GOLDEN RULE SCHOOLS, INC.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2025

GOLDEN RULE SCHOOLS, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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GOLDEN RULE SCHOOLS, INC.
CERTIFICATE OF BOARD
AUGUST 31, 2025

Golden Rule Schools, Inc.	Dallas	057835
Name of Charter Holder	County	Co. – Dist. Number

We, the undersigned, certify that the attached annual Financial and Compliance Report of the above-named charter was reviewed and (check one) ______ approved _______ disapproved for the year ended August 31, 2025, at a meeting of the governing body the charter holder on the _______ day of February, 2026.

____________________________	____________________________
Signature of Board Secretary	Signature of Board President

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

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

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Golden Rule Schools, Inc.
DeSoto, Texas 75115

Opinion

We have audited the accompanying financial statements of Golden Rule Schools, Inc. (a nonprofit organization and the charter holder), which comprise the statements of financial position as of August 31, 2025, and the related statements of activities, cash flows, and functional expenses for the years 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 Golden Rule Schools as of August 31, 2025 AND , and the changes in its net assets and its cash flows for the years 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 Golden Rule Schools 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 Golden Rule Schools' 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 Golden Rule Schools' 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 Golden Rule Schools' 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The required supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. 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 as required by the Uniform Guidance, and is also 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 20, 2026, on our consideration of Golden Rule Schools' 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 Golden Rule Schools' internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay + Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
February 20, 2026

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**General-Purpose
Financial Statements**

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER) Exhibit A-1

STATEMENT OF FINANCIAL POSITION

AS OF AUGUST 31, 2025

ASSETS	
Current Assets	
Cash and cash equivalents	$ 2,017,805
Due from State and other governments	1,017,566
Prepaid expenses	100,877
Total Current Assets	3,136,248
Property and Equipment	
Property and equipment - net	41,418,449
Total Property and Equipment	41,418,449
Other Assets	
Investments	3,112,500
Cash Value of life insurance	2,775,651
Restricted cash, debt service	2,282,164
Restricted cash, construction	2,001,098
Right-of-use asset, financing	608,638
Total non-current assets	10,780,051
Total Assets	55,334,748
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	61,637
Accrued expenses - wages & benefits payable	188,327
Accrued interest expense	65,025
Right-of-use lease liabilities	608,638
Current portion of bonds payable	1,030,000
Total Current Liabilities	1,953,627
Long-Term Debt (net of current portions)	
Right-of-use lease liabilities	-
Bonds payable, net of current portion	35,770,016
Total Long-Term Debt	35,770,016
Total Liabilities	37,723,643
Net Assets	
Without donor restrictions	148,000
With donor restrictions	17,463,105
Total Net Assets	17,611,105
Total Liabilities and Net Assets	$ 55,334,748

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

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES			
Local Support:			
5740 Other revenues from local sources	$ 542,687	$ -	$ 542,687
5750 Cocurricular, enterprising activities	155,771	-	155,771
Total Local Support	698,458	-	698,458
State Program Revenues:			
5810 Foundation School Program	-	14,253,795	14,253,795
TRS On-Behalf	-	792,277	792,277
5830 Other State Grants	-	525,188	525,188
Food Service	-	4,764	4,764
Total State Program Revenues	-	15,576,024	15,576,024
Federal Program Revenues:			
ESEA Title I Part A Improving Basic Programs	-	694,457	694,457
ESEA Title II Part A Teacher and Principal Training	-	74,489	74,489
Title Ill Part A - English Language Acquisition	-	68,140	68,140
ESEA Title IV Part A Student Support	-	336,245	336,245
Career & Technical - Basic Grant	-	25,116	25,116
IDEA Part B, Formula	-	262,078	262,078
National School Breakfast and Lunch Program	-	872,384	872,384
Federally Funded Special Revenue Funds	-	62,551	62,551
Total Federal Program Revenues	-	2,395,460	2,395,460
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	18,412,048	(18,412,048)	-
Total Revenues	19,110,506	(440,564)	18,669,942
EXPENSES			
Program Services:			
Instruction and Instructional-Related Services	10,144,978	-	10,144,978
Instructional and School Leadership	2,023,000	-	2,023,000
Total Program Services Expenses	12,167,978	-	12,167,978
Support Services:			
Administrative Support Services	1,521,681	-	1,521,681
Support Services - Non-Student Based	4,267,125	-	4,267,125
Support Services - Student (Pupil)	1,939,381	-	1,939,381
Community Services	28,236	-	28,236
Debt Service	920,130	-	920,130
Fundraising	76,842	-	76,842
Total Support Services Expenses:	8,753,395	-	8,753,395
Total Expenses	20,921,373	-	20,921,373
Change in Net Assets	(1,810,867)	(440,564)	(2,251,431)
Net Assets, Beginning of Year as Restated	1,958,867	17,903,669	19,862,536
Net Assets, End of Year	$ 148,000	$ 17,463,105	$ 17,611,105

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

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER) Exhibit A-3

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (2,251,432)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:	
Depreciation and amortization	1,106,787
(Increase) Decrease in Due from State and Other Governments	(794,191)
(Increase) Decrease in Prepaid Expenses	3,887
Increase (Decrease) in Accounts Payable	13,530
Increase (Decrease) in Accrued Wages and Employee Benefits	(62,029)
Increase (Decrease) in Accrued Interest Expense	(7,179)
Net Cash Provided (Used) by Operating Activities	(1,990,627)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Land, Buildings, and Equipment	(4,488,028)
Purchase of Investments	130,801
Net Cash Provided (Used) by Investing Activities	(4,357,227)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds (Payments) from (on) Lease Payable	(846,975)
Principal Payments on Bonds Payable	(990,000)
Net Cash Provided (Used) by Financing Activities	(1,836,975)
Net Increase/(Decrease) in Cash and Cash Equivalents	(8,184,829)
Cash and Cash Equivalents, Beginning of Year	14,485,896
Cash and Cash Equivalents, (End of Year (includes restricted cash of $4,283,262)	6,301,067
Cash Paid for Interest During the Year	$ 1,634,994

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GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025

	Program Services			Support Services
	Instruction and Instructional-Related Services	Instructional and School Leadership	Total	Administrative Support Services Services
Salaries and Wages	$ 7,868,718	$ 1,644,997	$ 9,513,715	$ 808,912
Payroll Taxes	1,250,069	182,760	1,432,829	70,235
Employee Benefits	166,129	34,333	200,462	26,693
Fees For Services	371,301	-	371,301	524,965
Food	-	-	-	-
Insurance	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Miscellaneous	-	-	-	77,168
Rent	-	116,602	116,602	-
Repairs and Maintenance	-	-	-	-
Supplies	485,552	36,681	522,233	11,165
Travel	3,209	7,627	10,836	2,543
Utilities	-	-	-	-
Depreciation	-	-	-	-
Total expenses by function	$ 10,144,978	$ 2,023,000	$ 12,167,978	$ 1,521,681

Exhibit A-4

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025

Support Services					
Support Services - Non-Student Based	Support Services - Student (Pupil)	Ancillary Services	Debt Service	Total	Total Functional Expenses
$ 827,058	$ 724,570	$ -	$ -	$ 2,360,540	$ 11,874,255
72,917	78,449	-	-	221,601	1,654,430
14,623	10,942	-	-	52,258	252,720
520,762	844,622	7,811	-	1,898,160	2,269,461
-	93,965	-	-	93,965	93,965
310,211	-	-	-	310,211	310,211
-	-	-	920,130	920,130	920,130
-	87,641	-	-	164,809	164,809
871,489	-	-	-	871,489	988,091
-	-	-	-	-	-
165,815	99,192	97,267	-	373,439	895,672
-	-	-	-	2,543	13,379
377,463	-	-	-	377,463	377,463
1,106,787	-	-	-	1,106,787	1,106,787
$ 4,267,125	$ 1,939,381	$ 105,078	$ 920,130	$ 8,753,395	$ 20,921,373

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

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**Notes to the
Financial Statements**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of (the "Corporation") were prepared in conformity with accounting principles generally accepted in the United States. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

A. Reporting Entity

The Corporation is a nonprofit organization incorporated in the State of Texas on January 21, 1999. The Corporation is governed by a Board of Directors comprised of five members. The Board of Directors is selected pursuant to the bylaws of the Corporation and has the authority to make decisions, appoint the chief executive officer of the Corporation, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Corporation.

Since the Corporation received funding from state and federal government sources, it must comply with the requirements of the entities providing those funds.

B. Corporate Operations

Golden Rule Schools is operating an open-enrollment charter school providing education for kindergarten through 8th grade students authorized under Chapter 12, Subchapter D of the Texas Education Code. The Texas State Board of Education issued the initial charter to the charter holder for a period of five years January 21, 1999. Subsequent to the awarding of the initial charter, the Corporation applied for and received a charter renewal to August 1, 2029. Maximum enrollment was increased to 2,000. Approved campus locations are in Dallas, DeSoto, Grand Prairie, and Wilmer, Texas.

C. Basis of Accounting and Presentation

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

> **Net assets without donor restriction** - net assets that are not subject to donor-imposed stipulations.
> **Net assets with donor restriction** - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporarily in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

D. Use of 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 of 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, and those differences could be material.
For Fiscal Year 2025, the school elected to record revenues earned in August 2025 instead of deferring them into the next fiscal year. The purpose of the change was to properly recognize revenues when earned; thereby, properly matching revenues to expenses. The effect of the change is approximately $812,944.

E. Contributions

The Corporation accounts for contributions as with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

No amounts have been reflected in the financial statements for donated materials or services since no objective basis is available to measure the value thereof; however, a substantial number of volunteers donate their time to the school program services and in fund-raising activities.

F. Cash and Cash Equivalents

For financial statement purposes, the Corporation considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

G. Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Corporation as assets with an estimated useful life of more than one year and a cost of $5,000 or more. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from two to fifty years, using the straight-line method of depreciation. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

H. Personal Leave

All employees of the school earn five days of local paid personal leave per year. The balance does not accumulate; therefore, there is no liability accrued on the financial statements.

I. Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. CASH AND CASH EQUIVALENTS

The corporation's funds are deposited and invested with its depository bank and other institutions. The depository bank is required to deposit for safekeeping and trust with the charter holder's agent approved pledged securities in an amount sufficient to protect corporate funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2025, the carrying amount of the charter holder's deposits (cash demand accounts and interest-bearing accounts included in cash and cash equivalents) was $2,017,805, and the total bank balance was $6,301,067. The corporation's cash deposits at August 31, 2025, and during the year ended August 31, 2025, were partially covered by FDIC insurance or by pledged collateral held by the charter holder's agent bank in the corporation's name. During the fiscal year a shortfall occurred and was approximately $51,000, during September 2024.

The corporation has restricted cash and cash equivalents of $4,283,262 as of August 31, 2025. These amounts are deposited with Bank of Oklahoma in short-term cash sweep accounts. As of August 31, 2025, $2,001,098 of bonds payable proceeds are restricted for future construction projects, and $2,282,164 is held in various reserve accounts and is restricted for debt service reserves by the corporation's bonds payable indentures.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit at during the year ended August 31, 2025:

a. Depository: Bank of Texas

b. At the date of the highest combined cash balance, the school's cash balances were collateralized by a $4,126,795 by security pledges and held at the Federal Home Loan Bank Topeka.

c. The highest combined balances of cash, savings, and time deposit accounts amounted to $4,428,632 and occurred during the month of September 3, 2004.

d. Total amount of FDIC coverage at the time of the largest combined balance was $250,000.

3. PENSION PLAN OBLIGATIONS

A. 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.

B. 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
Employees (members)	8.25%
Non-Employer Contributing Entity	8.25%
Employers	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 2.0% 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 are shown below. Contributions made each year were equal to the required contributions.

	2025
Employees (members)	$551,710
Employer	$325,028

C. Additional plans

Employees of the charter holder are also provided with Medicare coverage. Under provisions of federal law, covered employees contribute 1.45% Medicare of their annual covered salary, and the charter holder contributes 1.45% (Medicare) of the covered payroll.

4. PUBLIC SCHOOL RETIREE HEALTH PLAN

A. Plan Description

The charter school contributes to the Texas Public School Retired Employees Group Insurance Program (TRS Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS Care. That report may be obtained on the internet at http://www.trs.texas.gov/learning-resources/publications; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

B. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public-school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public-school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

State law provides for the following contribution rates for 2025:

	2025
Employees (members)	0.65%
Non-Employer Contributing Entity	1.25%
Employers	0.75%

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

	2025
Employees (members)	$73,967
Employers	$85,348

5. HEALTH CARE COVERAGE

During the years ended August 31, 2025, full-time employees of the charter school were covered by a health insurance plan (the Plan). For the year ended August 31, 2025, the charter school contributed a minimum of $225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay additional contributions or premiums for the employee and dependents. All premiums were paid to licensed insurers.

6. 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 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 agencies. 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 agencies. In the opinion of the charter school, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

7. INCOME TAX

The Corporation is organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Section 509(a)(1) and (3), respectively. The Corporation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the corporation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Unrelated business activities did not generate taxable income during the years ended August 31, 2025.

8. PROPERTY AND EQUIPMENT

Property and Equipment at August 31, 2025, were as follows:

	9/1/2024 Balance	Additions	Deletions	8/31/2025 Balance
Land & Improvements	$ 7,671,163	-	-	$ 7,671,163
Buildings & Improvements	29,268,006	-	-	29,268,006
Vehicles	369,140	3,000	-	372,140
Furniture & Equipment	1,141,476	-	133,899	1,007,577
Accumulated Depreciation	(9,068,530)	(1,462,536)	-	(10,531,066)
Construction in Progress	2,367,567	11,263,062	-	13,630,629
	$ 31,748,822	$ 9,803,526	$ 133,899	$ 41,418,448

Capital assets acquired with public funds received by the Corporation for the operation of Golden Rule Schools Lancaster, Golden Rule Schools Oak Cliff Campus, Golden Rule School Pleasant Grove, Golden Rule School DeSoto, Golden Rule School Sunnyside – Dallas, Golden Rule School Grand Prairie constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets.

9. ECONOMIC DEPENDENCY

During the year ended August 31, 2025, the charter holder earned revenue of $15,581,024 from the State of Texas. This constitutes approximately 84%, of total revenue earned. Any unforeseen loss of the charter agreement with the State or changes in legislative funding could have a material effect on the ability of the charter school to continue to provide the current level of services to its students.

10. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions for the years ended August 31, 2025 consisted of the following:

Foundation School Program	$ 17,463,105
Total	$ 17,463,105

11. BONDS PAYABLE

In 2015, the School issued Education Refunding Bonds Series 2015 through the Danbury Higher Education Authority in the face amount of $7,050,000 to advance refund Education Revenue Bonds Series 2008A, which were subsequently called on February 15, 2018. The refunding bonds, like the original 2008 series, are secured by the property purchased. The remaining refunding bonds mature serially through August 15, 2038 and bear interest at 4-5%.

In 2017, the School issued Education Revenue Bonds Series 2017 through the Danbury Higher Education Authority in the face amount of $23,400,000 to finance the cost of acquiring, constructing, equipping, and renovating educational facilities. The bonds are secured by the property purchased. The bonds mature serially through February 15, 2047, and bear interest at 4- 5%.

In November 2019, the School issued Education Revenue Bonds Series 2019A through the Danbury Higher Education Authority in the face amount of $27,945,000 to finance the cost of acquiring, constructing, equipping and renovating educational facilities. The bonds are secured by the property purchased. The bonds mature serially through August 15, 2049, and bear interest at 4%-5.125%.

In November 2019, the School issued Taxable Education Revenue Bonds Series 2019B through the Danbury Higher Education Authority in the face amount of $305,000 to finance the cost of acquiring, constructing, equipping, and renovating educational facilities. The bonds are secured by the property purchased. The bonds mature serially through August 15, 2024, and bear interest at 4%.

In February 2022, the School issued Education Revenue Refunding Bonds Series 2022 through the Danbury Higher Education Authority in the face amount of $6,170,000 to finance the cost of acquiring, constructing, equipping, and renovating educational facilities.

The bonds are secured by the property purchased. The bonds mature serially through February 15, 2047, and bear interest at 4%.

The amount of the bond premium amortized for the years ended August 31, 2025, in the amount of $95,796 is included in the interest on the debt in the statement of activities. Amortization of the bond issue cost for the periods ended August 31, 2025, in the amount of $150,389 is included in the interest on the debt in the statement of activities.

In August 2023, the School entered into defeasance agreements to repay $1,630,000 of Education Revenue Bonds Series 2017 and $12,185,000 of Education Revenue Bonds Series 2019A. The Net present value of the savings equals $13,628,162 or 98.65% saves of refunded bonds.

The Charter School is required to maintain available revenues of at least 110% of the annual debt service requirements, effective from the fiscal year ending August 31, 2022, until the Bonds are paid in full. Failure to achieve the 110% ratio does not constitute an event of default if the School engages an independent management consultant within 30 days, who then prepares a report with recommendations within 45 days, and the School implements these recommendations within 30 days. However, a ratio below 100% constitutes an event of default. The School must deliver an annual certificate to the Bond trustee within 180 days after each fiscal year, detailing the percentage of available revenues to annual debt service requirements and including the independent management consultant's contact information, if applicable.

For the period ending August 31, 2025, the School's debt service coverage ratio (DSCR) was 29.85% resulting in a potential non-compliance with bond covenants. The School has completed a budget review with an independent management consultant and the School's board of directors has approved the consultant recommendations and management is currently implementing the recommendations provided by the consultant, and with certain reductions and additional state funding expected under current legislation will adopt a budget for the 2026 fiscal year that reflects a plan to achieve the 1.10x debt service coverage ratio. The Organization expects to continue the original principal and interest payment structure. The auditor noticed that the School did not capitalize interest during the construction phase of the additional campus. According to FASB ASC 885-20-15-5 guidelines the school capitalized approximately $714,000 in interest costs in fiscal year 2025 and $5,491,745 in previous years. This restatement is reflected in this year's statement.

In addition, the School is required to maintain interest and sinking accounts with the paying agent as additional security and maintain not less than forty-five (45) days of cash on hand. As of August 31, 2025, the school maintained 143 days cash on hand. The amount in the interest and sinking fund totaled $2,282,164 which is shown as restricted cash on the Statement of Financial Position.

A summary of bonds payable for the year ended August 31, 2025 is as follows:

	Original Issue	Interest Rate	Maturity Date	9/1/2024 Balance	Issues	Retired	8/31/2025 Balance	Due Within One Year
Series 2015	$ 3,925,000	4.00%-5.00%	8/15/2035	$ 3,470,000	$ -	$ 220,000	$ 3,250,000	$ 320,000
Series 2017	23,400,000	4.00%-5.00%	2/15/2041	12,460,000	-	540,000	11,920,000	560,000
Series 2019A	15,760,000	4.00%-5.125%	8/15/2049	15,760,000	-	230,000	15,530,000	150,000
Series 2022	6,170,000	4.00%	2/15/2047	6,170,000	-	-	6,170,000	-
Total Bond Indebtedness				37,860,000	-	990,000	36,870,000	1,030,000
Unamortized on Premiums				2,193,176	-	150,389	2,042,787	-
Bond Issuance Costs				2,208,567	-	95,796	(2,112,771)	-
Total Bond Debt				42,261,743			36,800,016	

Debt service requirements are as follows:

Year ended August 31, 2025	Principal	Interest	Total
2026	1,030,000	1,582,263	2,612,263
2027	1,085,000	1,540,663	2,625,663
2028	1,120,000	1,469,763	2,589,763
2029	1,165,000	1,359,063	2,524,063
2030	1,550,000	1,404,363	2,954,363
Thereafter	30,920,000	12,746,025	43,666,025
Total	36,870,000	20,102,140	56,972,140

13. LEASES

The Corporation recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Corporation is a lessee in several operating leases for classroom space and office space. The Corporation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Corporation recognizes a lease liability and a right to use (RTU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate if it is readily determinable or otherwise the Corporation uses its incremental borrowing rate. The implicit rates of the Corporations leases are not readily determinable and accordingly, the incremental borrowing rate based on the information available at the commencement date for all leases has been used. The Corporation's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The Corporation uses the rate applicable on its line of credit, in affect when the lease begins, for its incremental borrowing rate. RTU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Corporation has elected, for all underlying classes of assets, to not recognize RTU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Corporation is reasonably certain to exercise. The Corporation recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

The Corporation no longer has obligations as a lessee for classroom space and office space with initial noncancelable terms in excess of one year. The Corporation classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to ten years. The Corporation evaluates whether it is reasonably certain to exercise these renewal options. If it is reasonably certain that the Corporation will exercise the renewal options, the optional periods are included in the lease term, and associated payments under these renewal options are excluded from lease payments. The Corporation's leases do not include termination options for either party to the lease or restrictive financial or other covenants.

The components of lease cost for the year ended August 31, 2025, are as follows:

Operating lease cost	$ 630,000
Total lease cost	$ 630,000

Amounts reported in the statement of financial position for the year ended August 31, 2025, are as follows:

Right-to-use asset, net	$ 608,638
Right-to-use liability	$ 608,638

15. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents - unrestricted	$ 2,017,805
Due from State and other governments	1,017,565
Available within one year	$ 3,035,370

16. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Corporation through February 20, 2026, the date of financial statement issuance, and has determined that there were no subsequent events that require recognition or disclosure in the financial statements.

17. CORRECTION OF ERROR – Accounting for Capitalized Interest

Accounting Standards Codification (ASC) 835-20-15-6 states the following:

Interest shall be capitalized for the following types of assets (qualifying assets):

a. Assets that are constructed or otherwise produced for an entity's own use, including assets constructed or produced for the entity by others for which deposits or progress payments have been made. During the construction phase beginning in December 2019 the school did not capitalize the interest cost associated with the construction funds received from the issuance of a 2019 bond issue. The effect of not capitalizing the interest cost associated with the construction project that was $5,491,745.

Net position as of 8/31/2024 as previously reported $14,370,791.
Restatement - change in accounting principle to record capitalized interest. $5,491,745.
Net position as of 8/31/2024 as restated $19,862,536.

**Specific Purpose
Financial Statements**

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER) Exhibit B-1

STATEMENT OF FINANCIAL POSITION

AS OF AUGUST 31, 2025

ASSETS	
Current Assets	
Cash and cash equivalents	$ 2,017,805
Due from State and other governments	1,017,566
Prepaid expenses	100,877
Total Current Assets	3,136,248
Property and Equipment	
Property and equipment - net	41,418,449
Total Property and Equipment	41,418,449
Other Assets	
Investments	3,112,500
Cash Value of life insurance	2,775,651
Restricted cash, debt service	2,282,164
Restricted cash, construction	2,001,098
Right-of-use asset, financing	608,638
Total non-current assets	10,780,051
Total Assets	55,334,748
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	61,637
Accrued expenses - wages & benefits payable	188,327
Accrued interest expense	65,025
Right-of-use lease liabilities	608,638
Current portion of bonds payable	1,030,000
Total Current Liabilities	1,953,627
Long-Term Debt (net of current portions)	
Right-of-use lease liabilities	-
Bonds payable, net of current portion	35,770,016
Total Long-Term Debt	35,770,016
Total Liabilities	37,723,643
Net Assets	
Without donor restrictions	148,000
With donor restrictions	17,463,105
Total Net Assets	17,611,105
Total Liabilities and Net Assets	$ 55,334,748

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

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES			
Local Support:			
5740 Other revenues from local sources	$ 542,687	$ -	$ 542,687
5750 Cocurricular, enterprising activities	155,771	-	155,771
Total Local Support	698,458	-	698,458
State Program Revenues:			
5810 Foundation School Program	-	14,253,795	14,253,795
TRS On-Behalf	-	792,277	792,277
5830 Other State Grants	-	525,188	525,188
Food Service	-	4,764	4,764
Total State Program Revenues	-	15,576,024	15,576,024
Federal Program Revenues:			
ESEA Title I Part A Improving Basic Programs	-	694,457	694,457
ESEA Title II Part A Teacher and Principal Training	-	74,489	74,489
Title III Part A - English Language Acquisition	-	68,140	68,140
ESEA Title IV Part A Student Support	-	336,245	336,245
Career & Technical - Basic Grant	-	25,116	25,116
IDEA Part B, Formula	-	262,078	262,078
National School Breakfast and Lunch Program	-	872,384	872,384
Federally Funded Special Revenue Funds	-	62,551	62,551
Total Federal Program Revenues	-	2,395,460	2,395,460
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	18,412,048	(18,412,048)	-
Total Revenues	19,110,506	(440,564)	18,669,942
EXPENSES			
Program Services:			
Instruction and Instructional-Related Services	10,144,978	-	10,144,978
Instructional and School Leadership	2,023,000	-	2,023,000
Total Program Services Expenses	12,167,978	-	12,167,978
Support Services:			
Administrative Support Services	1,521,681	-	1,521,681
Support Services - Non-Student Based	4,267,125	-	4,267,125
Support Services - Student (Pupil)	1,939,381	-	1,939,381
Community Services	28,236	-	28,236
Debt Service	920,130	-	920,130
Fundraising	76,842	-	76,842
Total Support Services Expenses:	8,753,395	-	8,753,395
Total Expenses	20,921,373	-	20,921,373
Change in Net Assets	(1,810,867)	(440,564)	(2,251,431)
Net Assets, Beginning of Year as Restated	1,958,867	17,903,669	19,862,536
Net Assets, End of Year	$ 148,000	$ 17,463,105	$ 17,611,105

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

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER) Exhibit B-3

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (2,251,432)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:	
Depreciation and amortization	1,106,787
(Increase) Decrease in Due from State and Other Governments	(794,191)
(Increase) Decrease in Prepaid Expenses	3,887
Increase (Decrease) in Accounts Payable	13,530
Increase (Decrease) in Accrued Wages and Employee Benefits	(62,029)
Increase (Decrease) in Accrued Interest Expense	(7,179)
Net Cash Provided (Used) by Operating Activities	(1,990,627)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Land, Buildings, and Equipment	(4,488,028)
Purchase of Investments	130,801
Net Cash Provided (Used) by Investing Activities	(4,357,227)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds (Payments) from (on) Lease Payable	(846,975)
Principal Payments on Bonds Payable	(990,000)
Net Cash Provided (Used) by Financing Activities	(1,836,975)
Net Increase/(Decrease) in Cash and Cash Equivalents	(8,184,829)
Cash and Cash Equivalents, Beginning of Year	14,485,896
Cash and Cash Equivalents, (End of Year (includes restricted cash of $4,283,262)	6,301,067
Cash Paid for Interest During the Year	$ 1,634,994

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GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025

	Program Services			Support Services
	Instruction and Instructional-Related Services	Instructional and School Leadership	Total	Administrative Support Services Services
Salaries and Wages	$ 7,868,718	$ 1,644,997	$ 9,513,715	$ 808,912
Payroll Taxes	1,250,069	182,760	1,432,829	70,235
Employee Benefits	166,129	34,333	200,462	26,693
Fees For Services	371,301	-	371,301	524,965
Food	-	-	-	-
Insurance	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Miscellaneous	-	-	-	77,168
Rent	-	116,602	116,602	-
Repairs and Maintenance	-	-	-	-
Supplies	485,552	36,681	522,233	11,165
Travel	3,209	7,627	10,836	2,543
Utilities	-	-	-	-
Depreciation	-	-	-	-
Total expenses by function	$ 10,144,978	$ 2,023,000	$ 12,167,978	$ 1,521,681

GOLDEN RULE SCHOOLS, INC. (THE CHARTER HOLDER)

Exhibit B-4

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025

Support Services					
Support Services - Non-Student Based	Support Services - Student (Pupil)	Ancillary Services	Debt Service	Total	Total Functional Expenses
$ 827,058	$ 724,570	$ -	$ -	$ 2,360,540	$ 11,874,255
72,917	78,449	-	-	221,601	1,654,430
14,623	10,942	-	-	52,258	252,720
520,762	844,622	7,811	-	1,898,160	2,269,461
-	93,965	-	-	93,965	93,965
310,211	-	-	-	310,211	310,211
-	-	-	920,130	920,130	920,130
-	87,641	-	-	164,809	164,809
871,489	-	-	-	871,489	988,091
-	-	-	-	-	-
165,815	99,192	97,267	-	373,439	895,672
-	-	-	-	2,543	13,379
377,463	-	-	-	377,463	377,463
1,106,787	-	-	-	1,106,787	1,106,787
$ 4,267,125	$ 1,939,381	$ 105,078	$ 920,130	$ 8,753,395	$ 20,921,373

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

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Required Supplementary Information

GOLDEN RULE SCHOOLS, INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit C-1

EXPENSES

6100	Payroll Costs	$ 13,781,404
6200	Professional and Contracted Services	3,635,015
6300	Supplies and Materials	989,637
6400	Other Operating Costs	1,595,186
6500	Debt	920,131
	Total Expenses	$ 20,921,373

GOLDEN RULE SCHOOLS, INC.
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit D-1

	Ownership Interest		
	Local	State	Federal
Land and Improvements	$ -	$ 7,671,163	$ -
Buildings and Improvements	-	29,268,005	-
Vehicles	-	372,140	-
Furniture and Equipment	-	1,007,577	-
Right-to-use asset		608,638	
Construction in Progress	-	13,630,628	-
Less Accumulated Depreciation	-	(11,139,701)	-
Total Property and Equipment	$ -	$ 41,418,450	$ -

GOLDEN RULE SCHOOLS, INC.
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit E-1

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance from Final Budget
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	$ 650,000	$ 690,000	$ 542,687	$ (147,313)
5750 Cocurricular and Enterprising Activities	301,812	216,512	155,771	(60,741)
Total Local Support	951,812	906,512	698,458	(208,054)
State Program Revenues:				
5810 Foundation School Program Act Revenues	14,262,360	13,675,088	14,253,795	578,707
5820 State Program Revenues Distributed by TEA	504,313	588,823	529,952	(58,871)
5830 State Revenues - Other than TEA	51,533	11,873	792,277	780,404
Total State Program Revenues	14,818,206	14,275,784	15,576,024	1,300,240
Federal Program Revenues:				
5920 Federal Revenues Distributed by TEA	2,916,271	2,380,750	2,395,460	14,710
5930 Federal Revenues - Other than TEA	-	-	-	-
Total Federal Program Revenues	2,916,271	2,380,750	2,395,460	14,710
Total Revenues	18,686,289	17,563,046	18,669,942	1,106,896
EXPENSES				
11 Instruction	8,593,843	8,848,743	9,608,193	759,450
13 Curriculum Development and Instructional	-	-	-	-
Staff Development	490,841	529,668	536,784	7,116
21 Instructional Leadership	-	79,088	80,285	1,197
23 School Leadership	1,430,818	1,787,973	1,942,715	154,742
31 Guidance, Counseling and Evaluation Services	630,204	483,950	490,718	6,768
32 Social Work Services	-	-	-	-
33 Health Services	82,001	102,000	105,253	3,253
34 Student (Pupil) Transportation	-	-	-	-
35 Food Service	1,186,009	1,219,382	1,220,910	1,528
36 Cocurricular/Extracurricular Activities	191,430	116,520	122,500	5,980
41 General Administration	1,454,604	1,494,259	1,521,681	27,422
51 Plant Maintenance and Operations	3,114,332	3,690,787	3,734,783	43,996
52 Security and Monitoring	733,597	598,118	482,506	(115,612)
53 Data Processing Services	493,373	75,000	49,836	(25,164)
61 Community Services	12,500	31,000	28,236	(2,764)
71 Debt Service	1,661,212	1,661,212	920,131	(741,081)
81 Fund Raising	95,000	95,000	76,842	(18,158)
Total Expenses	20,169,764	20,812,700	20,921,373	108,673
Change in Net Assets	(1,483,475)	(3,249,654)	(2,251,431)	998,223
Net Assets, Beginning of Year, as Restated	19,862,536	19,862,536	19,862,536	-
Net Assets, End of Year	$18,379,061	$16,612,882	$17,611,105	$ 998,223

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

GOLDEN RULE SHOOLS, INC. (THE CHARTER HOLDER) Exhibit E-2

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2025

1)	5740	Interest income less than expected
2)	5750	Fundraising less than expected
3)	5820	Mid-year grant award
4)	5830	TRS On-behalf calculation
5)	5920	3 yr grant not fully expended
6)	Function 21	New position added
7)	Function 23	Teacher retention incentives added
8)	Function 31	Hiring of internal positions to cut cost
9)	Function 33	Self insured health cost increase
10)	Function 36	Extracurricular funding decrease
11)	Function 51	Add' cost to close campus
12)	Function 52	Safety grant ending
13)	Function 53	Refund on equipment
14)	Function 61	Increase due to enrollment drive
15)	Function 71	Decrease due to capitalized interest
16)	Function 81	Fundaising revenue decrease

GOLDEN RULE SCHOOLS, INC.
SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
AS OF AUGUST 31, 2025

Description	Property Address	Total Assessed Value
Land and Improvements	10747 Burton, Dallas TX 75211	$ 76,800.00
Land and Improvements	1745 Avenue B, Grand Prairie TX, 75051	209,960.00
Land and Improvements	135 W Wintergreen Rd, DeSoto TX 75115	479,510.00
Land and Improvements	2634 W Illinois, Dallas TX, 75233	269,550.00
Land and Improvements	2602 W Illinois, Dallas TX, 75233	608,450.00
Land and Improvements	2631 Engle Ave, Dallas TX, 75233	80,000.00
Land and Improvements	622 Sunnyside, Dallas TX, 75211	322,770.00
		2,047,040
Buildings and Improvements	10747 Burton, Dallas TX 75211	-
Buildings and Improvements	1745 Avenue B, Grand Prairie TX, 75051	6,456,720
Buildings and Improvements	135 W Wintergreen Rd, DeSoto TX 75115	2,027,060
Buildings and Improvements	2634 W Illinois, Dallas TX, 75233	1,897,620
Buildings and Improvements	2602 W Illinois, Dallas TX, 75233	7,650,100
Buildings and Improvements	2631 Eagle Ave, Dallas TX, 75233	129,430
Buildings and Improvements	622 Sunnyside, Dallas TX, 75211	533,850
		$ 18,694,780

GOLDEN RULE SCHOOLS, INC. Exhibit F-1

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

AS OF AUGUST 31, 2025

Ownership Interest		
Local	**State**	**Federal**
$ -	$ 76,800.00	$ -
-	209,960.00	-
-	479,510.00	-
-	269,550.00	-
-	608,450.00	-
-	80,000.00	-
-	322,770.00	-
-	2,047,040	-
-	-	-
-	6,456,720.00	-
-	2,027,060.00	-
-	1,897,620.00	-
-	7,650,100.00	-
-	129,430.00	-
-	533,850.00	-
$ -	$ 18,694,780	$ -

GOLDEN RULE SCHOOLS, INC.

Exhibit G-1

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST
FOR THE YEAR ENDED AUGUST 31, 2025

None.

GOLDEN RULE SCHOOLS, INC.

Exhibit H-1

SCHEDULE OF RELATED PARTY COMPENSATION AND BENEFITS
FOR THE YEAR ENDED AUGUST 31, 2025

None.

GOLDEN RULE SCHOOLS, INC. Exhibit I-1

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did the LEA expend any state compensatory education program state allotment funds during the district's 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 during the district's fiscal year.	$ 1,912,218
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	$ 1,936,145

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's 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 educations programs during the LEA's fiscal year.	$ 396,134
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	$ 429,043

Reports on Compliance
Internal Controls
And Federal Awards

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
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
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
Golden Rule Schools, Inc.
DeSoto, Texas 75115

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 Golden Rule Schools (a nonprofit organization), which comprise the statement of financial position as of August 31, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report dated February 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Golden Rule Schools' 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 Golden Rule Schools' 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 Organization'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 Golden Rule Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
February 20, 2026

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

HANKINS, EASTUP, DEATON, TONN, SEAY & SCARBOROUGH
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors
Golden Rule Schools, Inc.
DeSoto, Texas 75115

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Golden Rule Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Golden Rule Schools' major federal programs for the year ended August 31, 2025. Golden Rule Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.
In our opinion, Golden Rule Schools 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, 2025.

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, Costs 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 Golden Rule Schools and to meet 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 Golden Rule Schools' 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 the requirement of laws, statutes, regulations, rules, contracts, or grant agreements applicable to its federal programs.

Auditors' 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 Golden Rule Schools' 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 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 judgement made by a reasonable user of the report on compliance about Golden Rule Schools' 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 judgment 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 include examining, on a test basis, evidence regarding Golden Rule Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Golden Rule Schools' 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Golden Rule Schools' 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 a 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 of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

Hankins Eastup Deaton Tonn Seay + Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
February 20, 2026

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GOLDEN RULE SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit J-1

Section I. Summary of Aufitor's Report

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accourdance to GAAP: **Unmodified**

Internal control over financial reporting:		
Material weakness(es) detected?	__ yes	x no
Significant Deficiency(s)?	__ yes	x no
Noncompliance material to financial statements noted?	__ yes	x no

Federal Awards

Internal controls over major federal programs:		
Material weakness(es) detected?	__ yes	x no
Significant deficiency(s) identified?	__ yes	x no

Type of auditor's report issued on compliance of major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__ yes	x no

Identification of major federal programs:

Assistance Listing Nos:	Names of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster
84.010	Title I, Part A - Improving Basic Programs

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

Auditee qualified as low risk auditee?	x yes	__ no

GOLDEN RULE SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit J-1

Financial Statement Findings

No reportable Findings.

GOLDEN RULE SCHOOLS, INC.

Exhibit K-1

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2025

CORRECTIVE ACTION PLAN: None required.

GOLDEN RULE SCHOOLS, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit L-1

Finding No. 2024-001: Material Weakness in Internal Control Over Financial Reporting

Status: The District fully implemented its corrective action plan. There were no internal control findings noted during the audit of the August 31, 2025 financial statements.

Exhibit M-1

GOLDEN RULE SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

FEDERAL GRANTOR Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number NOGA	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency			
Title I, Part A - Improving Basic	84.010A	25610101057835	$ 694,457
IDEA-B, Formula	84.027A	256600010578356000	255,238
IDEA-B, Preschool	84.173A	256610010578356000	6,840
Total Special Education Cluster			262,078
Title II, Part A - Teacher Training and Recruiting	84.367A	25694501057835	74,489
Title III, Part A LEP	84.365A	25671001057835	68,140
LEP Summer School	84.369A	69552402	4,090
Titile IV, Part A SSAE Grant	84.424A	25680101057835	58,461
Carl Perkins - Basic Grant	84.048A	25420006057835	25,116
Stornger Connections Grant	84.424F	236811017110018	336,245
Total Pssed Through Texas Education Agency			1,523,076
Total U.S. DEPARTMENT OF EDUCATION			1,523,076
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Education Agency			
School Breakfast Program	10.553	71302401	150,121
National School Lunch Program - Cash Assistance	10.555	71302401	722,263
Total Child Nutrition Cluster			872,384
TOTAL EXPENDITURES OF FEDERAL AWARDS			$2,395,460

GOLDEN RULE SCHOOLS (THE CHARTER HOLDER)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

- For all federal programs, the Corporation used the net asset classes and codes specified by the Texas Education Agency in the *Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts.* Temporarily restricted net asset codes are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted net asset codes.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).

- FALN numbers for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.

- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of $44,235.

- Reconciliation Information:

Amounts reported on the Schedule of Expenditures of Federal awards	$ 1,821,607
SHARS Revenue not reported on the Schedule of Expenditures of Federal awards	0
Total Federal Program Revenue	$ 1,821,607