

**WACO CHARTER SCHOOL**

**An Unincorporated Division of Economic  
Opportunities Advancement Corporation of  
Planning Region XI  
(A Texas Nonprofit Organization)**

**Annual Financial Statements and Independent  
Auditor's Report**

**Years Ended August 31, 2020 and 2019**

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**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)  
**Years Ended August 31, and 2019**

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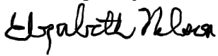
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**WACO CHARTER SCHOOL**

**(Co.-Dist. Number: 161-801)  
Certificate of Board**

We, the undersigned, certify that the attached Financial and Compliance Report of the above named school district was reviewed and (check one)   X   approved        disapproved for the year ended August 31, 2020, at a meeting of the governing body of the charter holder on the 25th day of January, 2021.

DocuSigned by:  
  
1/26/2021  
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Signature of Board Secretary

DocuSigned by:  
  
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Signature of Board President

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Waco Charter School

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Waco Charter School (the "School"), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 School as of August 31, 2020 and 2019, and the changes in its net assets , functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules, as listed in the table of contents, as required by the Texas Education Agency, are presented for purposes of additional analysis and are 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, 2021, on our consideration of the 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 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 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 School’s internal control over financial reporting and compliance.

Houston, Texas  
January 25, 2021



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**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)

**Statements of Financial Position**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash	\$ 1,550,751	\$ 890,295
Due from Other Governments	167,038	169,551
Due from Related Party	156,086	26,447
Inventories	1,693	2,217
<b>Total Current Assets</b>	<b>1,875,568</b>	<b>1,088,510</b>
<b>Noncurrent Assets:</b>		
Land	120,000	120,000
Buildings and Improvements, Net	1,552,283	1,608,894
Furniture and Equipment, Net	8,038	9,327
<b>Total Noncurrent Assets</b>	<b>1,680,321</b>	<b>1,738,221</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,555,889</b>	<b>\$ 2,826,731</b>
 <b>LIABILITIES AND NET ASSETS:</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 90,930	\$ 37,152
Accrued Liabilities	171,243	124,749
Deferred Revenue	5,874	6,137
<b>Total Current Liabilities</b>	<b>268,047</b>	<b>168,038</b>
<b>TOTAL LIABILITIES</b>	<b>268,047</b>	<b>168,038</b>
 <b>Net Assets:</b>		
Without donor restrictions	1,629,671	1,611,601
With donor restrictions	1,658,171	1,047,092
<b>Total Net Assets</b>	<b>3,287,842</b>	<b>2,658,693</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,555,889</b>	<b>\$ 2,826,731</b>

*The accompanying notes are an integral part of these statements*

**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)

**Statements of Activities**  
**For the Year Ended August 31, 2020**  
**(With comparative totals for 2019)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES:</b>				
Local and Intermediate Sources	\$ 18,070	\$ 5,576	\$ 23,646	\$ 33,274
State Program Revenues				
Foundation School Program	-	2,420,001	2,420,001	1,923,093
Other State Aid	-	123,184	123,184	30,000
Total State Program Revenues	-	2,543,185	2,543,185	1,953,093
Federal Program Revenues				
ESEA Title I, Part A	-	142,658	142,658	68,497
ESEA Title II, Part A Teacher/Principal Training	-	7,465	7,465	11,495
Child Nutrition	-	143,652	143,652	176,025
USDA Donated Commodities	-	3,637	3,637	12,055
Summer School LEP	-	6,757	6,757	11,252
IDEA-B Formula	-	48,949	48,949	50,753
IDEA-B Preschool	-	270	270	-
Total Federal Revenues	-	353,388	353,388	330,077
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	2,291,070	(2,291,070)	-	-
<b>Total Revenues</b>	<b>2,309,140</b>	<b>611,079</b>	<b>2,920,219</b>	<b>2,316,444</b>
<b>EXPENSES:</b>				
Program Services:				
Instruction and Instructional-Related Services	1,327,966	-	1,327,966	1,183,084
Instructional and School Leadership	202,817	-	202,817	241,875
Support Services:				
Administrative Support Services	218,986	-	218,986	214,887
Support Services-Student (Pupil)	322,127	-	322,127	316,602
Support Services-Non-Student Based	219,174	-	219,174	304,055
<b>Total Expenses</b>	<b>2,291,070</b>	<b>-</b>	<b>2,291,070</b>	<b>2,260,503</b>
<b>Change in Net Assets</b>	<b>18,070</b>	<b>611,079</b>	<b>629,149</b>	<b>55,941</b>
<b>Net Assets, Beginning of Year</b>	<b>1,611,601</b>	<b>1,047,092</b>	<b>2,658,693</b>	<b>2,602,752</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,629,671</b>	<b>\$ 1,658,171</b>	<b>\$ 3,287,842</b>	<b>\$ 2,658,693</b>

*The accompanying notes are an integral part of these statements*

**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)

**Statements of Functional Expenses**  
**For the Year Ended August 31, 2020**  
**(With comparative totals for 2019 )**

	Program Services			Supporting Services				2020 Total Expenditures	2019 Total Expenditures
	Instruction & Instructional-Related Services	Instructional & School Leadership	Total Program Services	Administrative Support Services	Support Services - Non-Student Based	Support Services - Student (Pupil)	Total Support Services		
<b>EXPENSES:</b>									
Salaries and wages	\$ 1,071,891	\$ 105,401	\$ 1,177,292	\$ 693	\$ 26,754	\$ 122,920	\$ 150,367	\$ 1,327,659	\$ 1,121,707
Benefits	154,816	25,685	180,501	180	9,724	31,663	41,567	222,068	215,416
<b>Total Payroll Expenses</b>	<b>1,226,707</b>	<b>131,086</b>	<b>1,357,793</b>	<b>873</b>	<b>36,478</b>	<b>154,583</b>	<b>191,934</b>	<b>1,549,727</b>	<b>1,337,123</b>
Contract labor	1,019	-	1,019	38,974	-	30,998	69,972	70,991	126,271
Contracted Maintenance and Repair	-	-	-	-	37,848	-	37,848	37,848	27,846
Education Service Center	4,280	37,669	41,949	47,465	-	-	47,465	89,414	47,205
Utilities	-	-	-	-	43,584	-	43,584	43,584	72,774
Rent expense	-	-	-	5,172	1,167	-	6,339	6,339	12,831
Miscellaneous Contracted Services	15,213	4,246	19,459	92,189	55,018	25,553	172,760	192,219	217,102
Supplies and Materials for Maintenance and Operation	-	-	-	-	11,552	-	11,552	11,552	48,817
Instructional materials	875	-	875	-	-	-	-	875	7,749
Testing Materials	-	-	-	-	-	3,554	3,554	3,554	3,313
Food	-	-	-	-	-	83,205	83,205	83,205	97,298
Supplies and Materials—General	43,005	19,915	62,920	16,526	6,590	22,042	45,158	108,078	127,925
Travel	-	2,390	2,390	3,830	-	24	3,854	6,244	14,541
Insurance and bonding	-	-	-	1,069	20,228	-	21,297	21,297	38,438
Depreciation	35,794	7,511	43,305	5,817	6,610	2,168	14,595	57,900	65,875
Other	1,073	-	1,073	7,071	99	-	7,170	8,243	15,395
<b>Total Non-payroll Expenses</b>	<b>101,259</b>	<b>71,731</b>	<b>172,990</b>	<b>218,113</b>	<b>182,696</b>	<b>167,544</b>	<b>568,353</b>	<b>741,343</b>	<b>923,380</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,327,966</b>	<b>\$ 202,817</b>	<b>\$ 1,530,783</b>	<b>\$ 218,986</b>	<b>\$ 219,174</b>	<b>\$ 322,127</b>	<b>\$ 760,287</b>	<b>\$ 2,291,070</b>	<b>\$ 2,260,503</b>

*The accompanying notes are an integral part of these statements*

**WACO CHARTER SCHOOL**  
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**Statements of Cash Flows**  
**For the Years Ended August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities:</b>		
State Grant Receipts	\$ 2,541,029	\$ 1,936,970
Federal Grant Receipts	353,388	330,077
Receipts from Miscellaneous Sources	(105,993)	32,429
Payments to Vendors for Goods and Service Rendered	(578,241)	(812,854)
Payments to Charter School Personnel for Service Rendered	(1,549,727)	(1,337,123)
<b>Net Cash Provided by Operating Activities</b>	<b>660,456</b>	<b>149,499</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>660,456</b>	<b>149,499</b>
<b>Cash , Beginning of Year</b>	<b>890,295</b>	<b>740,796</b>
<b>Cash , End of Year</b>	<b>\$ 1,550,751</b>	<b>\$ 890,295</b>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Net Assets	\$ 629,149	\$ 55,941
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	57,900	65,875
Change in Operating Assets and Liabilities:		
Due from Other Governments	2,513	900
Due from Related Party	(129,639)	(17,729)
Inventories	524	596
Accounts Payable and Accrued Liabilities	100,272	43,916
Deferred Revenue	(263)	-
Total Adjustments	31,307	93,558
Net Cash Provided by Operating Activities	<b>\$ 660,456</b>	<b>\$ 149,499</b>

*The accompanying notes are an integral part of these statements*

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**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)

**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Waco Charter School (the “School”) have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) in conjunction with the Texas Education Agency’s Financial Accountability System Resource Guide (“Resource Guide”).

Reporting Entity

The School is a part of Economic Opportunities Advancement Corporation of Planning Region XI (“EOAC”), a not-for-profit organization incorporated in the State of Texas and exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The School is governed by a Board of Directors comprised of fifteen members. The Board is selected pursuant to the bylaws of EOAC and significantly influence operations. The Board has the primary accountability for the fiscal affairs of the School and EOAC.

Since the School received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

The School was organized to provide educational services to at-risk students and their programs, services, activities, and functions are governed by the School’s board of directors. EOAC operates a single charter school and did not conduct any other charter activities.

Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Financial Statement Presentation

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

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-210, net assets, revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

**Net assets without donor restrictions**– Net assets available for use in 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.



**WACO CHARTER SCHOOL**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**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.

In addition, the School is required by Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) Topic 958-205, *Not-for-Profit Entities-Presentation of Financial Statements*, to present statements of activities and cash flows.

When both restricted and unrestricted resources are available for use, it is the School’s policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

For financial statement purposes, the School considers all highly liquid investment instruments with an original maturity of three months or less from the date of purchase to be cash equivalents. The carrying value approximates fair value because of the short maturities of those financial instruments. The school did not have any cash equivalents as of August 31, 2020 and 2019.

Inventories and Prepaid Items

The School records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	10-40
Office Equipment	10

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

Revenue Recognition

Revenues from contributions, donations and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. State and federal grant revenues are recognized when services are rendered. State Foundation School Program revenues are recognized based on the reported student attendance. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time.

Standard Financial Accounting System

For all federal and state programs, the School used the net asset classes and codes specified by the Texas Education Agency (TEA) in the Special Supplement to Financial Accounting and Reporting, Nonprofit School Chart of Accounts. Temporarily restricted net asset codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted net asset codes.

Contributions

All contributions are considered available for the School's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction time or purpose restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services

The School recognizes contributed services at their fair value if the services provide value to the School and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors, as established by FASB ASC Topic 958-605. As of August 31, 2020 and 2019, the School did not receive any services that would meet the criteria for recognition in the financial statements as prescribed in FASB ASC 958-605.

Receivable and Payable Balances

The School believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates these balances.

**WACO CHARTER SCHOOL**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

There are no significant receivables which are not scheduled for collection within one year of year-end.

Income Taxes

The School is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). Accordingly, income taxes are not provided for in the accompanying financial statements. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Code.

The School applies the provisions of FASB ASC 740, Income Taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Generally, the School tax returns remain open for federal income tax examination for three years from the date of filing.

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 certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates included in the School’s financial statements are related to the School’s estimate of revenue and receivable for the Foundation School Program, depreciation expense and the functional allocation of expenses.

Fair Value Measurements

The majority of the School’s current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument. Other financial instruments consist of long-term obligations. The fair value of long-term obligations is estimated based on current interest rates offered to the School for obligations with similar remaining maturities. The recorded value of the financial instruments approximated fair value as of August 31, 2020 and 2019.

New Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 – Leases (Topic 842), which supersedes existing guidance on leases and amends and supersedes a number

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

of other paragraphs throughout the FASB ASC. This update will be effective for the School's 2021 annual financial statements. Due to COVID-19 pandemic, the proposed amended effective date is beginning after December 15, 2021, and to interim periods within fiscal years beginning after December 15, 2022. Management is currently evaluating the impact this update will have on the financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This update provided clarified guidance on certain cash flow classification issues, and will be effective for the Organization's 2020 financial statements. The Organization adopted ASU 2016-18 in 2020. The adoption resulted in no impact to the financial statements.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications have no effect on the change in net assets as previously stated in the prior year consolidated financial statements.

**NOTE 2: DEPOSITS AND INVESTMENTS**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover its deposits. The School maintains deposits at federally insured banks and strives to minimize its exposure to custodial credit risk by maintaining deposits at institutions with demonstrated financial strength. Balances in interest bearing accounts at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank.

As of August 31, 2020 and 2019, the combined carrying amount of the School's deposits (cash, and interest-bearing savings accounts) were \$1,550,751 and \$890,295, respectively. As of August 31, 2020 and 2019, the bank balance was \$1,553,751 and \$959,318, respectively. As of August 31, 2020 and 2019, the total cash maintained by the School in banks exceeded the FDIC insured limit by \$1,303,751 and \$709,318, respectively. However, these amounts were sufficiently collateralized as of August 31, 2020 and 2019 in accordance with EOAC's tri-lateral agreement with Bank of America and Bank of New York to mitigate custodial credit risk.

The State of Texas and Federal Government provided a total of 99% and 99% of the School's total revenues for the year ended August 31, 2020 and 2019, respectively, of which 87% and 84% was provided by the State of Texas 95% and 98% of the total state funding or 83% and 83% of total revenue consists of Foundation School Program, FSP, income as of August 31, 2020 and 2019. Cash and cash equivalents reported in the statement of financial position is different from the cash and cash equivalents at banks due to outstanding checks and similar reconciling items.

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 3: CAPITAL ASSETS**

Capital assets acquired with public funds received by the School for the operation of the School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets for the School.

Depreciation expense was \$57,900 and \$65,875 for the year ended August 31, 2020 and 2019, respectively, and is included in plant maintenance and operations on the statement of activities.

Capital assets as of August 31, 2020 and 2019 were as follows:

	2020	2019
Land	\$ 120,000	\$ 120,000
Buildings and improvements	2,327,795	2,327,795
Furniture and equipment	152,543	152,543
Total capital assets	2,600,338	2,600,338
Less: accumulated depreciation	(920,017)	(862,117)
Capital assets, net	\$ 1,680,321	\$ 1,738,221

**NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for the years ending consisted of the following:

	2020	2019
Food Services	\$ 62,042	\$ 68,604
State Foundation Program	1,596,129	978,488
Total Restricted Funds	\$ 1,658,171	\$ 1,047,092

The excess of net assets for Waco Charter School will be used to complete an asbestos removal project in 2021 and to relocate the gymnasium. Once the gymnasium has been relocated additional classrooms will be added. It is expected this entire project will extend over the 2021 and 2022 school years.

**NOTE 6: STATE FOUNDATION PROGRAM REVENUE**

The School's charter schools had 9 days of instruction in August 31, 2020. Based on the estimated State Foundation Program revenue for the 2019-2020 school year as provided by the Texas Education Agency, the School's charter schools earned \$113,218 of State Foundation

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

Program revenue for these days of instruction. This revenue has been accrued at August 31, 2020 and will be received after September 1, 2020.

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

Plan Description

The School contributes to the Teacher Retirement System of Texas (the “System” or “TRS”), a cost-sharing multiple employer defined benefit pension plan. 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 System operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under 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 downloading the report from the TRS internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701. Charters are legally separate entities from the state and each other. Assets contributed by one charter or ISD may be used for the benefit of an employee of another ISD or charter, and any unfunded obligations get passed on to the other charters and ISDs. There is no withdrawal penalty for leaving the TRS system.

The following present information about the School’s multiemployer pension plan as of and for the years ended August 31, 2020 and 2019:

<u>Name of Pension Fund</u>	EIN and Plan Number	Total Plan Assets (in thousands)		Accumulated Benefit Obligations (in thousands)		% funded	
		2020	2019	2020	2019	2020	2019
TRS	N/A	\$184,361,871	\$181,800,159	\$218,974,205	\$209,961,325	75.54%	75.24%

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

The following presents information about the School's involvement of such multiemployer pension plan for the years ended August 31, 2020 and 2019:

2020				
<u>Collective</u> <u>Bargaining</u> <u>Agreement</u>	<u>School's</u> <u>Contributions</u>	<u>More than 5%</u> <u>of Total</u> <u>Contributions</u>	<u>FIP/RP Status</u>	<u>Surcharge</u> <u>Imposed</u>
N/A	\$97,029	No	N/A	No
2019				
<u>Collective</u> <u>Bargaining</u> <u>Agreement</u>	<u>School's</u> <u>Contributions</u>	<u>More than 5%</u> <u>of Total</u> <u>Contributions</u>	<u>FIP/RP Status</u>	<u>Surcharge</u> <u>Imposed</u>
N/A	\$75,321	No	N/A	No

The School's contributions to the plan did not represent more than 5% of the total contributions to the plan.

Funding Policy

Under provisions in State law, the System's plan members are required to contribute 7.7% of their annual covered salary for TRS Retirement and 0.65% of their annual covered salary to TRS Care. The State of Texas contributes an amount equal to 6.80% of the covered payroll of the participating employees compensated with State funds for TRS Retirement for TRS Care. The School employees' contributions to the TRS was \$97,029 and \$76,665, the School contribution to TRS Care was \$9,522 and \$7,468 for the years ended August 31, 2020 and 2019, respectively.

Under provisions in the State of Texas law, the School is required to pay a 0.55% administrative TRS entity fee, an entity payment of 1.5% for Non-OASDI members for covered salary and a 6.8% administrative TRS new member fee for the first three (3) months for each new TRS member working at the school. The School total administrative fee to the TRS was \$665 and \$757, \$19,043 and \$14,413, and \$2,727 and \$13,122, for TRS Entity Fee, TRS Entity Payment for Non-OASDI Members, and TRS New Member Fee, respectively for the years ending August 31, 2020 and 2019, respectively.

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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

For payroll covered by federal government funded grants, the School is required to contribute to the defined benefit plan matching contribution amount of 6.80% to TRS Retirement and 1% for TRS Care for the charter school's covered payroll. The employer's contributions made to the TRS Retirement and TRS Care were \$2,447 and \$4,322, \$3,310 and \$2,213, for the years ended August 31, 2020 and 2019, respectively.

The School contributes to a qualified retirement plan under IRS section 403(b) for all employees working more than 1,500 hours. Contributions of 3% of employees' gross earnings are made to the plan each month. Employees are required to work one year to be eligible to participate in the plan. Enrollment occurs on the month following one year of service. The School made contributions to the 403(b) plan for the years ended August 31, 2020 and 2019 in the amount of \$22,992 and \$10,133 equal to the required contributions for each year.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

Risk and Uncertainties

On March 11, 2020, the World Health Organization classified the global coronavirus outbreak (COVID-19) as a pandemic. On March 13, 2020, The Governor of Texas (the "Governor") declared a state of disaster for all Texas countries in response to the Pandemic. On March 19, 2020, the Governor issues Executive Order GA08 which temporarily closed schools in the State of Texas. Under the Texas Education Agency's (TEA) guidance, The School reopened remotely for all scholars on March 30, 2020 and finished the 2019-2020 school year remotely.

Due to the continuing uncertainties around COVID-19, TEA required all public and charter schools to delay in-person school for the 2020-2021 school until after September 7, 2020. Schools were permitted to start before that date as closed, instructing by providing instruction virtually. The School continues to take proper actions to maintain the health and safety of the employees and students of the School as well as regular operations of the School.

Contingencies

The School participates in grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

No reportable litigation was pending against the School at August 31, 2020.



**WACO CHARTER SCHOOL**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 10: RELATED ORGANIZATIONS**

As described in Note 1, the Waco Charter School was established to assist in providing educational services to at-risk students. The School is an unincorporated division of EOAC and subject to its control procedures. During the year ended August 31, 2020, the division reimbursed EOAC for administrative costs, which were primarily personnel costs for accounting and controllership. The EOAC fiscal year end is August 31<sup>th</sup> of each year. At August 31, 2020 and 2019, the School recorded a total of \$156,086 and \$26,447, respectively, for receivable from EOAC.

**NOTE 11: BUDGETARY DATA**

The Board of Directors adopts an annual budget for the School. The School is required to present final amended budgeted revenues and expenditures along with the adopted budget. The School compares the final amended budget to actual revenues and expenses. However, due to the significant inflows and outflows of students from the programs, the budget must be amended on a regular basis. This has resulted in the variances between the original adopted budget and final amended budget presented on the Budgetary Comparison Schedule.

Management's budget amendments have occurred to ensure that actual expenditures align with approved budgeted amount. EOAC continues to monitor its budget on a frequent basis and improve its initial estimate to reduce the need for significant changes to the original budget.

**NOTE 12: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,550,751	\$ 890,295
Receivables	<u>167,038</u>	<u>169,551</u>
	<u><u>\$ 1,717,789</u></u>	<u><u>\$ 1,059,846</u></u>

Per the Texas Education Agency, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have time restriction, but must be used for education purposes in accordance with State law. As such, there are cash and receivables that are due from the State and are available for use for educational purposes. As part of WCS' liquidity management practice, we monitor the cash on daily and monthly basis.

**WACO CHARTER SCHOOL**  
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**Notes to the Financial Statements**  
**August 31, 2020 and 2019**

**NOTE 13: SUBSEQUENT EVENTS**

The School has evaluated subsequent events through January 25, 2021, the date on which the financial statements were available to be issued.

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## **SUPPLEMENTARY INFORMATION**

**WACO CHARTER SCHOOL**  
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**Statements of Activities**  
**For the Year Ended August 31, 2020**  
**(With comparative totals for 2019)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES:</b>				
Local and Intermediate Sources	\$ 18,070	\$ 5,576	\$ 23,646	\$ 33,274
State Program Revenues				
Foundation School Program	-	2,420,001	2,420,001	1,923,093
Other State Aid	-	123,184	123,184	30,000
Total State Program Revenues	<u>-</u>	<u>2,543,185</u>	<u>2,543,185</u>	<u>1,953,093</u>
Federal Program Revenues				
ESEA Title I, Part A	-	142,658	142,658	68,497
ESEA Title II, Part A Teacher/Principal Training	-	7,465	7,465	11,495
Child Nutrition	-	143,652	143,652	176,025
USDA Donated Commodities	-	3,637	3,637	12,055
Summer School LEP	-	6,757	6,757	11,252.00
IDEA-B Formula	-	48,949	48,949	50,753
IDEA-B Preschool	-	270	270	-
Total Federal Revenues	<u>-</u>	<u>353,388</u>	<u>353,388</u>	<u>330,077</u>
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	<u>2,291,070</u>	<u>(2,291,070)</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>2,309,140</u>	<u>611,079</u>	<u>2,920,219</u>	<u>2,316,444</u>
<b>EXPENSES:</b>				
Instruction	1,227,209	-	1,227,209	1,138,051
Instructional Resources and Media Services	28,801	-	28,801	34,038
Curriculum and Staff Development	71,956	-	71,956	10,995
Instructional Leadership	1,600	-	1,600	-
School Leadership	201,217	-	201,217	241,875
Guidance, Counseling, and Evaluation Services	96,623	-	96,623	95,392
Health Services	27,130	-	27,130	3,995
Food Services	198,374	-	198,374	217,215
General Administration	218,986	-	218,986	214,887
Facilities Maintenance and Operations	187,270	-	187,270	264,736
Security and Monitoring Services	727	-	727	1,961
Data Processing Services	31,177	-	31,177	37,358
<b>Total Expenses</b>	<u>2,291,070</u>	<u>-</u>	<u>2,291,070</u>	<u>2,260,503</u>
<b>Change in Net Assets</b>	<u>18,070</u>	<u>611,079</u>	<u>629,149</u>	<u>55,941</u>
<b>Net Assets, Beginning of Year</b>	<u>1,611,601</u>	<u>1,047,092</u>	<u>2,658,693</u>	<u>2,602,752</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,629,671</u>	<u>\$ 1,658,171</u>	<u>\$ 3,287,842</u>	<u>\$ 2,658,693</u>

**WACO CHARTER SCHOOL**  
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**Schedules of Expenses**  
**For the Years Ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>EXPENSES</b>		
6100 Payroll Costs	\$ 1,549,727	\$ 1,337,123
6200 Professional and Contracted Services	440,395	504,029
6300 Supplies and Materials	207,264	285,102
6400 Other Operating Costs	<u>93,684</u>	<u>134,249</u>
Total Expenses	<u>\$ 2,291,070</u>	<u>\$ 2,260,503</u>

**WACO CHARTER SCHOOL**  
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**Schedules of Capital Assets**  
**For the Years Ended August 31, 2020 and 2019**

	<b>2020</b>	
	Ownership Interest	
	Local	State
1510 Land and Improvements	\$ -	\$ 120,000
1520 Buildings and Improvements	1,584,247	743,548
1539 Furniture and Equipment	35,386	117,157
Total Property and Equipment	\$ 1,619,633	\$ 980,705

	<b>2019</b>	
	Ownership Interest	
	Local	State
1510 Land and Improvements	\$ -	\$ 120,000
1520 Buildings and Improvements	1,584,247	743,548
1539 Furniture and Equipment	35,386	117,157
Total Property and Equipment	\$ 1,619,633	\$ 980,705

**WACO CHARTER SCHOOL**  
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**Budgetary Comparison Schedule**  
**For the Year Ended August 31, 2020**

Data Control Codes	Budgeted Amounts			Variance with Final Budget		
	Original	Final	Actual			
<b>REVENUES:</b>						
5700	Local and Intermediate Sources	\$ 32,368	\$ 21,000	\$ 23,646	\$ 2,646	
5800	State Program Revenues	1,899,935	2,355,000	2,543,185	188,185	
5900	Federal Program Revenues	321,093	356,781	353,388	(3,393)	
	<b>Total Revenues</b>	<b>2,253,396</b>	<b>2,732,781</b>	<b>2,920,219</b>	<b>187,438</b>	
<b>EXPENSES</b>						
<b>Current:</b>						
<b>Instruction and Instructional Related Services:</b>						
11	Instruction	1,500,000	1,654,410	1,227,209	427,201	26% {a}
12	Instructional Resources and Media Services	-	45,000	28,801	16,199	36% {b}
13	Curriculum and Staff Development	100,000	110,121	71,956	38,165	35% {c}
	<b>Total Instruction and Instructional Related Services</b>	<b>1,600,000</b>	<b>1,809,531</b>	<b>1,327,966</b>	<b>481,565</b>	
<b>Instructional and School Leadership:</b>						
21	Instructional Leadership	-	-	1,600	(1,600)	
23	School Leadership	150,000	220,000	201,217	18,783	9% {d}
	<b>Total Instructional and School Leadership</b>	<b>150,000</b>	<b>220,000</b>	<b>202,817</b>	<b>17,183</b>	
<b>Support Services - Student (Pupil):</b>						
31	Guidance, Counseling, and Evaluation Services	39,000	96,250	96,623	(373)	0% {e}
33	Health Services	29,000	43,000	27,130	15,870	37% {f}
	<b>Total Support Services - Student (Pupil)</b>	<b>68,000</b>	<b>139,250</b>	<b>123,753</b>	<b>15,497</b>	
35	Food Services	210,000	210,000	198,374	11,626	6%
	<b>Total Food Services</b>	<b>210,000</b>	<b>210,000</b>	<b>198,374</b>	<b>11,626</b>	
<b>Administrative Support Services:</b>						
41	General Administration	125,000	78,000	218,986	(140,986)	-181% {g}
	<b>Total Administrative Support Services</b>	<b>125,000</b>	<b>78,000</b>	<b>218,986</b>	<b>(140,986)</b>	
<b>Support Services - Nonstudent Based:</b>						
51	Facilities Maintenance and Operations	100,000	235,000	187,270	47,730	20% {h}
52	Security and Monitoring Services	-	1,000	727	273	27% {i}
53	Data Processing Services	75,000	75,000	31,177	43,823	58% {j}
	<b>Total Support Services - Nonstudent Based</b>	<b>175,000</b>	<b>311,000</b>	<b>219,174</b>	<b>91,826</b>	
	<b>Total Expenses</b>	<b>2,328,000</b>	<b>2,767,781</b>	<b>2,291,070</b>	<b>476,711</b>	
	Change in Net Assets	(74,604)	(35,000)	629,149	(289,273)	
	Net Assets, Beginning of Year	2,658,693	2,658,693	2,658,693	-	
	<b>Net Assets, End of Year</b>	<b>\$ 2,584,089</b>	<b>\$ 2,623,693</b>	<b>\$ 3,287,842</b>	<b>\$ (289,273)</b>	

The excess of net assets for Waco Charter School will be used to complete an asbestos removal project in 2021 and to relocate the gymnasium. Once the gymnasium has been relocated additional classrooms will be added. It is expected this entire project will extend over the 2021 and 2022 school years.

- {a} Actual expenditures less due to COVID-19 change in instruction.
- {b} Function not originally budgeted, actual expenditures less due to COVID-19 change in instruction.
- Reclassification of coding for staff expenses and actual expenditures for staff related expenses varied from budget due to planning and availability of services due to COVID-19 restrictions.
- {c} due to COVID-19 restrictions.
- {d} Actual expenditures less due to COVID-19 change in instruction.
- {e} Actual expenditures less due to COVID-19 change in instruction.
- {f} Actual expenditures less due to COVID-19 change in instruction.
- {g} Additional legal fees and payroll allocation were greater than budgeted.
- {h} Actual expenditures less due to COVID-19 change in instruction.
- {i} Budget for renovations and construction originally budgeted in function 51 and expenses increased due to Covid safety guidelines.
- {j} IT contracted services and supplies were less than originally budgeted



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**Statement of Financial Position Combining Schedule**  
**For the Year Ended August 31, 2020**

	Without Donor Restrictions Net Assets (199)	ESEA Title I Part A (211)	Idea Part B, Formula (224)	Idea Part B, Preschool (225)	National School Breakfast and Lunch (240)	ESEA Title II, Part A (255)	Federally Funded Special Revenue Funds (289)	State Instructional Materials Fund (410)	Foundation School Program and other State Aid (420)	State Funded Special Revenue Funds (427)	State Funded Special Revenue Funds (429)	Net Assets With Donor Restrictions (863)	Elimination Entry	Total
<b>ASSETS:</b>														
<b>Current Assets:</b>														
Cash and Cash Equivalents	\$ 10,674	\$ 22,340	\$ -	\$ -	\$ 57,241	\$ -	\$ -	\$ -	\$ 1,113,150	\$ 48,908	\$ -	\$ 298,438		\$ 1,550,751
Grants/Contracts Receivable	-	8,418	20,820	270	10,225	8,392	5,421	-	111,492	-	2,000	-		167,038
Other Receivables	-	-	-	-	16,884	-	-	-	139,202	-	-	-		156,086
Due From Other Funds	-	-	-	-	-	-	-	4,064	197,531	-	-	-	(201,595)	-
Inventory	-	-	-	-	1,693	-	-	-	-	-	-	-		1,693
<b>Total Current Assets</b>	<b>10,674</b>	<b>30,758</b>	<b>20,820</b>	<b>270</b>	<b>86,043</b>	<b>8,392</b>	<b>5,421</b>	<b>4,064</b>	<b>1,561,375</b>	<b>48,908</b>	<b>2,000</b>	<b>298,438</b>	<b>(201,595)</b>	<b>1,875,568</b>
<b>Noncurrent Assets:</b>														
<b>Property and Equipment:</b>														
Buildings and Land	-	-	-	-	-	-	-	-	2,447,795	-	-	-		2,447,795
Equipment	-	-	-	-	4,850	-	-	-	147,693	-	-	-		152,543
Accumulated Depreciation	-	-	-	-	-	-	-	-	(920,017)	-	-	-		(920,017)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,675,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,680,321</b>
<b>TOTAL ASSETS</b>	<b>10,674</b>	<b>30,758</b>	<b>20,820</b>	<b>270</b>	<b>90,893</b>	<b>8,392</b>	<b>5,421</b>	<b>4,064</b>	<b>3,236,846</b>	<b>48,908</b>	<b>2,000</b>	<b>298,438</b>	<b>(201,595)</b>	<b>3,555,889</b>
<b>LIABILITIES AND NET ASSETS:</b>														
<b>Current Liabilities:</b>														
Accounts Payable	\$ 2,416	\$ 1,235	\$ -	\$ 270	\$ 24,024	\$ 665	\$ -	\$ -	\$ 61,817	\$ -	\$ -	\$ 503		\$ 90,930
Due to Other Funds	2,111	29,523	20,820	-	1,616	7,727	5,421	-	-	-	2,000	132,377	(201,595)	-
Accrued Salaries	-	-	-	-	-	-	-	-	-	-	-	99,861		99,861
Accrued Annual Leave	-	-	-	-	3,211	-	-	-	2,474	-	-	65,697		71,382
Deferred Revenue	-	-	-	-	-	-	-	-	5,874	-	-	-		5,874
<b>Total Current Liabilities</b>	<b>4,527</b>	<b>30,758</b>	<b>20,820</b>	<b>270</b>	<b>28,851</b>	<b>8,392</b>	<b>5,421</b>	<b>-</b>	<b>70,165</b>	<b>-</b>	<b>2,000</b>	<b>298,438</b>	<b>(201,595)</b>	<b>268,047</b>
<b>Total Liabilities</b>	<b>4,527</b>	<b>30,758</b>	<b>20,820</b>	<b>270</b>	<b>28,851</b>	<b>8,392</b>	<b>5,421</b>	<b>-</b>	<b>70,165</b>	<b>-</b>	<b>2,000</b>	<b>298,438</b>	<b>(201,595)</b>	<b>268,047</b>
<b>NET ASSETS:</b>														
Without Donor Restrictions	6,147	-	-	-	-	-	-	4,064	1,618,772	-	-	-	-	1,628,983
With Donor Restrictions	-	-	-	-	62,042	-	-	-	1,547,909	48,908	-	-	-	1,658,859
<b>Total Net Assets</b>	<b>6,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,042</b>	<b>-</b>	<b>-</b>	<b>4,064</b>	<b>3,166,681</b>	<b>48,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,287,842</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,674</b>	<b>\$ 30,758</b>	<b>\$ 20,820</b>	<b>\$ 270</b>	<b>\$ 90,893</b>	<b>\$ 8,392</b>	<b>\$ 5,421</b>	<b>\$ 4,064</b>	<b>\$ 3,236,846</b>	<b>\$ 48,908</b>	<b>\$ 2,000</b>	<b>\$ 298,438</b>	<b>\$ (201,595)</b>	<b>\$ 3,555,889</b>

**WACO CHARTER SCHOOL**  
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**Statement of Activities Combining Schedule**  
**For the Year Ended August 31, 2020**

	Without Donor		Idea Part B, Formula (224)	Idea Part B, Preschool (225)	National School Breakfast and Lunch (240)	ESEA Title II, Part A (255)	Federally Funded Special Revenue Funds (289)	State		State Funded		Total
	Restrictions Net Assets (199)	ESEA Title I Part A (211)						Instructional Materials Fund (410)	Foundation School Program and other State Aid (420)	Special Revenue Funds (427)	State Funded Special Revenue Funds (429)	
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ 5,576	\$ -	\$ -	\$ -	\$ 18,070	\$ -	\$ -	\$ 23,646
State Program Revenues												
Foundation School Program	-	-	-	-	-	-	-	-	2,420,001	-	-	2,420,001
Other State Aid	-	-	-	-	38,947	-	-	17,382	-	64,855	2,000	123,184
Federal Program Revenues												
ESEA Title I, Part A	-	142,658	-	-	-	-	-	-	-	-	-	142,658
ESEA Title II, Part A Teacher/Principal Training	-	-	-	-	-	7,465	-	-	-	-	-	7,465
Child Nutrition	-	-	-	-	143,652	-	-	-	-	-	-	143,652
USDA Donated Commodities	-	-	-	-	3,637	-	-	-	-	-	-	3,637
Summer School LEP	-	-	-	-	-	-	5,421	-	1,336	-	-	6,757
IDEA-B Formula	-	-	48,949	-	-	-	-	-	-	-	-	48,949
IDEA-B Preschool	-	-	-	270	-	-	-	-	-	-	-	270
Net Assets Released from Restrictions:												
Satisfaction of Program Requirements	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues and Gains</b>	<b>-</b>	<b>142,658</b>	<b>48,949</b>	<b>270</b>	<b>191,812</b>	<b>7,465</b>	<b>5,421</b>	<b>17,382</b>	<b>2,439,407</b>	<b>64,855</b>	<b>2,000</b>	<b>2,920,219</b>
Program Services:												
Instruction	\$ -	\$ 142,658	\$ -	\$ -	\$ -	\$ 5,915	\$ 5,421	\$ -	\$ 1,173,972	\$ -	\$ -	\$ 1,327,966
Instructional Resources and Media Services	-	-	-	-	-	-	-	-	201,717	-	-	201,717
School Leadership	-	-	-	-	-	1,100	-	-	-	-	-	1,100
Support Services - Student (Pupil)												
Guidance, Counseling, and Evaluation Services	-	-	48,949	270	198,374	-	-	-	58,587	15,947	-	322,127
General Administration	-	-	-	-	-	450	-	-	216,536	-	2,000	218,986
Facilities Maintenance and Operations	-	-	-	-	-	-	-	-	219,174	-	-	219,174
<b>Total Expenses and Losses</b>	<b>-</b>	<b>142,658</b>	<b>48,949</b>	<b>270</b>	<b>198,374</b>	<b>7,465</b>	<b>5,421</b>	<b>-</b>	<b>1,869,986</b>	<b>15,947</b>	<b>2,000</b>	<b>2,291,070</b>
Change in Net Assets	-	-	-	-	(6,562)	-	-	17,382	569,421	48,908	-	629,149
Beginning Net Assets	6,147	-	-	-	68,604	-	-	(13,318)	2,597,260	-	-	2,658,693
Ending Net Assets	\$ 6,147	\$ -	\$ -	\$ -	\$ 62,042	\$ -	\$ -	\$ 4,064	\$ 3,166,681	\$ 48,908	\$ -	\$ 3,287,842

## **COMPLIANCE AND INTERNAL CONTROLS**



**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Waco Charter School

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 Waco Charter School (the "School"), 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 25, 2021 which contained an unmodified opinion on these financial statements.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the 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 instance 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 the School’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Houston, Texas  
January 25, 2021

**WACO CHARETER SCHOOL**  
(A Texas Nonprofit Organization)

**Summary Schedule of Findings and Responses**  
**Year Ended August 31, 2020**

**SECTION 1:**

**SUMMARY OF AUDITOR'S RESULTS**

*Financial Statement Section*

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a) Material weakness identified?	No
b) Significant deficiencies identified, which are not considered to be material weaknesses?	No
c) Noncompliance material to financial statements noted?	No

**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)  
**Summary Schedule of Findings and Responses**  
**Year Ended August 31, 2020**

**SECTION 2:**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)

**Summary Schedule of Findings and Responses**  
**Year Ended August 31, 2020**

**FINDINGS - STATE COMPLIANCE AND REPORTING REQUIREMENTS**

None reported



**WACO CHARTER SCHOOL**  
(A Texas Nonprofit Organization)

**Summary Schedule of Prior Year Findings and Current Status**  
**Year Ended August 31, 2020**

**FINDINGS- FINANCIAL STATEMENT AUDIT**

**None Reported**