

The Excel Center (for Adults)

Financial and Compliance Reports

For the Fiscal Year Ended August 31, 2019

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Certificate of Board

The Excel Center (for Adults)
Name

Travis
County

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, 2019 at the meeting of the Board of Trustees of the charter holder on the ___ day of December, 2019.

Signature of Board Secretary

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) (the Organization), which comprise the statement of financial position as of August 31, 2019, 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, 2019, 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)

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization adopted ASU 2016-14 in fiscal year 2019. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

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, 2018 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 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018 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 5, 2019, 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 5, 2019

The Excel Center (for Adults)
 Statements of Financial Position
 August 31, 2019 and 2018

Exhibit A-1

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 967,535	\$ 339,011
Due from State	83,707	5,482
Related party receivable	46,496	44,001
Prepaid expenses	50	50
	<hr/>	<hr/>
Total current assets	1,097,788	388,544
PROPERTY AND EQUIPMENT, net	14,952	1,440
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,112,740	\$ 389,984
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 336
Accrued wages	63,990	22,086
Due to State	-	24,751
Due to related party	731,799	164,477
Deferred revenue	200,000	-
	<hr/>	<hr/>
Total current liabilities	995,789	211,650
	<hr/>	<hr/>
TOTAL LIABILITIES	995,789	211,650
NET ASSETS		
With donor restrictions	27,963	16,349
Without donor restrictions	88,988	161,985
	<hr/>	<hr/>
Total net assets	116,951	178,334
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,112,740	\$ 389,984
	<hr/> <hr/>	<hr/> <hr/>

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

The Excel Center (for Adults)

Exhibit A-2

Statements of Activities

For the Fiscal Years Ended August 31, 2019 and 2018

		2019			2018
		Without Donor Restrictions	With Donor Restrictions	Total	
Revenues					
	Local support				
574X	Revenues from local sources	\$ 602,162	\$ -	\$ 602,162	\$ 275,132
	Total local support	602,162	-	602,162	275,132
	State program revenues				
581X	Foundation school program	-	2,055,972	2,055,972	870,651
582X	State program revenues distributed by Texas Education Agency	-	12,110	12,110	23,105
	Total state program revenues	-	2,068,082	2,068,082	893,756
	Federal program revenues				
593X	Federal program revenues distributed by Texas Workforce Commission	-	50,322	50,322	20,267
	Total federal program revenues	-	50,322	50,322	20,267
	Net assets released from donor restrictions	2,106,790	(2,106,790)	-	-
	Total revenues	2,708,952	11,614	2,720,566	1,189,155
Expenses					
11	Instruction	1,032,741	-	1,032,741	435,825
21	Instructional Leadership	3,803	-	3,803	-
23	Campus admin	569,588	-	569,588	152,215
31	Life coach	522,610	-	522,610	260,190
34	Transportation	1,454	-	1,454	2,114
36	Extracurricular Activities	222	-	222	31,030
41	General administration	85,264	-	85,264	211,827
51	Maintenance and operations	416,023	-	416,023	-
53	Data processing services	12,197	-	12,197	9,860
61	Drop off/community service	138,047	-	138,047	76,597
	Total expenses	2,781,949	-	2,781,949	1,179,658
	Change in net assets	(72,997)	11,614	(61,383)	9,497
	NET ASSETS, beginning of year	161,985	16,349	178,334	168,837
	NET ASSETS, end of year	\$ 88,988	\$ 27,963	\$ 116,951	\$ 178,334

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, 2019 and 2018

Exhibit A-3

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Foundation school program payments	\$ 1,965,106	\$ 892,348
Grant payments	12,727	51,666
Local revenues	192,081	155,735
Deferred revenue	200,000	-
Payments to vendors for goods and services rendered	(1,726,861)	(953,098)
Net cash provided by operating activities	643,053	146,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(14,529)	(1,440)
Net cash used in investing activities	(14,529)	(1,440)
Net change in cash	628,524	145,211
CASH, beginning of year	339,011	193,800
CASH, end of year	\$ 967,535	\$ 339,011
RECONCILIATION OF CHANGE IN NET ASSETS TO		
CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (61,383)	\$ 9,497
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	1,017	5,794
Changes in assets and liabilities		
Due from related party	(2,495)	80,999
Due from State	(78,225)	17,195
Due to State	(24,751)	21,697
Due to related party	567,322	(10,953)
Accounts payable	(336)	336
Deferred revenue	200,000	-
Accrued wages	41,904	22,086
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 643,053	\$ 146,651

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 2029. 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 18 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Excel Center (for Adults) currently has no permanently restricted net assets.

Net Assets Without Donor Restrictions – net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

New Accounting Pronouncements

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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 times, 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) has 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 net assets without donor restrictions or net assets with donor restrictions, depending on the existence and / or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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

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 have 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 an income tax liability for uncertain tax benefits.

Subsequent Events

The Excel Center (for Adults) has evaluated subsequent events that occurred after August 31, 2019 through the date of this report on December 5, 2019. Effective September 1, 2019 the Commissioner of the Texas Education Agency has approved the voluntary closure of the related charter school, The Excel Center CDN 227828. Eligible returning students of the related charter school have been transferred to the Excel Center (for Adults) CDN 227827. Additionally, the Excel Center (for Adults) opened three additional campuses for the 2019-2020 school year. Classes began on September 25, 2019.

Note 3. Accounts Receivable

Due from Governmental Agencies and Related Party

Accounts receivable as of August 31, 2019 and 2018 are comprised of amounts due from state agencies and related parties. The Excel Center (for Adults) considers these amounts 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, 2019 and 2018:

	2019	2018
Furniture, equipment and curriculum	\$ 108,521	\$ 93,992
Less accumulated depreciation	93,569	92,552
Property and equipment, net	\$ 14,952	\$ 1,440

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 \$1,017 and \$5,794 for the years ended August 31, 2019 and 2018, respectively.

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

Note 5. Pension Plan and Other Post-Employment Benefit 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.

The Charter Holder participates in the Texas Public Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Plan Information – Teacher Retirement System of Texas (TRS)

	2019	2018
Total plan assets	\$ 154,568,901,833	\$ 147,361,922,120
Accumulated benefit obligations	209,611,328,793	179,336,534,819
Percentage plan is funded	73.74%	82.17%

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 2019 and 2018, 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

	2019	2018
Member	7.70%	7.70%
Non-employer contributing entity (State)	6.80%	6.80%
Employers	6.80%	6.80%

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

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, under the TRS Publications Heading.

Note 6. Donor Restricted Net Assets

Donor restricted net assets consist of the following:

	2019	2018
Student government account	\$ -	\$ 13
Applied Materials grant	7,815	8,271
Webber Foundation grant	3,855	5,066
Michael and Susan Dell Foundation grant	-	411
State Textbook Fund	13,890	2,588
Foster Youth grant	2,403	-
Total	\$ 27,963	\$ 16,349

Note 7. Net Assets Released From Donor Restrictions

During the fiscal years ended August 31, 2019 and 2018, net assets with donor restrictions totaling \$2,106,790 and \$983,844 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors.

Note 8. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

In addition to financial assets available to meet general expenses over the next 12 months, the Organization operates a balanced budget and anticipates collecting sufficient revenue to cover general expenses not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for 2018 and 2019.

As of August 31, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenses:

Cash and cash equivalents	\$ 967,535
Due from State	83,707
Related party receivable	46,496
	\$ 1,097,738

The Excel Center (for Adults)

Notes to the Financial Statements

Note 9. Commitments and Contingencies

Grants

The Excel Center (for Adults) receives 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 (for Adults)'s funds may be subject to refund if so determined by the TEA or the grantor agency.

Note 10. 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 \$410,081 and \$209,297 were recorded for the years ended August 31, 2019 and 2018, 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 benefit students of both schools are allocated on a percentage of enrollment basis. The ratio for FY 18-19 was determined by dividing the enrollment of each school by its combined sum. As of October 26, 2018, the enrollments were 382 students and 118 students in The Excel Center (for Adults) and The Excel Center, creating a split of 76% and 24% respectively. Payments made by The Excel Center (for Adults) to The Excel Center for the fiscal years ending August 31, 2019 and 2018 for shared expenses totaled \$2,277,238 and \$932,398, respectively.

Additionally, as of August 31, 2019 and 2018, The Excel Center (for Adults) owed the Excel Center a total of \$731,923 and \$163,796, respectively, which is included in due to related parties in the accompanying Statements of Financial Position.

Supplemental Information

The Excel Center (for Adults)

Schedules of Expenses

For the Fiscal Years Ended August 31, 2019 and 2018

Exhibit C-1

General school operation for the year ended August 31:

<u>Expenses</u>	<u>2019</u>	<u>2018</u>
6100 Payroll costs	\$ 63,990	\$ 22,086
6200 Professional and contracted services	2,655,695	1,093,793
6300 Supplies and materials	38,940	42,687
6400 Other operating costs	23,324	21,092
TOTAL EXPENSES	\$ 2,781,949	\$ 1,179,658

The Excel Center (for Adults)
Schedules of Capital Assets
August 31, 2019 and 2018

Exhibit D-1

The schedule of capital assets as of August 31, 2019 is as follows:

	Ownership Interest			Total
	Local	State	Federal	
1549 Furniture and equipment	\$ 91,140	\$ 17,381	\$ -	\$ 108,521
Total property and equipment	91,140	17,381	-	108,521
1573 Less accumulated depreciation	(76,188)	(17,381)		\$ (93,569)
Property and equipment, net	\$ 14,952	\$ -	\$ -	\$ 14,952

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)
Property and equipment, net	\$ 1,440	\$ -	\$ -	\$ 1,440

The Excel Center (for Adults)
 Budgetary Comparison Schedule
 For the Fiscal Year Ended August 31, 2019

Exhibit E-1

Revenues		Budgeted Amounts			Variance from Final Budget
		Original	Final	Actual	
Local support					
574X	Revenues from Charter Holder and other local sources	\$ -	\$ -	\$ -	\$ -
	Total local support	-	-	-	-
State program revenues					
581X	Foundation school program	1,622,698	2,321,521	2,055,972	(265,549)
582X	State program revenues distributed by Texas Education Agency	-	-	-	-
	Total state program revenue	1,622,698	2,321,521	2,055,972	(265,549)
Federal program revenues					
592X	Federal program revenues distributed by Texas Education Agency	3,789	7,999	-	(7,999)
592X	Federal program revenues distributed by Texas Workforce Commission	22,712	47,948	50,322	2,374
	Total federal program revenue	26,501	55,947	50,322	(5,625)
TOTAL REVENUES		\$ 1,649,199	\$ 2,377,468	\$ 2,106,294	\$ (271,174)
Expenses					
11	Instruction	1,103,312	1,283,968	1,024,476	259,492
21	Instructional leadership	52,038	102,747	3,803	98,944
23	Campus administration	86,336	170,615	567,776	(397,161)
31	Life coach	176,735	352,502	376,001	(23,499)
34	Transportation	9,579	20,222	1,454	18,768
41	General administration	120,267	245,371	85,242	160,129
51	Maintenance and operations	3,240	6,840	5,942	898
53	Data processing services	7,949	16,782	12,197	4,585
61	Drop off / community service	89,744	178,421	134,227	44,194
TOTAL EXPENSES		\$ 1,649,200	\$ 2,377,468	\$ 2,211,118	\$ 166,350

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.

Due to the impending closure of the related charter school, district 227828, eligible students began transferring to this district, the Excel Center (for Adults), district 227827. This created a major change in the percentage of allocated costs for shared expenses. A significant budget amendment was made during the year to align budgeted expenses with the changing student population.

The district underwent a change to its leadership structure due to expansion from one campus to three campuses this school year. After reviewing new job duties, it was determined that several instructional positions were more appropriately classified as campus administration. In addition, several district (general) administration positions were assigned to specific campuses, making their position more appropriately classified as campus administration. This created a significant variance from budget in the expense functions Instruction, Campus Administration, and General Administration.

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, 2019, 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 5, 2019.

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 5, 2019

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

None reported