

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, 2021 and 2020

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WACO CHARTER SCHOOL
(A Texas Nonprofit Organization)

Years Ended August 31, 2021 and 2020

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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) _____ approved _____ disapproved for the year ended August 31, 2021, at a meeting of the governing body of the charter holder on the 15 day of November, 2021.

DocuSigned by:

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Signature of Board Secretary

DocuSigned by:

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Signature of Board President

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McConnell Jones

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 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 School as of August 31, 2021, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the School's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 November 15, 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
November 15, 2021

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WACO CHARTER SCHOOL
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Statements of Financial Position
August 31, 2021 and 2020

	2021	2020
ASSETS:		
Current Assets:		
Cash	\$ 1,615,709	\$ 1,550,751
Due from Other Governments	216,437	167,038
Due from Related Party	225,053	156,086
Inventories	1,693	1,693
Total Current Assets	2,058,892	1,875,568
Noncurrent Assets:		
Land	120,000	120,000
Buildings and Improvements, Net	1,488,631	1,552,283
Furniture and Equipment, Net	84,970	8,038
Total Noncurrent Assets	1,693,601	1,680,321
TOTAL ASSETS	\$ 3,752,493	\$ 3,555,889
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts Payable	\$ 30,626	\$ 90,930
Accrued Liabilities	290,444	171,243
Deferred Revenue	5,874	5,874
Total Current Liabilities	326,944	268,047
TOTAL LIABILITIES	326,944	268,047
Net Assets:		
Without donor restrictions	1,665,297	1,629,671
With donor restrictions	1,760,252	1,658,171
Total Net Assets	3,425,549	3,287,842
TOTAL LIABILITIES AND NET ASSETS	\$ 3,752,493	\$ 3,555,889

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, 2021
(With comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUES:				
Local and Intermediate Sources	\$ 35,626	\$ 12,607	\$ 48,233	\$ 23,646
State Program Revenues				
Foundation School Program	-	2,274,845	2,274,845	2,420,001
Other State Aid	-	49,586	49,586	123,184
Total State Program Revenues	-	2,324,431	2,324,431	2,543,185
Federal Program Revenues				
ESEA Title I, Part A	-	108,661	108,661	142,658
ESEA Title II, Part A Teacher/Principal Training	-	17,145	17,145	7,465
ESSER Grant	-	59,347	59,347	-
Instructional Continuity	-	10,500	10,500	-
ESSER III	-	22,798	22,798	-
Child Nutrition	-	144,201	144,201	143,652
USDA Donated Commodities	-	3,455	3,455	3,637
Summer School LEP	-	15,973	15,973	6,757
IDEA-B Formula	-	54,547	54,547	48,949
IDEA-B Preschool	-	13,451	13,451	270
Total Federal Revenues	-	450,078	450,078	353,388
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	2,685,035	(2,685,035)	-	-
Total Revenues	2,720,661	102,081	2,822,742	2,920,219
EXPENSES:				
Program Services:				
Instruction and Instructional-Related Services	1,550,481	-	1,550,481	1,327,966
Instructional and School Leadership	237,990	-	237,990	202,817
Support Services:				
Administrative Support Services	139,453	-	139,453	218,986
Support Services-Student (Pupil)	326,433	-	326,433	322,127
Support Services-Non-Student Based	430,678	-	430,678	219,174
Total Expenses	2,685,035	-	2,685,035	2,291,070
Change in Net Assets	35,626	102,081	137,707	629,149
Net Assets, Beginning of Year	1,629,671	1,658,171	3,287,842	2,658,693
Net Assets, End of Year	\$ 1,665,297	\$ 1,760,252	\$ 3,425,549	\$ 3,287,842

The accompanying notes are an integral part of these statements

WACO CHARTER SCHOOL
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Statements of Functional Expenses
For the Year Ended August 31, 2021
(With comparative totals for 2020)

	Program Services			Supporting Services			2021 Total Expenditures	2020 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
EXPENSES:									
Salaries and wages	\$ 1,182,637	\$ 176,254	\$ 1,358,891	\$ 2,078	\$ 45,944	\$ 143,738	\$ 191,760	\$ 1,327,659	
Benefits	180,404	33,573	213,977	978	13,931	28,953	43,862	222,068	
Total Payroll Expenses	1,363,041	209,827	1,572,868	3,056	59,875	172,691	235,622	1,549,727	
Contract labor	2,762	-	2,762	23,996	-	41,454	65,450	70,991	
Tuition and Transfer Payments	5,000	-	5,000	-	-	-	-	5,000	
Contracted Maintenance and Repair	-	-	-	-	44,038	-	44,038	37,848	
Education Service Center	27,455	2,360	29,815	46,975	41,012	1,600	89,587	89,414	
Utilities	-	-	-	-	57,705	-	57,705	43,584	
Rent expense	-	-	-	3,710	-	-	3,710	6,339	
Miscellaneous Contracted Services	5,040	6,615	11,655	18,486	106,697	6,048	131,231	192,219	
Supplies and Materials for Maintenance and Operation	-	-	-	-	17,018	-	17,018	11,552	
Instructional materials	3,197	-	3,197	-	-	-	-	875	
Testing Materials	-	-	-	-	-	4,632	4,632	3,554	
Food	-	-	-	-	-	91,251	91,251	83,205	
Supplies and Materials—General	91,696	10,162	101,858	19,777	10,157	6,300	36,234	108,078	
Travel	9,032	493	9,525	-	-	-	-	6,244	
Insurance and bonding	-	-	-	9,908	23,265	-	33,173	21,297	
Capital expense	-	-	-	-	61,822	-	61,822	-	
Depreciation	40,669	8,533	49,202	6,609	7,510	2,457	16,576	57,900	
Other	2,589	-	2,589	6,936	1,579	-	8,515	8,243	
Total Non-payroll Expenses	187,440	28,163	215,603	136,397	370,803	153,742	660,942	741,343	
TOTAL EXPENSES	\$ 1,550,481	\$ 237,990	\$ 1,788,471	\$ 139,453	\$ 430,678	\$ 326,433	\$ 896,564	\$ 2,685,035	\$ 2,291,070

The accompanying notes are an integral part of these statements

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Statements of Cash Flows
For the Years Ended August 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
State Grant Receipts	\$ 2,188,255	\$ 2,541,029
Federal Grant Receipts	450,078	353,388
Receipts from Miscellaneous Sources	66,043	(105,993)
Payments to Vendors for Goods and Service Rendered	(751,870)	(578,241)
Payments to Charter School Personnel for Service Rendered	(1,808,490)	(1,549,727)
Net Cash Provided by Operating Activities	144,016	660,456
Cash Flows from Investing Activities:		
Acquisition or Construction of Capital Assets	(79,058)	-
Net Cash Used by Investing Activities	(79,058)	-
Net Increase in Cash and Cash Equivalents	64,958	660,456
Cash , Beginning of Year	1,550,751	890,295
Cash , End of Year	\$ 1,615,709	\$ 1,550,751
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Net Assets	\$ 137,707	\$ 629,149
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	65,778	57,900
Change in Operating Assets and Liabilities:		
Due from Other Governments	(49,399)	2,513
Due from Related Party	(68,967)	(129,639)
Inventories	-	524
Accounts Payable and Accrued Liabilities	58,897	100,272
Deferred Revenue	-	(263)
Total Adjustments	6,309	31,307
Net Cash Provided by Operating Activities	\$ 144,016	\$ 660,456

The accompanying notes are an integral part of these statements

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Notes to the Financial Statements
August 31, 2021 and 2020

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.

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August 31, 2021

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, 2021 and 2020.

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, 2021

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, 2021 and 2020, 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.

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Notes to the Financial Statements
August 31, 2021

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.

Budget

The official school budget is prepared for adoption for the general and food service funds. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the board. The budgetary comparison schedule in the supplementary information is prepared for general and food service funds only.

Fair Value Measurements

The requirements of Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

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Notes to the Financial Statements
August 31, 2021

transaction between market participants at the measurement date. FASB also establishes a fair value hierarchy that categorizes the inputs used in valuation methodologies into three levels. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. A three-tier hierarchy categorizes the inputs used to measure the fair value as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets for liabilities that the charter holder can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability.

The recorded value of the financial instruments approximated fair value as of August 31, 2021 and 2020.

New Accounting Pronouncements Adopted

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments require all entities, both donors and recipients, to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction and whether contributions are conditional or unconditional. The School adopted ASU 2018-08 in 2021. The adoption resulted in no impact to the financial statements.

Pending Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02 – Leases (Topic 842), which supersedes existing guidance on leases and amends and supersedes a number of other paragraphs throughout the FASB ASC. This update will be effective for the School's 2023 annual financial statements. Management is currently evaluating the impact this update will have on the School's financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendments in this update improve financial reporting by providing new presentation and

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August 31, 2021

disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The amendments in this update should be applied on a retrospective basis and are effective for the School's 2022 annual financial statements. Early adoption is permitted. Management does not expect the adoption to have a material impact on the 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, 2021 and 2020, the combined carrying amount of the School's deposits (cash, and interest-bearing savings accounts) were \$1,615,709 and \$1,550,751, respectively. As of August 31, 2021, the bank balance was \$1,744,764 and \$1,553,751, respectively. As of August 31, 2021, the total cash maintained by the School in banks exceeded the FDIC insured limit by \$1,494,764 and \$1,303,751, respectively. However, these amounts were sufficiently collateralized as of August 31, 2021 in accordance with Waco Charter School's agreement with Extraco to mitigate custodial credit risk.

The State of Texas and Federal Government provided a total of 98% and 99% of the School's total revenues for the year ended August 31, 2021, respectively, of which 82% and 87% was provided by the State of Texas. For total state funding, 98% and 95% of the total state funding, or 81% and 83% of total revenue, consists of Foundation School Program income as of August 31, 2021. Cash reported in the statement of financial position is different from the cash at banks due to outstanding checks and similar reconciling items.

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 \$65,778 and \$57,900 for the year ended August 31, 2021, respectively, and is included in plant maintenance and operations on the statement of activities.

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Notes to the Financial Statements
August 31, 2021

Capital assets as of August 31, 2021 were as follows:

	2021	2020
Land	\$ 120,000	\$ 120,000
Buildings and improvements	2,327,795	2,327,795
Furniture and equipment	231,601	152,543
Total capital assets	2,679,396	2,600,338
Less: accumulated depreciation	(985,795)	(920,017)
Capital assets, net	\$ 1,693,601	\$ 1,680,321

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Food Services	\$ 96,476	\$ 62,042
State Funded Special Revenue	20,816	-
Foundation School Program	1,642,960	1,596,129
Total Restricted Funds	\$ 1,760,252	\$ 1,658,171

A portion of the excess funds of net assets for Waco Charter School was used to complete an asbestos removal project in 2021. Funds will also be used to renovate the gymnasium. Once the gymnasium has been renovated, additional classrooms will be added. It is expected this entire project will extend over the 2021 and 2022 school years.

NOTE 5: STATE FOUNDATION PROGRAM REVENUE

The School's charter schools had 10 days of instruction in August 31, 2021. Based on the estimated State Foundation Program revenue for the 2020-2021 school year as provided by the Texas Education Agency, the charter school earned \$128,464 and \$113,218 of State Foundation Program revenue for these days of instruction for the fiscal year ended August 31, 2021. This revenue has been accrued at August 31, 2021 and will be received after September 1, 2021 and 2020 respectively.

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Notes to the Financial Statements
August 31, 2021

NOTE 6: 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, 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%

WACO CHARTER SCHOOL
(A Texas Nonprofit Organization)

Notes to the Financial Statements
August 31, 2021

The following presents information about the School's involvement of such multiemployer pension plan for the years ended August 31, 2021:

2021				
<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	\$103,996	No	N/A	No
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

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 7.50% of the covered payroll of the participating employees compensated with State funds for TRS Retirement for TRS Care. The School's contributions to the TRS was \$103,996 and \$97,029, the School contribution to TRS Care was \$10,130 and \$9,522 for the years ended August 31, 2021 and 2020, 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 1.6% for Public Education Employer Contribution (Formerly RE payment 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 \$535 and \$665, \$21,609 and \$19,043, and \$874 and \$2,727, for TRS Entity Fee, Public Education Employer Contribution (Formerly RE payment for Non-OASDI members), and TRS New Member Fee, respectively for the years ending August 31, 2021, respectively.

WACO CHARTER SCHOOL
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Notes to the Financial Statements
August 31, 2021

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 \$2,082 and \$2,447, \$8,779 and \$3,310, for the years ended August 31, 2021, 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, 2021 in the amount of \$34,850 and \$22,992 equal to the required contributions for each year.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Risk and Uncertainties

Due to the continuing uncertainties around COVID-19, TEA required all public and charter schools to delay in-person instruction for the 2020-2021 school year until after September 7, 2020. The School continues to take proper precautions to maintain the health and safety of the staff and students 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 as of August 31, 2021.

NOTE 8: 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, 2021, the division reimbursed EOAC for administrative costs, which were primarily personnel costs for accounting and controllership. The EOAC fiscal year end is August 31st of each year. As of August 31, 2021, the School recorded a total of \$225,053 and \$156,086, respectively, for receivable from EOAC.

WACO CHARTER SCHOOL
(A Texas Nonprofit Organization)

Notes to the Financial Statements
August 31, 2021

NOTE 9: 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 for the general and food service funds.

Management's budget amendments have occurred to ensure that actual expenditures align with approved budgeted amount. The School 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 10: 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,615,709	\$ 1,550,751
Receivables	216,437	167,038
	<u>\$ 1,832,146</u>	<u>\$ 1,717,789</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, cash is monitored daily.

NOTE 11: SUBSEQUENT EVENTS

The School has evaluated subsequent events through November 15, 2021, the date on which the financial statements were available to be issued.

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SUPPLEMENTARY INFORMATION

WACO CHARTER SCHOOL
(A Texas Nonprofit Organization)

Statements of Activities
For the Year Ended August 31, 2021
(With comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUES:				
Local and Intermediate Sources	\$ 35,626	\$ 12,607	\$ 48,233	\$ 23,646
State Program Revenues				
Foundation School Program	-	2,274,845	2,274,845	2,420,001
Other State Aid	-	49,586	49,586	123,184
Total State Program Revenues	<u>-</u>	<u>2,324,431</u>	<u>2,324,431</u>	<u>2,543,185</u>
Federal Program Revenues				
ESEA Title I, Part A	-	108,661	108,661	142,658
ESEA Title II, Part A Teacher/Principal Training	-	17,145	17,145	7,465
ESSER Grant	-	59,347	59,347	-
Instructional Continuity	-	10,500	10,500	-
ESSER III	-	22,798	22,798	-
Child Nutrition	-	144,201	144,201	143,652
USDA Donated Commodities	-	3,455	3,455	3,637
Summer School LEP	-	15,973	15,973	6,757.00
IDEA-B Formula	-	54,547	54,547	48,949
IDEA-B Preschool	-	13,451	13,451	270.00
Total Federal Revenues	<u>-</u>	<u>450,078</u>	<u>450,078</u>	<u>353,388</u>
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	<u>2,685,035</u>	<u>(2,685,035)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,720,661</u>	<u>102,081</u>	<u>2,822,742</u>	<u>2,920,219</u>
EXPENSES:				
11 Instruction	1,430,659	-	1,430,659	1,227,209
12 Instructional Resources and Media Services	44,384	-	44,384	28,801
13 Curriculum and Staff Development	75,438	-	75,438	71,956
21 Instructional Leadership	55,849	-	55,849	1,600.00
23 School Leadership	182,141	-	182,141	201,217
31 Guidance, Counseling, and Evaluation Services	94,930	-	94,930	96,623
33 Health Services	47,548	-	47,548	27,130
35 Food Services	183,955	-	183,955	198,374
41 General Administration	139,453	-	139,453	218,986
51 Facilities Maintenance and Operations	250,714	-	250,714	187,270
52 Security and Monitoring Services	7,700	-	7,700	727
53 Data Processing Services	172,264	-	172,264	31,177
Total Expenses	<u>2,685,035</u>	<u>-</u>	<u>2,685,035</u>	<u>2,291,070</u>
Change in Net Assets	<u>35,626</u>	<u>102,081</u>	<u>137,707</u>	<u>629,149</u>
Net Assets, Beginning of Year	<u>1,629,671</u>	<u>1,658,171</u>	<u>3,287,842</u>	<u>2,658,693</u>
Net Assets, End of Year	<u>\$ 1,665,297</u>	<u>\$ 1,760,252</u>	<u>\$ 3,425,549</u>	<u>\$ 3,287,842</u>

WACO CHARTER SCHOOL
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Schedules of Expenses
For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
EXPENSES		
6100 Payroll Costs	\$ 1,808,490	\$ 1,549,727
6200 Professional and Contracted Services	440,953	440,395
6300 Supplies and Materials	316,012	207,264
6400 Other Operating Costs	<u>119,580</u>	<u>93,684</u>
Total Expenses	<u>\$ 2,685,035</u>	<u>\$ 2,291,070</u>

WACO CHARTER SCHOOL
(A Texas Nonprofit Organization)

Schedules of Capital Assets
For the Years Ended August 31, 2021 and 2020

2021				
Ownership Interest				
	Local	State	Federal	Total
1510 Land and Improvements	\$ -	\$ 120,000	\$ -	\$ 120,000
1520 Buildings and Improvements	407,247	743,548	1,177,000	2,327,795
1539 Furniture and Equipment	68,115	158,636	4,850	231,601
Total Property and Equipment	\$ 475,362	\$1,022,184	\$1,181,850	\$2,679,396

2020				
Ownership Interest				
	Local	State	Federal	Total
1510 Land and Improvements	\$ -	\$ 120,000	\$ -	\$ 120,000
1520 Buildings and Improvements	407,247	743,548	1,177,000	2,327,795
1539 Furniture and Equipment	30,536	117,157	4,850	152,543
Total Property and Equipment	\$ 437,783	\$ 980,705	\$1,181,850	\$2,600,338

WACO CHARTER SCHOOL
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**Schedule of Real Property Ownership Interest
For the Year Ended August 31, 2021**

Description	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest- State	Ownership Interest- Federal
Building	609-629 N. 25th Street, Waco, TX 76707	\$ 2,327,795	\$ 407,247	\$ 743,548	\$ 1,177,000
Land	609-629 N. 25th Street, Waco, TX 76707	120,000	-	120,000	-

WACO CHARTER SCHOOL
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Schedule of Related Party Transactions
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>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During FY</u>	<u>Principal Balance Due</u>
Economic Opportunities Advancement Corporation	Waco Charter School	Parent Company	Due to/Due from	N/A	Local	Monthly	\$ 6,950,216	\$ 225,053

WACO CHARTER SCHOOL
(A Texas Nonprofit Organization)

Schedule of Related Party Compensation and Benefits
For the Year Ended August 31, 2021

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -

WACO CHARTER SCHOOL
(A Texas Nonprofit Organization)
Budgetary Comparison Schedule
General & Food Service Funds only
For the Year Ended August 31, 2021

Data Control Codes		Budgeted Amounts			Variance with Final Budget	
		Original	Final	Actual		
REVENUES:						
5700	Local and Intermediate Sources	\$ 23,100	\$ 29,100	48,233	\$ 19,133	66% {a}
5800	State Program Revenues	2,280,000	2,240,000	2,312,970	72,970	3%
5900	Federal Program Revenues	194,000	164,000	149,050	(14,950)	-9%
	Total Revenues	<u>2,497,100</u>	<u>2,433,100</u>	<u>2,510,253</u>	<u>77,153</u>	
EXPENSES						
Current:						
Instruction and Instructional Related Services:						
11	Instruction	1,446,182	1,281,182	1,213,586	67,596	5%
12	Instructional Resources and Media Services	44,437	36,937	42,904	(5,967)	-16% {b}
13	Curriculum and Staff Development	40,000	70,000	71,534	(1,534)	-2%
	Total Instruction and Instructional Related Services	<u>1,530,619</u>	<u>1,388,119</u>	<u>1,328,024</u>	<u>60,095</u>	
Instructional and School Leadership:						
21	Instructional Leadership	109,533	99,533	55,849	43,684	44% {c}
23	School Leadership	128,050	158,050	167,541	(9,491)	-6%
	Total Instructional and School Leadership	<u>237,583</u>	<u>257,583</u>	<u>223,390</u>	<u>34,193</u>	
Support Services - Student (Pupil):						
31	Guidance, Counseling, and Evaluation Services	41,000	16,000	5,454	10,546	66% {d}
33	Health Services	47,751	47,751	46,651	1,100	2%
	Total Support Services - Student (Pupil)	<u>88,751</u>	<u>63,751</u>	<u>52,105</u>	<u>11,646</u>	
35	Food Services	200,100	176,100	184,967	(8,867)	-5%
	Total Food Services	<u>200,100</u>	<u>176,100</u>	<u>184,967</u>	<u>(8,867)</u>	
Administrative Support Services:						
41	General Administration	169,820	169,820	132,344	37,476	22% {e}
	Total Administrative Support Services	<u>169,820</u>	<u>169,820</u>	<u>132,344</u>	<u>37,476</u>	
Support Services - Nonstudent Based:						
51	Facilities Maintenance and Operations	206,411	206,411	244,379	(37,968)	-18% {f}
52	Security and Monitoring Services	800	8,300	7,658	642	8%
53	Data Processing Services	63,016	163,016	178,839	(15,823)	-10% {g}
	Total Support Services - Nonstudent Based	<u>270,227</u>	<u>377,727</u>	<u>430,876</u>	<u>(53,149)</u>	
	Total Expenses	<u>2,497,100</u>	<u>2,433,100</u>	<u>2,351,706</u>	<u>81,394</u>	
	Change in Net Assets	-	-	158,547	(4,241)	
	Net Assets, Beginning of Year	<u>3,287,842</u>	<u>3,287,842</u>	<u>3,287,842</u>	-	
	Net Assets, End of Year	<u>\$ 3,287,842</u>	<u>\$ 3,287,842</u>	<u>\$ 3,446,389</u>	<u>\$ (4,241)</u>	

- {a} The School filed a property damage insurance claim due to the February 2021 winter storm and received insurance funds to cover repair expenses.
- {b} Expenses for classroom materials/supplies (Education Galaxy/Tx Scottish Rite)
- {c} Portion of salaries and fringe benefits for Cross and Crocker
- {d} Funds from IDEA-B SpEd were used for contract services which decreased expenditures in 420 fund, expenses were less due to Covid
- {e} Audit and legal fees and insurance were greater than budgeted
- {f} Renovations/construction/maintenance to main building and portables
- {g} Skyward/ISCORP/TCP expenses more than originally budgeted

Reconciliation to Ending Net Assets	
Change in net assets due to activity in other funds	44,938
Depreciation of capital assets	(65,778)
Change in Net Assets (all funds)	<u>137,707</u>
Beginning net assets	<u>3,287,842</u>
Ending Net Assets	<u><u>3,425,549</u></u>

WACO CHARTER SCHOOL
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Statement of Financial Position Combining Schedule
For the Year Ended August 31, 2021

	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)	ESSER Grant (266)	Instructional Continuity (276)	ESSER III (282)	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
ASSETS:																	
Current Assets:																	
Cash and Cash Equivalents	\$ 10,674	\$ 25,039	\$ -	\$ -	\$ 78,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,219,584	\$ 9,355	\$ -	\$ 272,250		\$ 1,615,709
Grants/Contracts Receivable	-	13,157	15,158	2,266	6,177	9,036	-	10,500	22,798	10,607	-	126,738	-	-	-	-	216,437
Due from related party	-	-	-	-	16,884	-	-	-	-	-	-	121,392	-	-	86,777	-	225,053
Due From Other Funds	-	-	-	-	-	-	-	-	-	-	4,064	231,617	-	-	-	(235,681)	-
Inventory	-	-	-	-	1,693	-	-	-	-	-	-	-	-	-	-	-	1,693
Total Current Assets	10,674	38,196	15,158	2,266	103,561	9,036	-	10,500	22,798	10,607	4,064	1,699,331	9,355	-	359,027	(235,681)	2,058,892
Noncurrent Assets:																	
Property and Equipment:																	
Buildings and Land	-	-	-	-	-	-	-	-	-	-	-	2,447,795	-	-	-	-	2,447,795
Equipment	-	-	-	-	4,850	-	37,579	-	-	-	-	177,711	-	11,461	-	-	231,601
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-	(985,795)	-	-	-	-	(985,795)
Total Noncurrent Assets	-	-	-	-	4,850	-	37,579	-	-	-	-	1,639,711	-	11,461	-	-	1,693,601
TOTAL ASSETS	10,674	38,196	15,158	2,266	108,411	9,036	37,579	10,500	22,798	10,607	4,064	3,339,042	9,355	11,461	359,027	(235,681)	3,752,493
LIABILITIES AND NET ASSETS:																	
Current Liabilities:																	
Accounts Payable	\$ 2,416	\$ 549	\$ -	\$ -	\$ 7,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,735	\$ -	\$ -	\$ 3,818		\$ 30,626
Due to Other Funds	2,111	30,753	13,617	2,266	1,616	9,036	-	10,500	22,798	10,607	-	-	-	-	132,377	(235,681)	-
Accrued Salaries	-	6,092	1,237	-	-	-	-	-	-	-	-	46,484	-	-	-	-	53,813
Accrued Annual Leave	-	-	-	-	3,211	-	-	-	-	-	-	2,474	-	-	-	-	5,685
Accrued Payroll Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222,832	-	222,832
Other Accrued Expenses	-	802	304	-	-	-	-	-	-	-	-	7,008	-	-	-	-	8,114
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	5,874	-	-	-	-	5,874
Total Current Liabilities	4,527	38,196	15,158	2,266	11,935	9,036	-	10,500	22,798	10,607	-	78,575	-	-	359,027	(235,681)	326,944
Total Liabilities	4,527	38,196	15,158	2,266	11,935	9,036	-	10,500	22,798	10,607	-	78,575	-	-	359,027	(235,681)	326,944
NET ASSETS:																	
Without Donor Restrictions	6,147	-	-	-	-	-	-	-	-	-	4,064	1,655,086	-	-	-	-	1,665,297
With Donor Restrictions	-	-	-	-	96,476	-	37,579	-	-	-	-	1,605,381	9,355	11,461	-	-	1,760,252
Total Net Assets	6,147	-	-	-	96,476	-	37,579	-	-	-	4,064	3,260,467	9,355	11,461	-	-	3,425,549
TOTAL LIABILITIES AND NET ASSETS	\$ 10,674	\$ 38,196	\$ 15,158	\$ 2,266	\$ 108,411	\$ 9,036	\$ 37,579	\$ 10,500	\$ 22,798	\$ 10,607	\$ 4,064	\$ 3,339,042	\$ 9,355	\$ 11,461	\$ 359,027	\$ (235,681)	\$ 3,752,493

WACO CHARTER SCHOOL
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Statement of Activities Combining Schedule
For the Year Ended August 31, 2021

	Without Donor		Idea Part B, Formula (224)	Idea Part B, Preschool (225)	National School Breakfast and Lunch (240)	ESEA Title II, Part A (255)	ESSER Grant (266)	Instructional Continuity (276)	ESSER III (282)	Federally Funded Special Revenue Funds (289)	State		State Funded		Net Assets		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)	With Donor Restrictions (863)	Elimination Entry	
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ 12,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,626	\$ -	\$ -	\$ -	\$ -	\$ 48,233
Transfers					19,921							(19,921)					
State Program Revenues																	
Foundation School Program	-	-	-	-	-	-	-	-	-	-	-	2,274,845	-	-	-	-	2,274,845
Other State Aid	-	-	-	-	38,125	-	-	-	-	-	-	-	-	11,461	-	-	49,586
Federal Program Revenues																	
ESEA Title I, Part A	-	108,661	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108,661
ESEA Title II, Part A Teacher/Principal Training	-	-	-	-	-	17,145	-	-	-	-	-	-	-	-	-	-	17,145
ESSER Grant	-	-	-	-	-	-	59,347	-	-	-	-	-	-	-	-	-	59,347
Instructional Continuity	-	-	-	-	-	-	-	10,500	-	-	-	-	-	-	-	-	10,500
ESSER III	-	-	-	-	-	-	-	-	22,798	-	-	-	-	-	-	-	22,798
Child Nutrition	-	-	-	-	144,201	-	-	-	-	-	-	-	-	-	-	-	144,201
USDA Donated Commodities	-	-	-	-	3,455	-	-	-	-	-	-	-	-	-	-	-	3,455
Summer School LEP	-	-	-	-	-	-	-	-	-	14,579	-	1,394	-	-	-	-	15,973
IDEA-B Formula	-	-	54,547	-	-	-	-	-	-	-	-	-	-	-	-	-	54,547
IDEA-B Preschool	-	-	-	13,451	-	-	-	-	-	-	-	-	-	-	-	-	13,451
Other sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets Released from Restrictions:																	
Satisfaction of Program Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues and Gains	-	108,661	54,547	13,451	218,309	17,145	59,347	10,500	22,798	14,579	-	2,291,944	-	11,461	-	-	2,822,742
Program Services:																	
Instruction	\$ -	\$ 105,576	\$ 10,138	\$ 2,400	\$ -	\$ 10,048	\$ 1,458	\$ 10,500	\$ 22,798	\$ 13,109	\$ -	\$ 1,364,272	\$ 10,182	\$ -	\$ -	\$ -	\$ 1,550,481
Instructional Resources and Media Services	-	3,085	-	-	-	2,982	-	-	-	-	-	231,923	-	-	-	-	237,990
Curriculum and Staff Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School Leadership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Support Services - Student (Pupil)																	
Guidance, Counseling, and Evaluation Services	-	-	44,409	11,051	183,875	1,615	-	-	-	1,470	-	54,642	29,371	-	-	-	326,433
Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cocurricular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Administration	-	-	-	-	-	500	-	-	-	-	-	138,953	-	-	-	-	139,453
Facilities Maintenance and Operations	-	-	-	-	-	2,000	20,310	-	-	-	-	408,368	-	-	-	-	430,678
Total Expenses and Losses	-	108,661	54,547	13,451	183,875	17,145	21,768	10,500	22,798	14,579	-	2,198,158	39,553	-	-	-	2,685,035
Change in Net Assets	-	-	-	-	34,434	-	37,579	-	-	-	-	93,786	(39,553)	11,461	-	-	137,707
Beginning Net Assets	6,147	-	-	-	62,042	-	-	-	-	-	4,064	3,166,681	48,908	-	-	-	3,287,842
Ending Net Assets	\$ 6,147	\$ -	\$ -	\$ -	\$ 96,476	\$ -	\$ 37,579	\$ -	\$ -	\$ -	\$ 4,064	\$ 3,260,467	\$ 9,355	\$ 11,461	\$ -	\$ -	\$ 3,425,549

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, 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 November 15, 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.



McConnell Jones

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
November 15, 2021

WACO CHARETER SCHOOL
(A Texas Nonprofit Organization)

Summary Schedule of Findings and Responses
Year Ended August 31, 2021

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, 2021

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, 2021

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, 2021

FINDINGS- FINANCIAL STATEMENT AUDIT

None Reported