Winfree Academy Charter Schools

Financial Statements

10-month Period Ended June 30, 2025



CONTENTS

Page

Certificate of Board i

Independent Auditor's Report 1

Financial Statements

- Statement of Financial Position 3
- Statement of Activities 4
- Statement of Cash Flows 5
- Statement of Functional Expenses 6
- Notes to Financial Statements 7

Supplementary Information

- Schedules of Expenses 16
- Schedules of Cash and Capital Assets 17
- Budgetary Comparison Schedule 18
- Notes to the Budgetary Comparison Schedule 19
- Education Program Schedule 20
- Schedule of Real Property Ownership Interest 21
- Schedule of Related Party Transactions 22
- Schedule of Related Party Compensation and Benefits 23

Compliance and Internal Control Section

- 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* 25

Certificate of Board

Winfree Academy Charter Schools

Winfree Academy	Dallas	057-828
Name of Charter School	County	County District Number

We, the undersigned, certify that the attached Financial and Compliance Reports of the above named charter school were reviewed and (☒) approved (___) disapproved for the 10-month period ended June 30, 2025, at a meeting of the governing body of said charter schools on the 25th day of February, 2026.

Signature of Board Chair

Signature of Board Secretary

Members:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

HANKINS, EASTUP, DEATON, TONN, SEAY & SCARBOROUGH
A Limited Liability Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Winfree Academy Charter Schools
Carrollton, TX

Opinion

We have audited the accompanying financial statements of Winfree Academy Charter Schools "the School" (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities, cash flows, and functional expenses for the 10-month period 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 the School as of June 30,2025, and the changes in its net assets and its cash flows for the 10-month period 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 the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Responsibility 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 the School'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 responsibilities 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, misrepresentation, 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 judgement 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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit 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. In accordance with the requirements established by the Financial Accountability System Resource Guide–Special Supplement–Charter Schools issued by the Texas Education Agency, the required supplemental information as listed in the table of contents has been presented in addition to the general purpose 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Winfree Academy Charter Schools' internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
October 27, 2025

Winfree Academy Charter Schools

Statement of Financial Position
As of June 30, 2025

ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	$ 2,949,010
Due from Grantor Agencies	1,750,288
Other Receivables	341,032
Prepaid Expenses	172,260
Deposits	52,431
TOTAL CURRENT ASSETS	5,265,021
CAPITAL ASSETS	
Capital Assets (non-depreciable)	1,524,588
Capital Assets (depreciable)	5,933,590
Accumulated Depreciation	(2,960,595)
TOTAL CAPITAL ASSETS (NET)	4,497,583
NONCURRENT ASSETS	
Right-of-Use Asset - Operating Leases	3,676,771
TOTAL NONCURRENT ASSETS	8,174,354
TOTAL ASSETS	$ 13,439,375
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 3,711
Accrued Expenses - Wages & Benefits	763,452
Accrued Interest	174,565
Current Portion of Long Term Debt, Net	260,000
Lease Liabilities, Current	653,860
TOTAL CURRENT LIABILITIES	1,855,588
LONG TERM LIABILITIES	
Long-Term Debt, Net	7,854,813
Lease Liabilities, Long-Term	3,181,137
TOTAL LONG TERM LIABILITIES	11,035,950
TOTAL LIABILITIES	12,891,538
NET ASSETS	
Without Donor Restrictions	547,837
With Donor Restrictions	-
TOTAL NET ASSETS	547,837
TOTAL LIABILITIES AND NET ASSETS	$ 13,439,375

The Notes to Financial Statements are an integral part of these statements.

Winfree Academy Charter Schools

Statement of Activities

For the 10-month Period Ended June 30, 2025

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT				
Local Support:				
5742	Interest Income	$ 98,054	$ -	$ 98,054
5740	Other Local Support	347,466	-	347,466
	Total Local Support	445,520	-	445,520
State Program Revenues:				
5810	Foundation School Program	-	8,545,668	8,545,668
5820	Other State Aid	-	408,069	408,069
	Total Provided by State	-	8,953,737	8,953,737
Federal Program Revenues:				
5910	Federal Revenue from Other Sources	-	282,574	282,574
5920	Federal Revenue distributed by TEA	-	276,910	276,910
	Total Provided by Federal	-	559,484	559,484
Net Assets released from Restrictions		9,994,122	(9,994,122)	-
TOTAL REVENUES AND OTHER SUPPORT		10,439,642	(480,901)	9,958,741
EXPENSES				
Program Services:				
11	Instruction	4,760,781	-	4,760,781
13	Development - Curriculum & Instruction	551,719	-	551,719
21	Instructional Leadership	190,302	-	190,302
23	School Leadership	1,475,794	-	1,475,794
31	Counseling & Evaluation Services	970,633	-	970,633
32	Social Work Services	349,671	-	349,671
34	Student Transportation	23,372	-	23,372
36	Extracurricular Activities	2,797	-	2,797
	Total Program Services	8,325,069	-	8,325,069
Support Services:				
41	General Administration	554,677	-	554,677
51	Facilities Maintenance & Operations	1,081,291	-	1,081,291
52	Security & Monitoring Services	474,797	-	474,797
53	Data Processing Services	229,046	-	229,046
71	Debt Service	393,899	-	393,899
81	Fundraising	74,650	-	74,650
	Total Support Services	2,808,360	-	2,808,360
TOTAL EXPENSES		11,133,429	-	11,133,429
Change in Net Assets		(693,787)	(480,901)	(1,174,688)
NET ASSETS, BEGINNING OF YEAR		1,241,624	480,901	1,722,525
NET ASSETS, END OF YEAR		$ 547,837	$ -	$ 547,837

The Notes to Financial Statements are an integral part of these statements.

Winfree Academy Charter Schools

Statement of Cash Flows
For the 10-month Period Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Miscellaneous Sources	$ 104,488
State Grant Receipts	8,318,574
Federal Grant Receipts	987,102
Payments to Vendors for Goods & Services Rendered	(4,188,257)
Payments to Personnel for Services Rendered	(6,074,592)
Payments on Long-Term Debt for Interest Expense	(232,758)
Net Cash provided (used) by Operating Activities	(1,085,443)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Capital Assets	(58,321)
Net Cash provided (used) by Investing Activities	(58,321)
Net increase (decrease) in Cash & Cash Equivalents	(1,143,764)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	4,092,774
CASH & CASH EQUIVALENTS, END OF YEAR	$ 2,949,010
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Net Assets from Operations	$ (1,174,688)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	141,261
Debt Issuance Cost Amortization	5,972
Noncash Lease Expense	741,288
Lease Payments	(854,456)
(Increase)/Decrease in:	
Due from Grantor Agencies	(185,919)
Other Receivables	(341,032)
Prepaid Expenses	193,543
Increase/(Decrease) in:	
Accounts Payable	1,385
Accrued Expenses - Wages & Benefits	253,660
Unearned Revenue	(21,626)
Accrued Interest	155,169
Net cash provided (used) by Operating Activities	$ (1,085,443)
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest Paid During the Fiscal Year	$ 232,754

The Notes to Financial Statements are an integral part of these statements.

Winfree Academy Charter Schools

Statement of Functional Expenses
For the 10-month Period Ended June 30, 2025

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Total Expenses
EXPENSES				
Salaries & Wages	$ 4,675,493	$ 611,399	$ -	$ 5,286,892
Payroll Taxes	65,197	8,660	-	73,857
Employee Benefits	899,198	68,305	-	967,503
Total Payroll Expenses	5,639,888	688,364	-	6,328,252
Legal	-	18,457	-	18,457
Accounting	-	24,300	-	24,300
Education Service Center	59,285	52,200	-	111,485
Misc. Contracted Services	1,486,858	635,726	74,650	2,197,234
Rental Expense	578,247	70,004	-	648,251
Utilities	-	293,437	-	293,437
Repairs & Maintenance	-	203,020	-	203,020
Insurance	-	156,344	-	156,344
Supplies & Materials	234,088	120,124	-	354,212
Instructional & Testing Materials	3,063	-	-	3,063
Travel	58,916	5,782	-	64,698
Other Operating Expenses	136,361	59,159	-	195,520
Interest Expense	-	393,895	-	393,895
Depreciation	128,363	12,898	-	141,261
Total Non-Payroll Expenses	2,685,181	2,045,346	74,650	4,805,177
TOTAL EXPENSES	$ 8,325,069	$ 2,733,710	$ 74,650	$ 11,133,429

The Notes to Financial Statements are an integral part of these statements.

Note 1. Background

Winfree Academy Charter Schools, Inc. (the "School"), is an open enrollment charter school serving at risk students at six campuses in North Texas. Winfree Academy is supported primarily through state foundation school program act entitlements, donor contributions, and Federal grants. Winfree Academy does not conduct any non-charter activities.

Note 2. Change in Fiscal Year End

The School's fiscal year end has historically been August 31. Effective March 13, 2025, the Texas Education Agency approved a change in the fiscal year end to June 30, primarily to align with the school year.

As a result of this change, the accompanying financial statements represent a transition period for the ten-month period ended June 30, 2025.

The change in fiscal year is not considered a change in accounting principle. However, due to the difference in the length of the periods presented, the financial statements for the transition period are not entirely comparable to the prior fiscal year. Management believes the disclosures provided herein allow for a complete understanding of the School's financial position, results of operations, and cash flows.

Note 3. Summary of Significant Accounting Policies

The accounting policies of the School conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies.

Basis of Accounting

The accompanying financial statements of the School have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statement presentation follows the guidance of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor-imposed restrictions.

Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Net Assets With Donor Restrictions are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. Cash and cash equivalents are reported at cost which approximates fair value.

Capital Assets

Expenditures for capital assets are stated at cost, representing the purchase price or fair market value at the date of gift, less accumulated depreciation. Depreciation expense is computed using the straight-line method over estimated useful lives of each asset.

Building and improvements	5 - 40 years
Furniture and equipment	3 - 7 years
Vehicles	5 - 10 years

Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. The School capitalizes property and equipment with a cost greater than $5,000. The School reviews the carrying value of long-lived assets to determine if facts and circumstances suggest that they may be impaired or that the depreciation or amortization period may need to be changed. There were no impairment charges recorded in the 10-month period ending June 30, 2025.

Construction in progress will not be depreciated over the useful lives of the respective assets until they are ready for their intended use. The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included in the statements of activities.

Income Tax Status

The School has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code, with the exception of any unrelated business income. The School had no unrelated business income for the 10-month period ended June 30, 2025. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the School's tax returns. The School does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the 10-month period ended June 30, 2025, there were no interest or penalties recorded or included in the financial statements. The School is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The School's informational returns are generally subject to examination for three years after the later of the due date or date of filing. As a result, the School is no longer subject to income tax examinations by tax authorities for years prior to 2022.

Revenue Recognition

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

A portion of the School's revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Government grant contracts that are entered into by the School are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.

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

Contributed Services

Contributed services are recognized at fair value of the services provided: add value to the School, require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors. For the 10-month period ended June 30, 2025, the School did not receive any services that would meet the criteria for recognition in the financial statements.

Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or supporting services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the School exists. Supporting services are not directly identifiable with specific program activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are charged directly either to program services or supporting services based on actual time worked in each area. Information technology costs are allocated based on whether the costs are associated with program services or supporting services. The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional activities.

Leases

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The School determines lease classification as operating or finance at the lease commencement date. As of June 30, 2025, the school did not have any finance leases.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The School uses the implicit rate when readily determinable. As the lease did not provide an implicit rate, the School elected to use the risk-free rate at the time of implementation to determine the present value of lease payments. The lease term may include options to extend or to terminate the lease that the School is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The School has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Estimates

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

Note 4. Liquidity and Availability of Resources

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

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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2025 are as follows:

Cash & Cash Equivalents	$ 2,949,010
Due from Grantor Agencies	1,750,288
Other Receivables	341,032
Total Financial Assets	5,040,330
Less: Contractually Restricted	(2,692,612)
	$ 2,347,718

Note 5. Cash Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover its deposits. The School maintains deposits at federally insured banks and strives to minimize its exposure to custodial risk by maintaining deposits at institutions with demonstrated financial strength. Balances in interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. At June 30, 2025, and during the 10-month period then ended, the School's cash balances of $1,312,626 were covered by FDIC insurance or by pledged collateral held by the School's agent bank in the School's name.

As of June 30, 2025, the School has not incurred any losses on amounts held in depository accounts in excess of FDIC limits.

Note 6. Due from Grantor Agencies

Amounts due from grantor agencies consist of the following as of June 30, 2025:

Foundation Entitlements	$ 1,594,229
Other State Grants	10,200
Federal Grants	145,859
Due From Grantor Agencies	$ 1,750,288

Note 7. Capital Assets

Capital assets consist of the following as of June 30, 2025:

	2024	Additions	Disposals	2025
Buildings & Improvements	$ 5,768,709	49,061	-	$ 5,817,770
Furniture & Equipment	6,412	9,260	-	15,672
Vehicles	100,148	-	-	100,148
Depreciable Assets	5,875,269	58,321	-	5,933,590
Less: Accumulated Depreciation	(2,819,334)	(141,261)	-	(2,960,595)
Total Depreciable Assets	3,055,935	(82,940)	-	2,972,995
Land	1,524,588	-	-	1,524,588
Capital Assets, Net	$ 4,580,523	(82,940)	-	$ 4,497,583

For the 10-month period ended June 30, 2025, the School charged $144,261 to depreciation expense.

Note 8. Long Term Debt

Long-term debt consists of Series 2019A Education Revenue and Refunding Bonds. The bonds are secured by real and personal property. Series 2019A Education Revenue and Refunding Bonds bear interest rates of 5.50% from 2019 to 2029 and 5.75% from 2030 to 2043. Principal payments are due August 15th of each year and interest payments are due February 15th and August 15th of each year. The amount charged to interest expense for the 10-month period ended June 30, 2025 was $393,895.

Changes in long-term debt for the 10-month period ended June 30, 2025 are as follows:

	2024	Issuance	Retirement	2025
Series 2019A Bonds	$ 8,245,000	$ -	$ -	$ 8,245,000
Issuance Costs	(136,159)	-	5,972	(130,187)
Total Bonds Payable, Net	8,108,841	-	5,972	8,114,813
Less: Current Portion, Net	260,000			260,000
Non-Current Portion, Net	$ 7,848,841			$ 7,854,813

Future debt service requirements, by year, are as follows:

Fiscal Year End	Amount	Interest	Total
2026	$ 260,000	458,813	$ 718,813
2027	270,000	445,165	715,165
2028	285,000	430,873	715,873
2029	300,000	415,811	715,811
2030	315,000	399,973	714,973
Thereafter	6,815,000	3,094,506	9,909,506
	$ 8,245,000	$ 5,245,141	$ 13,490,141

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Foundation School Program	$ 9,434,638
Federally Funded Programs	559,484
Total	$ 9,994,122

For the 10-month period ended June 30, 2025, the School reported no net assets with donor restrictions.

Note 10. Leases

The school maintains various non-cancelable operating leases for facility usage. Details for the leases are as follows:

Description	Lease Term	Monthly
Campus - North Richland Hills	09/01/22 - 06/30/34	$ 20,703
Campus - Grand Prairie	09/01/22 - 06/30/28	$ 40,938
Campus - Dallas	09/01/22 - 07/31/25	$ 18,970
District Office	09/01/22 - 08/31/29	$ 8,971

The following table provides information on the operating lease, as of June 30, 2025:

Right-of-Use Asset - Operating Leases	$ 3,676,771
Lease Liabilities - Operating Leases	
Current	$ 653,860
Long-Term	$ 3,181,137
	$ 3,834,997

The following presents future minimum lease payments under non-cancellable operating leases as of June 30, 2025. Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

Fiscal Year End	
2026	$ 877,657
2027	887,158
2028	380,540
2029	283,275
2030	267,875
After	836,067
Total Lease Payments	3,532,572
Imputed Interest	302,425
Lease Liabilities	$ 3,834,997

The following represents lease cost and required information for the 10-month period ended June 30, 2025:

Total Operating Lease Cost	$ 741,288
Other Information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating Cash Flows from Leases	$ 854,456
Weighted-average remaining lease term	3.89 years
Weighted-average discount rate	3.36%

Note 11. Defined Pension Plan

Plan Description

The charter school contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit pension plan. The charter school is legally a separate entity from the state and other entities that participate in TRS. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under 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 pension plan. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications; by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778. There is not a withdrawal penalty for leaving the TRS system.

Funding Policy

Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: The State Constitution requires the Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year.

As of August 31, 2024 (the most recent information available), TRS had total net plan assets of $210.5 billion and accumulated benefit obligation of $271.6 billion, leaving a net pension liability of $61.1 billion. TRS is 77.51% funded. There is not a collective-bargaining agreement that covers the plan.

State law provides for the following contribution rates for 2025 and 2024:

	2025	2024
Employees (members)	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

The employer was required to pay the state contribution on salaries paid from federal grants, salaries paid to new employees during their first 90 days of employment, and a contribution surcharge for certain employees who have retired from TRS, and an additional 1.9% of covered employee salaries. Beginning September 1, 2020, the Corporation was required to pay the state contribution on salaries above the statutory minimum.

Contributions made by the Corporation and employees for 2025 and 2024 are shown below. Contributions made each year were equal to the required contributions.

	2025	2024
Employees (members)	$383,697	$450,693
Employer	$ 42,810	$ 59,155

Note 12. Contingencies

The 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 submitted to the Texas Education Agency (TEA) and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the School have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, school funds may be subject to refund if so determined by the TEA or the grantor agency.

From time to time, the School is subject to certain claims and contingent liabilities that arise in the normal course of business. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the School's financial position.

Certain federal grants which the School administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the School expects such amounts, if any, would not have a significant impact on the financial position of the School.

Note 13. Economic Dependency

During the 10-month period ended June 30, 2025, the School recognized revenue of $9,513,221, from the TEA and federal government. These amounts constitute approximately 96% of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the School to continue to provide the current level of services to its students.

Note 14. Evaluation of Subsequent Events

Management has evaluated the financial statements for subsequent events through October 27, 2025, other than the instance noted below, management is not aware of any subsequent events which would require recoding or disclosure in the financial statements.

On July 18, 2025, the School entered into a contract to sell two properties within Irving, Texas. The purchase price for both properties is $3,000,000, including an earnest money deposit of $75,000. The closing date has been scheduled for March 11, 2026.

Supplementary Information

Winfree Academy Charter Schools

Schedule of Expenses

For the 10-month Period Ended June 30, 2025

EXPENSES		
6100	Payroll Costs	$ 6,328,252
6200	Professional & Contracted Services	3,496,184
6300	Supplies & Materials	357,273
6400	Other Operating Costs	557,821
6500	Debt Costs	393,899
	Total Expenses	$ 11,133,429

Winfree Academy Charter Schools

Schedule of Cash and Capital Assets

June 30, 2025

Object		Ownership Interest			
		Local	State	Federal	Total
1110	Cash & Cash Equivalents	$ -	$ 2,949,010	$ -	$ 2,949,010
1510	Land	-	1,524,588	-	1,524,588
1520	Building & Improvements	-	5,623,798	-	5,623,798
1531	Vehicles	-	100,148	-	100,148
1539	Furniture & Equipment	-	15,672	-	15,672
1551	Buildings (Capital Lease)	-	193,972	-	193,972
	Total Property & Equipment	$ -	$ 10,407,188	$ -	$ 10,407,188

Winfree Academy Charter Schools

Budgetary Comparison Schedule

For the 10-month Period Ended June 30, 2025

		Budgeted Amounts				
		Original	Final	Variance	Actual	Variance
REVENUES AND OTHER SUPPORT						
5742	Interest Income	$ 100,000	$ 98,054	$ (1,946)	$ 98,054	$ -
5740	Other Local Support	1,000	347,466	346,466	347,466	
	Total Local Support	101,000	445,520	344,520	445,520	-
State Program Revenues:						
5810	Foundation School Program	9,785,811	8,344,806	(1,441,005)	8,545,668	200,862
5820	Other State Aid	-	274,893	274,893	408,069	133,176
	Total Provided by State	9,785,811	8,619,699	(1,166,112)	8,953,737	334,038
Federal Program Revenues:						
5910	Federal Revenue from Other Sources	-	231,784	231,784	282,574	50,790
5920	Federal Revenue distributed by TEA	-	291,262	291,262	276,910	(14,352)
	Total Provided by Federal	-	523,046	523,046	559,484	36,438
TOTAL REVENUES AND OTHER SUPPORT		9,886,811	9,588,265	(298,546)	9,958,741	370,476
EXPENSES						
11	Instruction	4,327,316	4,541,515	214,199	4,760,781	(219,266)
13	Development - Curriculum & Instruction	400,507	428,479	27,972	551,719	(123,240)
21	Instructional Leadership	145,893	162,146	16,253	190,302	(28,156)
23	School Leadership	1,089,616	1,271,396	181,780	1,475,794	(204,398)
31	Counseling & Evaluation Services	651,478	911,745	260,267	970,633	(58,888)
32	Social Work Services	146,433	315,348	168,915	349,671	(34,323)
33	Health Services	500	-	(500)	-	-
34	Student Transportation	18,720	23,372	4,652	23,372	-
36	Extracurricular Activities	2,000	2,797	797	2,797	-
41	General Administration	719,713	530,716	(188,997)	554,677	(23,961)
51	Facilities Maintenance & Operations	1,068,683	1,122,134	53,451	1,081,291	40,843
52	Security & Monitoring Services	305,829	473,004	167,175	474,797	(1,793)
53	Data Processing Services	254,827	273,292	18,465	229,046	44,246
61	Community Services	365	-	(365)	-	-
71	Debt Service	640,000	393,927	(246,073)	393,899	28
81	Fundraising	101,522	74,650	(26,872)	74,650	-
TOTAL EXPENDITURES		9,873,402	10,524,521	651,119	11,133,429	(608,908)
Change in Net Assets from Operations		13,409	(936,256)	(949,665)	(1,174,688)	979,384
Change in Net Assets		$ 13,409	$ (936,256)	$ (949,665)	$ (1,174,688)	$ 979,384

Winfree Academy Charter Schools

Notes to Budgetary Comparison Schedule
For the 10-month Period Ended June 30, 2025

Note 1:

Prior to the beginning of the school year, the School prepared and submitted its annual budget for the next fiscal year. However, as a result of changes in programs, average attendance and estimated state funding, the budget was amended as necessary.

At the end of the fiscal year, the School amends the budget in order to redistribute the budget to align amounts to meet actual expenditures.

Note 2:

Actual expenditures exceeded final budget by more than 10% in four categories:

- Fn 13 – Development – Curriculum & Instruction
- Fn 21 – Instructional Leadership
- Fn 23 – School Leadership
- Fn 32 – Social Work Services

The primary reason for the variances were the adjustments performed during the audit.

Winfree Academy Charter Schools

Education Program Schedule
For the 10-month Period Ended June 30, 2025

Data Codes	Compensatory Education Programs	Responses
AP1	Did the LEA expend any state compensatory education program state allotment funds during the fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs.	$ 975,128
AP4	List the actual direct program expenditures for state compensatory education programs during the fiscal year (PICs: 24, 26, 28, 29, 30, 34).	$ 841,824

Data Codes	Bilingual Education Programs	Responses
AP5	Did the LEA expend any bilingual education program state allotment funds during the fiscal year?	Yes
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.	$ 140,832
AP8	List the actual direct program expenditures for bilingual education programs during the fiscal year (PICs: 25, 35).	$ 103,385

Winfree Academy Charter Schools

Schedule of Real Property Ownership Interest
For the 10-month Period Ended June 30, 2025

Description	Property Address	Assessed Value	Ownership Interest		
			Local	State	Federal
Walnut Hill Bus Pk Sec P 3rd Inst; Blk D Pt Lot 2; 1.932 Acres	3108 S. Skyway Cir Irving, TX 75038	N/A	$ -	$ 257,427	$ -
Walnut Hill Bus Pk Sec P 3rd Inst; Blk D Pt Lot 2; 1.909 Acres	3110 S. Skyway Cir Irving, TX 75038	N/A	-	1,160,600	-
University Office Park Blk C Tr 2; 1.597 Acres	1661 Gateway Blvd Richardson, TX 75080	N/A	-	3,449,500	-
Bennett Oaks Blk A Lot 1	341 Bennett Ln Lewisville, TX 75057	3,729,793	-	2,557,559	-
		$ 3,729,793	$ -	$ 7,425,086	$ -

Winfree Academy Charter Schools

Schedule of Related Party Transactions

For the 10-month Period Ended June 30, 2025

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
- N/A -								

Winfree Academy Charter Schools

Schedule of Related Party Compensation and Benefits

For the 10-month Period Ended June 30, 2025

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During FY
- N/A -							

Compliance and Internal Control

Members:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

HANKINS, EASTUP, DEATON, TONN, SEAY & SCARBOROUGH
A Limited Liability Company
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
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DENTON, TX 76202-0977

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FAX (940) 383-4746

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

To the Board of Directors
Winfree Academy Charter Schools
Carrollton, 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 Winfree Academy Charter Schools "the School" (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and cash flows for the 10-month period then ended, and the related notes to the financial statements, and have issued our report dated October 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of the 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.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
October 27, 2025

