

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

**Consolidated Financial Statements
with Supplemental Information and Compliance Reports
August 31, 2024 and 2023**




Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

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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, 2024, at a meeting of the governing body of the charter school on the 27th day of January 2025.

 27, 2025 19:20 CST

Signature of Board Secretary

 Joseph Greenberg (Jan 28, 2025 10:18 GMT+9)

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 statement of financial position as of August 31, 2024, and the related statements of activities and cash flows for the year 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit 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.

Prior Period Consolidated Financial Statements

The consolidated financial statements of the School as of August 31, 2023 (2023 consolidated financials statements) were audited by other auditors whose report dated January 27, 2024 expressed an unmodified opinion on those statements.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the School changed its method of accounting for the allowance for credit losses effective September 1, 2023 as required by the provisions of Financial Accounting Standards Board Accounting Standard Update 2016-03 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to that matter.

Adjustment to Prior Period Consolidated Financial Statements

As part of our audit of the 2024 consolidated financial statements, we also audited adjustments described in Note 2 that were applied to restate the 2023 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We are not engaged to audit, review, or apply any procedures to the 2023 consolidated financial statements of the School other than with respect to the adjustments and, accordingly, we don't express an opinion or any other form of assurance on the 2023 consolidated financial statements as a whole.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 January 27, 2025 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 handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas
January 27, 2025

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidated Statements of Financial Position
August 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,905,210	\$ 3,262,919
Restricted cash equivalents	2,268,508	8,939,713
Due from government agencies	628,444	1,265,086
Other assets	721,930	63,472
Investments	3,637,436	3,319,496
Prepaid expenses	2,495	295,947
Total current assets	11,164,023	17,146,633
Noncurrent assets:		
Property and equipment, net	24,575,838	20,221,413
Right-of-use asset - finance leases, net	132,180	-
Total assets	\$ 35,872,041	\$ 37,368,046
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 463,196	\$ 2,424,915
Accrued wages	454,819	327,460
Current portion of long-term debt	537,590	466,399
Right-of-use liability - finance leases, current	41,318	-
Total current liabilities	1,496,923	3,218,774
Noncurrent liabilities:		
Refundable advance	200,000	-
Long-term debt, net	15,058,433	15,599,753
Right-of-use liability - finance leases, net	95,892	-
Total noncurrent liabilities	15,354,325	15,599,753
Total liabilities	16,851,248	18,818,527
Net assets:		
Without donor restrictions	15,799,100	14,358,979
With donor restrictions	3,221,693	4,190,540
Total net assets	19,020,793	18,549,519
Total liabilities and net assets	\$ 35,872,041	\$ 37,368,046

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
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
Excess of expenses over revenues 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, as restated	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 Statement of Activities
Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Local support:			
5740 Other revenue from local sources	\$ 3,177,782	\$ -	\$ 3,177,782
5750 Revenue from co-curricular or enterprising	549,345	-	549,345
5760 Revenue from intermediate sources	102,096	-	102,096
Total local support	3,829,223	-	3,829,223
State program revenue:			
5810 Per capita and foundation school program	-	4,879,422	4,879,422
5820 State program revenues distributed by TEA	-	1,260	1,260
Total state program revenue	-	4,880,682	4,880,682
Federal program revenue:			
5920 Federal revenues distributed by TEA	-	1,175,369	1,175,369
Total federal program revenue	-	1,175,369	1,175,369
Net assets released from restrictions-			
Satisfaction of program restrictions	7,615,920	(7,615,920)	-
Total revenues and other support	11,445,143	(1,559,869)	9,885,274
Expenses:			
11 Instruction	2,894,429	-	2,894,429
13 Curriculum development and instructional staff development	349,241	-	349,241
21 Instructional leadership	584	-	584
23 School leadership	319,361	-	319,361
31 Guidance, counseling and evaluation services	6,480	-	6,480
32 Social work services	50,943	-	50,943
33 Health services	106,674	-	106,674
35 Food services	416,695	-	416,695
36 Extracurricular activities	78,284	-	78,284
41 General administration	936,343	-	936,343
51 Facilities maintenance and operations	860,594	-	860,594
52 Security and monitoring services	139,807	-	139,807
53 Data processing services	121,114	-	121,114
61 Community services	454,902	-	454,902
71 Debt service	692,469	-	692,469
81 Fundraising	188,000	-	188,000
Total expenses	7,615,920	-	7,615,920
Change in net assets	3,829,223	(1,559,869)	2,269,354
Net assets at beginning of year, as restated	10,529,756	5,750,409	16,280,165
Net assets at end of year, as restated	\$ 14,358,979	\$ 4,190,540	\$ 18,549,519

See notes to consolidated financial statements.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Consolidated Statements of Cash Flows
August 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 471,274	\$ 2,269,354
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	420,611	30,540
Unrealized and realized gains on investments	(321,733)	(152,025)
Amortization of debt issuance costs	16,343	-
Amortization of right-of-use asset - finance lease	31,696	-
Loss on disposal of property and equipment	516,580	-
Changes in operating assets and liabilities:		
Due from government agencies	636,642	346,201
Other assets	(658,458)	(137,594)
Prepaid expenses	293,452	(711,480)
Accounts payable	(1,932,983)	2,079,540
Accrued wages	127,359	(78,639)
Refundable advances	200,000	-
Net cash provided (used) by operating activities	<u>(199,217)</u>	<u>3,645,897</u>
Cash flows from investing activities:		
Proceeds from sale of investments	339,140	-
Purchases of investments	(335,347)	-
Purchases of property and equipment	<u>(5,320,352)</u>	<u>(17,097,039)</u>
Net cash used by investing activities	<u>(5,316,559)</u>	<u>(17,097,039)</u>
Cash flows from financing activities:		
Net proceeds from issuance of long-term debt	-	16,792,884
Payments on long-term debt issuance costs	(20,072)	-
Payments on long-term debt	(466,400)	(288,705)
Right-of-use liability - finance leases	<u>(26,666)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(513,138)</u>	<u>16,504,179</u>
Change in cash and cash equivalents	<u>(6,028,914)</u>	<u>3,053,037</u>
Cash and cash equivalents at beginning of year	<u>12,202,632</u>	<u>9,149,595</u>
Cash and cash equivalents at end of year	<u>\$ 6,173,718</u>	<u>\$ 12,202,632</u>
Reconciliation of cash reported within the statement of financial position to the statement of cash flows:		
Cash and cash equivalents	\$ 3,905,210	\$ 3,262,919
Restricted cash equivalents	<u>2,268,508</u>	<u>8,939,713</u>
Total cash shown in the statement of cash flows	<u>\$ 6,173,718</u>	<u>\$ 12,202,632</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 776,385</u>	<u>\$ 677,618</u>
Right-of-use asset obtained in exchange for lease liability	<u>\$ 163,876</u>	<u>\$ -</u>
Supplemental disclosure of cash flow information:		
Capitalized constructions costs included in accounts payable	<u>\$ 28,736</u>	<u>\$ -</u>

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 (School) 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.

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

2. Prior Year Restatement

The School's net assets as of August 31, 2023 were restated to properly record accounts receivable that were overstated. The correction of the errors decreased net assets without donor restrictions by \$487,727.

3. 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:

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

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.

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, 2024 and 2023, 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 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 the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2024, the School had bank balances that were uninsured or without pledged collateral totaling \$3,042,715.

Amounts due from government agencies are unsecured and are due from the 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, 2024 and 2023, 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, 2024 and 2023, the School received 61% 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, 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

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, 2024 and 2023.

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 statement of financial position. The School was awarded cost-reimbursable grants totaling \$282,868 that have not been received or recognized at August 31, 2024 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 statement 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, 2024 and 2023. 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, 2024 and 2023, 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, depreciation expense and the functional allocation of expenses.

Accounting Pronouncement Adopted

The School adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's consolidated financial statements but did change how the allowance for credit losses is determined.

4. 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. |

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

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.

Money Market Funds

Money Market is valued using \$1 for the net asset value (NAV) which is classified within level 1 of the hierarchy.

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:

	2024	2023
Equity	\$ 1,239,913	\$ 1,153,010
Money Market	-	31,222
Mutual Funds	2,397,523	2,135,264
	\$ 3,637,436	\$ 3,319,496

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

	2024	2023
Vanguard Charlotte FDS	14%	14%
Vanguard Total Market Bond	15%	18%
Vanguard Total International Bond	14%	19%

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

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

	2024	2023
Interest and dividend income	\$ 122,082	\$ 112,355
Unrealized and realized gains on investments	321,733	152,025
	\$ 443,815	\$ 264,380

5. Property and Equipment

Property and equipment consist of the following at August 31:

	2024	2023
Land	\$ 676,128	\$ 755,518
Buildings and improvements	25,001,125	20,543,645
Furniture and equipment	459,714	429,514
Vehicles	35,316	35,316
Total property and equipment	26,172,283	21,763,993
Less: Accumulated depreciation	(1,596,445)	(1,542,578)
Property and equipment, net	\$ 24,575,838	\$ 20,221,415

Depreciation expense for the years ended August 31, 2024 and 2023 totaled \$420,611 and \$30,540, respectively.

6. 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.

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

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 riskfree 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.

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 at August 31, 2024 are as follows for the years ending August 31:

2025	\$	41,318
2026		41,319
2027		41,318
2028		<u>41,319</u>
Total future undiscounted lease payments		165,274
Less present value discount		<u>(28,064)</u>
Right-of-use lease liabilities	\$	<u><u>137,210</u></u>

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

The following represents lease cost and required information for the year ended August 31, 2024:

Total finance lease cost	\$ <u>165,274</u>
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
operating cash flows from leases	\$ <u>(26,666)</u>
Right-of-use assets obtained in exchange for new lease liabilities	\$ <u>163,876</u>
Weighted-average remaining lease term:	<u>3.58 years</u>
Weighted-average discount rate:	<u>9.87%</u>

7. Long-Term Debt

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	<u>(438,027)</u>	<u>(20,072)</u>	<u>16,343</u>	<u>(441,756)</u>	<u>-</u>
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>

The following is a summary of changes in the School's long-term debt for the year ended August 31, 2023:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:					
Series 2022-A	\$ -	\$ 9,492,884	\$ -	\$ 9,492,884	\$ 97,635
Series 2022-B	-	7,300,000	(288,705)	7,011,295	368,764
Bond issuance costs 2022 A&B	<u>-</u>	<u>(451,833)</u>	<u>13,806</u>	<u>(438,027)</u>	<u>-</u>
Total bonds payable, net	<u>\$ -</u>	<u>\$ 16,341,051</u>	<u>\$ (274,899)</u>	<u>\$ 16,066,152</u>	<u>\$ 466,399</u>

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

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.

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

	Principal	Interest	Total
2025	\$ 537,590	\$ 753,286	\$ 1,290,876
2026	562,292	728,584	1,290,876
2027	588,138	702,738	1,290,876
2028	615,182	675,694	1,290,876
2029	643,479	647,397	1,290,876
Thereafter	13,091,099	6,109,818	19,200,917
Total	\$ 16,037,779	\$ 9,617,517	\$ 25,655,296

8. Line of Credit

The School has a revolving line of credit with a bank allowing for advances up to \$1,700,000. Advances on the line of credit are payable on demand. Interest is payable monthly at the secured overnight financing rate (5.32% at August 31, 2024). The line of credit is collateralized by investments, properties, financial assets, instruments and other assets of every type and description held in specified accounts. There was no outstanding draws on the line of credit as of August 31, 2024 and 2023. The line of credit matured on July 25, 2024 and was not renewed.

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

9. 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.

10. Contributions of Nonfinancial Assets

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

The School received the following contribution of nonfinancial assets during the year ended August 31, 2023:

	Program	Administrative	Total
Commodities	\$ 46,950	\$ -	\$ 46,950
	\$ 46,950	\$ -	\$ 46,950

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).

Commodities and TRS on-behalf contributions received during the years ended August 31, 2024 and 2023 were restricted by donors for specific uses.

11. 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,

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute

Notes to Consolidated Financial Statements

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 2024. 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 1.9% 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, 2024 and 2023, the School contributed \$194,008 and \$118,217, respectively, to TRS. The School also recognized on-behalf of revenue and expense totaling \$254,737 representing support provided by the state.

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, 2024 and 2023 were \$243 billion and \$213 billion, respectively. Accumulated benefit obligation as of August 31, 2024 and 2023 was \$272 billion and \$256 billion, respectively. The plan was 77.51% and 73.15% funded as of August 31, 2024 and 2023, respectively.

12. Health Care Coverage

During the years ended August 31, 2024 and 2023, employees of the School were covered by TRS Active Employee Health Insurance Plan. The School contributed \$462, and \$225, respectively, per month per employee for the years ended August 31, 2024 and 2023 to the plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

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

13. 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, 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

The following is a schedule of functional expenses for the year ended August 31, 2023:

	Payroll Costs	Professional & Contracted Services	Supplies & Materials	Other Operating Costs	Debt Service	Total
Program Services:						
Instructional and instructional related services	\$ 2,610,935	\$ 384,789	\$ 143,729	\$ 104,217	\$ 291,828	\$ 3,535,498
Instructional and school leadership	-	-	584	-	-	584
Support services - student based	346,767	22,692	229,788	59,829	64,782	723,858
Support services - nonstudent based	236,231	626,215	24,686	113,269	168,633	1,169,034
Ancillary services	177,873	189,457	22,682	64,892	15,156	470,060
Total program services	3,371,806	1,223,153	421,469	342,207	540,399	5,899,034
Support Services:						
School leadership	248,003	16,521	45,512	9,325	33,559	352,920
Administrative support services	353,845	491,284	29,069	62,145	107,356	1,043,699
Support services - nonstudent based	-	98,747	22,367	-	11,155	132,269
Fundraising	-	188,000	-	-	-	188,000
Total support services	601,848	794,552	96,948	71,470	152,070	1,716,888
Total expenses	\$ 3,973,654	\$ 2,017,705	\$ 518,417	\$ 413,677	\$ 692,469	\$ 7,615,922

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

14. 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,905,210	\$ 3,262,919
Due from government agencies	<u>628,444</u>	<u>1,265,086</u>
Total financial assets	4,533,654	4,528,005
Less financial assets not available for general expenditures:		
Donor restricted net assets	<u>(3,221,693)</u>	<u>(4,190,540)</u>
Total financial assets available for general expenditure	<u>\$ 1,311,961</u>	<u>\$ 337,465</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, 2024, the School has cash on hand of 101.33 days and cash and investments on hand of 223.77 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.

15. Subsequent Events

The School evaluated subsequent events through January 27, 2025, the date the consolidated financial statements were available to be issued, and concluded that no additional disclosures are required.

Supplemental Information and Compliance Reports

Beatrice Mayes Institute
Statement of Financial Position
August 31, 2024

Assets

Current assets:

Cash and cash equivalents	\$ 454,394
Restricted cash equivalents	2,268,508
Due from government agencies	620,218
Other assets	721,930
Due from related party	2,250,650
Investments	3,290,303
Prepaid expenses	2,125
Total current assets	9,608,128

Noncurrent assets:

Property and equipment, net	22,650,594
Right-of-use asset - finance leases, net	132,180
Total assets	\$ 32,390,902

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 453,307
Accrued wages	419,587
Long-term debt, current	537,590
Right-of-use liability - finance leases, current	41,318
Total current liabilities	1,451,802

Noncurrent liabilities:

Refundable advance	200,000
Long-term debt, net	15,058,433
Right-of-use liabilities - financing leases, net	95,892
Total noncurrent liabilities	15,354,325

Total liabilities	16,806,127
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Net assets:

Without donor restrictions	12,905,439
With donor restrictions	2,679,336
Total net assets	15,584,775
Total liabilities and net assets	\$ 32,390,902

Beatrice Mayes Institute
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	\$ 824,581	\$ 2,340,000	\$ 3,164,581
5750 Revenue from co-curricular or enterprising	70,040	-	70,040
5760 Revenue from intermediate sources	46,092	-	46,092
Total local support	940,713	2,340,000	3,280,713
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
Total federal program revenue	-	1,381,781	1,381,781
Net assets released from restrictions-			
Satisfaction of program restrictions	9,808,530	(9,808,530)	-
Total revenues and other support	10,749,243	(589,038)	10,160,205
Expenses:			
11 Instruction	3,674,547	-	3,674,547
12 Instructional resources and media services	348	-	348
13 Curriculum development and instructional staff development	146,870	-	146,870
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	511,719	-	511,719
36 Extracurricular activities	118,231	-	118,231
41 General administration	1,376,126	-	1,376,126
51 Facilities maintenance and operations	1,737,190	-	1,737,190
52 Security and monitoring services	293,901	-	293,901
53 Data processing services	140,120	-	140,120
61 Community services	195,832	-	195,832
71 Debt service	804,597	-	804,597
81 Fundraising	179,450	-	179,450
Total expenses	9,808,530	-	9,808,530
Change in net assets	940,713	(589,038)	351,675
Net assets at beginning of year, as restated	11,964,726	3,268,374	15,233,100
Net assets at end of year	\$ 12,905,439	\$ 2,679,336	\$ 15,584,775

Beatrice Mayes Institute
Statement of Cash Flows
Year Ended August 31, 2024

Cash flows from operating activities:	
Change in net assets	\$ 351,675
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	389,563
Unrealized and realized gains on investments	(312,293)
Amortization of debt issuance costs	16,343
Amortization of right-of-use asset - finance lease	31,696
Changes in operating assets and liabilities:	
Due from government agencies	636,642
Other assets	(658,458)
Prepaid expenses	293,453
Accounts payable	(1,938,902)
Accrued wages	92,127
Due from related party	(2,250,650)
Refundable advances	<u>200,000</u>
Net cash used by operating activities	<u>(3,148,804)</u>
Cash flows from investing activities:	
Proceeds from sale of investments	341,486
Purchases of property and equipment	<u>(5,320,351)</u>
Net cash used by investing activities	<u>(4,978,865)</u>
Cash flows from financing activities:	
Payments of long-term debt issuance costs	(20,072)
Payments on long-term debt	(466,400)
Right-of-use liability - finance leases	<u>(26,666)</u>
Net cash used by financing activities	<u>(513,138)</u>
Change in cash and cash equivalents	<u>(8,640,807)</u>
Cash and cash equivalents at beginning of year	<u>11,363,709</u>
Cash and cash equivalents at end of year	<u>\$ 2,722,902</u>
Reconciliation of cash reported within the statement of financial position to the statement of cash flows:	
Cash and cash equivalents	\$ 454,394
Restricted cash equivalents	<u>2,268,508</u>
Total cash shown in the statement of cash flows	<u>\$ 2,722,902</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 776,385</u>
Right-of-use asset obtained in exchange for lease liability	<u>\$ 163,876</u>
Supplemental disclosure of cash flow information:	
Capitalized constructions costs included in accounts payable	<u>\$ 28,736</u>

Beatrice Mayes Institute
Schedule of Assets
August 31, 2024

	Ownership Interest		
	Local	State	Federal
1110 Cash and cash equivalents	\$ -	\$ 2,722,902	\$ -
1122 Investments	608,865	2,681,438	-
1510 Land	-	41,128	-
1520 Building and improvements	6,901,939	16,436,764	-
1531 Vehicles	-	35,316	-
1539 Furniture and equipment	-	322,328	-
1555 Right-of-use assets - financing lease	-	132,180	-
	<u>\$ 7,510,804</u>	<u>\$ 22,372,056</u>	<u>\$ -</u>

**Beatrice Mayes Institute
Schedule of Expenses
Year Ended August 31, 2024**

Object Code	Description	Amount
6100	Payroll costs	\$ 4,708,178
6200	Professional and contracted services	2,444,324
6300	Supplies and materials	873,767
6400	Other operating costs	982,694
6500	Debt service	<u>799,567</u>
		<u>\$ 9,808,530</u>

**Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Education Programs Schedule
Year Ended August 31, 2024**

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.	\$617,155
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)	\$400,485
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)	\$0

Beatrice Mayes Institute
Budgetary Comparison Schedule
Year Ended August 31, 2024

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenue and other support:				
5700 Local revenue	\$ 3,007,924	\$ 3,307,924	\$ 3,280,713	\$ 27,211
5800 State revenue	5,156,127	5,446,627	5,497,711	(51,084)
5900 Federal revenue	1,059,812	1,554,881	1,381,781	173,100
Total revenue and other support	9,223,863	10,309,432	10,160,205	149,227
Expenses:				
11 Instruction	3,705,842	3,671,456	3,674,547	(3,091)
12 Instructional resources and media services	45,000	-	348	(348)
13 Curriculum development and instructional staff development	444,607	273,116	146,870	126,246
23 School leadership	344,470	442,470	434,531	7,939
31 Guidance, counseling and evaluation services	87,939	109,368	21,591	87,777
32 Social work services	57,289	59,989	57,576	2,413
33 Health services	128,811	134,920	115,901	19,019
35 Food services	410,915	584,915	511,719	73,196
36 Extracurricular activities	46,270	86,570	118,231	(31,661)
41 General administration	910,424	1,044,424	1,376,126	(331,702)
51 Facilities maintenance and operations	1,533,907	1,727,074	1,737,190	(10,116)
52 Security and monitoring services	140,000	619,000	293,901	325,099
53 Data processing services	105,000	127,000	140,120	(13,120)
61 Community services	157,690	157,690	195,832	(38,142)
71 Debt service	779,800	779,800	804,597	(24,797)
81 Fundraising	-	153,000	179,450	(26,450)
Total expenses	8,897,964	9,970,792	9,808,530	162,262
Increase in net assets	325,899	338,640	351,675	13,035
Net assets at beginning of year, as restated	15,233,100	15,233,100	15,233,100	-
Net assets at end of year	\$ 15,558,999	\$ 15,571,740	\$ 15,584,775	\$ 13,035

Beatrice Mayes Institute
Schedule of Real Property Ownership Interest
Year Ended August 31, 2024

Property Address	Total Assessed Value	Ownership Interest		
		Local	State	Federal
5919 and 5807 Calhoun rd. Houston, TX 77021	\$ 22,563,298	\$ 6,901,939	\$ 15,661,359	\$ -

Beatrice Mayes Institute
Schedule of Related Party Transactions
Year Ended August 31, 2024

<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, 2024

<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>
None							



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

To the Board of Directors of
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, 2024 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 January 27, 2025.

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
January 27, 2025



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, 2024. 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, 2024.

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; 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 generally accepted auditing standards, *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

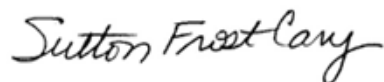
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal compliance. 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
January 27, 2025

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Schedule of Findings and Questioned Costs
Year Ended August 31, 2024

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:	
Education Stabilization Fund	ALN 84.425
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary of Prior Year Audit Findings

None

Wonderland Education Estate Association, Inc. dba Beatrice Mayes Institute
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2024

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	\$ 250,011
ESEA, Title I, Part A, Improving Basic Skills	84.010A	25610101101847	<u>19,578</u>
Total ALN 84.010			269,589
Special Education Cluster			
Special Education-Grants to States (IDEA, Part B)	84.027A	24660001101847600	87,633
Special Education-Grants to States (IDEA, Part B)	84.027A	25660001101847600	<u>8,491</u>
Total Special Education Cluster			96,124
COVID-19 - Education Stabilization Fund (ARP-ESSER III)	84.425U	21528001101847	506,186
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	24694501101847	30,893
ESEA, Title IV, Part A, Subpart 1	84.424A	24680101101847	<u>26,500</u>
Total U.S. Department of Education			929,292
U.S. Department of Agriculture:			
Passed through Texas Education Agency:			
School Breakfast Program	10.553	71402301	17,458
School Breakfast Program	10.553	71402201	131,302
National School Lunch Program	10.555	71302301	41,508
National School Lunch Program	10.555	71302201	262,221
Passed through Texas Department of Agriculture:			
National School Lunch Program - noncash commodities	10.555		<u>31,503</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>483,992</u>
Total Expenditures of Federal Awards			<u>\$ 1,413,284</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 National School Lunch 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 \$31,503 for the year ended August 31, 2024.