

**WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.
dba BEATRICE MAYES INSTITUTE**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED AUGUST 31, 2021

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**WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE
101-847**

(Federal Employer Identification Number: 76-0152632)

CERTIFICATE OF BOARD

August 31, 2021

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Wonderland Educational Estate Association, Inc. dba Beatrice Mayes Institute was reviewed and approved _____ disapproved for the year ended August 31, 2021, at a meeting of the governing body of said charter school on the 16 day of February, 2022.



Signature of Board Secretary



Signature of Board President

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

5177 RICHMOND AVE. SUITE 1100

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Wonderland Educational Estate Association, Inc.
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Wonderland Educational Estate Association, Inc. (WEEA, Inc.) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WEEA, Inc. as of August 31, 2021, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022 on our consideration of WEEA, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WEEA, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Honey & Company". The signature is written in black ink and is positioned above the typed text.

Houston, TX
February 11, 2022

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 6,200,102
Investments	3,607,406
Grants Receivable	305,608
Other Receivables	23,621
Total Current Assets	<u>10,136,737</u>

Property & Equipment:

Land and Land Improvements	676,128
Building and Improvements	2,795,648
Furniture and Equipment	429,514
Vehicles	114,705
	<u>4,015,995</u>
Less: Accumulated Depreciation	<u>(1,475,367)</u>
	<u>2,540,628</u>

Other Assets:

Prepaid Expenses	<u>42,207</u>
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Total Assets	<u>\$ 12,719,572</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 187,606
Accrued Expenses	116,077
Accrued Wages	133,857
Interest Payable	1,505
Payroll Taxes Payable	58,028
Deferred Revenue	33,457
Line of Credit	385,642
Total Current Liabilities	<u>916,172</u>

Net Assets:

Without Donor Restrictions	6,278,983
With Donor Restrictions	5,524,417
Total Net Assets	<u>11,803,400</u>

Total Liabilities and Net Assets	<u>\$ 12,719,572</u>
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See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Federal Program Revenues	\$ -	\$ 689,120	\$ 689,120
State Program Revenues	-	4,872,263	4,872,263
Local Support	2,320,802	-	2,320,802
Interest Income	320,501	-	320,501
Net Assets Released from Restrictions	4,370,202	(4,370,202)	-
Total Revenues	<u>7,011,505</u>	<u>1,191,181</u>	<u>8,202,686</u>
EXPENSES			
Charter School	3,189,724		3,189,724
Daycare Center	413,249		413,249
General and Administrative	1,874,180		1,874,180
Total Expenses	<u>5,477,153</u>	<u>-</u>	<u>5,477,153</u>
CHANGE IN NET ASSETS	<u>1,534,352</u>	<u>1,191,181</u>	<u>2,725,533</u>
NET ASSETS, beginning of year as restated	<u>4,744,631</u>	<u>4,333,236</u>	<u>9,077,867</u>
NET ASSETS, end of year	<u>\$ 6,278,983</u>	<u>\$ 5,524,417</u>	<u>\$ 11,803,400</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2021

	Program Services		Supporting Services	Total
	Charter School	Daycare	Management and General	
Expenses				
Salaries	\$ 2,077,587	\$ 172,356	\$ 712,383	\$ 2,962,326
Employee benefits	227,801	-	4,425	232,226
Payroll taxes	64,188	-	-	64,188
Professional fees	271,884	223,463	270,224	765,571
Utilities	-	-	131,355	131,355
Travel	737	1,732	-	2,469
Interest expense	-	-	21,057	21,057
Insurance	3,939	-	47,315	51,254
Depreciation	-	-	38,471	38,471
Supplies	411,682	13,679	12,238	437,599
Rental and maintenance of equipment	44,513	-	25,639	70,152
Miscellaneous expenses	84,182	2,019	249,768	335,969
Food	3,211	-	8,145	11,356
Repairs and Maintenance	-	-	353,160	353,160
Total Expenses	\$ 3,189,724	\$ 413,249	\$ 1,874,180	\$ 5,477,153

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,725,533
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	38,471
Unrealized (gain) loss on investments	(262,338)
Forgiveness of PPP Loan	(513,750)
(Increase) decrease grants receivable	(270,860)
(Increase) decrease other assets	(30,627)
Increase (decrease) in accounts payable & accrued liabilities	19,709
Increase (decrease) in deferred revenue	(154,198)
Increase (decrease) in accrued salaries	(5,802)
Increase (decrease) in payroll taxes payable	(19,936)
Total Adjustments	<u>(1,199,331)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,526,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(58,162)
Cash paid for purchases of fixed assets	<u>(996,573)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,054,735)</u>
NET INCREASE (DECREASE) IN CASH	<u>471,467</u>
CASH AT BEGINNING OF YEAR, AS RESTATED	<u>5,728,635</u>
CASH AT END OF YEAR	<u>\$ 6,200,102</u>
<u>SUPPLEMENTAL DISCLOSURES</u>	
CASH PAID DURING THE YEAR FOR:	
Interest	<u>\$ 21,057</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

A. Organization:

Wonderland Educational Estate Association, Inc. (WEEA, Inc.) provides curricula for students in grades K-8. The school was incorporated in the State of Texas in September 1999 under the Texas Non-Profit Corporation Act.

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 Organization operates as part of the state public school system subject to all federal and state laws and rules governing public schools. The Organization is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

The charter holder, Wonderland Educational Estate Association, Inc., has two programs - a private day care center and a single charter school. We have audited both the private day care center and the charter school.

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

WEEA, Inc. reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

CLASSIFICATION OF NET ASSETS—

Net assets of WEEA, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
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NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

B. Summary of Significant Accounting Policies: (Continued)

Restrictions may be met by the passage of time or by actions of the WEEA, Inc. Certain restrictions may need to be maintained in perpetuity. Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law. On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the Organization.

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

PROPERTY AND EQUIPMENT

Property and equipment purchased by WEEA, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of the asset. Gains or losses from retirement or sale of property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
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NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

B. Summary of Significant Accounting Policies: (Continued)

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give to WEEA, Inc., which is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

INCOME TAXES

WEEA, Inc. qualifies as a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

CASH AND CASH EQUIVALENTS

For purpose of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Academy classifies its marketable debt securities as “held to maturity” if it has the positive intent and ability to hold the securities to maturity.

All other marketable securities are classified as “available for sale.” Realized gains and losses and unrealized gains and losses, determined using the specific identification method, are included in the change in net assets.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

B. Summary of Significant Accounting Policies: (Continued)

FAIR VALUE MEASUREMENTS

FASB ASC 820 *Fair Value Measurements and Disclosures* establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2: Significant direct or indirect, observable inputs other than quoted prices;

Level 3: Unobservable inputs based on assumptions of the reporting entity.

The fair value measurement of assets and liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires WEEA, Inc.'s management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Pension Plan Obligations:

Plan Description

The Charter 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 of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas.

The plan 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 Texas 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 form the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
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NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

C. Pension Plan Obligations: (Continued)

Plan Description (Continued)

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (“ISD”) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2021 provided the following information (ABO refers to the accumulated benefit obligation):

Pension Fund	Total Plan Assets 2021	ABO 2021	Percent Funded
TRS	\$ 223,172,755,000	\$ 227,273,464,000	88.79%

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action.

State law provides for a member contribution rate of 7.7% for the 2021 fiscal period. The state’s contribution rate as a non-employer contributing entity was 7.5% in 2021. The Charter School’s employees’ contributions to the system for the year ended August 31, 2021 were \$208,938 equal to the required contributions for the year. Other contributions made from federal and private grants and from the Charter School for salaries above the statutory minimum were contributed at a rate of 7.5% totaling \$3,853 for the year ended August 31, 2021. The Charter School’s contributions into this plan do not represent more than 5% of the total contributions to the plan and the charter school was not assessed a surcharge.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

D. Health Care Coverage:

During the year ended August 31, 2021, employees of WEEA, Inc. were covered by a health insurance plan. The school contributed up to \$225 per month per employee (depending upon coverage selected) to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

E. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

F. Investments:

Investments presented below have been measured using Level 1 inputs as described in Note B. above, *Fair Value Measurements*. Cost and fair value of marketable debt and equity securities at August 31, 2021 were as follows:

Fair Value Measurements at August 31, 2021

<u>Type of Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market	\$ 43,375	\$	\$	\$ 43,375
Equity Units	1,443,364			1,443,364
Mutual Funds	2,120,667			2,120,667
Total Investments at Fair Value:	<u>\$ 3,607,406</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,607,406</u>

Realized gains for the year totaled \$58,162 and unrealized gains/ losses, resulted in a net gain of \$262,339. This amount is included in Other Revenues from Local Sources as of August 31, 2021.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

G. Liquidity and Availability of Financial Assets:

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end			
Cash	\$	9,807,508	
Accounts Receivable		329,229	
Total Financial assets at year-end	\$	10,136,737	
Less those unavailable for general expenditures			
within one year, due to:			
Donor-restricted imposed restrictions as to use/time:		-0-	
Financial assets available to meet cash needs for general			
expenditure within one year	\$	10,136,737	

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization.

H. Operating Lease Commitment:

WEEA, Inc’s minimum annual lease commitment is as follows:

Year months ending August 31,	Amount
2022	\$ 13,188
2023	3,297
Total	\$ 16,485

Operating lease expense for the charter school and Wonderland amounted to \$64,058 for the year ended August 31, 2021.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

I. Commitments and Contingencies:

The charter school receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data WEEA, Inc. to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor charter school. The programs administered by the charter school have complex compliance requirements and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

J. Line of Credit:

WEEA, Inc.'s has a \$1,700,000 revolving line of credit, with a balance of \$385,642 at August 31, 2021. Interest related to bank advances on the credit line is payable on a monthly basis starting May 10, 2019 and is computed using the LIBOR rate plus 3%. Outstanding principal and accrued unpaid interest were due in full on the maturity date, April 10, 2020. Line of credit was renewed on November 30, 2020, with a maturity date, March 1, 2022. New interest rate is LIBOR rate plus 3%.

K. Paycheck Protection Program Loan:

The organization applied for and received a loan from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The loan is dated April 20, 2020 in the amount of \$513,750. The loan has a maturity date of April 20, 2022 with an interest rate of .98%. The Agency expects to meet the PPP eligibility criteria and has determined that the PPP loan is in substance a conditional grant that is expected to be forgiven and will account for the PPP loan in accordance with ASC 958-605. The Agency has substantially met the conditions of the grant and has recognized the PPP loan as revenue as of August 31, 2021. On November 5, 2021 the agency received notice that the PPP loan had been fully forgiven by the SBA.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

L. Net Assets with Donor Restrictions:

Net assets with Donor Restrictions at August 31, 2021, are available for the following periods:

Periods after August 31, 2021

Texas Education Agency-State	\$ 5,524,417
Total restricted fund	<u>\$ 5,542,417</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Texas Education Agency-Federal	\$ 661,763
Texas Education Agency-State	3,681,082
US Department of Agriculture-Federal	<u>27,357</u>
Total restrictions released	<u>\$ 4,370,202</u>

M. Prior Period Adjustment:

During the year ended, August 31, 2021, management corrected outstanding checks from prior years. The adjustment increased cash balance and increased net asset balance by \$ 33,445.

N. Evaluation of Subsequent Events:

The Charter School has evaluated subsequent events through February 11, 2022, the date which the financial statements were available to be issued.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

5177 RICHMOND AVE. SUITE 1100

HOUSTON, TX 77056

TEL: (713) 666-5900

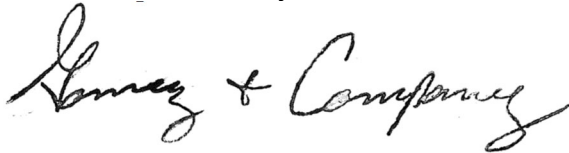
FAX: (713) 666-1049

<http://www.gomezandco.com>

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Directors of
Wonderland Education Estate, Inc.
Houston, Texas

We have audited the financial statements of Wonderland Educational Estate Association, Inc. (a non-profit Organization) as of and for the year ended August 31, 2021, and our report thereon dated February 11, 2022, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School are presented on pages 17 to 23 and on pages 28 to 29 for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Houston, TX
February 11, 2022

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2021

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,366,327
Investment	3,607,406
Grants Receivable	297,382
Other Receivables	17,521
Total Current Assets	<u>8,288,636</u>
Property & Equipment	
Land Improvements	41,128
Building and Improvements	381,079
Furniture and Equipment	292,128
Vehicles	35,316
	<u>749,651</u>
Less: Accumulated Depreciation	<u>(742,975)</u>
	<u>6,676</u>
Other Assets:	
Prepaid Assets	42,007
Total Assets	<u>\$ 8,337,319</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 52,778
Accrued Expenses	115,849
Accrued Wages	126,985
Deferred Expenses	33,457
Payroll Taxes Payable	41,973
TOTAL CURRENT LIABILITIES	<u>371,042</u>
NET ASSETS	
Without Donor Restrictions	2,441,860
With Donor Restrictions	5,524,417
TOTAL NET ASSETS	<u>7,966,277</u>
TOTAL LIABILITIES NET ASSETS	<u>\$ 8,337,319</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Support:			
5720 Local Revenues Realized as a Result of			
Services Rendered to Other Sources	\$ -	\$ -	\$ -
5740 Other Revenues from Local Sources	320,501	-	320,501
5750 Revenue from Cocurricular Activities	1,601	-	1,601
5760 Revenue From Intermediate Services	82,226	-	82,226
Total Local Support	404,328	-	404,328
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	4,857,331	4,857,331
5820 State Program Revenues Distributed			
by Texas Education Agency	-	14,931	14,931
Total State Program Revenues	-	4,872,262	4,872,262
Federal Program Revenues:			
5920 Federal Revenues Distributed by			
by Texas Education Agency	-	639,463	639,463
5930 Federal Revenues Distributed by			
Other Government Agencies	-	22,300	22,300
Total Federal Program Revenues	-	661,763	661,763
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	4,342,844	(4,342,844)	-
Total Revenues	4,747,172	1,191,181	5,938,353
EXPENSES			
11 Instruction	2,796,214		2,796,214
12 Instructional Resources and Media Services	14,147		14,147
13 Curriculum Development and Instructional	12,833		12,833
Staff Development			
21 Instructional Leadership	-		-
23 School Leadership	260,788		260,788
31 Guidance, Counseling and Evaluating Services	5,425		5,425
32 Social Work Services	-		-
33 Health Services	89,364		89,364
34 Student (Pupil) Transportation	-		-
35 Food Services	287,738		287,738
36 Cocurricular/Extracurricular Activities	6,303		6,303
41 General Administration	673,093		673,093
51 Plant Maintenance and Operations	448,205		448,205
52 Security and Monitoring Services	43,279		43,279
53 Data Processing Services	109,783		109,783
61 Community Services	-		-
Total Expenses	4,747,172		4,747,172
CHANGE IN NET ASSETS	-	1,191,181	1,191,181
NET ASSETS, beginning of year	2,441,860	4,333,236	6,775,096
NET ASSETS, end of year	\$ 2,441,860	\$ 5,524,417	\$ 7,966,277

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,191,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	7,931
Unrealized (gain) loss on investments	(262,339)
(Increase) decrease in grants receivable	(262,634)
(Increase) decrease in other assets	(30,627)
Increase (decrease) in account payable & accrued liabilities	17,671
Increase (decrease) in accrued salaries	(8,654)
Increase (decrease) in deferred revenue	(154,198)
Increase (decrease) in payroll taxes	(5,533)
Total Adjustments	<u>(698,383)</u>
Net Cash Provided (Used) by Operating Activities	<u>492,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for purchase of investments	<u>(58,162)</u>
Net Cash Provided (Used) by Investing Activities	<u>(58,162)</u>
NET INCREASE (DECREASE) IN CASH	<u>434,636</u>
CASH AT BEGINNING OF YEAR	<u>3,931,691</u>
CASH AT END OF YEAR	<u>\$ 4,366,327</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2021

EXPENSES	
6100 Payroll Costs	\$ 3,086,385
6200 Professional and Contracted Services	1,133,100
6300 Supplies and Materials	433,657
6400 Other Operating Costs	93,720
6500 Debt	310
Total Expenses	<u>\$ 4,747,172</u>

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2021

Beatrice Mayes Institute

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ -	\$ 4,366,327	\$ -
1122 Investments	-	3,607,406	-
1510 Land improvements	-	41,128	-
1520 Building and Improvements	-	381,079	-
1531 Vehicles	35,316	-	-
1549 Furniture and Equipment	-	292,128	-
Total Capital Assets	<u>\$ 35,316</u>	<u>\$ 8,688,068</u>	<u>\$ -</u>

Wonderland Educational Estate Association, Inc.

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 1,833,775	\$ -	\$ -
1510 Land improvements	635,000	-	-
1520 Building and Improvements	2,414,569	-	-
1531 Vehicles	79,389	-	-
1549 Furniture and Equipment	137,386	-	-
Total Capital Assets	<u>\$ 5,100,119</u>	<u>\$ -</u>	<u>\$ -</u>

Total Combined

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 1,833,775	\$ 4,366,327	\$ -
1122 Investments	-	3,607,406	-
1510 Land improvements	635,000	41,128	-
1520 Building and Improvements	2,414,569	381,079	-
1531 Vehicles	114,705	-	-
1549 Furniture and Equipment	137,386	292,128	-
Total Capital Assets	<u>\$ 5,135,435</u>	<u>\$ 8,688,068</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 393,500	\$ 418,500	\$ 320,501	\$ (97,999)
5750 Revenue from Cocurricular Activities	1,500	1,500	1,601	101
5760 Revenue From Intermediate Services	80,000	80,000	82,226	2,226
Total Local Support	<u>475,000</u>	<u>500,000</u>	<u>404,328</u>	<u>(95,672)</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	4,334,159	4,644,159	4,857,331	213,172
5820 State Program Revenues Distributed by Texas Education Agency	15,000	15,000	14,931	(69)
Total State Program Revenues	<u>4,349,159</u>	<u>4,659,159</u>	<u>4,872,262</u>	<u>213,103</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by by Texas Education Agency	551,000	631,361	639,463	8,102
5930 Federal Revenues Distributed by Other Government Agencies	24,000	24,000	22,300	(1,700)
Total Federal Program Revenues	<u>575,000</u>	<u>655,361</u>	<u>661,763</u>	<u>6,402</u>
Total Revenues	<u>5,399,159</u>	<u>5,814,520</u>	<u>\$ 5,938,353</u>	<u>123,833</u>
Expenses				
11 Instruction	2,800,000	2,950,000	2,796,214	153,786
12 Instructional Resources and Media Services	11,000	14,250	14,147	103
13 Curriculum Development and Instructional Staff Development	45,000	13,000	12,833	167
23 School Leadership	225,000	249,500	260,788	(11,288)
31 Guidance, Counseling and Evaluating Services	-	5,500	5,425	75
33 Health Services	85,000	76,500	89,364	(12,864)
35 Food Services	260,000	275,000	287,738	(12,738)
36 Cocurricular/Extracurricular Activities	15,000	16,000	6,303	9,697
41 General Administration	525,000	655,000	673,093	(18,093)
51 Plant Maintenance and Operations	475,000	450,000	448,205	1,795
52 Security and Monitoring Services	45,000	45,000	43,279	1,721
53 Data Processing Services	100,000	110,000	109,783	217
71 Debt Service Expenses	-	45,000	-	45,000
Total Expenses	<u>4,586,000</u>	<u>4,904,750</u>	<u>4,747,172</u>	<u>157,578</u>
CHANGE IN NET ASSETS	<u>813,159</u>	<u>909,770</u>	<u>1,191,181</u>	<u>281,411</u>
NET ASSETS, beginning of year	<u>6,479,396</u>	<u>6,750,237</u>	<u>6,775,096</u>	<u>(24,859)</u>
NET ASSETS, end of year	<u>\$ 7,292,555</u>	<u>\$ 7,660,007</u>	<u>\$ 7,966,277</u>	<u>\$ 256,552</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

BUDGETARY VARIANCE EXPLANATION

AUGUST 31, 2021

MATERIAL BUDGET VARIANCE REVENUE

(1) The following is an explanation of the 10% variances from original budget to final budget reported on the Budgetary Comparison Schedule for the year ending August 31, 2021.

Object 5920: This variance is due to an increase in revenue projected originally due to increased funds available due to COVID-19 response.

(2) The following is an explanation of the 10% variances from final budget to actual revenues reported on the Budgetary Comparison Schedule for the year ending August 31, 2021.

Object 5740: This variance is the result of local revenue not meeting the anticipated goal for the year.

MATERIAL BUDGET VARIANCE EXPENDITURES

(1) The following is an explanation of the 10% variances from original budget to final budget reported on the Budgetary Comparison Schedule for the year ending August 31, 2021.

Function 12: Additional funds were available to expend.

Function 13: Due to cancellation of in person workshops less was expended in this area causing a variance in the anticipated cost.

Function 23: Additional staffing to help with closing the student loss gap resulted in this variance.

Function 31: Additional services being needed due to pandemic resulted in this variance.

Function 33: The reclassification of expenditure resulted in this variance.

Function 41: Adding additional staff due to increased funding resulted in this variance.

Function 71: The reclassification of expenditure resulted in this variance.

(2) The following is an explanation of the 10% variances from final budget to actual expenses reported on the Budgetary Comparison Schedule for the year ending August 31, 2021.

Function 33: The reclassification of expenditure resulted in this variance.

Function 36: Cancellation of activities due to pandemic resulted in less being expended.

Function 71: The reclassification of expenditure resulted in this variance.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Board of Directors of
Wonderland Educational Estate Association, Inc.
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wonderland Educational Estate Association, Inc. ("WEEA, Inc.") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WEEA, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WEEA, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WEEA, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ramsey & Company". The signature is written in a cursive, flowing style.

Houston, TX
February 11, 2022

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2021

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. An audit of major programs was not required because expenditures of federal awards were less than \$750,000.

Findings Relating to the Financial Statements

No audit findings were noted as per governmental auditing standards.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2021

Summary Schedule of Prior Year Findings

No audit findings were noted as per governmental auditing standards for the year ended August 31, 2020.

BEATRICE MAYES INSTITUTE
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
FOR THE YEAR ENDED AUGUST 31, 2021

Description (List each parcel separately)	Property Address	Total Assessed	Ownership Interest-Local	Ownership Interest-State	Ownership Interest-Federal
None					

BEATRICE MAYES INSTITUTE
 SCHEDULE OF RELATED PARTY TRANSACTIONS
 FOR THE YEAR ENDED AUGUST 31, 2021

Related Party Name	Name of Relation to the Related Party	Relationship	Types of Transactions	Description of Terms and Conditions	Source of Fund Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								