



Giving every Galveston child the opportunity to soar

Moody Early Childhood Center Board of Directors
Regular Board Meeting
Friday, September 25, 2020 @ 1:00 p.m.
Moody Early Childhood Center
1110 21st Street, Galveston, Texas 77550 or Virtual *
AGENDA

- A. Call to order
- B. Introduction and Welcome (Ms. Massey)
- C. Review & Approval of Board Meeting Minutes
 - a. August 28, 2020
 - b. Public Comment
- D. Committee Reports
 - a. Governance and Board Development -- (Dr. Prochaska, Ms. Massey, Ms. Miller)
 - 1. Strategic Plan Update mtg scheduled
 - 1. Meetings scheduled 1st Thursday of each month 1:00-2:00 p.m.
 - 2. Next Meeting: October 2, 2020 1:00-3:00 p.m.
 - 3. Public Comment
 - b. Resource Development – (Ms. Massey, Ms. Adams, Mrs. Doherty)
 - 1. Meetings scheduled 3rd Thursday of each month 2:00-3:00 p.m.
 - 2. Next meeting: October 8, 2020, 2:00-3:00 p.m.
 - 3. Public Comment
 - c. Finance – (Mrs. Brown, Ms. Massey, Ms. Kinnear, Ms. Miller, and Ms. Parker, YPTC)
 - 1. Review Finance Reports
 - 2. Meetings scheduled 3rd Thursday of each month, 9:30-11:00 a.m.
 - 3. Next Meeting October 15, 2020, 9:30 a.m.
 - 4. Public Comment
 - d. Scholarship (Mr. Parker, Mrs. Doherty)
 - 1. Meeting
 - 2. Meetings scheduled 3rd Thursday of each month, 3:00-4:00 p.m.
 - 3. Next Meeting October 15, 2020, at 3:00 p.m.
 - 4. Public Comment
 - e. Government Affairs – (Ms. Kinnear, Dr. Brown, and Ms. Adams)
 - 1. Meetings scheduled 4th Thursday of each month, TBD
 - 2. Next Meeting TBD
 - 3. Public Comment
 - f. Board of Advisors (Dr. Brown, Ms. Doherty)
 - 1. October 1, 2020, 9:00-10:30 a.m.
 - 2. Public Comment
- E. Executive Director Report (Ms. Miller)
 - a. Approval LOC signature authorization
 - b. Approval 2019-2020 Audit
 - c. Approval 2020-2021 Campus Improvement Plan
- F. Adjourn to Executive Session – The Board may recess into Closed Executive Session as permitted by the Texas Open Meeting Act Government Code Sections 551.071- 551.090 Subchapter D and E. Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed meeting then the final action, final decision, or final vote shall be either:
 - a. in the open meeting covered by the Notice upon the reconvening of the public meeting; or
 - b. at a subsequent public meeting of the Board upon notice thereof as the Board shall determine
- G. Reconvene from Executive Session and take any action warranted
- H. Confirm next meeting date October 23, 2020 at 1:00 p.m.
- I. Adjourn

*Virtual

Join Zoom Meeting <https://us02web.zoom.us/j/83605027689>

Meeting ID: 836 0502 7689

One tap mobile

[+13462487799](tel:+13462487799),,83605027689# US (Houston)

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Meeting ID: 836 0502 7689

**MOODY EARLY CHILDHOOD CENTER
Board of Directors Regular Meeting
Videoconference via Zoom
August 28, 2020**

Present: Ms. Massey (Presiding), Ms. Kinnear, Ms. Brown, Dr. Prochaska, Ms. Doherty, Ms. Adams, Dr. Brown, Mr. Parker, Ms. Miller (Executive Director), Ms. Palmer (Your Part-Time Controller)

Absent: none

Ms. Massey called the meeting to order at 1:00 pm. A quorum was present.

There were no members of the public present at the meeting for public comment.

A motion was made by Ms. Adams, seconded by Ms. Kinnear, to approve the minutes presented in the board meeting packet. The motion passed unanimously.

A motion was made by Dr. Prochaska, seconded by Ms. Kinnear, to appoint Dr. Prochaska, Dr. Brown, and Mr. Parker to their first full 3-year term. The motion passed unanimously.

A motion was made by Dr. Prochaska, seconded by Ms. Doherty, to elect Ms. Massey as Board President for the 2020-2021 fiscal year. The motion passed unanimously.

A motion was made by Dr. Prochaska, seconded by Ms. Doherty, to elect Ms. Kinnear as Board Vice-President for the 2020-2021 fiscal year. The motion passed unanimously.

A motion was made by Dr. Prochaska, seconded by Ms. Doherty, to elect Ms. Brown as Board Treasurer for the 2020-2021 fiscal year. The motion passed unanimously.

A motion was made by Dr. Prochaska, seconded by Ms. Doherty, to elect Dr. Prochaska as Board Secretary for the 2020-2021 fiscal year. The motion passed unanimously.

The Board discussed the roles and duties of the Board's standing committees. The Board agreed to appoint its members into the following committees:

- Finance – Ms. Brown, Ms. Kinnear, Ms. Massey**
- Resource Development – Ms. Adams, Ms. Doherty, Ms. Massey**
- Scholarship – Mr. Parker, Ms. Doherty**
- Government Relations – Ms. Adams, Ms. Kinnear, Dr. Brown**
- Board Governance & Development – Dr. Prochaska, Ms. Massey**
- Board of Advisors – Dr. Brown, Ms. Doherty, Mr. Parker**

Ms. Parmer (YPTC) joined the meeting at 1:15pm and reviewed her financial reports distributed in the Board Meeting Packet. She discussed changes to Accounts Payable/Receivable system controls, and the new time keeping system. She reviewed our financial standing as of July 2020. The Board discussed exploring CD's and other opportunities for higher interest-bearing accounts. Ms. Parmer informed the Board that the PPP forgiveness paperwork was to be submitted on time.

A motion was made by Ms. Brown, seconded by Ms. Doherty, to renew our line of credit at Moody Bank. The motion passed unanimously.

The Board discussed our current fees related to Your Part Time Controller, and referred further exploration to the finance committee.

Ms. Doherty updated the Board on the Board of Advisors. The Board reviewed the frequency of the meetings of this committee. Ms. Massey will review our 1882 agreement to determine if amendments are needed regarding the frequency of these meetings. The Board discussed changing meeting content and agendas to increase the utility of the advisory board for the advisors and to MECC. The Board Governance committee will check to see what policies at MECC are to be run through that committee before approval by the Board. The Board appointees to the advisory board will evaluate current committee status, survey current members regarding ideas and continued interest, and return to the Board with any feedback and recommendations for improving this committee.

Ms. Miller presented her Executive Director Report. She updated the Board on the current status of the Head Start program. She provided an enrollment update and reviewed upcoming events. She also presented her report that was provided to the GISD Board of Trustees earlier in the month.

Ms. Massey reported that the Resource Development Committee met and is focusing on the "stories" that MECC can tell. Ms. Adams added that MECC's critical role in the initial response to the COVID-19 pandemic, and continued leadership in this role is an additional story to add.

The Board adjourned into executive session at 3:00pm in accordance to the notice posted on the meeting announcement.

The Board returned from executive session at 1538, with Dr. Brown being absent.

Ms. Kinnear made a motion, seconded by Ms. Brown, to award Ms. Miller a 2% raise in salary, effective retroactively to July 2020, and to include a \$5,000 bonus in recognition of her service to MECC over the previous year to be payable immediately. The motion passed unanimously.

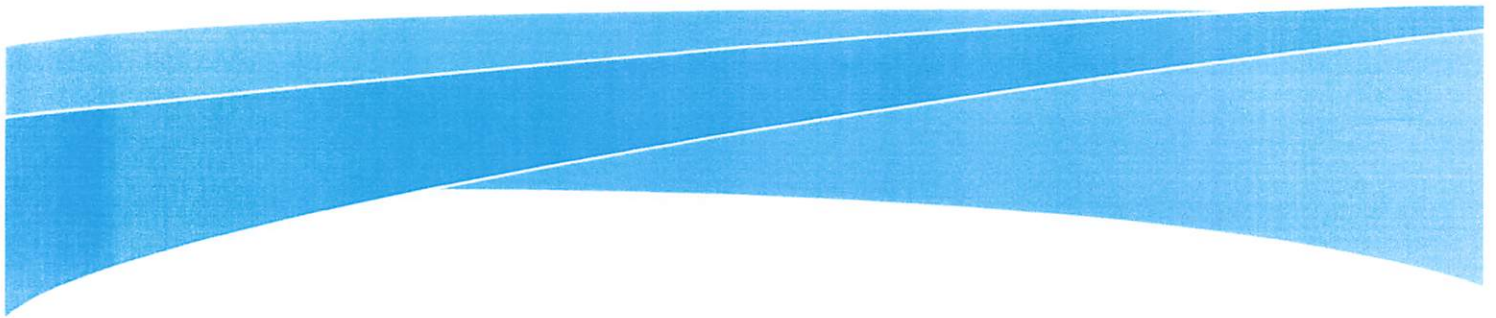
Ms. Massey announced that a Board strategic planning retreat will be scheduled for some time in late September or early October to review and update our strategic plan.

The Board adjourned at 3:44pm.

Respectfully submitted by Dr. John Prochaska, MECC Board Secretary

Moody Early Childhood Center

Management Reporting Package For The Period Ending: 8/31/2020

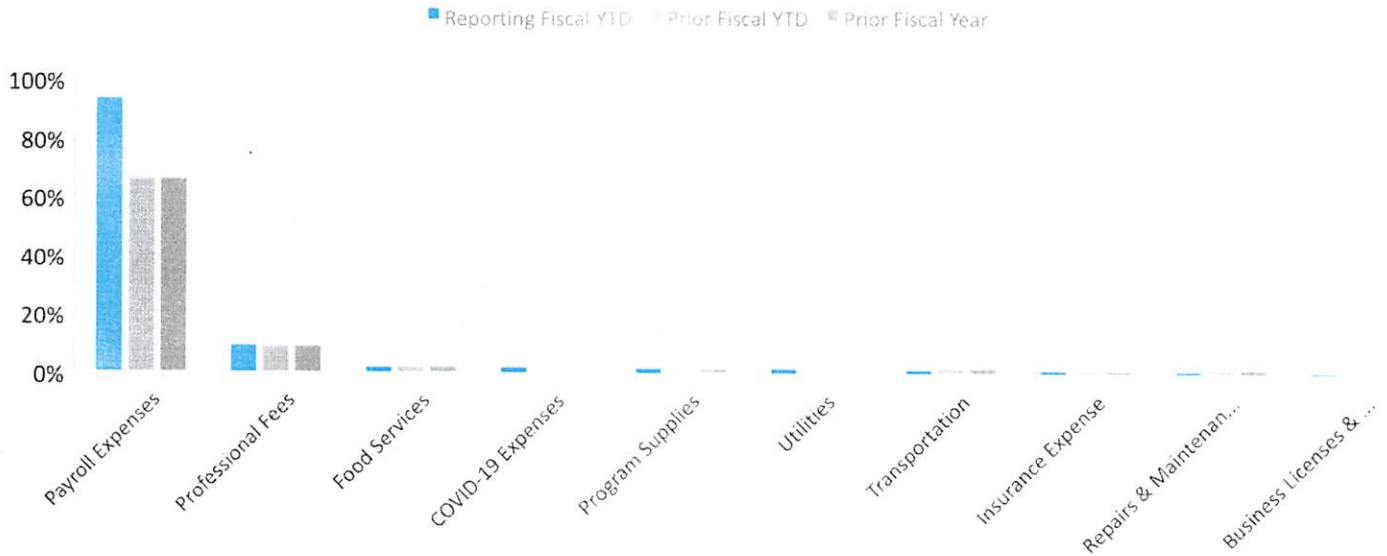


Reporting Entities
Moody Early Childhood Center

prepared by
HOLLY PALMER, YPTC
HOUSTON, TX

**Expense Analysis - Top 10 Expenses
For The Period Ending: August 31, 2020**

Reporting Fiscal YTD vs Prior FYTD vs Prior Fiscal Year



Accounts	Expenses Reporting Fiscal YTD	% of Income Reporting Fiscal YTD *	% of Income Prior Fiscal YTD	% of Income Prior Fiscal Year
Payroll Expenses	\$3,412,381	93.1%	65.9%	65.9%
Professional Fees	\$334,260	9.1%	8.6%	8.6%
Food Services	\$64,364	1.8%	1.8%	1.8%
COVID-19 Expenses	\$63,057	1.7%	0.0%	0.0%
Program Supplies	\$59,350	1.6%	1.2%	1.2%
Utilities	\$59,256	1.6%	0.0%	0.0%
Transportation	\$44,333	1.2%	1.6%	1.6%
Insurance Expense	\$37,389	1.0%	0.8%	0.8%
Repairs & Maintenance	\$31,709	0.9%	1.1%	1.1%
Business Licenses & Permits	\$18,732	0.5%	0.0%	0.0%
Total	\$4,124,833	112.5%	81.1%	81.1%

* Red indicates values greater than the prior period, green is less than or equal to

ENTITIES IN THIS REPORT

Moody Early Childhood Center

Moody Early Childhood Center
KPI - Year Over Year Analysis as of:
August 31, 2020

	Sep 01, 2019-Aug 31, 2020	Sep 01, 2018-Aug 31, 2019		Trend
PROFITABILITY				
Total Revenue	\$3,666,669	\$4,662,789	↓	-21%
Operating Profit Margin	-15.3%	7%	↓	-320%
Profitability Ratio	-18%	6%	↓	-413%
Gross Profit Margin	100%	100%	↑	0%
ACTIVITY				
Working Capital Ratio	149%	515%	↓	-71%
Accounts Receivable Days	25	5	↑	348%
Accounts Payable Days	180	126	↑	44%
CASH				
Cash on Hand	\$934,387	\$316,600	↑	195%
Months of Cash Reserves	0.2	0.1	↑	203%
EFFICIENCY				
Return on Equity	5372%	3815%	↑	41%
Return on Assets	-35%	14%	↓	-350%
Return on Capital Employed	3950%	3357%	↑	18%
ASSET USAGE				
Asset Turnover	2364%	2955%	↓	-20%
LIQUIDITY				
Quick Ratio	145%	515%	↓	-72%
Current Ratio	149%	515%	↓	-71%
DEBT				
Debt to Equity	127%	29%	↑	338%
Debt to Total Assets	56%	23%	↑	149%
VERTICAL ANALYSIS				
COGS	\$0	\$0	↑	0%
Gross Profit	\$3,666,669	\$4,662,789	↓	-21%
Total Expenses	\$4,227,362	\$4,339,159	↓	-3%
Net Income	-\$647,698	\$263,228	↓	-346%

ENTITIES IN THIS REPORT

Moody Early Childhood Center

Moody Early Childhood Center
Balance Sheet by Entity as of:
August 31, 2020

	Moody Early Childhood Center	Aug 01, 2020-Aug 31, 2020
ASSETS		
Current Assets		
Checking/Savings		
Cash - Money Market	674,840	674,840
Cash - Operating NEW	98,666	98,666
Cash - Operating OLD	10,081	10,081
Restricted Cash		
Cash - Professional Development	800	800
Cash - Scholarship	150,000	150,000
Total Restricted Cash	150,800	150,800
Total Checking/Savings	934,387	934,387
Accounts Receivable		
Accounts Receivable	160,072	160,072
Allowance for Doubtful Accounts	(10,637)	(10,637)
Total Accounts Receivable	149,436	149,436
Other Current Assets		
Payroll Asset	1,832	1,832
Prepaid Expenses	25,404	25,404
Total Other Current Assets	27,236	27,236
Total Current Assets	1,111,059	1,111,059
Fixed Assets		
Accumulated Depreciation	(312,746)	(312,746)
Computer & Equipment	70,444	70,444
Furniture & Fixtures	297,525	297,525
Leasehold Improvements	500,771	500,771
Playground Equipment	194,503	194,503
Total Fixed Assets	750,497	750,497
TOTAL ASSETS	1,861,556	1,861,556
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable		
Accounts Payable	20,316	20,316
Total Accounts Payable	20,316	20,316
Other Current Liabilities		
Payroll Liability	79,604	79,604
Refundable Advance	633,100	633,100
Taxes Payable	14,479	14,479
Total Other Current Liabilities	727,183	727,183
Total Current Liabilities	747,499.03	747,499.03
Long Term Liabilities		
Notes Payable	295,000	295,000
Total Long Term Liabilities	295,000	295,000
Total Liabilities	1,042,499	1,042,499
Equity		
Net Assets		

**Moody Early Childhood Center
Balance Sheet by Entity as of:
August 31, 2020**

	Moody Early Childhood Center	Aug 01, 2020-Aug 31, 2020
Net Assets With Donor Restrictions	<u>202,633</u>	<u>202,633</u>
Net Assets Without Donor Restrictions	1,252,710	1,252,710
Net Assets - Other	<u>(636,287)</u>	<u>(636,287)</u>
Total Net Assets	<u>819,056</u>	<u>819,056</u>
Total Equity	<u>819,056</u>	<u>819,056</u>
TOTAL LIABILITIES & EQUITY	<u>1,861,556</u>	<u>1,861,556</u>

Moody Early Childhood Center
Profit & Loss - Prior Month Comparison for the Month Ending:
August 31, 2020

	Aug 01, 2020- Aug 31, 2020	Jul 01, 2020- Jul 31, 2020	\$ Change	% Change
Ordinary Income/Expense				
Income				
Total Contributions	150,750	1,067	149,683	99.3%
Total Grants	70,315	92,275	(21,960)	(31.2%)
Total Tuition	11,903	38,233	(26,330)	(221.2%)
Total Income	236,400	131,575	104,825	44.3%
Gross Profit	236,400	131,575	104,825	44.3%
Expense				
Total Program Costs	1,078	-	1,078	100.0%
Total Expense	314,055	414,210	(100,154)	(31.9%)
Net Ordinary Income	(77,656)	(282,634)	204,979	(264.0%)
Other Income/Expense				
Other Income				
Interest Income	214	346	(132)	(61.4%)
Late Fees	4	154	(150)	(3,498.1%)
Other Income	-	2,854	(2,854)	100.0%
Total Other Income	219	3,354	(3,136)	(1,433.9%)
Other Expense				
Depreciation and Amortization	19,531	9,711	9,820	50.3%
Total Other Expense	19,531	9,711	9,820	50.3%
Net Other Income	(19,312)	(6,357)	(12,956)	67.1%
Net Income	(96,968)	(288,991)	192,023	(198.0%)

Moody Early Childhood Center
Profit & Loss by Month for the Fiscal Year Ending:
August 31, 2020

	Sep 01, 2019- Aug 31, 2020	Sep 01, 2019-Aug 31, 2020
Ordinary Income/Expense		
Income		
Contributions		
Contributions - Scholarship	250,000	250,000
Contributions - Other	85,035	85,035
Total Contributions	335,035	335,035
Contributions - Moody Fund	1,966,667	1,966,667
Grants		
Federal Child Care Subsidy	251,714	251,714
Federal Food Services	35,356	35,356
GISD Allotment	489,295	489,295
Restricted Grants	38,673	38,673
Title Funds	36,502	36,502
Total Grants	851,540	851,540
Other Income	3,624	3,624
Other Program Revenue	1,077	1,077
Tuition		
Discounts	(20,289)	(20,289)
Tuition - Other	529,016	529,016
Total Tuition	508,727	508,727
Total Income	3,666,669	3,666,669
Expense		
Bank Fees	10,873	10,873
Board Expenses	1,087	1,087
Business Licenses & Permits	18,732	18,732
Copying/Printing/Postage	13,810	13,810
COVID-19 Expenses	63,057	63,057
Dues & Subscriptions	15,407	15,407
Information Technology	1,592	1,592
Insurance Expense	37,389	37,389
Interest Expense	16,090	16,090
Office Supplies	6,879	6,879
Other Expense	7,922	7,922
Payroll Expenses	3,412,381	3,412,381
PR/Marketing	16,642	16,642
Professional Fees	334,260	334,260
Program Costs		
Family Engagement	2,586	2,586
Food Services	64,364	64,364
Transportation	44,333	44,333
Program Costs - Other	1,231	1,231
Total Program Costs	112,514	112,514
Program Supplies	59,350	59,350
Repairs & Maintenance	31,709	31,709
Telephone Expense	2,619	2,619
Travel	5,791	5,791
Utilities	59,256	59,256
Total Expense	4,227,362	4,227,362

Moody Early Childhood Center
Profit & Loss by Month for the Fiscal Year Ending:
August 31, 2020

	Sep 01, 2019- Aug 31, 2020	Sep 01, 2019-Aug 31, 2020
Net Ordinary Income	(560,692)	(560,692)
Other Income/Expense		
Other Income		
Interest Income	5,775	5,775
Late Fees	438	438
Other Income	22,664	22,664
Total Other Income	28,877	28,877
Other Expense		
Depreciation and Amortization	115,883	115,883
Total Other Expense	115,883	115,883
Net Other Income	(87,006)	(87,006)
Net Income	(647,698)	(647,698)

Moody Early Childhood Center
Statement of Cash Flows
This Fiscal Year Ending:
August 31, 2020

Sep 01, 2019-Aug 31,
2020

OPERATING ACTIVITIES	
Net Income	(647,698)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Payable	(16,775)
Accounts Receivable	699,818
Accrued Expenses	0
Accrued Revenues	1,609
Accumulated Depreciation	115,883
Allowance for Doubtful Accounts	0
Customer Credit	0
Employee Advances	0
Payroll Asset	(1,832)
Payroll Liability	(108,426)
Prepaid Expenses	(25,404)
Taxes Payable	13,075
Total Adjustments to reconcile Net Income to net cash provided by operations:	677,947
Net cash provided by Operating Activities	30,248
INVESTING ACTIVITIES	
Computer & Equipment	(27,596)
Furniture & Fixtures	427,806
Leasehold Improvements	(500,771)
Playground Equipment	(40,063)
Net cash provided by Investing Activities	(140,624)
FINANCING ACTIVITIES	
Net Assets Without Donor Restrictions	30
Net Assets - Other	(1)
Notes Payable	95,000
Refundable Advance	633,100
Net cash provided by Financing Activities	728,130
Net cash increase for period	617,754
Cash at beginning of period	316,633
Cash at end of period	934,387

**MECC: Executive Director
Board Report
September 25, 2020**

1. Information

- a. Finance
 - i. Approval for Board Members to sign authorized LOC
 - ii. Approval of Audit Letter
 - iii. Cost/Student
- b. Early Head Start/Head Start
 - i. Benefits flyer for families
 - ii. Just hired family coordinator
- c. Enrollment
 - i. As of 9/21/20
 - 1. 4 PK Virtual
 - 2. 10 GISD
 - 3. 75 PK
 - 4. 48 IT
 - ii. Approval of Campus Improvement Plan
- d. MECC 101
 - i. Enrollment/Admissions/Attendance – Irazema Garcia and Taylor Buckles
- e. Upcoming Board Events
 - i. Scholarships/Workforce/Family Events – Stephanie Coleman & Paula Munoz
 - ii. Education – Dr. Leola Lawrence

September 22, 2020

Attn: Ms. Karin Miller
Board of Directors
Moody Early Childhood Center
1110 21st Street
Galveston, Texas 77550

We are pleased to confirm our understanding of the services Ham, Langston & Brezina, L.L.P. ("HL&B") is to provide for Moody Early Childhood Center (the "Center") for the year ended August 31, 2020.

We will audit the financial statements of the Center, which comprise the statement of financial position as of August 31, 2020, the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements (the "financial statements").

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our audit will be conducted in accordance with U.S. generally accepted auditing standards ("U.S. GAAS") and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Center's financial statements. Our report will be addressed to the Board of Directors of the Center. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Center's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Center or to acts by management or employees acting on behalf of the Center.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our

responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Center and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Other Services

We will prepare the Center's federal information return for the year ended August 31, 2020, for the Internal Revenue Service based on information provided by you. We will also assist in preparing the financial statements based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the AICPA. The other services are limited to the financial statements and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. GAAP. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Center involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Center received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Center complies with applicable laws and regulations.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Management is required to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. Management agrees that it will not date the subsequent event note earlier than the date of its management representation letter.

Management agrees to assume all management responsibilities for the financial statement preparation and tax services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Communications

At the conclusion of the engagement, we will provide management, in a mutually agreeable format, our recommendations designed to help the Center make improvements in its internal control structure and operation, and other matters that may come to our attention.

As part of this engagement we will ensure that certain additional matters are communicated to the appropriate members of management and the audit committee. Such matters include but are not limited to (1) an overview of the planned scope and timing of the audit; (2) the level of responsibility assumed for the internal control structure, illegal acts, and other matters under U.S. generally accepted auditing standards; (3) the initial selection of and changes in significant accounting policies and their application; (4) the process used by management in formulating particularly sensitive accounting estimates and the basis for our conclusions regarding the reasonableness of those estimates; (5) audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on your financial reporting process; (6) major risks and exposures facing the Center, and how they are disclosed; (7) any doubt regarding the Center's ability to continue as a going concern and other material uncertainties; (8) other information in documents containing audited consolidated financial statements; (9) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the consolidated financial statements or our report; (10) our views about matters that were the subject of management's consultation with other accountants about auditing and accounting matters; (11) major issues that were discussed with management in connection with the retention of the auditor; (12) serious difficulties that we encountered in dealing with management related to the performance of the audit; (13) fraud involving senior management, or those responsible for internal controls, or causing a material misstatement of the consolidated financial statements, where the auditor determines there is evidence that such fraud may exist or any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential; (14) our views about the Center's consistency in their application of accounting policies in all material respects, and that the clarity and completeness of the consolidated financial statements, including disclosures, are appropriate; (15) any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit; and (16) U.S. generally accepted auditing standards require independence for all audits.

Limitation of Liability

Except to the extent finally determined to have resulted from the fraud or intentional misconduct of any member of HL&B, HL&B's liability to the Center for any claims arising from this engagement, as agreed to in this engagement letter (the "Agreement"), shall not exceed the aggregate amount of fees paid by the Center to HL&B during the 12 months preceding the date of the claim for the services giving rise to the claim, regardless of whether such liability arises in contract, statute, tort (including the negligence of any member of HL&B), or otherwise. In no event shall HL&B be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to the Agreement.

Dispute Resolution Procedure

Any dispute or claim between the Center and HL&B arising out of or relating to the Agreement or a breach of the Agreement, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud, or claims based in whole or in part on any other common-law, statutory, regulatory, legal, or equitable theory, and disputes regarding all fees, including attorneys' fees of any type, and/or costs charged under the Agreement ("Arbitration Claims") (except to the extent provided below) shall be submitted to binding arbitration administered by the American Arbitration Association ("AAA"), in accordance with its Commercial Arbitration Rules. Arbitration Claims shall be brought in a party's individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding. Arbitration Claims shall be heard by a panel of three (3) arbitrators, to be chosen as follows: within fifteen (15) days after the commencement of arbitration, each party shall select one person to act as arbitrator; thereafter, the two individually selected arbitrators shall select a third arbitrator within ten (10) days of their appointment. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. The arbitration panel shall have the power to rule upon its own jurisdiction and authority, including any objection to the initial or continuing existence, validity, effectiveness, or scope of this arbitration agreement. The arbitration panel may not consolidate more than one person's claims and may not otherwise preside over any form of a representative or class proceeding. The arbitration panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a federal or state court.

The place of arbitration shall be the city in which the HL&B office providing the majority of the services involved under the Agreement is located, unless the parties agree in writing to a different location. Regardless of where the arbitration proceeding actually takes place, all aspects of the arbitration and the Agreement shall be governed by the laws of the State of Texas (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the procedural and substantive law of such state shall be applied without reference to conflicts of law rules. The parties shall bear their own legal fees and costs for all Arbitration Claims. The award of the arbitrators shall be accompanied by a reasoned opinion, and judgment on the award rendered by the arbitration panel may be entered in any court having jurisdiction thereof. Except as may be required by law or to enforce an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of the parties to the Agreement. The parties to the Agreement acknowledge that by agreeing to this arbitration provision, they are giving up the right to litigate claims against each other, and important rights that would be available in litigation, including the right to trial by judge or jury, to extensive discovery and to appeal an adverse decision. The parties acknowledge that they have read and understand this arbitration provision, and that they voluntarily agree to binding arbitration. The Center shall bring no Arbitration Claim more than one (1) year following the completion of the services provided under this agreement to which the Arbitration Claim relates. This paragraph will shorten, but in no event extend, any otherwise legally applicable period of limitations on such Arbitration Claims.

Engagement Administration, Fees, and Other

To facilitate meeting our mutual objectives, the Center will provide in a timely manner audit schedules, supporting information, including timely communication of all significant accounting and financial reporting matters, as well as working space and clerical assistance as mutually agreed upon and as is normal and reasonable in the circumstances. We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Ann S. Masel is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Lisa Langston is the concurring partner. We expect to begin our audit on a mutually agreed upon date and issue our report as soon as practicable.

We estimate that our fees will range from \$17,000 to \$18,500 for the audit and \$1,800 for the information returns. The Center will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

This engagement includes only those services specifically described in the Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to object to or respond to, or we receive and respond to, a validly issued third party subpoena, court order, government regulatory inquiry, or other similar request or legal process against the Center or their management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs (including outside lawyer fees) that we incur.

The audit documentation for this engagement is the property of Ham, Langston & Brezina, L.L.P. and constitutes confidential information. Except as discussed below, any requests for access to our working papers will be discussed with you prior to making them available to requesting parties.

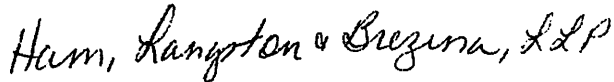
Our firm, as well as all other major accounting firms, participates in a peer review program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us in writing.

Our firm and its employees are independent with regard to the Center under rules of the AICPA. We know of no relationships that would impair our independence either in fact or appearance.

Any discussions that you have with personnel of HL&B regarding their possible future employment at the Center could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence. In addition, if you hire our personnel, you agree to pay us a fee of 20% of each individual's base compensation (as an employee of the Center) within 90 days from the first day of each individual's employment.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Ham, Langston & Brezina, L.L.P.

RESPONSE:

This letter correctly sets forth the understanding of Moody Early Childhood Center.

Management signature:

Accepted by

Title

Date

Governance signature:

Accepted by

Title

Date

Cost Per Student 20.xlsx

Personnel	\$660,363
Contracted Services	\$102,911
Supplies	\$58,267
Other	\$29,556
Office/Family Engage	\$264,816
Number of Classrooms	6
Total number of Students	48
Cost/Classroom	\$185,985
Cost/Student	\$23,248

Tuition/month	\$780
Total Annual	\$449,280 <i>if 100% full pay</i>
Total Cost	\$1,115,912
Difference	-\$666,632

Cost Per Student 20.xlsx

Personnel	\$797,249
Contracted Services	\$120,063
Supplies	\$37,204
Other	\$34,481
Office/Family Engage	\$308,952
Number of Classrooms	7
Total number of Students	56
Cost/Classroom	\$185,421
Cost/Student	\$23,178

Avg Tuition/month	\$176
Total Annual	\$118,080 <i>if 100% full pay</i>
Total Cost	\$1,297,949
Difference	-\$1,179,869

Cost Per Student 20.xlsx

Personnel	\$1,767,904
Contracted Services	\$240,126
Supplies	\$135,956
Other	\$68,963
Office/Family Engage	\$717,210
Number of Classrooms	14
Total number of Students	130
Cost/Class	\$209,297
Cost/Student	\$22,540

State Reim/Student	\$4,169
Total Expenditures	\$2,930,158
State 1920 Reim	\$500,331
Difference	-\$2,429,827

Galveston Independent School District
Moody Early Childhood Center
Improvement Plan
2020-2021



Mission Statement

Our **MISSION** is to provide a safe, nurturing and developmentally appropriate program which fosters active learning, support for the whole child, and a child-friendly environment. MECC fosters innovation, embraces teamwork, strives for excellence, respects and supports families, commits to service at all levels, respects and appreciates diversity, actively listens and seeks to understand, communicates openly and productively, uses resources creatively and responsibly and abides by the NAEYC code of ethics.

Vision

Our **VISION** for the Moody Early Childhood Center is to ensure that Galveston children, regardless of their families' economic status, enter kindergarten prepared to succeed.

1. Our students have the individual skills and knowledge to succeed in a rapidly changing world.
2. Our students, staff, and community learn and are cared for, in an environment that reflects our school values.
3. The school ethos adds value to each child's life through an interdependent partnership between parents, staff, and students.
4. The school promotes individual and team excellence and individual and team contributions to national well being.
5. The 12 Quality Principles provide the foundation on which the school operates and students, staff and parents learn.

MOTTO: *"Giving all Galveston children the opportunity to soar"*

Value Statement

Our **VALUES** are:

Act with integrity

Honest – responsible for work and decisions, and is accurate and truthful

- **Dependable** – accountable for work and actions, and consider how the work affects others
- **Openness** – listen and respect others’ opinions, encourage questions, provide feedback and share knowledge

Serve with RESPECT

- **Courteous** – use good manners by saying “please, “ “thank you,” and “good morning”
- **Open communication** – mindful of what you say and how you say it; gossip and assumptions are not acceptable
- **Recognition** – acknowledge good work from departments and individuals in meaningful ways, verbally and

Consider others before self

- **Cooperation** – consider the needs of others and their departments; agree to disagree when necessary, and compromise for the good of the organization
- **Caring** – know others and are sensitive to their needs
- **Fairness** – apply policies and procedures equally and give others the benefit of the doubt

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