



**Wilco Montessori Partners
dba Goodwater Montessori School**

Annual Financial Report

For the Year Ended August 31, 2021

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

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Wilco Montessori Partners
dba Goodwater Montessori School

Certificate of Board

Wilco Montessori Partners
Name of Charter Holder

46-4523814
Federal Employer ID Number

Goodwater Montessori School
Name of Charter Corporation

Williamson
County

246-802
Co. Distr. Number

We, the undersigned, certify that the attached Financial and Compliance Report of the above named Charter Holder was reviewed and (check one) approved disapproved for the year ended August 31, 2021 at a meeting of governing body of the Charter Holder on the 25th day of January, 2022.

Suzanne Robinson
Suzanne Robinson (Jan 26, 2022 13:17 CST)

Signature of Board Secretary
Suzanne Robinson, Acting Secretary

Carl Illig
Carl Illig (Jan 26, 2022 10:07 CST)

Signature of Board President
Carl Illig

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

Paul J. Christensen & Associates, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2021, 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, 2021, 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 25, 2022, 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 25, 2022

FINANCIAL STATEMENTS

Wilco Montessori Partners
dba Goodwater Montessori School
Statement of Financial Position
August 31, 2021

Assets

Current Assets	
Cash and cash equivalents	\$ 282,442
Due from governments	596,985
Other assets	50,000
Total current assets	<u>929,427</u>
 Property and equipment, net	 <u>194,080</u>
 Total Assets	 <u><u>\$ 1,123,507</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 171,964
Accrued wages	68,653
Total current liabilities	<u>240,617</u>
 Total Liabilities	 <u>240,617</u>
 Net Assets	
Without donor restrictions	136,472
With donor restrictions	746,418
	<u>882,890</u>
 Total Net Assets	 <u>882,890</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,123,507</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local support:			
Gifts and bequests	\$ 25,462	\$ -	\$ 25,462
Enterprising services	17,269	-	17,269
Other income	99,573	-	99,573
Total local support	<u>142,304</u>	<u>-</u>	<u>142,304</u>
State program revenues:			
Foundation school program act	-	3,751,581	3,751,581
Other state aid	-	26,598	26,598
Total state program revenues	<u>-</u>	<u>3,778,179</u>	<u>3,778,179</u>
Federal program revenues:			
ESEA, Title I, Part A	-	68,340	68,340
IDEA-Part B, Formula	-	52,592	52,592
IDEA-Part B, Preschool	-	517	517
National School Lunch and Breakfast Program	-	26,542	26,542
USDA Emergency Operational Cost (EOC) Reimbursement	-	18,493	18,493
ESEA, Title II, Part A	-	4,917	4,917
ESSER Grant	-	304	304
ESSER Grant III	-	60,904	60,904
ESSER Grant Supplemental	-	5,147	5,147
Title IV, Part A, Subpart I	-	13,751	13,751
Prior Purchase Reimbursement Program	-	3,646	3,646
Total federal program revenues	<u>-</u>	<u>255,153</u>	<u>255,153</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>3,785,167</u>	<u>(3,785,167)</u>	<u>-</u>
Total Revenues	<u>3,927,471</u>	<u>248,165</u>	<u>4,175,636</u>
Expenses			
Program Services:			
11 Instruction	\$ 2,033,046	\$ -	\$ 2,033,046
12 Instructional resources and media services	13,409	-	13,409
13 Curriculum development and Instructional and school leadership	66,692	-	66,692
21 Instructional leadership	30,380	-	30,380
23 School leadership	249,353	-	249,353
31 Guidance, counseling and evaluation services	22,290	-	22,290
33 Health services	4,318	-	4,318
35 Food services	52,071	-	52,071
36 Cocurricular/ extracurricular activities	5,120	-	5,120
53 Data processing services	89,589	-	89,589
Total Program Services	<u>2,566,268</u>	<u>-</u>	<u>2,566,268</u>
Support Services:			
41 General administration	249,635	-	249,635
51 Plant maintenance and operations	959,486	-	959,486
52 Security and monitoring services	1,883	-	1,883
61 Community services	59,305	-	59,305
Total Support Services	<u>1,270,309</u>	<u>-</u>	<u>1,270,309</u>
Total Expenses	<u>3,836,577</u>	<u>-</u>	<u>3,836,577</u>
Change in Net Assets	90,894	248,165	339,059
Net Assets, Beginning of Year	75,195	468,636	543,831
Net Assets, End of Year	<u>\$ 166,089</u>	<u>\$ 716,801</u>	<u>\$ 882,890</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, 2021

	Program Services	Supporting Services	Total
Expenses			
Salaries and wages	\$ 1,738,126	\$ 202,826	\$ 1,940,952
Benefits	187,658	23,930	211,588
Payroll taxes	29,583	3,355	32,938
Total Payroll Expenses	1,955,367	230,111	2,185,478
Legal services	-	64,498	64,498
Audit services	-	23,000	23,000
Professional services	502,946	96,341	599,287
Contracted maintenance & repair	-	71,783	71,783
Utilities	-	75,185	75,185
Rentals/operating leases	-	630,308	630,308
Maintenance supplies	-	21,984	21,984
Textbooks	-	-	-
Food	4,462	-	4,462
Furniture & Equipment < \$5,000	725	7,163	7,888
Computer & technology	9,842	329	10,171
General supplies	55,688	5,097	60,785
Travel - employees	3,073	-	3,073
Travel - students	-	-	-
Insurance	-	22,994	22,994
Depreciation	20,181	10,566	30,747
Miscellaneous operating costs	13,984	10,950	24,934
Interest on debt	-	-	-
Total Non-payroll Expenses	610,901	1,040,198	1,651,099
Total Expenses	\$ 2,566,268	\$ 1,270,309	\$ 3,836,577

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, 2021

Cash Flows from Operating Activities:	
Foundation school program payments	\$ 3,267,245
Grant payments	268,066
Miscellaneous sources	142,304
Payments to vendors for goods and services rendered	(1,534,761)
Payments to charter school personnel for services rendered	(2,185,594)
Net Cash Used by Operating Activities	<u>(42,740)</u>
 Cash Flows from Investing Activities:	
Purchase of capital assets	<u>(40,070)</u>
Net Cash Used by Investing Activities	<u>(40,070)</u>
Net Decrease in Cash and Cash Equivalents	(82,810)
Cash and Cash Equivalents - Beginning of Year	<u>365,252</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 282,442</u></u>
 Reconciliation of Change in Net Assets to Net Cash Used by Operating Activities:	
Change in Net Assets	\$ 339,059
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	30,747
(Increase) Decrease in assets:	
Due from governments	(498,021)
Other assets	3,339
Increase (Decrease) in liabilities:	
Accounts payable	82,252
Accrued wages	(116)
Net Cash Used by Operating Activities	<u><u>\$ (42,740)</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, 2021

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, 2021

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, 2021.

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, 2021 will change.

Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2021

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, 2021 consist of the following:

Checking accounts	\$ 282,442
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Wilco Montessori Partners
dba Goodwater Montessori School
Notes to Financial Statements
August 31, 2021

Note 3 - Due from Governments

As of August 31, 2021, due from governments consisted of the following:

Foundation School Program	\$ 530,643
ESEA, Title I Part A	6,226
IDEA-Part B, Formula	1,072
National School Lunch Program	3,530
ESSER Grant	5,147
Title IV, Part A, Subpart I	7,452
Textbook and Kindergarten Materials	42,915
Total	<u>\$ 596,985</u>

Note 4 - Net Assets with Donor Restrictions

As of August 31, 2021, net assets with donor restrictions in the amount of \$746,418 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, 2021, the Charter Holder released \$3,755,550 of funds with donor restrictions related to Foundation School Program and federal grants.

Note 6 - Capital Assets

A summary of changes in capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Buildings and improvements	\$ 92,486	\$ 40,070	\$ -	\$ 132,556	\$ 22,830	\$ 109,726
Furniture and equipment	183,649	-	-	183,649	99,295	84,354
Total	<u>\$ 276,135</u>	<u>\$ 40,070</u>	<u>\$ -</u>	<u>\$ 316,205</u>	<u>\$ 122,125</u>	<u>\$ 194,080</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, 2021 was \$30,747.

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, 2021

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, 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 7.7% for fiscal year 2021. The state's contribution rate as a non-employer contributing entity was 7.5% for fiscal year 2021.

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, 2021 was \$121,911, which includes \$28,462 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, 2021, 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, 2021 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, 2021

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, 2021 under the lease is summarized as follows:

<u>Fiscal Year Ending August 31,</u>	
2022	\$ 613,865
2023	626,142
2024	638,665
2025	651,439
2026-2037	8,841,787
Total	<u>\$ 11,371,898</u>

Rent expense for the operating lease for the year ended August 31, 2021 was \$630,308.

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, 2021.

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, 2021, there were no interest or penalties related to income taxes recorded or included in the financial statements. As of August 31, 2021, the Charter Holder's tax years 2017 through 2019 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, 2021

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 25, 2022, 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, 2021

Expenses	
6100 Payroll costs	\$ 2,185,478
6200 Professional and contracted services	1,464,061
6300 Supplies and materials	105,290
6400 Other operating costs	81,748
Total Expenses	<u>\$ 3,836,577</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, 2021

		Ownership Interest		
		Local	State	Federal
1520	Buildings and Improvements	\$ 132,556	\$ -	\$ -
1539	Furniture and equipment	-	-	183,649
		\$ 132,556	\$ -	\$ 183,649

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local support:				
5740 Other revenues from local sources	\$ 137,030	\$ 86,563	\$ 86,135	\$ (428)
5750 Revenues from cocurricular, enterprising services or activities	17,970	11,861	17,269	5,408
5760 Revenues from intermdeiate sources	-	38,900	38,900	-
Total local support	<u>155,000</u>	<u>98,424</u>	<u>142,304</u>	<u>4,980</u>
State program revenues:				
5810 Foundation school program act	3,218,000	3,598,141	3,751,581	153,440
5820 State program revenues distributed by Texas Education Agency	-	26,599	26,598	(1)
Total state program revenues	<u>3,218,000</u>	<u>3,624,740</u>	<u>3,778,179</u>	<u>153,439</u>
Federal program revenues:				
5920 Federal revenues distributed by the Texas Education Agency	61,000	570,832	236,660	(334,172)
5930 Federal revenues distributed by the Texas Department of Agriculture	-	-	18,493	18,493
Total federal program revenues	<u>61,000</u>	<u>570,832</u>	<u>255,153</u>	<u>(315,679)</u>
Total Revenues	<u>3,434,000</u>	<u>4,293,996</u>	<u>4,175,636</u>	<u>(118,360)</u>
Expenses				
11 Instruction	1,825,017	1,974,528	2,033,046	(58,518)
12 Instructional resources and media services	10,325	15,882	13,409	2,473
13 Curriculum development and instructional staff development	47,041	68,913	66,692	2,221
21 Instructional leadership	65,085	32,833	30,380	2,453
23 School leadership	207,496	242,056	249,353	(7,297)
31 Guidance, counseling and evaluation services	12,000	23,807	22,290	1,517
33 Health services	4,469	4,318	4,318	-
35 Food services	105,700	56,033	52,071	3,962
36 Cocurricular/extracurricular activities	6,000	4,957	5,120	(163)
41 General administration	167,085	248,442	249,635	(1,193)
51 Plant maintenance and operations	837,378	954,180	959,486	(5,306)
52 Security and monitoring services	2,034	2,443	1,883	560
53 Data processing services	53,820	93,690	89,589	4,101
61 Community services	58,696	67,581	59,305	8,276
71 Debt service	983	-	-	-
Total Expenses	<u>3,403,129</u>	<u>3,789,663</u>	<u>3,836,577</u>	<u>(46,914)</u>
Change in Net Assets	30,871	504,333	339,059	(165,274)
Net Assets, Beginning of Year	<u>543,831</u>	<u>543,831</u>	<u>543,831</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 574,702</u>	<u>\$ 1,048,164</u>	<u>\$ 882,890</u>	<u>\$ (165,274)</u>

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

Wilco Montessori Partners
dba Goodwater Montessori School
Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2021

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, 2021

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

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, 2021

<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>
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NONE

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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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, 2021, 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 25, 2022.

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.

Paul J. Utter & Co., PC

Waco, Texas
January 25, 2022

Wilco Montessori Partners
dba Goodwater Montessori School
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified?

Yes No

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

Yes No

Noncompliance material to financial statements noted?

Yes No

II. FINANCIAL STATEMENT FINDINGS

None









Goodwater Montessori School Financial Report - Audit 2020-2021.20220120

Final Audit Report

2022-01-26

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