

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED AUGUST 31, 2017**

## TABLE OF CONTENTS

	<b>Page No.</b>
CERTIFICATE OF BOARD	
Independent Auditor's Report	1
FINANCIAL STATEMENTS	
-Statement of Financial Position	3
-Statement of Activities	4
-Statement of Cash Flows	5
Notes to Financial Statements	6
Independent Auditor's Report on Supplementary Information	13
SUPPLEMENTAL FINANCIAL STATEMENTS	
-Statement of Financial Position for Individual Charter School	14
-Statement of Activities for Individual Charter School	15
-Statement of Cash Flows for Individual Charter School	16
-Schedule of Expenses for Individual Charter School	17
-Schedule of Capital Assets for Individual Charter School	18
-Budgetary Comparison Schedule for Individual Charter School	19
-Budgetary Variance Explanation	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit on Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Schedule of Findings and Questioned Costs	24
Schedule of Prior Year Findings	26

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

(Federal Employer Identification Number: 76-0152632)

**CERTIFICATE OF BOARD**

August 31, 2017

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, 2017, at a meeting of the governing body of said charter school on the 25 day of January, 2018.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

**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**

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, 2017, 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, 2017, 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 January 26, 2018, 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 financial 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 "Ramirez & Company". The signature is written in black ink and is positioned above the typed text.

Houston, TX  
January 26, 2018

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2017

ASSETS

Current Assets:

Cash	\$	2,809,193
Investments		2,763,461
Accounts Receivable		486,623
Grants Receivable		224,631
Total Current Assets		<u>6,283,908</u>

Property & Equipment:

Land and Land Improvements		676,128
Buildings and Improvements		1,566,793
Furniture and Equipment		404,613
Automobiles		114,705
		<u>2,762,239</u>
Accumulated Depreciation		<u>(1,269,982)</u>
		<u>1,492,257</u>

Other Assets:

Prepaid Assets		12,776
Total Assets	\$	<u>7,788,941</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$	51,434
Accrued Liabilities		95,162
Accrued Wages		117,303
Interest Payable		1,380
Payroll Taxes Payable		21,546
Notes Payable		787,592
Total Current Liabilities		<u>1,074,416</u>

Net Assets:

Unrestricted		4,331,855
Temporarily Restricted		2,382,670
Total Net Assets		<u>6,714,525</u>

Total Liabilities and Net Assets	\$	<u>7,788,941</u>
----------------------------------	----	------------------

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Federal Program Revenues	\$	\$ 508,269	\$ 508,269
State Program Revenues		3,963,867	3,963,867
Local Support	326,489		326,489
Daycare Income	405,070		405,070
Rental Income	456,480		456,480
Net Assets Released From Restrictions	4,063,759	(4,063,759)	
Total Revenue	<u>5,251,798</u>	<u>408,377</u>	<u>5,660,175</u>
<b>EXPENSES</b>			
Charter School	4,363,041		4,363,041
Daycare Center	<u>801,387</u>		<u>801,387</u>
Total Expenses	<u>5,164,428</u>		<u>5,164,428</u>
Increase (decrease) in net assets	<u>87,370</u>	<u>408,377</u>	<u>495,747</u>
Net assets, beginning of year as Restated	<u>4,244,485</u>	<u>1,974,293</u>	<u>6,218,778</u>
Net assets, end of year	<u>\$ 4,331,855</u>	<u>\$ 2,382,670</u>	<u>\$ 6,714,525</u>

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2017

Cash Flows From Operating Activities	
Change in net assets	\$ 495,747
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	73,849
Unrealized (gain) loss on investments	(110,356)
(Increase) decrease in accounts receivable	(461,190)
(Increase) decrease in grants receivable	173,309
(Increase) decrease in other assets	(423)
Increase (decrease) in accounts payable & accrued liabilities	(46,959)
Increase (decrease) in accrued salaries	22,294
Increase (decrease) in payroll taxes	<u>4,910</u>
Total Adjustments	<u>(344,566)</u>
Net Cash Provided (Used) by Operating Activities	<u>151,181</u>
Cash Flows From Investing Activities	
Purchase of fixed assets	(49,723)
Purchase of investments	<u>(66,382)</u>
Net Cash Provided (Used) By Investing Activities	(116,105)
Cash Flows From Financing Activities	
NET INCREASE ( DECREASE ) IN CASH	<u>35,076</u>
CASH AT BEGINNING OF YEAR	<u>2,774,117</u>
CASH AT END OF YEAR	<u>\$ 2,809,193</u>

Supplemental Disclosures

Cash Paid During the Year for:

Interest	<u>\$ 26,353</u>
----------	------------------

See accompanying notes to financial statements.



WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the corporation.

Temporarily restricted net assets

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

Permanently restricted net assets

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

B. Summary of Significant Accounting Policies: (Continued)

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 unrestricted, temporarily restricted, or permanently restricted 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 unrestricted net assets.

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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

B. Summary of Significant Accounting Policies: (Continued)

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.

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.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

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 from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

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, 2017 provided the following information (ABO refers to the accumulated benefit obligation):

Pension Fund	Total Plan Assets 2017	ABO 2017	Percent Funded
TRS	\$ 165,379,342,000	\$ 179,336,535,000	82.17%

*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 2017 fiscal period. The state’s contribution rate as a non-employer contributing entity was 6.8% in 2017. The Charter School’s employees’ contributions to the system for the year ended August 31, 2017 were \$173,319, equal to the required contributions for the year.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

C. Pension Plan Obligations: (Continued)

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 6.8% totaling \$14,317 for the year ended August 31, 2017. 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.

D. Health Care Coverage:

During the year ended August 31, 2017, 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, 2017 were as follows:

Fair Value Measurements at August 31, 2017

<u>Type of Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money Market	\$ 48,433	\$	\$	\$ 48,433
Equity Units	1,069,342			1,069,342
Mutual Funds	1,678,699			1,678,699
Total Investments at Fair Value:	<u>\$ 2,796,474</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,796,474</u>

Realized gains for the year totaled \$66,382 and unrealized gains/ losses, resulted in a net gain of \$110,356. This amount is included in Other Revenues from Local Sources as of August 31, 2017.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

G. Operating Lease Commitment:

The charter school is currently leasing its building from the daycare center, Wonderland, on a non-cancelable operating lease.

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

<u>Year months ending August 31,</u>	<u>Amount</u>
2018	\$ 460,670
2019	456,480
Total	<u>\$ 917,150</u>

Operating lease expense for the charter school and Wonderland amounted to \$550,277 for the year ended August 31, 2017.

H. 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.

I. Note Payable:

The organization's obligations under notes payable consists of the following:

Promissory Note (\$1,700,000 limit), secured by investment account. The agreement is dated November 17, 2016, at a variable interest rate of LIBOR plus 3%, interest due monthly starting December 16, 2016. Outstanding principal and accrued unpaid interest are due in full on the maturity date, March 16, 2018.

Total Notes Payable \$ 787,592

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

I. Note Payable: (Continued)

Maturities of notes payable over the next five years are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 787,592	\$ 5,264	\$ 792,856
Total	<u>\$ 787,592</u>	<u>\$ 5,264</u>	<u>\$ 792,856</u>

J. Temporarily Restricted Net Assets:

Temporarily restricted net assets at August 31, 2017, are available for the following periods:

<u>Periods after August 31, 2017</u>	
Texas Education Agency-State	\$ 2,382,670
Total temporarily restricted fund	<u>\$ 2,382,670</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	\$ 490,926
Texas Education Agency-State	3,555,491
US Department of Agriculture-Federal	<u>17,342</u>
Total restrictions released	<u>\$ 4,063,759</u>

K. Prior Year Adjustment:

During the year ended August 31, 2017, an adjustment was made to WEEA, Inc. net assets in the amount of \$56,503 to correct liabilities overstated in prior years. The adjustment decreased liabilities balance and increased net assets by the same amount.

L. Evaluation of Subsequent Events:

The Charter School has evaluated subsequent events through January 26, 2018, 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, 2017, and our report thereon dated January 26, 2018, 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 14 to 21 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  
January 26, 2018



WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2017

ASSETS

Current Assets:

Cash	\$	1,956,271
Investments		2,763,461
Accounts Receivable		19,974
Grants Receivable		224,631
Total Current Assets		<u>4,964,337</u>

Property & Equipment:

Land Improvements		41,128
Buildings and Improvements		381,079
Furniture and Equipment		292,128
Automobiles		35,316
		<u>749,651</u>
Accumulated Depreciation		<u>(657,898)</u>
		<u>91,753</u>

Other Assets:

Prepaid Assets		12,776
Total Assets	\$	<u><u>5,068,866</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$	39,934
Accrued Liabilities		79,768
Accrued Wages		109,829
Payroll Taxes Payable		14,805
Total Current Liabilities		<u>244,336</u>

Net Assets:

Unrestricted		2,441,860
Temporarily Restricted		2,382,670
Total Net Assets		<u>4,824,530</u>

Total Liabilities and Net Assets	\$	<u><u>5,068,866</u></u>
----------------------------------	----	-------------------------

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Local Support:			
5740 Other Revenues from Local Sources	\$ 252,107	\$	\$ 252,107
5750 Revenues from Cocurricular Activities	63,995		63,995
5760 Revenue from Intermediate Services	522		522
Total Local Support	316,624		316,624
State Program Revenues:			
5810 Foundation School Program Act Revenues		3,962,675	3,962,675
5820 State Program Revenues Distributed by Texas Education Agency		1,193	1,193
Total State Program Revenues		3,963,867	3,963,867
Federal Program Revenues:			
5920 Federal Revenues Distributed by Texas Education Agency		490,926	490,926
Total Federal Program Revenues		490,926	490,926
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	4,046,417	(4,046,417)	
Total Revenues	4,363,041	408,377	4,771,418
<b>EXPENSES</b>			
Program Services:			
11 Instruction	2,129,043		2,129,043
12 Instructional Resources and Media Services	30,715		30,715
13 Curriculum Development and Instructional Staff Development	5,787		5,787
23 School Leadership Support Services Student	275,523		275,523
33 Health Services	75,709		75,709
35 Food Service	228,062		228,062
36 Cocurricular/Extracurricular Activities	48,335		48,335
41 General Administration	458,328		458,328
51 Plant Maintenance and Operations	929,700		929,700
52 Security and Monitoring Services	49,168		49,168
53 Data Processing	132,671		132,671
Total Expenses	4,363,041		4,363,041
Change in Net Assets		408,377	408,377
Net Assets, Beginning of Year as Restated	2,441,860	1,974,293	4,416,153
Net Assets, End of Year	\$ 2,441,860	\$ 2,382,670	\$ 4,824,530

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2017

Cash Flows From Operating Activities	
Change in net assets	\$ 408,377
Adjustments to reconcile change in net assets to net Cash provided (used) by operating activities	
Depreciation	46,175
Unrealized (gain) loss on investments	(110,356)
(Increase) decrease in accounts receivable	(4,447)
(Increase) decrease in grants receivable	173,309
(Increase) decrease in other assets	(423)
Increase (decrease) in accounts payable & accrued liabilities	(54,235)
Increase (decrease) in accrued salaries	14,819
Increase (decrease) in payroll taxes	<u>(138)</u>
Total Adjustments	<u>64,704</u>
Net Cash Provided (Used) by Operating Activities	473,081
Cash Flows From Investing Activities	
Purchase of fixed assets	(49,723)
Purchase of investments	<u>(66,382)</u>
Net Cash Provided (Used) By Investing Activities	<u>(116,105)</u>
NET INCREASE ( DECREASE ) IN CASH	<u>356,976</u>
CASH AT BEGINNING OF YEAR	<u>1,599,295</u>
CASH AT END OF YEAR	<u>\$ 1,956,271</u>

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2017

**EXPENSES**

6100 Payroll Costs	\$ 2,568,750
6200 Professional and Contracted Services	1,363,352
6300 Supplies and Materials	230,680
6400 Other Operating Costs	<u>200,259</u>
Total Expenses	<u>\$ 4,363,041</u>

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2017

Beatrice Mayes Institute

	Ownership Interest		
	Local	State	Federal
1110 Cash:	\$	\$ 1,956,271	\$
1122 Investments		2,763,461	
1510 Land improvements:			41,128
1520 Buildings and improvements:		326,821	17,500
1531 Vehicles	35,316		
1539 Furniture and equipment:		134,343	157,785
1595 Infrastructure		22,558	
1596 Infrastructure		14,200	
Total Property and Equipment	<u>\$ 35,316</u>	<u>\$ 5,217,654</u>	<u>\$ 216,413</u>

Wonderland Educational Estate Association, Inc.

	Ownership Interest		
	Local	State	Federal
Cash:	\$ 852,922	\$	\$
Land:	635,000		
Buildings and improvements:	1,185,714		
Vehicles	79,389		
Furniture and equipment:	112,485		
Total Property and Equipment	<u>\$ 2,865,510</u>	<u>\$</u>	<u>\$</u>

Total

	Ownership Interest		
	Local	State	Federal
1110 Cash:	\$ 852,922	\$ 1,956,271	\$
1122 Investments		2,763,461	
1510 Land and land improvements:	635,000		41,128
1520 Buildings and improvements:	1,185,714	326,821	17,500
1531 Vehicles	114,705		
1539 Furniture and equipment:	112,485	134,343	157,785
1595 Infrastructure		22,558	
1596 Infrastructure		14,200	
Total Property and Equipment	<u>\$ 2,900,826</u>	<u>\$ 5,217,654</u>	<u>\$ 216,413</u>

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 15,000	\$ 15,000	\$ 252,107	\$ 237,107
5750 Revenues from Coccurricular Activities	12,000	12,000	63,995	51,995
5760 Revenues from Intermediate Services			522	522
Total Local Support	27,000	27,000	316,624	289,624
State Program Revenues:				
5810 Foundation School Program Act Revenues	3,859,603	4,100,000	3,962,675	(137,325)
5820 State Program Revenues Distributed by Texas Education Agency			1,193	1,193
Total state program revenues	3,859,603	4,100,000	3,963,867	(136,133)
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	498,673	480,000	490,926	10,926
Total Federal Program Revenues	498,673	480,000	490,926	10,926
Total Revenues	4,385,276	4,607,000	4,771,418	164,418
<b>EXPENSES</b>				
11 Instruction	2,235,000	2,235,000	2,129,043	105,957
12 Instructional Resources and Media Services	38,500	35,500	30,715	4,785
13 Curriculum Development and Instructional Staff Development	14,500	14,500	5,787	8,713
23 School Leadership	290,000	290,000	275,523	14,477
33 Health Services	80,000	80,000	75,709	4,291
35 Food Service	275,000	275,000	228,062	46,938
36 Cocurricular/Extracurricular Activities	25,000	50,000	48,335	1,665
41 General Administration	425,000	425,000	458,328	(33,328)
51 Plant Maintenance and Operations	938,000	938,000	929,700	8,300
52 Security and Monitoring Services	37,000	50,000	49,168	832
53 Data Processing			132,671	(132,671)
Total Expenses	4,358,000	4,393,000	4,363,041	29,959
Change in Net Assets	43,999	20,999	408,377	387,378
Net Assets, Beginning of Year as Restated	4,416,153	4,416,153	4,416,153	
Net Assets at End of Year	\$ 4,460,152	\$ 4,437,152	\$ 4,824,530	\$ 387,378

See accompanying notes to financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

BUDGETARY VARIANCE EXPLANATION

AUGUST 31, 2017

The following is an explanation of the ten percent (10%) variances from the original budget to the final budget amount reported on the Budgetary Comparison Schedule for the year ending August 31, 2017.

**36: Co-curricular/Extracurricular Activities**

Actual cost associated with the expansion of extra curriculum activities were determined to be more than projected, resulting in a variance.

**52: Security/Monitoring Service**

Added security measures resulted in an increase in projected cost, resulting in a variance.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

BUDGETARY VARIANCE EXPLANATION

AUGUST 31, 2017

The following is an explanation of the ten percent (10%) variances from the final budget to the actual amount reported on the Budgetary Comparison Schedule for the year ending August 31, 2017.

**5740: Other Revenue from Local Sources**

This variance resulted because of an increase in market gains in local source revenue than actually anticipated.

**5750: Revenue from Cocurricular Activities**

Support of our Cocurricular Activities increased in comparison to prior years resulting in more revenue than anticipated.

**5820: State Program Revenue Distributed by TEA**

The availability of unexpected revenue for state programs as opposed to anticipated budgetary cuts in these areas is the result of this variance.

**12: Instructional Resources and Media Services**

This variance is the result of postponement of additional Media Services.

**13: Curriculum Development and Instructional Staff Development**

Projected cost estimates for staff development was less costly than expected.

**35: Food Service**

Decreased meal participation along with decrease in food production cost resulted in lower expenditures than anticipated.

**53: Data Processing**

New reporting guidelines required existing software systems to be replaced which resulted in this variance.



**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 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, 2017, 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 January 26, 2018.

**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. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned cost that we consider to be significant deficiencies. Item 2017-001.

**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*.

### **WEEA, Inc.'s Response to Findings**

WEEA, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. WEEA, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 cursive script that reads "Ramirez & Company". The signature is written in black ink and is positioned above the typed name and date.

Houston, TX  
January 26, 2018

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2017

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. One significant deficiency that is not a material weaknesses on internal control over financial statements, Item 2017-001.
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.

<u>Current Year Findings</u>	<u>Questioned Cost</u>
<b>Finding 2017-001</b> <b>Recording Cash Activity</b>	\$ -0-

***Condition:***

During the audit, we noted the Organization failed to properly review and maintain bank reconciliations for all bank accounts.

***Criteria:***

All bank accounts should be reconciled and maintained in the manner required by Generally Accepted Accounting Principles (GAAP) and Texas Education Agency's, Financial Accountability System Resource Guide.

***Cause:***

The organization did not maintain procedures to ensure that the bank reconciliation were perform timely and accurately.

***Effect:***

Failure to properly reconcile the bank accounts monthly could result in bank activity not being recorded to the general ledger and lead to misstatement of financial reports. This could result in the organization not charging all allowable expenditures to state and federal funds and result in repayment of any non- expended state and federal revenues.

***Recommendation:***

We recommend the Organization implements procedures and controls to ensure that bank reconciliation are performed on a monthly basis and agreed to the general ledger.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2017

***Views of Responsible Officials and Planned Corrective Actions:***

Corrective Action Taken:

Management will implement new procedures and controls to ensure all bank reconciliation are done on a monthly basis and agree with the general ledger. Any checks outstanding over ninety days will be reviewed and voided from the system to accurately reflect general ledger. In addition, management will perform an internal financial audit quarterly in order to ensure that the organization complies with the Generally Accepted Accounting Principles (GAAP) and the accounting system resource guide. This will be implemented by February 28, 2018.

*Effective Date:* February 28, 2018

*Responsible Party:* Terrance Watts, Business Manager

*Estimated Completion Date:* February 28, 2018

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba  
BEATRICE MAYES INSTITUTE

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2017

Summary Schedule of Prior Year Findings

**Finding 2016-001**

**Recording Cash Activity**

\$ -0-

***Condition:***

During the audit, we noted the Organization failed to properly review and maintain bank reconciliations for all bank accounts.

***Criteria:***

All bank accounts should be reconciled and maintained in the manner required by Generally Accepted Accounting Principles (GAAP) and Texas Education Agency's, Financial Accountability System Resource Guide.

***Cause:***

The organization did not maintain procedures to ensure that the bank reconciliation were perform timely and accurately.

***Effect:***

Failure to properly reconcile the bank accounts monthly could result in bank activity not being recorded to the general ledger and lead to misstatement of financial reports. This could result in the organization not charging all allowable expenditures to state and federal funds and result in repayment of any non- expended state and federal revenues.

***Views of Responsible Officials and Planned Corrective Actions***

**Status:**

Item has not been resolved, see current year finding 2017-001.