

# The Excel Center (for Adults)

Financial and Compliance Reports

For the Fiscal Year Ended August 31, 2018

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**Certificate of Board**

The Excel Center (for Adults)  
Name

~~Bexar~~ *Franklin*  
County

227027  
Co. - Dist. Number

We, the undersigned, certify that the attached Financial and Compliance Reports of The Excel Center (for Adults) were reviewed and (✓) approved ( ) disapproved for the year ended August 31, 2018 at the meeting of the Board of Trustees of the charter holder on the 12<sup>th</sup> day of December, 2018.

*ATS Eduliyen*  
Signature of Board Secretary

*[Signature]*  
Signature of Board President

## Independent Auditor's Report

To the Board of Directors of  
Goodwill Industries of Central Texas (the Charter Holder)

### Report on the Financial Statements

We have audited the accompanying financial statements of The Excel Center (for Adults), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities 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 Excel Center (for Adults) as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Directors of  
Goodwill Industries of Central Texas (the Charter Holder)

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Report on Summarized Comparative Information**

We have previously audited the August 31, 2017 financial statements of The Excel Center (for Adults), and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of The Excel Center's (for Adults) 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 Excel Center's (for Adults) internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
December 7, 2018

**The Excel Center (for Adults)**  
 Statements of Financial Position  
 August 31, 2018 and 2017

**Exhibit A-1**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 339,011	\$ 193,800
Due from State	5,482	22,677
Related party receivable	44,001	125,000
Prepaid expenses	50	50
	<hr/>	<hr/>
Total current assets	388,544	341,527
<b>PROPERTY AND EQUIPMENT, net</b>	1,440	5,794
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u>\$ 389,984</u>	<u>\$ 347,321</u>
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 336	\$ -
Accrued wages	22,086	-
Due to State	24,751	3,054
Due to related party	164,477	175,430
	<hr/>	<hr/>
Total current liabilities	211,650	178,484
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	211,650	178,484
<b>NET ASSETS</b>		
Temporarily restricted	16,349	36,535
Unrestricted	161,985	132,302
	<hr/>	<hr/>
Total net assets	178,334	168,837
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 389,984</u>	<u>\$ 347,321</u>

The Notes to the Financial Statements are an integral part of these statements.

**The Excel Center (for Adults)**  
**Statements of Activities**  
**For the Fiscal Years Ended August 31, 2018 and 2017**

**Exhibit A-2**

		2018			
		Unrestricted	Temporarily Restricted	Total	2017
<b>Revenues</b>					
	Local support				
574X	Revenues from local sources	\$ 225,497	\$ 49,635	\$ 275,132	\$ 410,428
	Total local support	225,497	49,635	275,132	410,428
	State program revenues				
581X	Foundation school program	-	870,651	870,651	783,558
582X	State program revenues distributed by Texas Education Agency	-	23,105	23,105	21,430
	Total state program revenues	-	893,756	893,756	804,988
	Federal program revenues				
593X	Federal program revenues distributed by Texas Workforce Commission	-	20,267	20,267	4,215
	Total federal program revenues	-	20,267	20,267	4,215
	Net assets released from restriction				
	Restrictions satisfied by payments	983,844	(983,844)	-	-
	Total revenues	1,209,341	(20,186)	1,189,155	1,219,631
<b>Expenses</b>					
11	Instruction	435,825	-	435,825	452,617
13	Curriculum	-	-	-	33,737
23	Campus admin	152,215	-	152,215	116,261
31	Life coach	260,190	-	260,190	236,203
34	Transportation	2,114	-	2,114	4,497
41	General administration	31,030	-	31,030	21,389
51	Maintenance and operations	211,827	-	211,827	233,272
52	Security	-	-	-	2,185
53	Data processing services	9,860	-	9,860	16,871
61	Drop off/community service	76,597	-	76,597	61,964
	Total expenses	1,179,658	-	1,179,658	1,178,996
	Change in net assets	29,683	(20,186)	9,497	40,635
	<b>NET ASSETS, beginning of year</b>	132,302	36,535	168,837	128,202
	<b>NET ASSETS, end of year</b>	<u>\$ 161,985</u>	<u>\$ 16,349</u>	<u>\$ 178,334</u>	<u>\$ 168,837</u>

The Notes to the Financial Statements are an integral part of these statements.

**The Excel Center (for Adults)**  
 Statements of Cash Flows  
 For the Fiscal Years Ended August 31, 2018 and 2017

**Exhibit A-3**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Foundation school program payments	\$ 892,348	\$ 784,148
Grant payments	51,666	2,968
Local revenues	155,735	55,403
Payments to vendors for goods and services rendered	(953,098)	(873,844)
Net cash provided by (used in) operating activities	146,651	(31,325)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,440)	-
Net cash used in investing activities	(1,440)	-
Net increase (decrease) in cash	145,211	(31,325)
<b>CASH, beginning of year</b>	193,800	225,125
<b>CASH, end of year</b>	\$ 339,011	\$ 193,800
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO</b>		
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Change in net assets	\$ 9,497	\$ 40,635
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	5,794	34,892
Changes in assets and liabilities		
Due from related party	80,999	(125,000)
Due from State	17,195	(22,677)
Due to State	21,697	590
Due to related party	(10,953)	73,463
Accounts payable	336	(33,228)
Accrued wages	22,086	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	\$ 146,651	\$ (31,325)

The Notes to the Financial Statements are an integral part of these statements.



## The Excel Center (for Adults)

### Notes to the Financial Statements

#### Note 1. Organization

##### Organization

The Excel Center (for Adults) is a nonprofit charter school that began operations in August 2014. The school is a state authorized, open enrollment charter school. The contract for Charter granted by the State Board of Education of the state of Texas pursuant to Chapter 29.259 of the Texas Education Code is effective until July 2019. The Charter Holder is Goodwill Industries of Central Texas, Inc. The school is the first free, public charter high school in Austin, Texas to provide the opportunity to earn a high school diploma for individuals from 19 to 50 years of age.

#### Note 2. Summary of Significant Accounting Policies

##### Basis of Presentation

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

The Excel Center (for Adults) reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Excel Center (for Adults) currently has no permanently restricted net assets.

Unrestricted – net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Charter Holder, the charter school and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted – net assets required to be maintained in perpetuity with only the income to be used for the Charter Holder's activities due to donor-imposed restrictions.

##### New Accounting Pronouncements

In August of 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14. This update specifies new net asset classifications and requires changes to the notes and other information presented in the financial statements about the entity's liquidity, financial performance, and cash flows. The requirements of this standard are effective for financial statements for periods beginning after December 15, 2017. The Excel Center (for Adults) will adopt the standard in the fiscal year ending August 31, 2019 and is currently evaluating the impact of this standard on its financial statements.

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## The Excel Center (for Adults)

### Notes to the Financial Statements

#### Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investment instruments that are readily convertible to cash.

#### Concentration of Credit Risk

In the normal course of operations, The Excel Center (for Adults) maintains cash balances on deposit at a financial institution, which, at time, may exceed federally insured limits. The Excel Center (for Adults)'s exposure to loss should the financial institution fail, is the excess on deposit over the insured amount covered by the Federal Deposit Insurance Corporation. The Excel Center (for Adults) had not experienced any losses on such accounts and management believes The Excel Center (for Adults) is not exposed to any significant risk.

#### Accounts Receivable

The Excel Center (for Adults) accounts receivable represent amounts primarily due from the state of Texas for state and federal funding and related party.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions are reported as temporarily restricted support, and are then reclassified to unrestricted net assets upon satisfaction of the restriction or expiration of the time restriction.

#### Conditional Promises to Give

As of August 31, 2018, the Organization has outstanding conditional commitments totaling approximately \$50,670 from local foundations. Based on the terms of the commitments, the Organization will receive approximately \$38,002 during the fiscal year ending August 31, 2019 and the remaining \$12,668 during the fiscal year ending August 31, 2020. These commitments have been determined to be conditional due to the foundations' ability to suspend future funding. Amounts will be recognized as the Organization receives confirmation from the foundations that future amounts will be funded.

#### Capital Assets

Capital assets, which include furniture and equipment, are reported in the general purpose financial statements. Capital assets are defined by the Charter holder as assets with an individual cost of more than \$5,000 and with a useful life of more than one year. Such assets are recorded at historical cost and are depreciated over the estimated useful life of the assets using the straight-line method of depreciation and the following asset classification:

<u>Type</u>	<u>Useful Life</u>
Furniture and equipment	3 years
Curriculum	10 years

Donations of assets from the Charter Holder are recorded as direct additions to net assets at the net book value on the date of donation, which is then treated as cost, and depreciated over the remaining useful life of the asset, using the straight-line method of depreciation.

## The Excel Center (for Adults)

### Notes to the Financial Statements

#### Income Taxes

The Excel Center (for Adults) is exempt from income taxes under IRS Code Section 501(c)(3). Therefore, no provision has been made for Federal income taxes in the accompanying financial statements.

#### Uncertain Tax Positions

The Excel Center (for Adults) recognizes in its financial statements the financial effects of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken related to The Excel Center (for Adults)'s tax exempt status, unrelated business income and deductibility of expenses has been reviewed and management is of the opinion that material positions taken by The Excel Center (for Adults) would more likely than not be sustained upon examination. Accordingly, The Excel Center (for Adults) has not recorded and income tax liability for uncertain tax benefits.

#### Subsequent Events

The School has evaluated subsequent events that occurred after August 31, 2018 through the date of this report on December 7, 2018. There were no events or transactions that warrant additional disclosure.

### Note 3. Accounts Receivable

#### Due from Governmental Agencies and Related Party

Accounts receivable as of August 31, 2018 and 2017 is comprised solely of amounts due from state agencies and related party. The Excel Center (for adults) considers these amounts as highly collectible; accordingly, no allowance for doubtful accounts is recorded in these financial statements.

### Note 4. Property and Equipment, Net

Property and equipment, net, consisted of the following as of August 31, 2018 and 2017 were as follows:

	2018	2017
Furniture and equipment	\$ 93,992	\$ 92,552
Less accumulated depreciation	92,552	86,758
<b>Property and equipment, net</b>	<b>\$ 1,440</b>	<b>\$ 5,794</b>

Capital assets acquired with public funds received by the Excel Center (for Adults) for the operation of the charter school constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the supplemental schedule of capital assets.

Depreciation expense was \$5,794 and \$34,892 for the years ended August 31, 2018 and 2017.

**The Excel Center (for Adults)**  
Notes to the Financial Statements

**Note 5. Pension Plan Obligations**

**Plan Description**

The Charter Holder contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit plan with one exception: all risks and costs are not shared by the Charter Holder, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. As such, there is not a collective bargaining agreement. The risks of participating in this plan differs from single-employer plans in several ways: Charter Holders 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, the unfunded obligations get passed along to the other charters and ISDs and there is a not a withdrawal penalty for leaving the TRS system.

**Plan Information – Teacher Retirement System of Texas (TRS)**

	2018	2017
Total plan assets	\$ 147,361,922,120	\$ 134,008,637,473
Accumulated benefit obligations	179,336,534,819	171,797,150,487
Percentage plan is funded	82.17%	78.00%

**Contributions to the Plan**

The Excel Center’s (for Adults) contributions to the plan did not represent more than 5% of the total contributions to the plan. During Fiscal Year 2018 and 2017, the Excel Center (for Adults) contracted with the Excel Center CDN 227828 for all staff services. All contributions to the TRS were made by the Excel Center CDN 227828.

**Contribution Rates**

	2018	2017
Member	7.70%	7.70%
Non-employer contributing entity (State)	6.80%	6.80%

**Plan Information**

TRS issues a publicly available financial report that includes financial statements and Required Supplementary Information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701; by calling the TRS Communications Department at 1-800-223-8778; or by downloading the report from the TRS website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading.

## The Excel Center (for Adults)

Notes to the Financial Statements

### Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	2018	2017
Student government account	\$ 13	\$ 13
Applied Materials grant	8,271	3,114
Webber Foundation grant	5,066	7,548
Michael and Susan Dell Foundation grant	411	23,272
State Textbook Fund	2,588	2,588
<b>Total</b>	<b>\$ 16,349</b>	<b>\$ 36,535</b>

### Note 7. Commitment and Contingencies

#### Grants

The Excel Center (for Adults) received funding through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the TEA and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by The Excel Center (for Adults) have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, The Excel Center's (for Adults) funds may be subject to refund if so determined by the TEA or the grantor agency.

### Note 8. Related Party Transactions

#### Description

Goodwill Industries of Central Texas (GICT) is the charter holder and controlling entity of The Excel Center (for Adults). GICT's support for the Excel Center (for Adults) includes supplemental funding for the operation of the school and rent-free space to house the school.

GICT donates rent of the facilities to the Excel Center (for Adults). To accurately reflect the transaction, revenue and expenses in the amount of \$209,297 and \$230,130 were recorded for the years ended August 31, 2018 and 2017, respectively.

The Excel Center (for Adults) shares space, equipment and staff with another open enrollment charter school, The Excel Center – CDN 227828. Costs that solely benefit students enrolled in The Excel Center (for Adults) are reported and paid for by The Excel Center (for Adults). Costs that benefits students of both schools are allocated on a percentage of enrollment basis. The ratio for the year ended August 31, 2018 was determined by dividing the enrollment of each school by their combined sum. As of October 27, 2017, the enrollments were 197 students and 350 students in The Excel Center (for Adults) and The Excel Center, creating a split of 36% and 64% respectively. Payments made by The Excel Center (for Adults) to The Excel Center for fiscal years ending August 31, 2018 and 2017 for shared expenses totaled \$932,398 and \$904,512, respectively.

Additionally, as of August 31, 2018 and 2017, The Excel Center (for Adults) owed the Excel Center a total of \$163,796 and \$175,430, respectively, which is included in due to related parties in the accompanying Statement of Financial Position.

## Supplemental Information

**The Excel Center (for Adults)**

Schedules of Expenses

For the Fiscal Years Ended August 31, 2018 and 2017

**Exhibit C-1**

General school operation for the year ended August 31:

<u>Expenses</u>	<u>2018</u>	<u>2017</u>
6200 Professional and contracted services	1,115,879	1,094,878
6300 Supplies and materials	42,687	34,663
6400 Other operating costs	21,092	49,455
<b>Total expenses</b>	<b>\$ 1,179,658</b>	<b>\$ 1,178,996</b>

**The Excel Center (for Adults)**  
Schedules of Capital Assets  
August 31, 2018 and 2017

**Exhibit D-1**

The schedule of capital assets as of August 31, 2018 is as follows:

	Ownership Interest			Total
	Local	State	Federal	
1549 Furniture and equipment	\$ 76,611	\$ 17,381		\$ 93,992
Total property and equipment	76,611	17,381	-	93,992
1573 Less accumulated depreciation	(75,171)	(17,381)		(92,552)
<b>Property and equipment, net</b>	<b>\$ 1,440</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,440</b>

The schedule of capital assets as of August 31, 2017 is as follows:

	Ownership Interest			Total
	Local	State	Federal	
1549 Furniture and equipment	\$ 75,171	\$ 17,381	\$ -	\$ 92,552
Total property and equipment	75,171	17,381	-	92,552
1573 Less accumulated depreciation	(75,171)	(11,587)	-	(86,758)
<b>Property and equipment, net</b>	<b>\$ -</b>	<b>\$ 5,794</b>	<b>\$ -</b>	<b>\$ 5,794</b>



**The Excel Center (for Adults)**  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended August 31, 2018

**Exhibit E-1**

		<u>Budgeted Amounts</u>			Variance from Final Budget
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>					
	Local support				
574X	Revenues from Charter Holder and other local sources	\$ 329,970	\$ 215,000	\$ 225,497	\$ 10,497
	Total local support	329,970	215,000	225,497	10,497
	State program revenues				
581X	Foundation school program	1,165,000	890,175	870,651	(19,524)
582X	State program revenues distributed by Texas Education Agency	-	-	-	-
	Total state program revenue	1,165,000	890,175	870,651	(19,524)
	Federal program revenues				
592X	Federal program revenues distributed by Texas Education Agency	-	22,500	20,267	(2,233)
	Total federal program revenue	-	22,500	20,267	(2,233)
TOTAL REVENUES		<u>\$1,494,970</u>	<u>\$1,127,675</u>	<u>\$ 1,116,415</u>	<u>\$ (11,260)</u>
<u>Expenses</u>					
11	Instruction	643,929	400,000	410,563	(10,563)
13	Curriculum	1,900	-	-	-
23	Campus admin	183,398	150,000	152,215	(2,215)
31	Life coach	193,490	202,000	192,693	9,307
34	Transportation	7,600	2,500	2,114	386
41	General administration	37,166	30,000	31,030	(1,030)
51	Maintenance and operations	249,926	218,426	211,827	6,599
52	Security	190	-	-	-
53	Data processing services	9,500	4,500	9,860	(5,360)
61	Drop off / community service	68,686	75,000	71,876	3,124
TOTAL EXPENSES		<u>\$1,395,785</u>	<u>\$1,082,426</u>	<u>\$ 1,082,178</u>	<u>\$ 248</u>

The Notes to the Budgetary Comparison Schedule are an integral part of this schedule.

## **The Excel Center (for Adults)**

### Notes to the Budgetary Comparison Schedule

Personnel in the business office closely monitor expenditures within the budget. Budget amendments are made as considered necessary.

A significant budget amendment was made during the year in order to allocate budgeted costs between functions, to approximate actual revenue that was to be received for FSP payments, and in order to appropriately budget for the donated rent.

Significant variance from budget occurred in data processing service expenditures due to unexpected additional server expenses in fiscal year 2018. The Excel Center (for Adults) does not expect a recurrence of these expenditures in fiscal year 2019.

# Internal Control and Compliance

**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Goodwill Industries of Central Texas (the Charter Holder)

We have audited, 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, the financial statements of The Excel Center (for Adults) (the Organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 7, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Directors of  
Goodwill Industries of Central Texas (the Charter Holder)

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
December 7, 2018

**The Excel Center (for Adults)**  
Schedule of Findings and Responses

None reported