



JAYNES REITMEIER BOYD & THERRELL, P.C.
Certified Public Accountants
5400 Bosque Blvd., Ste. 600 | Waco, TX 76710
P.O. Box 7616 | Waco, TX 76714
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

February 28, 2022

The Board of Directors
Transformation Waco:

We have audited the financial statements of Transformation Waco (the “Organization”) as of and for the year ended August 31, 2021, and have issued our report thereon dated February 28, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 11, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“U.S. GAAP”). Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding no material weaknesses noted in internal control during our audit in a separate letter to you dated February 28, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Organization's financial statements relate to concentration of revenue from contributions from Waco Independent School District ("WISD").

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements to report.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditor.

The Board of Directors
Transformation Waco
February 28, 2022
Page 4

This report is intended solely for the information and use of the Board of Directors and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



**TRANSFORMATION
WACO**

Robin McDurham, Ed.D.
Chief Executive Officer
3005 Edna Avenue
Waco, TX 76708
robin.mcdurham@wacoisd.org

February 28, 2022

Jaynes, Reitmeier, Boyd & Therrell, P.C.
P.O. Box 7616
Waco, Texas 76714-7616

This representation letter is provided in connection with your audits of the financial statements of Transformation Waco (the "Organization"), which comprise the statements of assets, liabilities, and net assets – cash basis as of August 31, 2021 and 2020, and the related statements of support, revenue, expenses – cash basis for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with the cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 28, 2022:

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 11, 2022, for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting.
- 2) We acknowledge our responsibility for 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.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) Significant assumptions used by us in making accounting estimates are reasonable.
- 5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the cash basis of accounting.

- 6) All events subsequent to the date of the financial statements and for which the cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed.
- 7) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be disclosed in the financial statements in accordance with the cash basis of accounting, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 8) We have complied with all contractual agreements, grants, and donor restrictions.
- 9) We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- 10) We have accurately presented the entity's position regarding taxation and tax-exempt status.
- 11) We have included in the financial statements all assets and liabilities under the entity's control.
- 12) We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- 13) Material concentrations have been appropriately disclosed in accordance with the cash basis of accounting.
- 14) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with the cash basis of accounting.
- 15) With respect to nonattest services provided, we have performed the following:
 - a) Made all management decisions and performed all management functions;
 - b) Assigned a competent individual to oversee the services;
 - c) Evaluated the adequacy of the services performed;
 - d) Evaluated and accepted responsibility for the result of the service performed; and
 - e) Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- 16) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - b) Additional information that you have requested from us for the purpose of the audit;
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence, and

- d) Minutes of the meetings of the Board of Directors or summaries of action of recent meetings for which minutes have not you been prepared.
- 17) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 18) The financial statements are properly presented in accordance with the cash basis of accounting.
- 19) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 20) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
- a) Management;
 - b) Employees who have significant roles in internal control; or
 - c) Others when the fraud could have a material effect on the financial statements.
- 21) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 22) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- 23) We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.

Very truly yours,

Transformation Waco



Dr. Robin McDurham
Chief Executive Officer