

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

**Consolidated Financial Statements
with Supplemental Information and Compliance Reports
August 31, 2025 and 2024**



Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

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Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
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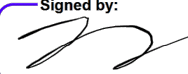
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**Wonderland Education Estate Association, Inc. dba Beatrice Mayes
Institute
County District No. 101-847
Certificate of Board**

We, the undersigned, certify that the attached Financial and Compliance Report of Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute was reviewed and (check one) approved disapproved for the year ended August 31, 2025, at a meeting of the governing body of the charter school on the 17th day of February 2026.

Signed by:

5388D7E7670D4F0...

Signature of Board Secretary

Signed by:

29E0D607B19F4E1...

Signature of Board President



Independent Auditors' Report

To the Board of Directors of
Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute (School) (a nonprofit organization), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School as of August 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position, activities and cash flows for Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute and the accompanying statements of financial position and activities and cash flows of Beatrice Mayes Institute are presented for additional analysis and are not a required part of the consolidated financial statements. The other supplemental information listed in the accompanying table of contents is presented for purposes of additional analysis as required by the Texas Education Agency and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplemental information is fairly stated in all material respects in relation to the consolidated 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 February 17, 2026 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the effectiveness of the School's 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 School's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas
February 17, 2026

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidated Statements of Financial Position
August 31, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash and cash equivalents	\$ 4,162,871	\$ 3,905,210
Restricted cash equivalents	703,045	2,268,508
Due from government agencies	562,702	628,444
Other assets	49,069	721,930
Investments	591,149	3,637,436
Prepaid expenses	413	2,495
Total current assets	6,069,249	11,164,023
Noncurrent assets:		
Property and equipment, net	25,270,336	24,575,838
Right-of-use asset - finance leases, net	98,930	132,180
Total assets	\$ 31,438,515	\$ 35,872,041
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 94,620	\$ 463,196
Accrued wages	483,713	454,819
Current portion of long-term debt	562,292	537,590
Right-of-use liability - finance leases, current	41,318	41,318
Total current liabilities	1,181,943	1,496,923
Noncurrent liabilities:		
Refundable advance	-	200,000
Long-term debt, net	11,482,270	15,058,433
Right-of-use liability - finance leases, net	66,470	95,892
Total noncurrent liabilities	11,548,740	15,354,325
Total liabilities	12,730,683	16,851,248
Net assets:		
Without donor restrictions	17,834,384	15,799,100
With donor restrictions	873,448	3,221,693
Total net assets	18,707,832	19,020,793
Total liabilities and net assets	\$ 31,438,515	35,872,041

See notes to consolidated financial statements.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidated Statement of Activities
Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Local support:			
5740 Other revenue from local sources	\$ 2,347,820	\$ 30,000	\$ 2,377,820
5750 Revenue from co-curricular or enterprising	512,943	-	512,943
5760 Revenue from intermediate sources	336,139	-	336,139
Total local support	3,196,902	30,000	3,226,902
State program revenue:			
5810 Per capita and foundation school program	-	6,450,912	6,450,912
5820 State program revenues distributed by TEA	-	49,400	49,400
5831 Teacher Retirement or TRS Care-on-behalf payments	-	347,175	347,175
Total state program revenue	-	6,847,487	6,847,487
Federal program revenue:			
5920 Federal revenues distributed by TEA	-	1,079,086	1,079,086
5923 Federal program revenue - noncash commodities	-	22,067	22,067
5939 Federal revenues distributed by non-TEA TGA's	-	13,833	13,833
Total federal program revenue	-	1,114,986	1,114,986
Net assets released from restrictions - Satisfaction of program restrictions	10,340,718	(10,340,718)	-
Total revenues and other support	13,537,620	(2,348,245)	11,189,375
Expenses:			
11 Instruction	5,334,545	-	5,334,545
13 Curriculum development and instructional staff development	190,367	-	190,367
23 School leadership	418,475	-	418,475
31 Guidance, counseling and evaluation services	104,144	-	104,144
32 Social work services	60,522	-	60,522
33 Health services	129,002	-	129,002
35 Food services	537,836	-	537,836
36 Extracurricular activities	72,506	-	72,506
41 General administration	736,169	-	736,169
51 Facilities maintenance and operations	2,154,951	-	2,154,951
52 Security and monitoring services	264,962	-	264,962
53 Data processing services	448,251	-	448,251
61 Community services	212,802	-	212,802
71 Debt service	673,948	-	673,948
81 Fundraising	163,856	-	163,856
Total expenses	11,502,336	-	11,502,336
Change in net assets	2,035,284	(2,348,245)	(312,961)
Net assets at beginning of year	15,799,100	3,221,693	19,020,793
Net assets at end of year	\$ 17,834,384	\$ 873,448	\$ 18,707,832

See notes to consolidated financial statements.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidated Statement of Activities
Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Local support:			
5740 Other revenue from local sources	\$ 1,389,348	\$ 2,485,000	\$ 3,874,348
5750 Revenue from co-curricular or enterprising	513,604	-	513,604
5760 Revenue from intermediate sources	53,749	-	53,749
Total local support	1,956,701	2,485,000	4,441,701
State program revenue:			
5810 Per capita and foundation school program	-	5,017,111	5,017,111
5820 State program revenues distributed by TEA	-	225,863	225,863
5831 Teacher Retirement or TRS Care-on-behalf payments	-	254,737	254,737
Total state program revenue	-	5,497,711	5,497,711
Federal program revenue:			
5920 Federal revenues distributed by TEA	-	1,381,781	1,381,781
5923 Federal program revenue - noncash commodities	-	31,503	31,503
Total federal program revenue	-	1,413,284	1,413,284
Net assets released from restrictions - Satisfaction of program restrictions	10,364,842	(10,364,842)	-
Total revenues and other support	12,321,543	(968,847)	11,352,696
Expenses:			
11 Instruction	3,980,782	-	3,980,782
12 Instructional resources and media services	348	-	348
13 Curriculum development and instructional staff development	146,870	-	146,870
21 Instructional leadership	-	-	-
23 School leadership	434,531	-	434,531
31 Guidance, counseling and evaluation services	21,591	-	21,591
32 Social work services	57,576	-	57,576
33 Health services	115,901	-	115,901
35 Food services	531,472	-	531,472
36 Extracurricular activities	118,231	-	118,231
41 General administration	1,438,978	-	1,438,978
51 Facilities maintenance and operations	1,812,426	-	1,812,426
52 Security and monitoring services	317,978	-	317,978
53 Data processing services	141,710	-	141,710
61 Community services	262,044	-	262,044
71 Debt service	804,597	-	804,597
81 Fundraising	179,807	-	179,807
Total expenses	10,364,842	-	10,364,842
Change in net assets from operations	1,956,701	(968,847)	987,854
Non-operating activities:			
Loss on disposal of property and equipment	(516,580)	-	(516,580)
Change in net assets	1,440,121	(968,847)	471,274
Net assets at beginning of year	14,358,979	4,190,540	18,549,519
Net assets at end of year	\$ 15,799,100	\$ 3,221,693	\$ 19,020,793

See notes to consolidated financial statements.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidated Statements of Cash Flows
Years Ended August 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (312,961)	\$ 471,274
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	900,409	420,611
Unrealized and realized (gains) losses on investments	21,476	(321,733)
Amortization of debt issuance costs	15,731	16,343
Amortization of right-of-use asset - finance lease	33,250	31,696
Loss on disposal of property and equipment	-	516,580
Changes in operating assets and liabilities:		
Due from government agencies	65,742	636,642
Other assets	672,861	(658,458)
Prepaid expenses	2,082	293,452
Accounts payable	(368,576)	(1,932,983)
Accrued wages	28,894	127,359
Refundable advance	(200,000)	200,000
Net cash provided (used) by operating activities	858,908	(199,217)
Cash flows from investing activities:		
Proceeds from sale of investments	3,274,996	339,140
Purchases of investments	(250,185)	(335,347)
Purchases of property and equipment	(1,594,907)	(5,320,352)
Net cash provided (used) by investing activities	1,429,904	(5,316,559)
Cash flows from financing activities:		
Payments on long-term debt issuance costs	-	(20,072)
Payments on long-term debt	(3,567,192)	(466,400)
Right-of-use liability - finance leases	(29,422)	(26,666)
Net cash used by financing activities	(3,596,614)	(513,138)
Change in cash and cash equivalents	(1,307,802)	(6,028,914)
Cash and cash equivalents at beginning of year	6,173,718	12,202,632
Cash and cash equivalents at end of year	\$ 4,865,916	\$ 6,173,718
Reconciliation of cash reported within the statements of financial position to the statements of cash flows:		
Cash and cash equivalents	\$ 4,162,871	\$ 3,905,210
Restricted cash equivalents	703,045	2,268,508
Total cash shown in the statements of cash flows	\$ 4,865,916	\$ 6,173,718
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 653,218	\$ 776,385
Right-of-use asset obtained in exchange for lease liability	\$ -	\$ 163,876
Supplemental disclosure of cash flow information:		
Capitalized construction costs included in accounts payable	\$ -	\$ 28,736

See notes to consolidated financial statements.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

1. Organization and Nature of Activities

Wonderland Educational Estate Association, Inc. (WEEA) dba Beatrice Mayes Institute provides curricula for students in grades K-8. WEEA was incorporated in the State of Texas in September 1999 under the Texas Non-Profit Corporation Act. WEEA is the charter holder of Beatrice Mayes Institute (Charter School)

Pursuant to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, the Charter School operates as part of the state public school system subject to all federal and state laws and rules governing public schools. The Charter School is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

WEEA and the Charter School are collectively referred to herein as the School.

The School has two programs - a private day care center and a single charter school.

2. Summary of Significant Accounting Policies

Consolidated Financial Statements

The consolidated financial statements include the accounts and transactions of Beatrice Mayes Institute and Wonderland Educational Estate Association, Inc. All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting and Consolidated Financial Statement Presentation

The School prepares the consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The accounting system is organized under the Special Supplement to Financial Accounting and Reporting – *Nonprofit Charter School Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide.

Net assets and revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor or grantor-imposed restrictions even though their use may be limited in other respects, such as by contract or board designation.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

Net assets with donor restrictions - Net assets subject to donor or grantor stipulations that will be met by actions of the 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.

Some net assets with donor restriction include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the School to expend the income generated by the assets in accordance with the provisions of additional donor or grantor imposed stipulations or a board of directors approved spending policy. As of August 31, 2025 and 2024, no such net asset restrictions existed.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist of cash and cash equivalents, restricted cash equivalents, amounts due from government agencies and investments. Cash equivalents and restricted cash equivalents are placed with high credit quality financial institutions to minimize risk. The School maintains cash balances at financial institutions located in Texas. The balances are insured by collateral agreements up to the contractual amount and the Federal Deposit Insurance Corporation up to \$250,000 per institution. At August 31, 2025, the School had bank balances that were uninsured or without pledged collateral totaling \$197,078.

Amounts due from government agencies are unsecured and are due from the Texas Education Agency (TEA). The School continually evaluates the collectability of receivables and maintains allowances as necessary. No provision has been made for uncollectible receivables as of August 31, 2025 and 2024, given that none have been identified.

Investments are subject to various risks, such as interest rate, credit and overall market volatility risks.

For the year ended August 31, 2025 and 2024, the School received 71% and 61%, respectively, of its total revenue and support from the TEA and the federal government. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the School to continue to provide the current level of services to its students. For the year ended August 31, 2025, the School received 29% of its local revenue from two donors. For the year ended August 31, 2024, the School received 51% of its total local revenue from one donor.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

Cash and Cash Equivalents and Restricted Cash Equivalents

The School considers all highly liquid investments with original maturities of three months or less from date of purchase to be cash equivalents. Restricted cash equivalents is limited as to use under the terms of the bond indenture. The restricted cash equivalents represent amounts restricted for debt service requirements and maintenance reserves for bonds.

Property and Equipment

Property and equipment purchased by the School are recorded at cost. Donated assets are reported at the fair market value. Capitalized assets are defined by the School as assets with an individual cost of more than \$5,000 and a useful life longer than one year. Depreciation is calculated on the straight-line method based upon the estimated useful lives of 5 to 39 years.

Expenditures for maintenance and repairs are expensed when incurred; significant renewals and betterments are capitalized. Property and equipment acquired with public funds received for the operation of the School constitute public property pursuant to Chapter 12 of the Texas Education Code.

Impairment of Long Lived Assets

The School reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment included current operating results, trends and prospects and the effects of obsolescence, demand completion and other economic factors. There were no indications of asset impairment during the years ended August 31, 2025 and 2024.

Revenues and Support

Revenues from the State's available school fund are earned based on reported attendance.

A portion of the School's revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting performance requirements are reported as refundable advances in the consolidated statements of financial position. The School was awarded cost-reimbursable grants totaling \$78,156 that have not been received or recognized at August 31, 2025 because qualifying expenditures or performance requirements have not been incurred or met.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

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.

All contributions are considered to be available for purposes without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

Contributed Services and Assets

Contributed services are recognized in the accompanying consolidated financial statements at fair value if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the School. No donated services were utilized that met the criteria to be recorded as revenue in the School's consolidated financial statements. Contributions of donated noncash assets are recorded at the estimated fair value in the period the unconditional commitment is received. The related expense is recognized as the item is used.

Debt Issuance Costs

Costs of obtaining bond financing are recorded as bond issuance costs and are reported as a direct deduction from the carrying amount of that debt liability and amortized using the interest method over the related bond year. Amortization expense is included in debt service in the accompanying consolidated statements of activities.

Federal Income Taxes

The School is exempt from federal income taxes under Section 501(c)(3) of the IRC and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the School's exempt purposes is subject to tax under IRC Section 511. The School had no unrelated business income for the years ended August 31, 2025 and 2024. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the School's tax returns and recognition of a tax liability (or asset) if the School has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the School, and has concluded that as of August 31, 2025 and 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the School's consolidated financial statements are related to the School's estimate of revenue and receivable for the Foundation School Program, fair value of investments, present value of right of use liability, depreciation expense and the functional allocation of expenses.

3. Investments

Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the Accounting Standards Codification (ASC), disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1 Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;
- Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;
- Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Equity Securities

These investments are valued at the closing price reported on the active markets in which the individual securities are traded.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

Mutual Funds

These are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

All investments of the School are classified within Level 1 of the valuation hierarchy.

The following table sets forth represents by level, within the fair value hierarchy, represents the School's investments at estimated fair value at August 31:

	2025	2024
Equity	\$ 459,399	\$ 1,239,913
Mutual Funds	131,750	2,397,523
	\$ 591,149	\$ 3,637,436

The following investments represent 10% or more of total investment balances at August 31:

	2025	2024
American Funds Investment Company	22%	1%
Vanguard Charlotte FDS	2%	14%
Vanguard Total Market Bond	1%	15%
Vanguard Total International Bond	1%	14%

Investment income consisted of the following for the years ended August 31:

	2025	2024
Interest and dividend income	\$ 92,011	\$ 122,082
Unrealized and realized gains (losses) on investments	(21,476)	321,733
	\$ 70,535	\$ 443,815

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Notes to Consolidated Financial Statements

4. Property and Equipment

Property and equipment consist of the following at August 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 676,128	\$ 676,128
Buildings and improvements	26,586,034	25,001,125
Furniture and equipment	459,714	459,714
Vehicles	<u>45,314</u>	<u>35,316</u>
Total property and equipment	27,767,190	26,172,283
Less: Accumulated depreciation	<u>(2,496,854)</u>	<u>(1,596,445)</u>
Property and equipment, net	<u>\$ 25,270,336</u>	<u>\$ 24,575,838</u>

Depreciation expense for the years ended August 31, 2025 and 2024, totaled \$900,409 and \$420,611, respectively.

5. Leases

In evaluating its contracts, the School separately identifies lease and nonlease components in calculating the right-of-use (ROU) assets and lease liabilities. The School has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. School determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent and lease incentives. The School uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the School uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Notes to Consolidated Financial Statements

The lease term may include options to extend or to terminate the lease that the School is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The School has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

During the year ended August 31, 2024, the School entered into a finance lease agreement for two busses. The lease expires September 30, 2028. The lease notes no renewal options and requires the School to pay all executory costs (maintenance and insurance). Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Future minimum lease payments and a reconciliation to the statement of financial position are as follows for the years ending August 31:

2026		\$	41,318
2027			41,318
2028			41,319
Total future undiscounted lease payments			123,955
Less present value discount			(16,167)
Right-of-use lease liabilities		\$	107,788

The following represents lease cost and required information for the years ended August 31:

	2025	2024
Total finance lease cost	\$ 41,319	\$ 165,274
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from leases	\$ (29,422)	\$ (26,666)
Right-of-use assets obtained in exchange for new lease liabilities	\$ -	\$ 163,876
Weighted-average remaining lease term:	2.58 years	3.58 years
Weighted-average discount rate:	9.87%	9.87%

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Notes to Consolidated Financial Statements

6. Long-Term Debt

The following is a summary of changes in the School’s long-term debt for the year ended August 31, 2025:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:					
Series 2022-A	\$ 9,395,249	\$ -	\$ (152,844)	\$ 9,242,405	\$ 160,872
Series 2022-B	6,642,530	-	(3,414,348)	3,228,182	401,420
Bond issuance costs 2022 A&B	(441,756)	-	15,731	(426,025)	-
Total bonds payable, net	<u>\$ 15,596,023</u>	<u>\$ -</u>	<u>\$ (3,551,461)</u>	<u>\$ 12,044,562</u>	<u>\$ 562,292</u>

The following is a summary of changes in the School’s long-term debt for the year ended August 31, 2024:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:					
Series 2022-A	\$ 9,492,884	\$ -	\$ (97,635)	\$ 9,395,249	\$ 152,844
Series 2022-B	7,011,295	-	(368,765)	6,642,530	384,746
Bond issuance costs 2022 A&B	(438,027)	(20,072)	16,343	(441,756)	-
Total bonds payable, net	<u>\$ 16,066,152</u>	<u>\$ (20,072)</u>	<u>\$ (450,057)</u>	<u>\$ 15,596,023</u>	<u>\$ 537,590</u>

Bonds Payable

In September 2022, the School completed a transaction in which the Equitable Facilities Fund, Inc. issued a \$9,492,884 Series 2022A Note and a \$7,300,000 Series 2022B Note and loaned the proceeds of the bonds to the School. The School entered into a loan agreement with Equitable Facilities Fund, Inc. for the proceeds of the bond issue, which are held by the bond trustee, U.S. Bank National Association. The bonds were issued as education revenue bonds, and have interest rates ranging from 4.25% to 5.13%, and are collateralized by a deed of trust and pledge of revenues of the School. The School is required to use the bond proceeds to pay debt issuance costs, provide capitalized interest on bonds, to fund a debt service reserve for bonds and to finance or refinance the costs of acquiring land, acquiring, constructing, improving and equipping “educational facilities” and facilities incidental, subordinated, or related thereto or appropriate in connection to the School.

The loan agreement for the 2022 series bonds establishes a debt service coverage ratio, which stipulates that available revenues for each fiscal year must be equal to at least 1.10 times the annual debt service of the School until the individual bond or notes have been paid in full.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Notes to Consolidated Financial Statements

Debt service requirements are as follows for the years ending August 31:

	Principal	Interest	Total
2026	\$ 562,291	\$ 728,584	\$ 1,290,875
2027	588,138	702,738	1,290,876
2028	615,182	675,694	1,290,876
2029	643,479	647,396	1,290,875
2030	4,742,106	465,886	5,207,992
Thereafter	5,319,391	5,643,932	10,963,323
Total	\$ 12,470,587	\$ 8,864,230	\$ 21,334,817

7. Net Assets With Donor Restrictions

Net assets with donor restrictions represent resources received from local and governmental agencies to be used under management’s discretion for educational purposes.

8. Contributions of Nonfinancial Assets

The School received the following contribution of nonfinancial assets during the year ended August 31, 2025:

	Program	Administrative	Total
Commodities	\$ 22,067	\$ -	\$ 22,067
TRS On-Behalf	289,005	58,170	347,175
	\$ 311,072	\$ 58,170	\$ 369,242

The School received the following contribution of nonfinancial assets during the year ended August 31, 2024:

	Program	Administrative	Total
Commodities	\$ 31,503	\$ -	\$ 31,503
TRS On-Behalf	211,141	43,596	254,737
	\$ 242,644	\$ 43,596	\$ 286,240

Commodities

Contributed commodities are reported at fair value using value provided by grantor agency.

TRS On-Behalf

The School received on-behalf payments in the form of benefits paid to the Teacher Retirement System (TRS).

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

Commodities and TRS on-behalf contributions received during the years ended August 31, 2025 and 2024 were restricted by donors for specific uses.

9. Multi-employer Defined Benefit Pension Plan

Plan Description

The School contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State. 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 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. 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 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, under the TRS Publications Heading.

Funding Policy

Plan members contributed 8.25% of their annual covered salary in 2025. The School contributes 8.25% for new members of the first 90 days of employment, and the State contributes 8.25%. Additionally, the School makes a 2% non-OASDI payment for all TRS eligible employees. The School contributions do not represent more than 5% of the TRS' total contributions. For the years ended August 31, 2025 and 2024, the School contributed \$125,805 and \$194,008, respectively, to TRS. The School also recognized on-behalf of revenue and expense totaling \$347,175 and \$254,737 representing support provided by the state for the years ended August 31, 2025 and 2024, respectively.

The risks of participating in a multi-employer, defined benefit plan are different from single-employer plans because (a) amounts contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

Total TRS plan assets as of the most recent fiscal years ended for TRS of August 31, 2025 and 2024 were \$257 billion and \$243 billion, respectively. Accumulated benefit obligation as of August 31, 2025 and 2024 was \$289 billion and \$272 billion, respectively. The plan was 78.24% and 77.51% funded as of August 31, 2025 and 2024, respectively.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

10. Health Care Coverage

During the years ended August 31, 2025 and 2024, employees of the School were covered by TRS Active Employee Health Insurance Plan. The School contributed \$450, and \$462, respectively, per month per employee for the years ended August 31, 2025 and 2024 to the plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

11. Functional Allocation of Expenses

Expenses that are attributable to one or more functional classifications are allocated among the activities benefited. Salaries and related costs are charged directly either to program services, fundraising or administration based on actual time worked in each area. Information technology costs, depreciation, interest expense and occupancy costs are allocated based on whether the costs are associated with instructional campuses (program services) or with administrative buildings.

The following is a schedule of functional expenses for the year ended August 31, 2025:

	Payroll Costs	Professional & Contracted Services	Supplies & Materials	Other Operating Costs	Debt Service	Total
Program Services:						
Instructional and instructional related services	\$ 3,587,948	\$ 563,670	\$ 129,799	\$ 1,270,301	\$ 348,505	\$ 5,900,223
Support services - student based	552,665	24,845	311,997	14,503	58,266	962,276
Support services - nonstudent based	271,029	846,905	36,783	1,265,196	152,645	2,572,558
Ancillary services	81,718	118,418	10,448	2,218	13,423	226,225
Total program services	4,493,360	1,553,838	489,027	2,552,218	572,839	9,661,282
Support Services:						
School leadership	388,000	-	1,131	2,538	26,397	418,066
Administrative support services	381,753	208,349	5,408	140,659	46,437	782,606
Support services - nonstudent based	70,080	315,099	63,072	-	28,275	476,526
Fundraising	-	153,900	-	9,956	-	163,856
Total support services	839,833	677,348	69,611	153,153	101,109	1,841,054
Total expenses	\$ 5,333,193	\$ 2,231,186	\$ 558,638	\$ 2,705,371	\$ 673,948	\$ 11,502,336

The following is a schedule of functional expenses for the year ended August 31, 2024:

	Payroll Costs	Professional & Contracted Services	Supplies & Materials	Other Operating Costs	Debt Service	Total
Program Services:						
Instructional and instructional related services	\$ 3,008,942	\$ 721,848	\$ 366,092	\$ 47,105	\$354,346	\$ 4,498,333
Support services - student based	432,419	22,138	351,094	39,120	72,515	917,286
Support services - nonstudent based	272,827	1,084,422	45,629	729,116	182,873	2,314,867
Ancillary services	105,568	140,178	12,053	4,245	21,877	283,921
Total program services	3,819,756	1,968,586	774,868	819,586	631,611	8,014,407
Support Services:						
School leadership	307,040	66,698	29,855	14,951	37,300	455,844
Administrative support services	594,782	537,664	86,491	220,041	123,522	1,562,500
Support services - nonstudent based	-	115,468	2,306	22,346	12,164	152,284
Fundraising	-	179,450	-	357	-	179,807
Total support services	901,822	899,280	118,652	257,695	172,986	2,350,435
Total expenses	\$ 4,721,578	\$ 2,867,866	\$ 893,520	\$ 1,077,281	\$ 804,597	\$ 10,364,842

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Notes to Consolidated Financial Statements

12. Liquidity and Availability of Resources

Financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,162,871	\$ 3,905,210
Due from government agencies	<u>562,702</u>	<u>628,444</u>
Total financial assets	<u>\$ 4,725,573</u>	<u>\$ 4,533,654</u>

The School relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities, to be general expenditures. As of August 31, 2025, the School has cash on hand of 132 days and cash and investments on hand of 151 days.

As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

13. Subsequent Events

The School evaluated subsequent events through February 17, 2026, the date the consolidated financial statements were available to be issued, and concluded that no additional disclosures are required.

Supplemental Information and Compliance Report

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidating Statements of Financial Position
August 31, 2025

	Beatrice Mayes Institute	Wonderland Education Estate	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,703,477	\$ 459,394	\$ -	\$ 4,162,871
Restricted cash equivalents	703,045	-	-	703,045
Due from government agencies	554,476	8,226	-	562,702
Other assets	49,069	-	-	49,069
Investments	50,258	540,891	-	591,149
Prepaid expenses	44	369	-	413
Total current assets	5,060,369	1,008,880	-	6,069,249
Noncurrent assets:				
Property and equipment, net	23,395,473	1,874,863	-	25,270,336
Right-of-use asset - finance leases, net	98,930	-	-	98,930
Total assets	\$ 28,554,772	\$ 2,883,743	\$ -	\$ 31,438,515
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 74,678	\$ 19,942	\$ -	\$ 94,620
Accrued wages	358,920	124,793	-	483,713
Long-term debt, current	562,292	-	-	562,292
Right-of-use liability - finance leases, current	41,318	-	-	41,318
Total current liabilities	1,037,208	144,735	-	1,181,943
Noncurrent liabilities:				
Long-term debt, net	11,482,270	-	-	11,482,270
Right-of-use liabilities - financing leases, net	66,470	-	-	66,470
Total noncurrent liabilities	11,548,740	-	-	11,548,740
Total liabilities	12,585,948	144,735	-	12,730,683
Net assets:				
Without donor restrictions	15,095,376	2,739,008	-	17,834,384
With donor restrictions	873,448	-	-	873,448
Total net assets	15,968,824	2,739,008	-	18,707,832
Total liabilities and net assets	\$ 28,554,772	\$ 2,883,743	\$ -	\$ 31,438,515

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidating Statements of Activities
Year Ended August 31, 2025

	Beatrice Mayes Institute	Wonderland Education Estate	Eliminations	Total
Revenues and other support:				
Local support:				
5740 Other revenue from local sources	\$ 1,774,988	\$ 602,832	\$ -	\$ 2,377,820
5750 Revenue from co-curricular or enterprising	94,720	418,223	-	512,943
5760 Revenue from intermediate sources	320,229	15,910	-	336,139
Total local support	2,189,937	1,036,965	-	3,226,902
State program revenue:				
5810 Per capita and foundation school program	6,450,912	-	-	6,450,912
5820 State program revenues distributed by TEA	49,400	-	-	49,400
5831 Teacher Retirement or TRS Care-On-Behalf Payments	347,175	-	-	347,175
Total state program revenue	6,847,487	-	-	6,847,487
Federal program revenue:				
5920 Federal revenues distributed by TEA	1,079,086	-	-	1,079,086
5923 Federal program revenue - noncash commodities	19,686	22,067	(19,686)	22,067
5939 Federal revenues distributed by non-TEA TGA's	-	13,833	-	13,833
Total federal program revenue	1,098,772	35,900	(19,686)	1,114,986
Total revenues and other support	10,136,196	1,072,865	(19,686)	11,189,375
Expenses:				
11 Instruction	3,794,201	1,540,344	-	5,334,545
13 Curriculum development and instructional staff development	189,936	431	-	190,367
23 School leadership	418,475	-	-	418,475
31 Guidance, counseling and evaluation services	104,144	-	-	104,144
32 Social work services	60,522	-	-	60,522
33 Health services	129,002	-	-	129,002
35 Food services	534,098	23,424	(19,686)	537,836
36 Extracurricular activities	72,506	-	-	72,506
41 General administration	689,404	46,765	-	736,169
51 Facilities maintenance and operations	2,072,424	82,527	-	2,154,951
52 Security and monitoring services	237,554	27,408	-	264,962
53 Data processing services	448,251	-	-	448,251
61 Community services	173,782	39,020	-	212,802
71 Debt service	673,948	-	-	673,948
81 Fundraising	153,900	9,956	-	163,856
Total expenses	9,752,147	1,769,875	(19,686)	11,502,336
Change in net assets	384,049	(697,010)	-	(312,961)
Net assets at beginning of year	15,584,775	3,436,018	-	19,020,793
Net assets at end of year	\$ 15,968,824	\$ 2,739,008	\$ -	\$ 18,707,832

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidating Statements of Cash Flows
Year Ended August 31, 2025

	Beatrice Mayes Institute	Wonderland Education Estate	Eliminations	Total
Cash flows from operating activities:				
Change in net assets	\$ 384,049	\$ (697,010)	\$ -	\$ (312,961)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	850,028	50,381	-	900,409
Unrealized and realized losses on investments	36,833	(15,357)	-	21,476
Amortization of debt issuance costs	15,731	-	-	15,731
Amortization of right-of-use asset - finance lease	33,250	-	-	33,250
Changes in operating assets and liabilities:				
Due from government agencies	65,742	-	-	65,742
Other assets	672,861	-	-	672,861
Due from related party	2,250,650	(2,250,650)	-	-
Prepaid expenses	2,081	1	-	2,082
Accounts payable	(378,629)	10,053	-	(368,576)
Accrued wages	(60,667)	89,561	-	28,894
Refundable advance	(200,000)	-	-	(200,000)
Net cash provided by operating activities	3,671,929	(2,813,021)	-	858,908
Cash flows from investing activities:				
Proceeds from sale of investments	3,270,325	4,671	-	3,274,996
Purchases of investments	(67,113)	(183,072)	-	(250,185)
Purchases of property and equipment	(1,594,907)	-	-	(1,594,907)
Net cash provided by investing activities	1,608,305	(178,401)	-	1,429,904
Cash flows from financing activities:				
Payments on long-term debt	(3,567,192)	-	-	(3,567,192)
Right-of-use liability - finance leases	(29,422)	-	-	(29,422)
Net cash used by financing activities	(3,596,614)	-	-	(3,596,614)
Change in cash and cash equivalents	1,683,620	(2,991,422)	-	(1,307,802)
Cash and cash equivalents at beginning of year	2,722,902	3,450,816	-	6,173,718
Cash and cash equivalents at end of year	\$ 4,406,522	\$ 459,394	\$ -	\$ 4,865,916
Reconciliation of cash reported within the statement of financial position to the statement of cash flows:				
Cash and cash equivalents	\$ 3,703,477	\$ 459,394	\$ -	\$ 4,162,871
Restricted cash equivalents	703,045	-	-	703,045
Total cash shown in the statement of cash flows	\$ 4,406,522	\$ 459,394	\$ -	\$ 4,865,916
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	\$ 653,218	\$ -	\$ -	\$ 653,218

Beatrice Mayes Institute
Statement of Financial Position
August 31, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 3,703,477
Restricted cash equivalents	703,045
Due from government agencies	554,476
Other assets	49,069
Investments	50,258
Prepaid expenses	44

Total current assets 5,060,369

Noncurrent assets:

Property and equipment, net	23,395,473
Right-of-use asset - finance leases, net	98,930

Total assets \$ 28,554,772

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 74,678
Accrued wages	358,920
Long-term debt, current	562,292
Right-of-use liability - finance leases, current	41,318

Total current liabilities 1,037,208

Noncurrent liabilities:

Long-term debt, net	11,482,270
Right-of-use liabilities - financing leases, net	66,470

Total noncurrent liabilities 11,548,740

Total liabilities 12,585,948

Net assets:

Without donor restrictions	15,095,376
With donor restrictions	873,448

Total net assets 15,968,824

Total liabilities and net assets \$ 28,554,772

Beatrice Mayes Institute
Statement of Activities
Year Ended August 31, 2025

	Without donor restrictions	With donor restrictions	Total
Revenues and other support:			
Local support:			
5740 Other revenue from local sources	\$ 1,774,988	\$ -	\$ 1,774,988
5750 Revenue from co-curricular or enterprising	94,720	-	94,720
5760 Revenue from intermediate sources	320,229	-	320,229
Total local support	2,189,937	-	2,189,937
State program revenue:			
5810 Per capita and foundation school program	-	6,450,912	6,450,912
5820 State program revenues distributed by TEA	-	49,400	49,400
5831 Teacher Retirement or TRS Care-On-Behalf Payments	-	347,175	347,175
Total state program revenue	-	6,847,487	6,847,487
Federal program revenue:			
5920 Federal revenues distributed by TEA	-	1,079,086	1,079,086
5923 Federal program revenue - noncash commodities	-	19,686	19,686
Total federal program revenue	-	1,098,772	1,098,772
Net assets released from restrictions - Satisfaction of program restrictions	9,752,147	(9,752,147)	-
Total revenues and other support	11,942,084	(1,805,888)	10,136,196
Expenses:			
11 Instruction	3,794,201	-	3,794,201
13 Curriculum development and instructional staff development	189,936	-	189,936
23 School leadership	418,475	-	418,475
31 Guidance, counseling and evaluation services	104,144	-	104,144
32 Social work services	60,522	-	60,522
33 Health services	129,002	-	129,002
35 Food services	534,098	-	534,098
36 Extracurricular activities	72,506	-	72,506
41 General administration	689,404	-	689,404
51 Facilities maintenance and operations	2,072,424	-	2,072,424
52 Security and monitoring services	237,554	-	237,554
53 Data processing services	448,251	-	448,251
61 Community services	173,782	-	173,782
71 Debt service	673,948	-	673,948
81 Fundraising	153,900	-	153,900
Total expenses	9,752,147	-	9,752,147
Change in net assets	2,189,937	(1,805,888)	384,049
Net assets at beginning of year	12,905,439	2,679,336	15,584,775
Net assets at end of year	\$ 15,095,376	\$ 873,448	\$ 15,968,824

Beatrice Mayes Institute
Statement of Cash Flows
Year Ended August 31, 2025

Cash flows from operating activities:

Change in net assets	\$ 384,049
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	850,028
Unrealized and realized losses on investments	36,833
Amortization of debt issuance costs	15,731
Amortization of right-of-use asset - finance lease	33,250
Changes in operating assets and liabilities:	
Due from government agencies	65,742
Other assets	672,861
Due from related party	2,250,650
Prepaid expenses	2,081
Accounts payable	(378,629)
Accrued wages	(60,667)
Refundable advance	(200,000)
Net cash provided by operating activities	3,671,929

Cash flows from investing activities:

Proceeds from sale of investments	3,270,325
Purchases of investments	(67,113)
Purchases of property and equipment	(1,594,907)
Net cash provided by investing activities	1,608,305

Cash flows from financing activities:

Payments on long-term debt	(3,567,192)
Right-of-use liability - finance leases	(29,422)
Net cash used by financing activities	(3,596,614)

Change in cash and cash equivalents

1,683,620

Cash and cash equivalents at beginning of year

2,722,902

Cash and cash equivalents at end of year

\$ 4,406,522

Reconciliation of cash reported within the statement of financial position to the statement of cash flows:

Cash and cash equivalents	\$ 3,703,477
Restricted cash equivalents	703,045

Total cash shown in the statement of cash flows

\$ 4,406,522

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$ 653,218
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Beatrice Mayes Institute
Schedule of Assets
August 31, 2025

	Ownership Interest		
	Local	State	Federal
1110 Cash and cash equivalents	\$ -	\$ 3,703,477	\$ -
1122 Investments	50,258	-	-
1510 Land	-	41,128	-
1520 Building and improvements	6,901,939	18,021,673	-
1531 Vehicles	-	45,314	-
1539 Furniture and equipment	-	322,328	-
1555 Right-of-use assets - financing lease	-	98,930	-
	<u>\$ 6,952,197</u>	<u>\$ 22,232,850</u>	<u>\$ -</u>

**Beatrice Mayes Institute
Schedule of Expenses
Year Ended August 31, 2025**

Object Code	Description	Amount
6100	Payroll costs	\$ 5,026,087
6200	Professional and contracted services	2,064,350
6300	Supplies and materials	554,900
6400	Other operating costs	1,432,862
6500	Debt service	673,948
		<u>\$ 9,752,147</u>

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Education Programs Schedule
Year Ended August 31, 2025

Data Codes	Section A: Compensatory Education Programs Center	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$692,769
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PIC's 24, 26, 28, 29, 30, 34)	\$524,167
	Section B: Bilingual Education Programs Center	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	No
AP6	Does the LEA have written policies and procedures for its bilingual education program?	No
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$0
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC's 25, 35)	\$115,027

Beatrice Mayes Institute
Budgetary Comparison Schedule
Year Ended August 31, 2025

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenue and other support:				
5700 Local revenue	\$ 2,757,020	\$ 2,189,937	\$ 2,189,937	\$ -
5800 State revenue	5,513,420	6,847,487	6,847,487	-
5900 Federal revenue	958,692	1,098,772	1,098,772	-
Total revenue and other support	9,229,132	10,136,196	10,136,196	-
Expenses:				
11 Instruction	3,698,284	3,794,201	3,794,201	-
12 Instructional resources and media services	45,000	-	-	-
13 Curriculum development and instructional staff development	249,343	189,936	189,936	-
23 School leadership	329,153	418,475	418,475	-
31 Guidance, counseling and evaluation services	94,228	104,144	104,144	-
32 Social work services	58,566	60,522	60,522	-
33 Health services	152,123	129,002	129,002	-
35 Food services	406,023	534,098	534,098	-
36 Extracurricular activities	93,100	72,506	72,506	-
41 General administration	991,357	689,404	689,404	-
51 Facilities maintenance and operations	1,742,573	2,072,424	2,072,424	-
52 Security and monitoring services	210,000	237,554	237,554	-
53 Data processing services	135,000	448,251	448,251	-
61 Community services	136,314	173,782	173,782	-
71 Debt service	674,000	673,948	673,948	-
81 Fundraising	190,000	153,900	153,900	-
Total expenses	9,205,064	9,752,147	9,752,147	-
Increase in net assets	24,068	384,049	384,049	-
Net assets at beginning of year	\$ 15,584,775	\$ 15,584,775	\$ 15,584,775	-
Net assets at end of year	\$ 15,608,843	\$ 15,968,824	\$ 15,968,824	\$ -

Beatrice Mayes Institute
Schedule of Real Property Ownership Interest
Year Ended August 31, 2025

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal
RES A BLK 1	5807 and 5919 Calhoun Road, Houston, TX 77021	\$ 22,563,298	\$ 6,901,939	\$ 15,661,359	\$ -

Beatrice Mayes Institute
Schedule of Related Party Transactions
Year Ended August 31, 2025

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During Fiscal Year</u>	<u>Principal Balance Due</u>
None								

Beatrice Mayes Institute
Schedule of Related Party Compensation and Benefits
Year Ended August 31, 2025

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During Fiscal Year</u>
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None

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

To the Board of Directors of
Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

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 consolidated financial statements of Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute (School), which comprise the consolidated statement of financial position as of August 31, 2025, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 17, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 School's consolidated 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated 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 consolidated 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*.

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



A Limited Liability Partnership

Arlington, Texas
February 17, 2026



Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute's (School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended August 31, 2025. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


A Limited Liability Partnership

Arlington, Texas
February 17, 2026

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2025

Federal Grantor/ Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed through Texas Education Agency:			
ESEA, Title I, Part A, Improving Basic Skills	84.010A	24610101101847	\$ 60,529
ESEA, Title I, Part A, Improving Basic Skills	84.010A	25610101101847	<u>339,950</u>
Total ALN 84.010			400,479
Special Education Cluster			
Special Education-Grants to States (IDEA, Part B)	84.027A	24660001101847600	8,767
Special Education-Grants to States (IDEA, Part B)	84.027A	25660001101847600	<u>76,812</u>
Total Special Education Cluster			85,579
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	25694501101847	12,530
ESEA, Title IV, Part A, Subpart 1	84.424A	25680101101847	<u>29,485</u>
Total U.S. Department of Education			528,073
U.S. Department of Agriculture:			
Passed through Texas Education Agency:			
Child Nutrition Cluster			
School Breakfast Program	10.553	71402401	31,922
School Breakfast Program	10.553	71402501	119,348
National School Lunch Program	10.555	71302401	78,949
National School Lunch Program	10.555	71302501	<u>320,794</u>
Total Child Nutrition Cluster			551,013
Passed through Texas Department of Agriculture:			
Child and Adult Care Food Program	10.558	NT4XL1YGLGC5	<u>35,900</u>
Total U.S. Department of Agriculture			586,913
Total Expenditures of Federal Awards			<u>\$ 1,114,986</u>

See notes to schedule of expenditures of federal awards.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute (School). The information in this Schedule is presented in accordance with the requirements of Title U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Food Commodities

Food commodities are recognized as federal expenditures when distributed. Distributed food is reported in the Schedule under the Child and Adult Care Food Program and is valued based on amounts reported to the School by the Texas Department of Agriculture. These amounts are considered to be non-cash assistance to the School. The School received non-cash assistance in the form of food commodities totaling \$22,067 for the year ended August 31, 2025.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Schedule of Findings and Questioned Costs
Year Ended August 31, 2025

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal program or cluster:	
Child Nutrition Cluster	ALN 10.553/10.555
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Consolidated Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary of Prior Year Audit Findings

None