

**CERTIFICATE OF BOARD**

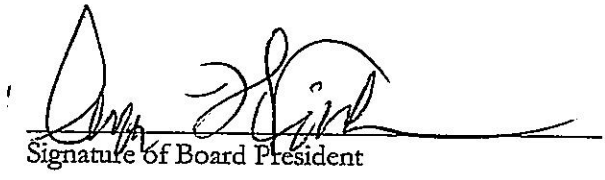
MERIDIAN WORLD SCHOOL, LLC.  
Name of Charter School

Williamson  
County

246-801  
Co.-District Number

We, the undersigned, certify that the attached annual financial reports of the above named charter school were reviewed and (check one)     X     approved                      disapproved for the year ended August 31, 2020, at a meeting of the Board of Directors of such school on the     21<sup>st</sup>     day of January 2021.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

If the Board of Directors disapproved of the auditor's report, the reason(s) for disapproving it is (are):  
(Attach list as necessary.)

**AUDIT REPORT**  
**MERIDIAN WORLD SCHOOL, LLC**  
**FOR THE YEAR ENDED**  
**AUGUST 31, 2020**

## TABLE OF CONTENTS

	<b><u>PAGE</u></b>
Certificate of Board	1
Independent Auditors' Report	2-3
General-Purpose Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11
Supplementary Information	
Statement of Activities	12
Schedule of Expenses	13
Schedule of Capital Assets	14
Budgetary Comparison Schedule	15
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 Governmental Auditing Standards	16-17

**CERTIFICATE OF BOARD**

MERIDIAN WORLD SCHOOL, LLC.  
Name of Charter School

Williamson  
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246-801  
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We, the undersigned, certify that the attached annual financial reports of the above named charter school were reviewed and (check one)  approved \_\_\_\_\_ disapproved for the year ended August 31, 2020, at a meeting of the Board of Directors of such school on the \_\_\_\_\_ day of January 2021.

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Signature of Board Secretary

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Signature of Board President

If the Board of Directors disapproved of the auditor's report, the reason(s) for disapproving it is (are):  
(Attach list as necessary.)

# MITCHELL T. FONTENOTE

## CERTIFIED PUBLIC ACCOUNTANT

January 18, 2021

### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Meridian World School, LLC  
Round Rock, Texas

We have audited the accompanying financial statements of Meridian World School, LLC (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, 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. 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.

2428 NALL STREET • PORT NECHES, TEXAS 77651  
PHONE (409) 722-6300 • FAX (409) 722-6301  
MITCHELL@MTFCPAS.COM

Board of Directors  
MERIDIAN WORLD SCHOOL, LLC.  
Round Rock, Texas  
January 18, 2021

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meridian World School LLC as of August 31, 2020, and the changes in its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2021, on our consideration of Meridian World School, LLC'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 Meridian World School, LLC's internal control over financial reporting and compliance.

*Mitchell T. Fontenote CPA, Inc.*

**GENERAL-PURPOSE  
FINANCIAL STATEMENTS**

**MERIDIAN WORLD SCHOOL, LLC**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED**  
**AUGUST 31, 2020**

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 3,903,243
Due from state/federal	1,921,302
Other receivables	125,355
Prepaid expenses	17,073
Total current assets	<u>5,966,973</u>
Non-Current Assets	
Capital Assets, net of depreciation	
Buildings & Improvements, net of accumulated depreciation	25,314,384
Library Books & Media, net of accumulated depreciation	16,118
Furniture & Equipment, net of accumulated depreciation	425,028
Total Capital Assets, net of depreciation	<u>25,755,530</u>
Other Assets	
Restricted Assets	
Bond proceeds held in trust	<u>2,117,769</u>
Total Restricted Assets	<u>2,117,769</u>
Total assets	<u>\$ 33,840,272</u>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	\$ 417,879
Accrued liabilities	940,583
Deferred revenue	25,932
Current portion of long-term debt	575,000
Total current liabilities	<u>1,959,394</u>
Noncurrent Liabilities	
Long term debt	<u>26,436,103</u>
Total noncurrent liabilities	26,436,103
Net Assets	
Temporarily restricted	1,788,900
Unrestricted	<u>3,655,875</u>
Total net assets	<u>5,444,775</u>
Total liabilities and net assets	<u>\$ 33,840,272</u>

The accompanying notes are an integral part of this financial statement.



**MERIDIAN WORLD SCHOOL, LLC****STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED****AUGUST 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>REVENUES</b>			
Local Support:			
5742 Bank Interest	\$ 60,500	\$ -	\$ 60,500
5744 Gifts & Bequests	344,369	-	344,369
5748 Triple A Program Revenue	349,498	-	349,498
5749 Local Sources Revenue	97,081	-	97,081
5751 Food Service Activity	248,209	-	248,209
5752 Athletic Activities	85,577	-	85,577
5755 Enterprising Service Revenue	1,917	-	1,917
5756 Café Non-Program Food Revenue	1,932	-	1,932
5759 Co-curricular Enterprising Services	160	-	160
Total revenues from local sources	1,189,243	-	1,189,243
State Program Revenues:			
5811 Per Capital	-	509,059	509,059
5812 Foundation School Program	-	14,361,576	14,361,576
5829 State Program Rev Distributed by TEA	-	272,355	272,355
Total state program revenues	-	15,142,990	15,142,990
Federal Program Revenues:			
5921 School Breakfast Program	-	5,453	5,453
5922 National School Lunch Program	-	59,192	59,192
5929 Federal Rev Distributed by TEA	-	206,927	206,927
5949 Federal Rev Distributed Directly from the Federal Gov	-	148,318	148,318
Total federal program revenues	-	419,890	419,890
Net assets released from restrictions:			
Restrictions satisfied by payments	16,156,832	(16,156,832)	-
Total revenues	\$ 17,346,075	\$ (593,952)	\$ 16,752,123
<b>EXPENSES</b>			
Program Services:			
Instruction and Instructional-Related Services	\$ 9,297,741	\$ -	\$ 9,297,741
Instructional and School Leadership	1,331,183	-	1,331,183
Support Services:			
Administrative Support Services	828,283	-	828,283
Support Services-Non-Student Based	1,541,787	-	1,541,787
Support Services-Student (Pupil)	1,151,433	-	1,151,433
Community Services	469,594	-	469,594
Debt Service	1,527,217	-	1,527,217
Fundraising	9,594	-	9,594
Total expenses	16,156,832	-	16,156,832
Change in net assets	1,189,243	(593,952)	595,291
Net assets, beginning of year	2,466,632	2,382,852	4,849,484
Net assets, end of year	\$ 3,655,875	\$ 1,788,900	\$ 5,444,775

The accompanying notes are an integral part of this financial statement.

**MERIDIAN WORLD SCHOOL, LLC****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED****AUGUST 31, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Changes in net assets	\$ 595,291
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	748,266
Bond issuance costs	29,654
Changes in operating assets and liabilities:	
Due from state/federal	(223,863)
Other receivables	(93,746)
Prepaid expenses	(1,503)
Accounts payable	21,303
Accrued liabilities	41,641
Deferred revenue	(8,935)
Net cash provided by operating activities	<u>1,108,108</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	<u>-</u>
Net cash used by investing activities	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal repayments of bond payables	<u>(550,000)</u>
Net cash used by financing activities	<u>(550,000)</u>
Net increase (decrease) in cash and cash equivalents	558,108
Cash and cash equivalents at beginning of year	<u>5,462,904</u>
Cash and cash equivalents at end of year	<u>\$ 6,021,012</u>
Summary of cash and cash equivalents:	
Cash and cash equivalents	\$ 3,903,243
Bond proceeds held in trust	<u>2,117,769</u>
Total cash and cash equivalents	<u>\$ 6,021,012</u>

The accompanying notes are an integral part of this financial statement.

**MERIDIAN WORLD SCHOOL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

The general-purpose financial statements of MERIDIAN WORLD SCHOOL, LLC, Inc. were prepared in conformity with accounting principles generally accepted in the United States. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

- A. **Reporting Entity** – The Corporation is a not-for-profit organization incorporated in the State of Texas in September 2010. On April 20, 2009, the School was recognized as an organization exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. International Academy Williamson County is the sole member of Meridian World School, LLC. The corporation is governed by a Board of Directors. The Board of Directors is selected pursuant to the bylaws of the corporation and has the authority to make decisions, appoint the chief executive officer of the corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the corporation.

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

- B. **Corporate Operations** - MERIDIAN WORLD SCHOOL, LLC provides general education services for students in grades K through Grade 12. The School operates under an open enrollment charter granted by the Texas State Board of Education. This charter was issued initially for a period of five years; as of August 31, 2020, the School's charter has been renewed through the 2024-2025 school year. The School (Charter holder) only operates the Charter School. The School is part of the public school system of the State of Texas and is therefore entitled to distribution from the State's available school fund. The Charter School does not have the authority to impose ad valorem taxes or to charge tuition.

- C. **Basis of Accounting and Presentation** – The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial statement presentation follows the recommendation of the financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-profit Organization. Under those provisions, net assets and revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

**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 School, 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 School's activities due to donor-imposed restrictions.

**MERIDIAN WORLD SCHOOL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – Cont’d**

- D. **Cash and Cash Equivalents** – For financial statement purposes, cash and cash equivalents are comprised of cash on hand and in banks.
- E. **Property and Equipment** – All assets acquired with a value of \$5,000 or greater are recorded as fixed assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at the time of acquisition. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.
- F. **Government Grants and Program Revenues** – Revenues from the State of Texas available school fund are earned based on reported attendance. Government grant contracts that are entered into by the School are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.
- G. **Contributions** – Contributions are accounted for in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.
- Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. 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.
- H. **Contributed Services** – During the year ended August 31, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the School, but these services do not meet the criteria for recognition as contributed services.
- I. **Vacations** – Twelve month employees can roll over vacations, but there were only three at the end of the year with non-substantial time available; therefore, no liability is accrued on the financial statements for unused time applicable to vacation or personal leave.
- J. **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.

**NOTE 2 – RESTRICTED ASSETS**

The School has restricted assets in the total amount of \$2,117,769 all of which is restricted for meeting future debt service requirements.

**MERIDIAN WORLD SCHOOL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

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**NOTE 3 – DUE FROM STATE**

At August 31, 2020, the School had earned the following revenues which were not received until after September 1, 2020.

Due From TEA	\$	1,763,842
Due From Federal Agencies		157,460
Total Due from State	\$	<u>1,921,302</u>

**NOTE 4 – CAPITAL ASSETS**

An analysis of fixed assets at August 31, 2020 is presented as follows:

Buildings & Improvements	\$	28,146,023
Library Books & Media		130,044
Furniture & Equipment		1,359,335
Less: Accumulated Depreciation		<u>(3,879,872)</u>
Property and Equipment, Net	\$	<u>25,755,530</u>

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

The School also recorded \$29,654 in amortization expense related to capitalized bond issuance costs for the year ended August 31, 2020.

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

The School had \$1,788,900 in net assets with donor restrictions at August 31, 2020. These amounts are subject to restrictions put in place by the Texas Education Agency.

**NOTE 6 – EMPLOYEE RETIREMENT AND PENSION PLAN**

**Plan Description**

The School contributes to the Teacher Retirement System of Texas (TRS), a cost sharing, multi-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. It operates primarily under the provisions of the Texas Constitution, Article XVI, Section 67 and the Texas Government Code, Title 8, Subtitle C. TRS also administers Proportional Retirement benefits and service credit transfer under the Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and under the TRS Publications heading required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website – [www.trs.state.tx.us](http://www.trs.state.tx.us)

**MERIDIAN WORLD SCHOOL, LLC****NOTES TO THE FINANCIAL STATEMENTS**

AUGUST 31, 2020

**NOTE 6 – EMPLOYEE RETIREMENT AND PENSION PLAN – Cont’d**

The risk of participating in this multiplayer defined benefit pension plan is different from a single-employer plan because: (a) the School is a legally separate entity from the State of Texas, (b) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, and (d) if an entity chooses to stop participating in the multiemployer plan, there is no withdrawal liability to the plan. The Academy has no plans to withdraw from its multiemployer plan.

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

<u>Name of Pension Fund</u>	<u>EIN and Plan Number</u>	<u>Total Plan Assets</u>	<u>Accumulated Benefit Obligation</u>	<u>% Funded</u>
TRS	N/A	\$181,800,159	\$48,583,247,239	2.66%
Collective Bargaining Agreement	School Contributions	More than 5% of Total Contributions	FIP/RP Status	Surcharge Imposed
N/A	\$381,672	No	N/A	Yes

**Funding Policy**

Under provisions in State law, plan members are required to contribute 7.7% of their annual covered salary for retirement and the State of Texas contributes an amount equal to 6.80% of the covered payroll of the School’s employees compensated with State funds for retirement. The School contributes 6.80% of the covered payroll of employees compensated with Federal funds for retirement. There have been no changes that would affect the comparison of employer contributions from year to year. For the fiscal year August 31, 2020, the School’s employees contributed a total of \$544,818 to the plan for retirement.

**NOTE 7 – CAPITAL LEASES**

The School leases equipment under noncancelable operating leases. Minimum future lease payments are as follows:

2021	\$	55,712
2022		29,661
2023		19,878
2024		8,378
2025		-
	\$	<u>113,629</u>

The total expense recognized for the year ending August 31, 2020 was \$79,507.

**MERIDIAN WORLD SCHOOL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

**NOTE 8 – LONG-TERM DEBT**

Long-term debt at August 31, 2020 consists of the following:

	<u>2020</u>
Bonds Series 2015A, principal amount of 29,640,000, coupon rate 4.350%, maturing 8/31/2045, interest payments are due biannually on 2/15 and 8/15, principal payments due annually in varying amounts	27,750,000
Unamortized bond issuance cost	(738,897)
Net long-term debt	<u>\$ 27,011,103</u>
Less current portion of long-term debt	<u>(575,000)</u>
	<u>\$ 26,436,103</u>

Future maturities of long-term debt at August 31, 2020 are as follows:

<u>Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	575,000	1,474,140
2022	600,000	1,449,668
2023	625,000	1,424,145
2024	655,000	1,397,573
2025	685,000	1,369,733
2026 and thereafter	<u>24,610,000</u>	<u>16,486,045</u>
	<u>\$ 27,750,000</u>	<u>\$ 23,601,304</u>

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The School receives funds through State and Federal programs which are governed by various rules and regulations of the grantor agency. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies and the TEA. Any disallowed claims resulting from such audits could become a liability of the General Fund.

As of August 31, 2020, there was no pending litigation against the School.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 18, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

**SUPPLEMENTARY INFORMATION**



**MERIDIAN WORLD SCHOOL, LLC**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED**

**AUGUST 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>REVENUES</b>			
Local Support:			
5742 Bank Interest	\$ 60,500	\$ -	\$ 60,500
5744 Gifts & Bequests	344,369	-	344,369
5748 Triple A Program Revenue	349,498	-	349,498
5749 Local Sources Revenue	97,081	-	97,081
5751 Food Service Activity	248,209	-	248,209
5752 Athletic Activities	85,577	-	85,577
5755 Enterprising Service Revenue	1,917	-	1,917
5756 Café Non-Program Food Revenue	1,932	-	1,932
5759 Cocurricular Enterprising Services	160	-	160
Total revenues from local sources	<u>1,189,243</u>	<u>-</u>	<u>1,189,243</u>
State Program Revenues:			
5811 Per Capital	-	509,059	509,059
5812 Foundation School Program	-	14,361,576	14,361,576
5829 State Program Rev Distributed by TEA	-	272,355	272,355
Total state program revenues	<u>-</u>	<u>15,142,990</u>	<u>15,142,990</u>
Federal Program Revenues:			
5921 School Breakfast Program	-	5,453	5,453
5922 National School Lunch Program	-	59,192	59,192
5929 Federal Rev Distributed by TEA	-	206,927	206,927
5949 Federal Rev Distributed Directly from the Federal Gov	-	148,318	148,318
Total federal program revenues	<u>-</u>	<u>419,890</u>	<u>419,890</u>
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>16,156,832</u>	<u>(16,156,832)</u>	<u>-</u>
Total revenues	<u>\$ 17,346,075</u>	<u>\$ (593,952)</u>	<u>\$ 16,752,123</u>
<b>EXPENSES</b>			
11 Instruction	\$ 8,950,098	\$ -	\$ 8,950,098
12 Instructional Resources and Media Service	173,821	-	173,821
13 Curriculum and Staff Development	173,822	-	173,822
21 Instructional Leadership	78,756	-	78,756
23 School Leadership	1,252,427	-	1,252,427
31 Guidance, Counseling and Evaluation Services	347,060	-	347,060
33 Health Services	162,185	-	162,185
35 Food Services	396,549	-	396,549
36 Extra Curricular/Cocurricular	245,639	-	245,639
41 General Administration	828,283	-	828,283
51 Facilities Maintenance and Operations	1,468,732	-	1,468,732
52 Security and Monitoring Services	27,182	-	27,182
53 Data Processing	45,873	-	45,873
61 Community Services	469,594	-	469,594
71 Debt Service	1,527,217	-	1,527,217
81 Fundraising	9,594	-	9,594
Total expenses	<u>16,156,832</u>	<u>-</u>	<u>16,156,832</u>
Change in net assets	1,189,243	(593,952)	595,291
Net assets (deficiency) beginning of year	<u>2,466,632</u>	<u>2,382,852</u>	<u>4,849,484</u>
Net assets (deficiency) end of year	<u>\$ 3,655,875</u>	<u>\$ 1,788,900</u>	<u>\$ 5,444,775</u>

**MERIDIAN WORLD SCHOOL, LLC**

**SCHEDULE OF EXPENSES**

**FOR THE YEAR ENDED**

**AUGUST 31, 2020**

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**EXPENSES**

6100 Payroll	\$ 11,698,374
6200 Professional and Contracted Services	1,070,883
6300 Supplies and Materials	830,943
6400 Other Operating Costs	1,029,415
6500 Debt	<u>1,527,217</u>
Total expenses	<u><u>\$ 16,156,832</u></u>

**MERIDIAN WORLD SCHOOL, LLC****SCHEDULE OF CAPITAL ASSETS****FOR THE YEAR ENDED****AUGUST 31, 2020**

	Ownership Interest			Total
	Local	State	Federal	
1110 Cash	\$ 2,271,446	\$ 1,587,728	\$ 44,069	\$ 3,903,243
1510 Land and Improvements	6,793,921	401,606	-	7,195,527
1520 Building Improvements	19,182,546	1,767,950	-	20,950,496
1539 Furniture and Equipment	509,505	788,891	60,939	1,359,335
1569 Library Books and Media	80,560	40,004	9,480	130,044
1570 Accumulated Depreciation	(2,799,479)	(1,029,090)	(51,303)	(3,879,872)
Total Property and Equipment	<u>\$ 26,038,499</u>	<u>\$ 3,557,089</u>	<u>\$ 63,185</u>	<u>\$ 29,658,773</u>

**MERIDIAN WORLD SCHOOL, LLC**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED**  
**AUGUST 31, 2020**

	Original	Final	Actual Amounts	Variance From Final Budget
<b>REVENUES</b>				
Local Support:				
5742 Bank Interest	\$ 80,654	\$ 60,654	\$ 60,500	\$ (154)
5744 Gifts & Bequests	277,000	314,000	344,369	30,369
5748 Triple A Program Revenue	567,080	348,000	349,498	1,498
5749 Local Sources Revenue	172,500	97,500	97,081	(419)
5751 Food Service Activity	328,146	246,146	248,209	2,063
5752 Athletic Activities	158,000	84,000	85,577	1,577
5755 Enterprising Service Revenue	3,000	2,000	1,917	(83)
5756 Café Non-Program Food Revenue	-	2,000	1,932	(68)
5759 Cocurricular Enterprising Services	2,000	-	160	160
Total local support	<u>\$ 1,588,380</u>	<u>\$ 1,154,300</u>	<u>\$ 1,189,243</u>	<u>\$ 34,943</u>
State Program Revenues:				
5811 Per Capital	\$ 411,186	\$ 509,059	\$ 509,059	\$ -
5812 Foundation School Program	14,443,176	14,281,803	14,361,576	79,773
5819 Other Foundation School Program Act Rev	8,000	-	-	-
5829 State Program Rev Distributed by TEA	159,000	291,187	272,355	(18,832)
Total state program revenues	<u>\$ 15,021,362</u>	<u>\$ 15,082,049</u>	<u>\$ 15,142,990</u>	<u>\$ 60,941</u>
Federal Program Revenues:				
5921 School Breakfast Program	\$ 9,063	\$ 5,563	\$ 5,453	\$ (110)
5922 National School Lunch Program	99,319	61,819	59,192	(2,627)
5929 Federal Rev Distributed by TEA	184,696	212,941	206,927	(6,014)
5949 Federal Rev Distributed Directly from the Federal Gov	-	148,318	148,318	-
Total federal program revenues	<u>\$ 293,078</u>	<u>\$ 428,641</u>	<u>\$ 419,890</u>	<u>\$ (8,751)</u>
Total revenue and other support	<u>\$ 16,902,820</u>	<u>\$ 16,664,990</u>	<u>\$ 16,752,123</u>	<u>\$ 87,133</u>
<b>EXPENSES AND OTHER LOSSES</b>				
11 Instruction	\$ 9,072,071	\$ 9,054,861	\$ 8,950,098	\$ 104,763
12 Instructional Resources and Media Service	212,729	182,229	173,821	8,408
13 Curriculum and Staff Development	204,655	193,155	173,822	19,333
21 Instructional Leadership	79,222	80,222	78,756	1,466
23 School Leadership	1,238,155	1,237,155	1,252,427	(15,272)
31 Guidance, Counseling and Evaluation Services	259,675	351,675	347,060	4,615
33 Health Services	148,510	165,510	162,185	3,325
35 Food Services	412,820	394,000	396,549	(2,549)
36 Extra Curricular/Cocurricular	296,600	256,055	245,639	10,416
41 General Administration	811,134	811,134	828,283	(17,149)
51 Facilities Maintenance and Operations	1,420,915	1,433,915	1,468,732	(34,817)
52 Security and Monitoring Services	30,000	36,419	27,182	9,237
53 Data Processing	43,395	43,395	45,873	(2,478)
61 Community Services	550,984	481,245	469,594	11,651
71 Debt Service	1,527,217	1,527,217	1,527,217	-
81 Fundraising	10,100	9,100	9,594	(494)
Total expenses	<u>16,318,182</u>	<u>16,257,287</u>	<u>16,156,832</u>	<u>100,455</u>
Change in net assets	584,638	407,703	595,291	(13,322)
Net assets (deficiency) beginning of year	4,849,484	4,849,484	4,849,484	-
Net assets (deficiency) end of year	<u>\$ 5,434,122</u>	<u>\$ 5,257,187</u>	<u>\$ 5,444,775</u>	<u>\$ (13,322)</u>

# MITCHELL T. FONTENOTE

## CERTIFIED PUBLIC ACCOUNTANT

### 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 Trustees of  
Board of Directors  
Meridian World School, LLC  
Round Rock, Texas

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 Meridian World School, LLC (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, 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 January 18, 2021.

#### **Internal Control Over Financial Reporting**

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

2428 NALL STREET • PORT NECHES, TEXAS 77651  
PHONE (409) 722-6300 • FAX (409) 722-6301  
MITCHELL@MTFCPAS.COM

Board of Directors  
MERIDIAN WORLD SCHOOL, LLC.  
Round Rock, Texas  
January 18, 2020

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

*Mitchell T Fontenote CPA, Inc.*