

# **THIRD FUTURE SCHOOLS - TEXAS NETWORK**

Annual Financial Statements

June 30, 2025

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## Independent Auditor's Report

To the Board of Directors  
Third Future Schools - Texas Network

### Opinion

We have audited the financial statements of Third Future Schools - Texas Network (the Organization), which comprise the statement of financial position as of June 30, 2025, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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 (U.S. GAAP).

### Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Organization will continue as a going concern. As discussed in Note 8, the Organization incurred a negative change in net assets of \$2,139,674 for the year ended June 30, 2025 and had a deficit in net assets of \$7,459,307 at June 30, 2025 which raises substantial doubt about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 8. Our opinion is not modified with respect to that matter.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the 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 Organization'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Organization'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 Organization'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.

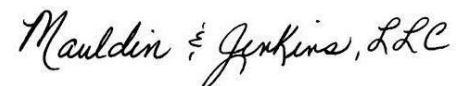
**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position by school, the schedule of activities and changes in net assets by school and the schedule of functional expenses by school are presented for purposes of additional analysis and are 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2026 on our consideration of the Organization's internal control over financial reporting and 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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'.

Houston, TX  
February 16, 2026

**THIRD FUTURE SCHOOLS - TEXAS NETWORK**  
**Statement of Financial Position**  
**June 30, 2025**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 241,280
Accounts Receivable	1,353,056
Due from Affiliates	374,719
Other Current Assets	149,102
Right to Use Asset- Net of Amortization	<u>125,345</u>
<b>Total Current Assets</b>	<u>2,243,502</u>
<b>Total Assets</b>	<u><u>\$ 2,243,502</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 1,200,831
Accrued Liabilities	2,285,654
Due to Affiliates	5,946,250
Other Current Liabilities	44,363
Deferred Revenue	112,220
Lease Payable - Current Portion	<u>113,491</u>
<b>Total Current Liabilities</b>	<u>9,702,809</u>
<b>Net Deficit</b>	
Without Donor Restrictions	<u>(7,459,307)</u>
<b>Total Net Deficit</b>	<u>(7,459,307)</u>
<b>Total Liabilities and Net Deficit</b>	<u><u>\$ 2,243,502</u></u>

The accompanying notes are an integral part of these financial statements.

**THIRD FUTURE SCHOOLS - TEXAS NETWORK**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Grants, and Other Support</b>			
State Public School Funding	\$ 30,123,127	\$ -	\$ 30,123,127
Other Grants and Contributions	522,271	-	522,271
Federal Grants	2,833,196	-	2,833,196
<b>Total Revenue, Grants, and Other Support</b>	<b>33,478,594</b>	<b>-</b>	<b>33,478,594</b>
<b>Expenses</b>			
<b>Program Services</b>			
Instruction and Instructional-Related Services	28,461,893	-	28,461,893
<b>Supporting Services</b>			
Management and General	7,156,375	-	7,156,375
<b>Total Expenses</b>	<b>35,618,268</b>	<b>-</b>	<b>35,618,268</b>
<b>Change in Net Deficit</b>	<b>(2,139,674)</b>		<b>(2,139,674)</b>
<b>Net Deficit, Beginning of Year</b>	<b>(5,319,633)</b>	<b>-</b>	<b>(5,319,633)</b>
<b>Net Deficit, End of Year</b>	<b>\$ (7,459,307)</b>	<b>\$ -</b>	<b>\$ (7,459,307)</b>

The accompanying notes are an integral part of these financial statements.

**THIRD FUTURE SCHOOLS - TEXAS NETWORK**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

	<b>Program Services</b>	<b>Supporting Services</b>	
	<b>Instruction and Instructional- Related Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 19,715,220	\$ 4,284,562	\$ 23,999,782
Benefits	4,445,341	876,685	5,322,026
Professional Services	3,186,474	277,402	3,463,876
Supplies and Materials	592,585	574,826	1,167,411
Lease Expense	-	516,477	516,477
Insurance	-	212,562	212,562
Food Services	202,662	-	202,662
Repairs	-	198,436	198,436
Student Activities	187,730	-	187,730
Travel	-	183,468	183,468
Student Transportation	131,881	-	131,881
Other	-	31,957	31,957
<b>Total</b>	<b>\$ 28,461,893</b>	<b>\$ 7,156,375</b>	<b>\$ 35,618,268</b>

The accompanying notes are an integral part of these financial statements.

**THIRD FUTURE SCHOOLS - TEXAS NETWORK**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2025**

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<b>Cash Flows from Operating Activities</b>	
Change in Net Deficit	\$ (2,139,674)
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities	
Amortization	195,745
Gain on lease termination	(301,824)
(Increase) Decrease in:	
Accounts Receivable	(992,867)
Due from Affiates	(374,719)
Other Current Assets/Liabilities	(72,042)
Increase (Decrease) in:	
Accounts Payable and Accrued Liabilities	(1,076,042)
Due to Affiliates	4,981,405
Deferred Revenue	112,220
Lease Liabilities	<u>(210,007)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>122,195</u>
<b>Net Change in Cash and Cash Equivalents</b>	122,195
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>119,085</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 241,280</u></u>

The accompanying notes are an integral part of these financial statements.

# THIRD FUTURE SCHOOLS - TEXAS NETWORK

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### Organization and Nature of Activities

Third Future Schools – Texas Network (the Organization) is a 501(c)(3), non-profit corporation organized under the laws of the State of Texas governed by a board of directors.

During the year ended June 30, 2025, the Organization operated Sam Houston Middle and Lamar Elementary schools under contracts with the Midland Independent School District as authorized by Senate Bill No. 1882 of the 2017 Texas Legislature. The contract for Sam Houston Middle expires on June 30, 2028 and the contract for Lamar Elementary expires on June 30, 2026.

During the year ended June 30, 2025, the Organization operated Smith Middle, Sam Houston Middle, Fehl-Price Elementary and Jones-Clark Elementary schools under a contract with the Beaumont Independent School District as authorized by Senate Bill No. 1882 of the 2017 Texas Legislature. The contract expires on June 30, 2026. Effective June 30, 2025, the Organization and Beaumont Independent School District terminated the contract.

During the year ended June 30, 2025, the Organization operated Mendez Middle school under a contract with the Austin Independent School District as authorized by Senate Bill No. 1882 of the 2017 Texas Legislature. The contract expires on June 30, 2026.

During the year ended June 30, 2025, the Organization operated Parnell Elementary School under a contract with the Jasper Independent School District as authorized by Senate Bill No. 1882 of the 2017 Texas Legislature. The contract expires on June 30, 2027.

#### Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. The Organization is required to record unconditional promises to give (pledges) as receivables and revenues, and to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets that are resources available to support operations.

*Net Assets With Donor Restrictions* - Net assets that are resources that are restricted by the donor for use for a particular purpose or in a particular future period. When the donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

In addition, the Organization is required to present a statement of cash flows.

# THIRD FUTURE SCHOOLS - TEXAS NETWORK

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

#### **Statement of Cash Flows**

For purposes of the statement of cash flows, the Organization considers all investments purchased with an original maturity of three months or less to be cash equivalents

#### **Leases**

The Organization accounts for leases under FASB ASC 842, which requires lessees to record right-of-use (ROU) assets and related lease obligations on the balance sheet. The ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments over that term. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets.

#### **Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management believes the Organization continues to satisfy the requirements of a tax-exempt the Organization at June 30, 2025. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Organization had no uncertain income tax positions at June 30, 2025.

#### **Financial Statement Presentation**

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net asset with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. For the year ended June 30, 2025, there were no net assets with donor restrictions.

#### **Functional Expense Allocation**

The cost of providing various programs and other activities has been summarized in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries, payroll taxes, office expenses, and postage are allocated based on time and effort.

# THIRD FUTURE SCHOOLS - TEXAS NETWORK

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Use of Estimates**

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

#### **Revenue and Contributions**

Unconditional promises to give and grants receivables are recognized as revenues in the period received and are recorded as increases in net assets with or without donor restrictions depending on the existence and nature of any donor or grantor restrictions. All contributions and grants received consist solely of non-exchange, non-reciprocal transactions, and contain no donor nor grantor-specified conditions or barriers that would cause contributions or grants to be considered conditional in nature.

Donor or grantor-imposed conditions are separate from donor or grantor-imposed restrictions. The Organization records contributions of cash and other assets with donor or grantor-imposed restrictions as grants and contributions with donor restrictions within the statements of activities if they are received with donor stipulations that restrict the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as released from restriction. However, donor-restricted grants and contributions whose restrictions are met in the same reporting period.

#### **Grants**

Grant revenue relates to the portion of federal and/or state grants allocated to the charter holder and to each campus, and is recorded as grant revenue on the statement of activities. This revenue is recorded as related expenses and/or services are incurred.

#### **Contracts vs. Contributions**

The Organization utilizes the guidance in Accounting Standards Update (ASU) 2018-08 in the assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the Organization.

# THIRD FUTURE SCHOOLS - TEXAS NETWORK

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Grants (Continued)

##### Contracts vs. Contributions (Continued)

Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the Organization year, which is simultaneous with the fiscal year. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to student activities and fees and tuition. The Organization measures the performance obligation throughout the Organization year. Revenue for performance obligations satisfied at a point in time, which includes mainly income from meals and is generally immaterial, is recognized when services are provided. The Organization determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

#### Per Pupil Funding Revenue

Per Pupil Funding Revenue relates to the operational revenue contractually owed the respective independent school district based on enrollment to operate the campus.

#### Concentrations

The Organization received 91% of its revenues for the year ended June 30, 2025 from the State of Texas, subject to its charter school contract with the state.

#### Liquidity and Availability

The Organization's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 45 - 60 days of program expenditures. It regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition, the Organization operates with a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 241,280
Accounts Receivable	<u>1,353,056</u>
<b>Total</b>	<u><u>\$ 1,594,336</u></u>

## THIRD FUTURE SCHOOLS - TEXAS NETWORK

### Notes to Financial Statements

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#### Note 2. Financial Instruments

The Organization's maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization bank cash balance is fully insured at June 30, 2025.

#### Note 3. Leases

The Organization has entered into lease agreements for copiers.. The agreements requires monthly payments through May 30, 2026 and June 30, 2026. The agreement does not have a stated interest rate, as such we used the 5 year treasury rate of 3.91%, as the basis to calculate the imputed interest.

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
<b>Leased Assets Being Amortized</b>				
Right-to-Use Asset	\$ 1,266,348		\$ (717,724)	\$ 548,624
<b>Total Capital Assets</b>	1,266,348	-	(717,724)	548,624
<b>Accumulated Amortization</b>				
Right-to-Use Asset	706,019	195,745	(478,485)	423,279
<b>Total Amortization</b>	706,019	195,745	(478,485)	423,279
<b>Net Capital Assets</b>	\$ 560,329	\$ (195,745)	\$ (239,239)	\$ 125,345

Future lease payments on the leases are as follows:

Year	Principal	Interest	Total
2026	\$ 113,491	\$ 2,253	\$ 115,744

#### Note 4. Accrued Liabilities

As of June 30, 2025, the Organization had recorded accrued liabilities of \$2,285,654. This amount represents teachers' accrued salaries and benefits.

#### Note 5. Restriction on Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the Organization. These restrictions are considered to expire when payments for restricted purposes are made. At June 30, 2025, the Organization had no net assets with donor restrictions.

## THIRD FUTURE SCHOOLS - TEXAS NETWORK

### Notes to Financial Statements

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#### Note 6. Management Contract and Related Parties

The Organization is affiliated with Third Future Schools of Colorado and Third Future Schools - Louisiana. The Organization has entered into a management contract with Third Future Schools to provide network support to the Organization. During the year ended June 30, 2025, the Organization incurred \$3,319,127 in network support expenses under this contract. Also, during the year ended June 30, 2025, Third Future Schools made contributions to the Organization in the amount of \$3,824,069.

At June 30, 2025, \$5,943,034 was owed to Third Future Schools from the Organization and \$3,216 was owed by the Organization to Third Future Schools – Louisiana. At June 30, 2025, Third Future Schools of Colorado owed the Organization \$374,719.

#### Note 7. Pension Plan Obligations

##### Plan Description

The Organization contributes to the Teacher Retirement System of Texas (TRS), a cost sharing, multiple- employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public- school systems of Texas. The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading. Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single- employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective- bargaining agreement.

## THIRD FUTURE SCHOOLS - TEXAS NETWORK

### Notes to Financial Statements

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#### Note 7. Pension Plan Obligations (Continued)

##### **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. The Organization made employer contributions of \$2,847,328 during the year ended June 30, 2025.

#### Note 8. Going Concern Indicators and Management Plans

The Organization incurred a negative change in net deficit of \$2,139,674 for the year ended June 30, 2025 and a deficit in net assets at June 30, 2025 of \$7,459,307. In Texas, Third Future Schools receives revenue from its contracted 1882 partner school districts and grants from the USDOE Charter School Program (CSP). Cumulatively, Texas expenses have exceeded realized revenues in recent years leading to negative fund balances. At the end of 2025, Third Future Schools ceased operations at several locations operating at a deficit and in 2026 and 2027, replaced those operations with new school agreements expected to operate within budgeted parameters. Additionally, Third Future Schools has modified its operations to provide flexibility to economic uncertainty. Combined, Third Future Schools anticipates operating with favorable fund balances and closely monitors monthly activity to respond quickly to unexpected variances.

#### Note 9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 16, 2026. Management concluded that there were no subsequent events requiring adjustment to or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**THIRD FUTURE SCHOOLS - TEXAS NETWORK**  
**Schedule of Financial Position by School**  
**For the Year Ended June 30, 2025**

	Third Future Schools - Texas Network	Jones Clark Elementary	Fehl Price	Parnell Elementary	Sam Houston Collegiate Preparatory Elementary	Lamar Elementary	Smith Middle	Mendez Middle School	Eliminations	Consolidated
<b>Assets</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	\$ 11,728,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,486,988)	\$ 241,280
Accounts Receivable	2,205	208,806	159,066	121,486	28,322	386,603	262,132	184,436	-	1,353,056
Due from Affiliates	-	-	93,686	-	-	140,168	-	140,865	-	374,719
Right to Use Asset- Net of Amortization	-	-	64,347	-	-	60,998	-	-	-	125,345
Other Current Assets	54,492	-	-	-	33,220	-	-	61,390	-	149,102
<b>Total Current Assets</b>	<b>11,784,965</b>	<b>208,806</b>	<b>317,099</b>	<b>121,486</b>	<b>61,542</b>	<b>587,769</b>	<b>262,132</b>	<b>386,691</b>	<b>(11,486,988)</b>	<b>2,243,502</b>
<b>Total Assets</b>	<b>\$ 11,784,965</b>	<b>\$ 208,806</b>	<b>\$ 317,099</b>	<b>\$ 121,486</b>	<b>\$ 61,542</b>	<b>\$ 587,769</b>	<b>\$ 262,132</b>	<b>\$ 386,691</b>	<b>\$ (11,486,988)</b>	<b>\$ 2,243,502</b>
<b>Liabilities and Net Assets</b>										
<b>Current Liabilities</b>										
Accounts Payable	\$ 824,950	\$ 64,514	\$ 49,369	\$ 25,503	\$ 38,466	\$ 69,943	\$ 59,442	\$ 68,644	\$ -	\$ 1,200,831
Accrued Expenses and Other Liabilities	1,895,783	46,958	38,770	95,524	53,533	67,089	44,144	43,853	-	2,285,654
Deficit in Pooled Cash	-	609,139	1,307,079	773,790	2,785,371	414,190	2,841,133	2,756,286	(11,486,988)	-
Due to Affiliates	5,946,250	-	-	-	-	-	-	-	-	5,946,250
Other Current Liabilities	2,772	-	20,871	-	5,870	6,252	8,598	-	-	44,363
Deferred Revenue	100,000	-	-	-	-	12,220	-	-	-	112,220
Lease Liability, Current Portion	-	-	50,098	-	-	63,393	-	-	-	113,491
<b>Total Current Liabilities</b>	<b>8,769,755</b>	<b>720,611</b>	<b>1,466,187</b>	<b>894,817</b>	<b>2,883,240</b>	<b>633,087</b>	<b>2,953,317</b>	<b>2,868,783</b>	<b>(11,486,988)</b>	<b>9,702,809</b>
<b>Net Assets</b>										
Without Donor Restrictions	3,015,210	(511,805)	(1,149,088)	(773,331)	(2,821,698)	(45,318)	(2,691,185)	(2,482,092)	-	(7,459,307)
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-
<b>Total Net Assets</b>	<b>3,015,210</b>	<b>(511,805)</b>	<b>(1,149,088)</b>	<b>(773,331)</b>	<b>(2,821,698)</b>	<b>(45,318)</b>	<b>(2,691,185)</b>	<b>(2,482,092)</b>	<b>-</b>	<b>(7,459,307)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,784,965</b>	<b>\$ 208,806</b>	<b>\$ 317,099</b>	<b>\$ 121,486</b>	<b>\$ 61,542</b>	<b>\$ 587,769</b>	<b>\$ 262,132</b>	<b>\$ 386,691</b>	<b>\$ (11,486,988)</b>	<b>\$ 2,243,502</b>

See independent auditor's report.

**THIRD FUTURE SCHOOLS - TEXAS NETWORK**  
**Schedule of Activities and Changes in Net Assets by School**  
**For the Year Ended June 30, 2025**

	Third Future Schools - Texas Network	Jones Clark Elementary	Fehl Price	Parnell Elementary	Sam Houston Collegiate Preparatory Elementary	Lamar Elementary	Smith Middle	Mendez Middle School	Eliminations	Consolidated
<b>Revenue, Grants, and Other Support</b>										
State Public School Funding	\$ -	\$ 4,860,922	\$ 3,680,317	\$ 4,176,819	\$ 4,525,136	\$ 5,875,397	\$ 4,822,461	\$ 2,182,075	\$ -	\$ 30,123,127
Other Grants and Contributions	3,466,498	-	93,686	-	-	140,168	-	140,865	(3,318,946)	522,271
Federal Grants	-	321,788	280,886	923,687	157,847	640,932	385,458	122,598	-	2,833,196
<b>Total Revenue, Grants, and Other Support</b>	<b>3,466,498</b>	<b>5,182,710</b>	<b>4,054,889</b>	<b>5,100,506</b>	<b>4,682,983</b>	<b>6,656,497</b>	<b>5,207,919</b>	<b>2,445,538</b>	<b>(3,318,946)</b>	<b>33,478,594</b>
<b>Expenses</b>										
<b>Program Services</b>										
Instruction and Instructional-related Services	236,883	3,638,035	3,070,555	4,929,643	4,033,042	5,012,871	4,773,794	2,767,070	-	28,461,893
<b>Supporting Services</b>										
Management and General	2,502,194	1,667,924	860,822	944,194	942,034	1,145,491	1,417,067	995,595	(3,318,946)	7,156,375
<b>Total Expenses</b>	<b>2,739,077</b>	<b>5,305,959</b>	<b>3,931,377</b>	<b>5,873,837</b>	<b>4,975,076</b>	<b>6,158,362</b>	<b>6,190,861</b>	<b>3,762,665</b>	<b>(3,318,946)</b>	<b>35,618,268</b>
<b>Change in Net Deficit</b>	<b>727,421</b>	<b>(123,249)</b>	<b>123,512</b>	<b>(773,331)</b>	<b>(292,093)</b>	<b>498,135</b>	<b>(982,942)</b>	<b>(1,317,127)</b>	<b>-</b>	<b>(2,139,674)</b>
<b>Net Deficit, Beginning of Year</b>	<b>2,287,789</b>	<b>(388,556)</b>	<b>(1,272,600)</b>	<b>-</b>	<b>(2,529,605)</b>	<b>(543,453)</b>	<b>(1,708,243)</b>	<b>(1,164,965)</b>	<b>-</b>	<b>(5,319,633)</b>
<b>Net Deficit, End of Year</b>	<b>\$ 3,015,210</b>	<b>\$ (511,805)</b>	<b>\$ (1,149,088)</b>	<b>\$ (773,331)</b>	<b>\$ (2,821,698)</b>	<b>\$ (45,318)</b>	<b>\$ (2,691,185)</b>	<b>\$ (2,482,092)</b>	<b>\$ -</b>	<b>\$ (7,459,307)</b>

See independent auditor's report.

**THIRD FUTURE SCHOOLS - TEXAS NETWORK**  
**Schedule of Functional Expenses by School**  
**For the Year Ended June 30, 2025**

	Third Future Schools - Texas Network	Jones Clark Elementary	Fehl Price	Parnell Elementary	Sam Houston Collegiate Preparatory Elementary	Lamar Elementary	Smith Middle	Mendez Middle School	Total
Program Services									
Salaries	\$ 67,373	\$ 2,607,084	\$ 2,305,343	\$ 3,184,075	\$ 2,962,527	\$ 3,260,216	\$ 3,472,480	\$ 1,856,122	19,715,220
Benefits	281,543	698,312	478,863	581,503	544,863	794,669	704,964	360,624	4,445,341
Professional Services	60,047	305,758	245,799	741,936	443,740	662,470	372,338	354,386	3,186,474
Supplies and Materials	(197,391)	25,794	37,981	294,762	19,563	292,041	21,994	97,841	592,585
Student Activities	23,240	1,087	2,569	-	62,319	3,475	1,706	93,334	187,730
Food Service	2,071	-	-	70	30	-	200,312	179	202,662
Student Transportation	-	-	-	127,297	-	-	-	4,584	131,881
Management and General									
Salaries	724,968	452,740	446,786	525,560	602,790	668,768	447,486	415,464	4,284,562
Benefits	281,348	118,811	68,618	87,418	66,769	58,222	143,254	52,245	876,685
Professional Services	268,622	1,500	9,325	1,498	-	-	1,501	(5,044)	277,402
Supplies and Materials	17,170	87,890	63,734	74,627	165,652	39,640	84,285	41,828	574,826
Insurance	212,562	-	-	-	-	-	-	-	212,562
Other	941,751	890,979	115,798	3,223	67,686	297,199	631,809	402,458	3,350,903
Repairs	93	12,801	8,875	164,568	3,652	3,791	1,708	2,948	198,436
Travel	55,680	4,782	37,696	56,997	7,294	2,764	6,351	11,904	183,468
Lease Expense	-	98,421	109,990	30,303	28,191	75,107	100,673	73,792	516,477
<b>Total</b>	<b>\$ 2,739,077</b>	<b>\$ 5,305,959</b>	<b>\$ 3,931,377</b>	<b>\$ 5,873,837</b>	<b>\$ 4,975,076</b>	<b>\$ 6,158,362</b>	<b>\$ 6,190,861</b>	<b>\$ 3,762,665</b>	<b>\$ 38,937,214</b>

See independent auditor's report.



**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**

Independent Auditor's Report

To the Board of Directors  
Third Future Schools – Texas Network

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Third Future Schools – Texas Network (the Organization), which comprise the statement of financial position as of June 30, 2025, the related statements of activities and changes in net assets, 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 February 16, 2026.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization'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.

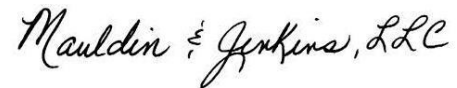
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 entity'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.

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'.

Houston, TX  
February 16, 2026

**THIRD FUTURE SCHOOLS – TEXAS NETWORK**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2025**

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**Part I. Summary of Auditor’s Results**

Financial Statements

- |  |            |
|--|------------|
| 1) Type of auditor’s report  | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: |            |
| a) Material weaknesses identified?   | No         |
| b) Significant deficiencies identified?  | No         |
| c) Noncompliance material to the financial statements noted?                   | No         |

Federal Awards

Not applicable.

**THIRD FUTURE SCHOOLS – TEXAS NETWORK**  
**Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2025**

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None.