

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED AUGUST 31, 2023



TABLE OF CONTENTS

	Page No.
CERTIFICATE OF BOARD	
Independent Auditor's Report	1
FINANCIAL STATEMENTS	
-Statement of Financial Position	3
-Statement of Activities	4
-Statement of Functional Expenses	5
-Statement of Cash Flow	6
Notes to Financial Statements	7
Independent Auditor's Report on Supplementary Information	16
SUPPLEMENTAL FINANCIAL STATEMENTS	
-Statement of Financial Position for Individual Charter School	17
-Statement of Activities for Individual Charter School	18
-Statement of Cash Flows for Individual Charter School	19
-Schedule of Expenses for Individual Charter School	20
-Schedule of Capital Assets for Individual Charter School	21
-Budgetary Comparison Schedule for Individual Charter School	22
-Budgetary Variance Explanation	23
Independent Auditor's Report on Internal Control Over Financial Reporting, Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance	26
Schedule of Findings and Questioned Costs	29
Schedule of Prior Year Findings	30
Schedule of Expenditures of Federal Awards	31
Notes To Schedule of Expenditures of Federal Awards	32

REAL PROPERTY OWNERSHIP AND RELATED PARTY TRANSACTIONS	
Schedule of Real Property Ownership Interest	33
Schedule of Related Party Transactions	34
SPECIAL PROGRAM COMPLIANCE SCHEDULE	35

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

(Federal Employer Identification Number: 76-0152632)

CERTIFICATE OF BOARD

August 31, 2023

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, 2023, at a meeting of the governing body of said charter school on the 27th day of January, 2024.



Signature of Board Secretary


Signature of Board President (Vice)

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Wonderland Educational Estate Association, Inc. (WEEA, Inc.) (a non-profit Organization), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WEEA, Inc. 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 opinion.

Responsibilities of Management 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, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 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 WEEA, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WEEA, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented 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 schedule of expenditures is fairly stated, in all material respects, in relation to the 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, 2024, 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 solely 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 WEEA, Inc.'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 WEEA, Inc.'s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Houston, TX
January 27, 2024

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2023

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 12,202,632
Investments	3,319,497
Grants Receivable	1,256,860
Other Receivables	750,580
TOTAL CURRENT ASSETS	<u>17,529,569</u>
PROPERTY AND EQUIPMENT	
Land and Land Improvements	755,518
Building and Improvements	20,543,645
Furniture and Equipment	429,514
Vehicles	35,316
	<u>21,763,993</u>
Less: Accumulated Depreciation	(1,542,578)
TOTAL PROPERTY AND EQUIPMENT	<u>20,221,415</u>
OTHER ASSETS	
Prepaid Expenses	731,649
TOTAL OTHER ASSETS	<u>731,649</u>
TOTAL ASSETS	<u><u>\$ 38,482,633</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 2,423,704
Accrued Wages	327,460
Payroll Taxes Payable	1,211
Other Liabilities	188,833
Current Portion of Notes Payable	466,399
TOTAL CURRENT LIABILITIES	<u>3,407,607</u>
LONG-TERM LIABILITIES	
Notes Payable, Net of Current Portion	16,037,780
TOTAL LONG-TERM LIABILITIES	<u>16,037,780</u>
NET ASSETS	
Without Donor Restrictions	12,492,693
With Donor Restrictions	6,544,553
TOTAL NET ASSETS	<u>19,037,246</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 38,482,633</u></u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Federal Program Revenues	\$ -	\$ 1,175,371	\$ 1,175,371
State Program Revenues	-	4,880,682	4,880,682
Local Support	3,044,612	-	3,044,612
Interest Income	739,953	-	739,953
Net Assets Released from Restrictions	5,261,909	(5,261,909)	-
Total Revenues	<u>9,046,474</u>	<u>794,144</u>	<u>9,840,618</u>
EXPENSES			
Program Expenses			
Charter School	4,410,968	-	4,410,968
Daycare Center	247,731	-	247,731
Supporting Services			
General and Administrative	2,769,223	-	2,769,223
Fundraising	188,000	-	188,000
Total Expenses	<u>7,615,922</u>	<u>-</u>	<u>7,615,922</u>
CHANGE IN NET ASSETS	<u>1,430,552</u>	<u>794,144</u>	<u>2,224,696</u>
NET ASSETS, beginning of year as originally reported	<u>11,062,141</u>	<u>5,903,368</u>	<u>16,965,509</u>
Restatement (Note M)	<u>-</u>	<u>(152,959)</u>	<u>(152,959)</u>
NET ASSETS, beginning of year as restated	<u>11,062,141</u>	<u>5,750,409</u>	<u>16,812,550</u>
NET ASSETS, end of year	<u>\$ 12,492,693</u>	<u>\$ 6,544,553</u>	<u>\$ 19,037,246</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2023

	Program Services		Supporting Services			Total
	Charter School	Daycare	Management and General	Fundraising	Total Supporting Services	
EXPENSES						
Salaries	\$ 3,043,571	\$ -	\$ 549,713	\$ -	\$ 549,713	\$3,593,284
Employee benefits	153,873	3,491	29,937	-	29,937	187,301
Payroll taxes	127,997	17,116	10,427	-	10,427	155,540
Professional fees	345,421	44,690	722,446	188,000	910,446	1,300,557
Utilities	-	19,058	188,731	-	188,731	207,789
Equipment Lease	157,912	28,170	84,032	-	84,032	270,114
Travel	61,250	6,932	35,500	-	35,500	103,682
Interest expense	-	-	677,618	-	677,618	677,618
Insurance	500	-	77,767	-	77,767	78,267
Depreciation	-	-	44,346	-	44,346	44,346
Supplies	182,765	-	95,016	-	95,016	277,781
Miscellaneous expenses	116,083	53,494	31,608	-	31,608	201,185
Food	220,869	19,768	-	-	-	240,637
Repairs and Maintenance	727	55,012	221,037	-	221,037	276,776
Other	-	-	1,045	-	1,045	1,045
TOTAL EXPENSES	<u>\$ 4,410,968</u>	<u>\$ 247,731</u>	<u>\$ 2,769,223</u>	<u>\$ 188,000</u>	<u>\$2,957,223</u>	<u>\$7,615,922</u>

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,224,696
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	30,540
Unrealized (Gain) Loss on Investments	(152,025)
(Increase) Decrease Grants Receivable	346,201
(Increase) Decrease Other Receivables	(92,935)
(Increase) Decrease Other Assets	(711,480)
Increase (decrease) in Accounts Payable & Other Liabilities	2,079,540
Increase (decrease) in Accrued Salaries	2,393
Increase (decrease) in Payroll Taxes Payable	(81,032)
Total Adjustments	<u>1,421,202</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,645,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Paid for Purchases of Fixed Assets	<u>(17,097,041)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(17,097,041)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Cash Payments to Note Payable	(288,705)
Proceeds from Note Payable	<u>16,792,884</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>16,504,179</u>
NET INCREASE (DECREASE) IN CASH	<u>3,053,036</u>
CASH AT BEGINNING OF YEAR	<u>9,149,595</u>
CASH AT END OF YEAR	<u>\$ 12,202,631</u>
<u>SUPPLEMENTAL DISCLOSURES</u>	
CASH PAID DURING THE YEAR FOR:	
Interest	<u>\$ 677,618</u>

See accompanying notes to the financial statements.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

A. Organization:

Wonderland Educational Estate Association, Inc. (WEEA, Inc.) (the Organization) 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, WEEA, Inc., has two programs - a private day care center and a single charter school that will be defined in the notes to financial statements as 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 (FASB) Accounting Standards Codification (ASC) 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, 2023

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
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

B. Summary of Significant Accounting Policies: (Continued)

GRANTS 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 grants 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

WEEA, considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts at a bank. The accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The bank accounts, at times, exceeded federally insured limits. Investments in debt securities have been pledged by a banking institution to mitigate the risk of loss for balances exceeding FDIC insurance thresholds. The organization has not experienced any losses on such accounts.

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. WEEA, Inc. 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, 2023

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.

LEASES

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (topic 815), and Leases (topic 842): Effective Dates; ASU 2020-02, Financial Instruments - Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842); and ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

B. Summary of Significant Accounting Policies: (Continued)

The Organization elected to adopt this ASU using the modified retrospective approach required by the standards and implementing the standards using the effective date method, which established September 1, 2022 as both the effective date and date of initial application. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. In addition, the Organization made the following elections: to use hindsight in determining the lease term for existing leases; to apply the short-term lease exception to all leases with a term of one year or less; and to use a risk-free discount rate for all operating leases, determined using a period comparable with that of the lease term. The was no impact as of September 1, 2022 to the statement of financial position due to leases being short-term.

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, 2023

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, 2023 provided the following information (ABO refers to the accumulated benefit obligation):

Pension Fund	Total Plan Assets 2023	ABO 2023	Percent Funded
TRS	\$ 213,472,526,000	\$ 255,860,886,500	73.15%

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 8.0% for the 2023 fiscal period. The state’s contribution rate as a non-employer contributing entity was 8.0% in 2023. The Charter School’s employees’ contributions to the system for the year ended August 31, 2023 were \$274,858 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 8.0% totaling \$5,616 for the year ended August 31, 2023. 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, 2023, employees of WEEA, Inc. were covered by a health insurance plan. WEEA, Inc. 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.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

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*.

Fair Value Measurements at August 31, 2023

Type of Investment	Level 1	Level 2	Level 3	Totals
Money Market	\$ 31,222	\$	\$	\$ 31,222
Equity Units	1,153,010			1,153,010
Mutual Funds	2,135,265			2,135,265
Total Investments at Fair Value:	<u>\$ 3,319,497</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,319,497</u>

Realized gains for the year totaled \$87,771 and unrealized gains/ losses, resulted in a net gain of \$152,025.

G. Liquidity and Availability of Financial Assets:

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

Financial assets at year-end		
Cash and Investments	\$	15,522,129
Grants and Other Receivables		2,007,440
Total Financial assets at year-end	<u>\$</u>	<u>17,529,569</u>
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	<u>\$</u>	<u>17,529,569</u>

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.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023

H. Operating Lease Commitment:

Operating lease expense for WEEA, Inc. amounted to \$270,114 for the twelve months ended August 31, 2023. The organization is on a month to month agreement as of August 31, 2023.

I. Net Assets with Donor Restrictions:

Net assets with donor restrictions at August 31, 2023, are available for the following periods:

<u>Periods after August 31, 2023</u>	
Texas Education Agency-State	\$ 6,544,553
Total restricted fund	<u>\$ 6,554,553</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	\$ 1,128,420
Texas Education Agency - State	4,086,539
US Department of Agriculture - Federal	46,950
Total restrictions released	<u>\$ 5,261,909</u>

J. 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 at WEEA, Inc. submitted 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.

K. Line of Credit:

WEEA, Inc.'s has a \$1,700,000 revolving line of credit, with a balance of \$-0- at August 31, 2023. Interest related to bank advances on the credit line is payable on a monthly basis and is computed using a variable interest.

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

AUGUST 31, 2023

L. Notes Payable

The Organization's obligations under notes payable consist of the following:

Note Payable to Equitable Facilities Fund, Inc. The note is dated September 23, 2022, with an interest rate of 3.0% and a face amount of \$9,492,889.	\$ 9,492,889
Note payable to Equitable Facilities Fund, In. The note is dated September 23, 2022, with an interest rate of 4.25% and a face amount of \$7,300,000	7,011,295
Total Notes Payable	16,504,179
Less: Current portion of Notes Payable	(466,399)
Notes Payable net of current portion	\$ 16,037,780

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

Year Ending August 31,	Principal	Interest	Total
2024	\$ 466,399	\$ 776,385	\$ 1,242,784
2025	537,589	753,286	1,290,876
2026	562,292	728,584	1,290,876
2027	588,138	702,739	1,290,876
2028	615,182	675,694	1,290,876
Thereafter	16,504,179	10,393,902	26,898,081
Total	\$ 16,792,884	\$ 11,071,519	\$ 26,864,403

M. Prior Period Adjustment:

During the year ended August 31, 2023, the WEEA, Inc. recorded an adjustment resulting in a decrease to opening net assets as originally reported at August 31, 2022. The adjustment reflected a correction related to a duplicate receivable for the amount of \$152,959 recorded by WEEA, Inc. during fiscal year ended August 31, 2022.

N. Evaluation of Subsequent Events:

The Charter School has evaluated subsequent events through January 27, 2024, the date which the financial statements were available to be issued.

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. (WEEA, Inc.) (a non-profit Organization) as of and for the year ended August 31, 2023, and our report thereon dated January 27, 2024, 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 33 to 35 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.



A Professional Accounting Corporation

Houston, TX
January 27, 2024

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
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STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2023

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 11,363,709
Investment	3,319,496
Grants Receivable	1,249,593
Other Receivables	476,798
TOTAL CURRENT ASSETS	<u>16,409,596</u>
PROPERTY AND EQUIPMENT	
Land Improvements	41,128
Building and Improvements	18,129,076
Furniture and Equipment	292,128
Vehicles	35,316
	<u>18,497,648</u>
Less: Accumulated Depreciation	(749,106)
TOTAL PROPERTY AND EQUIPMENT	<u>17,748,542</u>
OTHER ASSETS	
Prepaid Expenses	733,604
TOTAL OTHER ASSETS	<u>733,604</u>
Total Assets	<u>\$ 34,891,742</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 2,420,942
Accrued Wages	327,460
Other Liabilities	144,174
Current Portion of Notes Payable	466,399
TOTAL CURRENT LIABILITIES	<u>3,358,975</u>
LONG-TERM LIABILITIES	
Note Payable, Net of Current Portion	16,037,780
TOTAL LONG-TERM LIABILITIES	<u>16,037,780</u>
NET ASSETS	
Without Donor Restrictions	8,950,432
With Donor Restrictions	6,544,555
TOTAL NET ASSETS	<u>15,494,987</u>
TOTAL LIABILITIES NET ASSETS	<u>\$ 34,891,742</u>

See independent auditor's report on supplementary information.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Support:			
5740 Other Revenues from Local Sources	\$ 1,785,594	\$ -	\$ 1,785,594
5750 Revenue from Cocurricular Activities	87,771	-	87,771
5760 Revenue From Intermediate Services	90,881	-	90,881
Total Local Support	1,964,246	-	1,964,246
State Program Revenues:			
5810 Foundation School Program Act Revenues	-	4,879,422	4,879,422
5820 State Program Revenues Distributed by Texas Education Agency	-	1,260	1,260
Total State Program Revenues	-	4,880,682	4,880,682
Federal Program Revenues:			
5920 Federal Revenues Distributed by by Texas Education Agency	-	1,128,420	1,128,420
5930 Federal Revenues Distributed by Other Government Agencies	-	-	-
Total Federal Program Revenues	-	1,128,420	1,128,420
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	5,214,956	(5,214,956)	-
Total Revenues	7,179,202	794,146	7,973,348
EXPENSES			
11 Instruction	2,894,426	-	2,894,426
13 Curriculum Development and Instructional Staff Development	349,242	-	349,242
21 Instructional Leadership	584	-	584
23 School Leadership	319,360	-	319,360
31 Guidance, Counseling and Evaluating Services	6,480	-	6,480
32 Social Work Services	50,944	-	50,944
33 Health Services	106,673	-	106,673
35 Food Services	416,925	-	416,925
36 Cocurricular/Extracurricular Activities	78,283	-	78,283
41 General Administration	936,343	-	936,343
51 Plant Maintenance and Operations	830,056	-	830,056
52 Security and Monitoring Services	139,808	-	139,808
53 Data Processing Services	121,114	-	121,114
61 Community Services	46,990	-	46,990
71 Debt Service	693,974	-	693,974
81 Facilities Acquisition and Construction	188,000	-	188,000
Total Expenses	7,179,202	-	7,179,202
Unrealized Gain on Investments	6,508,572	-	6,508,572
CHANGE IN NET ASSETS	6,508,572	794,146	7,302,718
NET ASSETS, beginning of year as originally reported	2,441,860	5,903,368	8,345,228
Restatement (Note M)	-	(152,959)	(152,959)
NET ASSETS, beginning of year as restated	2,441,860	5,750,409	8,192,269
NET ASSETS, end of year	\$ 8,950,432	\$ 6,544,555	\$ 15,494,987

See independent auditor's report on supplementary information.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 7,302,718
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Unrealized (gain) loss on investments	(152,024)
(Increase) Decrease Grants Receivable	353,468
(Increase) Decrease Other Receivables	(97,877)
(Increase) Decrease Other Assets	(713,635)
Increase (Decrease) in Accounts Payable & Other Liabilities	2,071,594
Increase (Decrease) in Accrued Wages	8,947
Increase (Decrease) in Payroll Taxes Payable	(69,191)
Increase (Decrease) in Other Liabilities	(32,990)
Total Adjustments	<u>1,368,292</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>8,671,010</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for purchase of fixed assets	<u>(17,097,041)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(17,097,041)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash Payments to Notes Payable	(288,705)
Proceed from Notes Payable	<u>16,792,884</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>16,504,179</u>
NET INCREASE (DECREASE) IN CASH	<u>8,078,148</u>
CASH AT BEGINNING OF YEAR	<u>3,285,561</u>
CASH AT END OF YEAR	<u>\$ 11,363,709</u>
 <u>SUPPLEMENTAL DISCLOSURES</u>	
CASH PAID DURING THE YEAR FOR:	
Interest	<u>\$ 693,974</u>

See independent auditor's report on supplementary information.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2023

EXPENSES	
6100 Payroll Costs	\$ 3,795,782
6200 Professional and Contracted Services	1,870,773
6300 Supplies and Materials	495,966
6400 Other Operating Costs	322,707
6500 Debt	693,974
Total Expenses	<u>\$ 7,179,202</u>

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2023

Beatrice Mayes Institute

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ -	\$ 11,363,709	\$ -
1122 Investments	-	3,319,497	-
1510 Land improvements	-	41,128	-
1520 Building and Improvements	-	18,129,076	-
1531 Vehicles	35,316	-	-
1549 Furniture and Equipment	-	292,128	-
Total Capital Assets	<u>\$ 35,316</u>	<u>\$ 33,145,538</u>	<u>\$ -</u>

Wonderland Educational Estate Association, Inc.

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 838,923	\$ -	\$ -
1510 Land improvements	714,390	-	-
1520 Building and Improvements	2,414,569	-	-
1531 Vehicles	-	-	-
1549 Furniture and Equipment	137,386	-	-
Total Capital Assets	<u>\$ 4,105,268</u>	<u>\$ -</u>	<u>\$ -</u>

Total Combined

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ 838,923	\$ 11,363,709	\$ -
1122 Investments	-	3,319,497	-
1510 Land improvements	714,390	41,128	-
1520 Building and Improvements	2,414,569	18,129,076	-
1531 Vehicles	35,316	-	-
1549 Furniture and Equipment	137,386	292,128	-
Total Capital Assets	<u>\$ 4,140,584</u>	<u>\$ 33,145,538</u>	<u>\$ -</u>

See independent auditor's report on supplementary information.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2023

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 285,600	\$ 285,600	\$ 1,785,594	\$ 1,499,994
5750 Revenue from Cocurricular Activities	-	-	87,771	87,771
5760 Revenue From Intermediate Services	-	-	90,881	90,881
Total Local Support	<u>285,600</u>	<u>285,600</u>	<u>1,964,246</u>	<u>1,678,646</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	4,945,235	4,945,235	4,879,422	(65,813)
5820 State Program Revenues Distributed by Texas Education Agency	-	-	1,260	1,260
Total State Program Revenues	<u>4,945,235</u>	<u>4,945,235</u>	<u>4,880,682</u>	<u>(64,553)</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by by Texas Education Agency	1,308,010	1,308,010	1,128,420	(179,590)
Total Federal Program Revenues	<u>1,308,010</u>	<u>1,308,010</u>	<u>1,128,420</u>	<u>(179,590)</u>
Total Revenues	<u>6,538,845</u>	<u>6,538,845</u>	<u>7,973,348</u>	<u>1,434,503</u>
Expenses				
11 Instruction	3,225,003	3,225,003	2,894,426	330,577
12 Instructional Resources and Media Services	45,000	45,000	-	45,000
13 Curriculum Development and Instructional Staff Development	367,000	367,000	349,242	17,758
21 Instructional Leadership	-	-	584	(584)
23 School Leadership	215,500	215,500	319,360	(103,860)
31 Guidance, Counseling and Evaluating Services	47,500	47,500	6,480	41,020
32 Social Work Services	46,500	46,500	50,944	(4,444)
33 Health Services	125,500	125,500	106,673	18,827
35 Food Services	346,950	346,950	416,925	(69,975)
36 Cocurricular/Extracurricular Activities	8,000	8,000	78,283	(70,283)
41 General Administration	827,000	827,000	936,343	(109,343)
51 Plant Maintenance and Operations	585,000	585,000	830,056	(245,056)
52 Security and Monitoring Services	190,000	190,000	139,808	50,192
53 Data Processing Services	95,000	95,000	121,114	(26,114)
61 Community Services	-	-	46,990	(46,990)
71 Debt Service	300,000	300,000.00	693,974	(393,974)
81 Facilities Acquisition and Construction	-	-	188,000	(188,000)
Total Expenses	<u>6,423,953</u>	<u>6,423,953</u>	<u>7,179,202</u>	<u>(755,249.00)</u>
Unrealized Loss on Investments	-	-	6,508,572	(6,508,572)
CHANGE IN NET ASSETS	<u>114,892</u>	<u>114,892</u>	<u>7,302,718</u>	<u>8,698,324</u>
NET ASSETS, beginning of year as restated	<u>8,345,228</u>	<u>8,345,228</u>	<u>8,192,269</u>	<u>152,959</u>
NET ASSETS, end of year	<u>\$ 8,460,120</u>	<u>\$ 8,460,120</u>	<u>\$ 15,494,987</u>	<u>\$ 8,851,283</u>

See independent auditor's report on supplementary information.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

BUDGETARY VARIANCE EXPLANATION

AUGUST 31, 2023

MATERIAL BUDGET VARIANCE EXPENDITURES

(1) 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, 2023.

Function 11 - Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 12 – Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 13 – Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 23 – Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 31 – Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 32 – Additional grant funding was utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 33 – Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 36 – Adjustments in planned activities resulted in lower than anticipated 2022-23 expenses.

Function 41 – Additional costs were necessary during the 2022-23 fiscal year related to payroll and other costs associated with organizational goals and objectives.

Function 52 – Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 53 – Additional grant funding was not utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 61 – Additional grant funding was utilized during the 2022-23 fiscal year as costs were reallocated to ESSER grants and other allowable grants.

Function 81 – Additional costs were necessary during the 2022-23 fiscal year to focus on the fund-raising activities of the organization.

See independent auditor's report on supplementary information.

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 Education Estate, 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2024.

Report on 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.

Report 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 financial statements. 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 cursive script that reads "LaForte".

A Professional Accounting Corporation

Houston, TX
January 27, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wonderland Educational Estate Association, Inc. (WEEA, Inc.) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WEEA, Inc.'s major federal programs for the year ended August 31, 2023. WEEA, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, WEEA, Inc. 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, 2023.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of WEEA, Inc. 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 WEEA, Inc.'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 requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to WEEA, Inc.'s federal programs.

Auditor's 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 Agency'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 generally accepted auditing standards, *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 WEEA, Inc.'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 judgement 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 including examining, on a test basis, evidence regarding WEEA, Inc.'s compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of WEEA, Inc.'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 WEEA, Inc.'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 a 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 Auditor's Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Houston, TX
January 27, 2024

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2023

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. No significant deficiencies or material weaknesses on internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. Major programs:

U.S. Department of Education
Passed – Through Texas Education Agency
Education Stabilization Fund

Assistance Listing Number

ALN 84.425 D/ U

8. The threshold used for distinguishing between Type A and Type B programs was \$750,000
9. WEEA, Inc. does not qualify as a low-risk auditee.

Current Year Findings

No audit findings were noted as per *Governmental Auditing Standards* and 2 CFR section 200.516(a).

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2023

Summary Schedule of Prior Year Findings

No audit findings were noted as per *Governmental Auditing Standards* for the year ended August 31, 2022.

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2023

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed - Through Texas Education Agency:			
ESEA, Title I, Part A, Improving Basic Skills Special Education Cluster	84.010A	23610101101847	\$ 169,243
Idea - B Formula	84.027A	23660001101847600	7,267
Total Special Education Cluster			<u>7,267</u>
Total U.S. Department of Education, non-COVID-19 Assistance			<u>176,510</u>
COVID 19 - Education Stabilization Fund (CRRSA-ESSER II)	84.425D	21521001101847	27,241
COVID 19 - Education Stabilization Fund (ARP-ESSER III)	84.425U	21528001101847	674,051
Total U.S. Department of Education, COVID-19 Assistance			<u>701,292</u>
Total U.S. Department of Education			<u>877,803</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
School Breakfast Program	10.553	71402201	10,450
School Breakfast Program	10.553	71402301	52,327
National School Lunch Program	10.555	71302201	29,770
National School Lunch Program	10.555	71302301	158,071
			<u>250,618</u>
Passed - Through Texas Department of Agriculture			
USDA Commodity Food Distribution	10.555		46,950
Total Nutrition Cluster			<u>297,568</u>
Total U.S. Department of Agriculture			<u>297,568</u>
Total Expenditures of Federal Awards			<u>\$ 1,175,371</u>

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2023

NOTE 1- SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of Wonderland Educational Estate Association, Inc. (WEEA, Inc.) under programs of the federal government for the year ended August 31, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operation of Wonderland Educational Estate Association, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Wonderland Educational Estate Association, Inc.

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 contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

WEEA, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

The organization did not provide federal awards to subrecipients.

BEATRICE MAYES INSTITUTE
 SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
 FOR THE YEAR ENDED AUGUST 31, 2023

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

See independent auditor's report on supplementary information.

BEATRICE MAYES INSTITUTE
 SCHEDULE OF RELATED PARTY TRANSACTIONS
 FOR THE YEAR ENDED AUGUST 31, 2023

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

WONDERLAND EDUCATIONAL ESTATE ASSOCIATION, INC. dba
BEATRICE MAYES INSTITUTE

SPECIAL PROGRAM COMPLIANCE SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2023

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Program</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	NO
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.	\$582,570
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$297,784
<u>Section B: Bilingual Education Programs</u>		
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?	YES
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. (PICs 25, 35)	\$0

See independent auditor's report on supplementary information.