>Expenses</b>				
11 Instruction	2,100,419	1,981,119	1,988,293	(7,174)
12 Instructional resources and media services	16,103	14,243	14,242	1
13 Curriculum development and instructional staff development	86,655	82,188	85,015	(2,827)
21 Instructional leadership	98,915	74,213	79,813	(5,600)
23 School leadership	245,739	289,171	286,157	3,014
31 Guidance, counseling and evaluation services	51,995	23,995	24,996	(1,001)
33 Health services	4,500	1,234	1,234	-
35 Food services	73,000	83,900	88,845	(4,945)
36 Cocurricular/extracurricular activities	8,000	574	574	-
41 General administration	185,618	217,340	215,266	2,074
51 Plant maintenance and operations	900,206	947,449	964,644	(17,195)
52 Security and monitoring services	1,000	856	1,022	(166)
53 Data processing services	93,000	103,769	103,410	359
61 Community services	69,453	43,418	46,310	(2,892)
Total Expenses	<u>3,934,603</u>	<u>3,863,469</u>	<u>3,899,821</u>	<u>(36,352)</u>
Change in Net Assets	-	(77,370)	(87,217)	(9,847)
Net Assets, Beginning of Year	<u>882,890</u>	<u>882,890</u>	<u>882,890</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 882,890</u>	<u>\$ 805,520</u>	<u>\$ 795,673</u>	<u>\$ (9,847)</u>

**Original to Final Budget Variances**

As we entered the 2021-2022 academic year, there was uncertainty and shifts in the budget related to the continuing impacts of COVID-19, including unanticipated federal revenues. Specifically, revenue sources were identified that brought additional funds which in turn allowed for additional expenditures above what was expected before the year began. As COVID-19 is absorbed into the regular day-to-day of our society, the impacts continue to be mitigated and we anticipate being able to better predict an annual budget before the year begins in a stable district.

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

Wilco Montessori Partners  
dba Goodwater Montessori School  
Notes to Budgetary Comparison Schedule  
For the Year Ended August 31, 2022

**Original to Final Budget:**

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Schedule of Real Property Ownership Interest  
 For the Year Ended August 31, 2022

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal

NONE

**Wilco Montessori Partners**  
**dba Goodwater Montessori School**  
**Schedule of Related Party Transactions**  
**For the Year Ended August 31, 2022**

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Condition	Source of Funds Used	Payment Frequency	Total Paid During Fiscal Year	Principal Balance Due
--------------------	---------------------------------------	--------------	---------------------	------------------------------------	----------------------	-------------------	-------------------------------	-----------------------

NONE

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



Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Schedule of Related Party Compensation and Benefits  
 For the Year Ended August 31, 2022

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Description of Terms and Condition</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During Fiscal Year</u>
---------------------------	--	---------------------	--------------------------------	---	--------------------------	--------------------	-----------------------------	--------------------------------------

NONE

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

Wilco Montessori Partners  
 dba Goodwater Montessori School  
 Schedule J-4  
 For the Year Ended August 31, 2022

Data Codes	Section A: Compensatory Education Programs	Column 1	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the districts fiscal year?	Yes	
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes	
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$192,499	
AP4	List the actual direct program expenditures for the state compensatory education programs during the LEA's fiscal year. (PIC's 24,26,28,29,30,34)	\$28,651	
	<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend and state bilingual education program state allotment funds during the districts fiscal year?	Yes	
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes	
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$7,718	
AP8	List the actual direct program expenditures for the bilingual education programs during the LEA's fiscal year. (PIC's 25,35)	\$12,686	

**COMPLIANCE AND INTERNAL CONTROL SECTION**

# Paul J. Christensen & Associates, LLC

*Certified Public Accountants*

2110 Austin Avenue  
Waco, Texas 76701  
(254)752-3436  
FAX (254)752-3463  
<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, 2022, 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 24, 2023.

### 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 24, 2023

Wilco Montessori Partners  
dba Goodwater Montessori School  
Schedule of Findings and Questioned Costs  
For the Year Ended August 31, 2022

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified? \_\_\_ Yes X No

Significant deficiencies(s) identified that are not  
considered to be material weaknesses? \_\_\_ Yes X No

Noncompliance material to financial statements noted? \_\_\_ Yes X No

**II. FINANCIAL STATEMENT FINDINGS**

None