REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND COMPLIANCE REPORTS

TRINITY BASIN PREPARATORY, INC.

August 31, 2021

Table of Contents

	PAGE
Certificate of Board	1
Report of Independent Auditors	2–3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5–6
Consolidated Statement of Cash Flows	7–8
Consolidated Statement of Functional Expenses	9
Notes to Consolidated Financial Statements	10–22
Supplementary Information	
Consolidating Statement of Financial Position	23
Consolidating Statement of Activities	24–25
Supplemental Information Required by TEA	
Consolidated Schedule of Capital Assets	26
Budgetary Comparison Schedule	27
Consolidated Schedule of Expenses	28
Schedule J-4 (unaudited)	29
Schedule of Real Property Ownership Interest (unaudited)	30
Related Party Transactions (unaudited)	31
Schedule of Related Party Compensation and Benefits (unaudited)	32
Compliance Reports	
Report of Independent Auditors 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*	33–34
Report of Independent Auditor's on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	35–36
Schedule of Findings and Questioned Costs	37–39
Summary Schedule of Prior Audit Findings	40
Schedule of Expenditures of Federal Awards	41
Notes to Schedule of Expenditures of Federal Awards	42

TRINITY BASIN PREPARATORY, INC.
CERTIFICATE OF BOARD

Trinity Basin Preparatory, Inc. Name of Charter Holder		31-1614490 Federal Employee ID Number
Trinity Basin Preparatory Name of Charter School	Tarrant County	057-813 Co. Dist. Number

We, the undersigned, certify that the attached Report of Independent Auditors and Consolidated Financial Statements of Trinity Basin Preparatory, Inc. was reviewed and (check one) X approved ____ disapproved for the year ended August 31, 2021 at a meeting of the governing body of the charter school on the 4th day of January 2022.

Signature of Board Secretary

Signature of Board President

Report of Independent Auditors

To the Board of Directors of
Trinity Basin Preparatory, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Trinity Basin Preparatory, Inc. (the School), which comprise the consolidated statement of financial position as of August 31, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Trinity Basin Preparatory, Inc. as of August 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the consolidating statement of financial position, consolidating statement of activities, supplemental information required by TEA, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2022 on our consideration of Trinity Basin Preparatory, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Trinity Basin Preparatory, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trinity Basin Preparatory, Inc.'s internal control over financial reporting and compliance.

Moss Adams LLP

Dallas, Texas
January 4, 2022

Trinity Basin Preparatory, Inc.
Consolidated Statement of Financial Position
August 31, 2021

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 14,136,433
Restricted cash equivalents	1,541,405
Government grants receivable	4,183,112
Prepaid expenses	162,534
Total current assets	20,023,484
NON-CURRENT ASSETS	
Property and equipment, net	88,799,217
Notes receivable - new market tax credit	6,058,000
Other assets	26,452
Total non-current assets	94,883,669
TOTAL ASSETS	$ 114,907,153

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 1,854,726
Accrued wages	3,026,999
Accrued expenses	484,088
Lines of credit	4,550,000
Current maturities of long-term debt	1,330,000
Total current liabilities	11,245,813
LONG-TERM LIABILITIES	
Deferred rent	228,500
Long-term debt, net of debt issuance costs - new market tax credit	7,985,578
Long-term debt, net of debt issuance costs	64,133,425
Total long-term liabilities	72,347,503
Total liabilities	83,593,316
NET ASSETS	
Without donor restrictions	9,426,644
With donor restrictions	21,887,193
Total net assets	31,313,837
TOTAL LIABILITIES AND NET ASSETS	$ 114,907,153

Trinity Basin Preparatory, Inc.
Consolidated Statement of Activities
Year Ended August 31, 2021

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT				
Local support				
5740	Other revenue from local sources	$ 624,694	$ -	$ 624,694
5750	Food service activity	224,069	-	224,069
	Total local support	848,763	-	848,763
State program revenue				
5810	Foundation School Program	-	41,249,210	41,249,210
5810	Available School Fund	-	1,622,145	1,622,145
5820	State Program Revenues Distributed by TEA	-	446,555	446,555
5830	SPED Special Allotment	-	6,218	6,218
	Total state program revenue	-	43,324,128	43,324,128
Federal program revenue				
5920	ESEA Title I, Part A	-	1,531,875	1,531,875
5920	IDEA Part B, Formula	-	410,975	410,975
5920	IDEA Part B, Preschool	-	715	715
5920	Child Nutrition Program	-	1,439,442	1,439,442
5920	ESEA Title II, Part A	-	192,818	192,818
5920	ESEA Title III, Part A	-	205,877	205,877
5920	HQ Expansion Grant	-	450,000	450,000
5920	Title IV, Part A Subpart I	-	97,473	97,473
5920	ESSER	-	1,122,561	1,122,561
5920	ESSER II	-	145,552	145,552
5920	CRF Funds	-	(131,076)	(131,076)
5930	Federal Revenues Distributed by State of Texas Government Agencies (other than TEA)	-	506,191	506,191
	Total federal program revenue	-	5,972,403	5,972,403
	Paycheck Protection Program contribution revenue	4,630,075	-	4,630,075
NET ASSETS RELEASED FROM RESTRICTIONS - SATISFACTION OF PROGRAM RESTRICTIONS		43,742,711	(43,742,711)	-
	Total revenue and support	49,221,549	5,553,820	54,775,369

See accompanying notes to these consolidated financial statements.

Trinity Basin Preparatory, Inc.
Consolidated Statement of Activities
Year Ended August 31, 2021

		Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES				
11	Instruction	$ 25,288,134	$ -	$ 25,288,134
12	Instruction resources and media services	5,457	-	5,457
13	Curriculum development and instructional staff development	879,859	-	879,859
21	Instructional leadership	881,003	-	881,003
23	School leadership	2,078,785	-	2,078,785
31	Guidance, counseling, evaluation services	1,037,290	-	1,037,290
33	Health services	371,777	-	371,777
35	Food services	2,103,928	-	2,103,928
36	Extracurricular activities	4,065	-	4,065
41	General administration	2,150,620	-	2,150,620
51	Facilities maintenance and operations	5,191,073	-	5,191,073
52	Security	414,012	-	414,012
53	Data processing services	1,092,924	-	1,092,924
61	Community services	152,520	-	152,520
71	Debt service	1,991,997	-	1,991,997
81	Fundraising	99,267	-	99,267
	Total expenses	43,742,711	-	43,742,711
	Increase in net assets	5,478,838	5,553,820	11,032,658
NET ASSETS, beginning of year		3,947,806	16,333,373	20,281,179
NET ASSETS, end of year		$ 9,426,644	$ 21,887,193	$ 31,313,837

Trinity Basin Preparatory, Inc.
Consolidated Statement of Cash Flows
Year Ended August 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	$ 11,032,658
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities	
Depreciation	2,924,182
Amortization of debt issuance costs	99,305
Amortization of bond premium	(532,733)
Forgiveness of Paycheck Protection Program loan	4,630,075
Changes in operating and assets and liabilities	
Government grants receivable	614,190
Prepaid expense	32,269
Other assets	6,015
Accounts payable and accruals	(146,771)
Deferred rent	(62,000)
Net cash provided by operating activities	7,564,532
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(16,438,152)
Net cash used in investing activities	(16,438,152)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds on line of credit	4,550,000
Payments on long-term debt	(6,693,792)
Net cash used in financing activities	(2,143,792)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,017,412)
CASH AND CASH EQUIVALENTS, beginning of year	26,695,250
CASH AND CASH EQUIVALENTS, end of year	$ 15,677,838

See accompanying notes to these consolidated financial statements.

Trinity Basin Preparatory, Inc.
Consolidated Statement of Cash Flows
Year Ended August 31, 2021

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 2,376,064
Forgiveness of Paycheck Protection Program loan	$ 4,630,075
Supplemental schedule of noncash investing and financing activities	
debt issuance costs paid through issuance of long-term debt	$ 99,305
Reconciliation of cash and restricted cash reported within the consolidated statement of financial position to the consolidated statement of cash flows	
Cash and cash equivalents	$ 14,136,433
Restricted cash and cash equivalents	1,541,405
TOTAL CASH AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS	$ 15,677,838

See accompanying notes to these consolidated financial statements.

Trinity Basin Preparatory, Inc.
Consolidated Statement of Functional Expenses
Year Ended August 31, 2021

	6100- Payroll Costs	6200- Professional and contracted services	6300-Supplies and materials	6400-Other operating costs	6500- Debt Costs	Totals 2021
EXPENSES						
Program Services						
11 Instruction	$ 20,849,109	$ 714,493	$ 742,372	$ 2,982,160	$ -	$ 25,288,134
12 Instruction resources and media services	-	-	5,457		-	5,457
13 Curriculum development and instructional staff development	758,471	126,058	(9,092)	4,422	-	879,859
21 Instructional leadership	881,003	-	-	-	-	881,003
23 School leadership	2,078,785	-	-	-	-	2,078,785
Support Services						
31 Guidance, counseling, evaluation services	1,000,516	-	36,774	-	-	1,037,290
33 Health services	319,369	33,575	18,833	-	-	371,777
35 Food services	780,147	11,449	1,307,439	4,893	-	2,103,928
36 Extracurricular activities	-	-	4,065	-	-	4,065
41 General administration	1,849,579	141,434	78,564	81,043	-	2,150,620
51 Facilities maintenance and operations	809,190	3,452,045	581,821	348,017	-	5,191,073
52 Security	257,143	156,792	-	77	-	414,012
53 Data processing services	525,382	162,965	394,502	10,075	-	1,092,924
61 Community services	133,787	-	17,759	974	-	152,520
71 Debt Service	-	-	-	-	1,991,997	1,991,997
81 Fundraising	94,106	4,000	1,161	-	-	99,267
Total Expenses	$ 30,336,587	$ 4,802,811	$ 3,179,655	$ 3,431,661	$ 1,991,997	$ 43,742,711

See accompanying notes to these consolidated financial statements.

Note 1 – Organization and Nature of Activities

Trinity Basin Preparatory, Inc. (Trinity Basin Preparatory or TBP) operates under an open enrollment charter granted by the Texas State Board of Education. The original charter was issued for the period October 1, 1998 to July 31, 2003. The charter was last renewed June 20, 2013, and now expires July 31, 2023. The charter is subject to review and renewal prior to expiration. Trinity Basin Preparatory is part of the public school system of the State of Texas (State) and is therefore entitled to distribution from the State's available school fund. Trinity Basin Preparatory does not have the authority to impose ad valorem taxes or to charge tuition. TBP operates under a single charter and does not conduct any non-charter activities. Trinity Basin Preparatory provides a safe, disciplined learning environment for students in grades Pre-K3 through eighth at four locations in Oak Cliff, two in Fort Worth, and one in Mesquite. Enrollment was over 4,100 students for the 2020/2021 school year and is currently over 4,200 students for the 2021/2022 school year.

TBP Panola Project, Inc. (Project) is a Texas nonprofit corporation formed on November 16, 2018. The purpose of the Project is to work with TBP to secure benefits of New Market Tax Credit (NMTC) financing. The Board of Directors of TBP elects the Board of Directors of the Project. Trinity Basin Preparatory and the Project are collectively referred to herein as the School.

Note 2 – Summary of Significant Accounting Policies

Consolidated Financial Statements

The consolidated financial statements include the accounts and transactions of TBP and the Project. All significant inter-organizational accounts and transactions have been eliminated in consolidation.

Basis of Accounting and Financial Statement Presentation

The School prepares its consolidated financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

> *Net assets without donor restrictions* – Net assets not subject to donor or grantor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors or limited in other respects, such as by contract.
>
> *Net assets with donor restrictions* – Net assets subject to donor or grantor stipulations that will be met by actions of the School and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Note 2 – Summary of Significant Accounting Policies (continued)

Financial Instruments and Credit Risk Concentrations
Financial instruments which are potentially subject to concentrations of credit risk consist of cash and cash equivalents, investments, and government grants receivable. The School maintains cash balances at various high credit quality financial institutions. The balances at each financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At August 31, 2021, the School's uninsured bank balances totaled approximately $14,500,000. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Government grants receivable are unsecured and are due mainly from the Texas Education Agency. The School continually evaluates the collectability of receivables and maintains allowances as necessary. No provision has been made for uncollectible receivables as of the statement of financial position date, given that none have been identified.

For the year ended August 31, 2021, the School received over 98% of its total revenue and support from governmental agencies.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less.

Certain cash amounts are held in a government investment pool (TexPool). The pool is overseen by the Texas State Comptroller of Public Accounts. The pool seeks to maintain a $1.00 value per share by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds.

Restricted Cash Equivalents
Indenture requirements of bond financing (see Note 3) provide for the establishment and maintenance of various bank accounts with trustees. The indenture terms limit the use of these funds to the construction of educational facilities and payment of principal and interest to bond holders. Restricted cash equivalents consist of U.S. government money market funds and are recorded at cost, which approximates fair value.

Debt Issuance Costs and Original Issue Premiums
The School amortizes the costs of obtaining long-term financing and original issue premiums on bond indebtedness over the average period the related bonds will be outstanding. Debt issuance costs and original issue premiums are included in long-term debt in the accompanying consolidated statement of financial position. Amortization expense is included in debt service in the accompanying consolidated statement of activities.

Note 2 – Summary of Significant Accounting Policies (continued)

Note Receivable – New Market Tax Credit
The Note Receivable – New Market Tax Credit (NMTC) is collateralized by the membership interests related to the NMTC transaction (see Notes 4 and 6) and is stated at the principal amount. The School has one class of financing receivables from a highly credible institution. Management assesses the credit quality of the NMTC note based on indicators such as collateralization and collection experience. As of August 31, 2021, no allowance has been established.

Property and Equipment
Property and equipment are stated at cost, if purchased, and at fair market value, if donated. Assets with a cost of $5,000 or more and an expected life greater than one year are capitalized. Depreciation of property and equipment is calculated on a straight-line method over the estimated useful lives of 3 to 30 years. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

Construction in progress will not be depreciated over the useful lives of the respective assets until they are ready for their intended use. Interest expense on debt issued for construction projects is capitalized until the projects are placed in service.

Property and equipment acquired with public funds received for the operation of the School constitute public property pursuant to Chapter 12 of the Texas Education Code. For depreciable property and equipment purchased with donor or grantor resources, the donor or grantor restriction expires over the assets' useful lives as required by the grantor agency.

The School reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. There were no indications of asset impairment during the year ended August 31, 2021.

Deferred Rent
The School has a lease which includes escalating rent over the lease term. In accordance with GAAP, rent cost is accounted for on a straight-line basis over the term of the lease.

Note 2 – Summary of Significant Accounting Policies (continued)

Revenues and Support
The School considers all government grants and contracts to be contributions. The School recognizes revenue from government grants and contracts, as eligible expenditures are incurred. Revenues from the State are earned based on students' daily attendance. Advances from government agencies are recorded as deferred revenues if the monies are conditioned on an action or future event. Eligible expenditures incurred in excess of grant fund reimbursements are recorded as receivables. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of any noncompliance with the terms of the grant or contract. Contributions of donated noncash assets are recorded at the estimated fair value in the period the unconditional commitment is received. The related expense is recognized as the item is used.

Contributed Services and Assets
Contributed services are recognized in the accompanying consolidated financial statements at fair value if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the School. No donated services were utilized that met the criteria to be recorded as revenue in the School's consolidated financial statements.

Functional Allocation of Expenses
Expenses are reported by their functional classification as program services or management and general or fundraising.

Program services are the direct conduct or supervision of activities that fulfill the purposes for which the School exists. Fundraising activities include the solicitation of contributions of money, securities, material, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to one or more functional classifications are allocated among the activities benefited. Salaries and related costs are charged directly either to program services, fundraising, or administration based on actual time worked in each area. Information technology costs, depreciation, interest expense, and occupancy costs are allocated based on whether the costs are associated with instructional campuses (program services) or with administrative buildings.

Note 2 – Summary of Significant Accounting Policies (continued)

Federal Income Taxes
TBP and the Project are exempt from federal income taxes under Section 501(c)(3) and Section 501(c)(2), respectively of the Internal Revenue Code (Code) and are not private foundations as defined in the Code. Income generated from activities unrelated to the School's exempt purposes is subject to tax under Code Section 511. The School had no unrelated business income for the year ended August 31, 2021. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the School's tax returns and recognition of a tax liability (or asset) if the School has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the School, and has concluded that as of August 31, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Estimates and Assumptions
The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements
In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02*, Leases* (Topic 842). Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of consolidated financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the consolidated statement of activities will depend on a lease's classification. The new standard is effective for the School for fiscal year beginning September 1, 2022. The School is currently assessing the impact that adopting this new guidance will have on the consolidated financial statements.

Subsequent Events
Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued or are available to be issued. TBP recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. TBP consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

Note 2 – Summary of Significant Accounting Policies (continued)

TBP evaluated subsequent events through the date the of the consolidated financial statements were available to be issued, and concluded that no additional disclosures are required.

Note 3 – Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are restricted as follows at August 31, 2021:

Restricted bond proceeds	$ 975,367
Restricted by NMTC agreements	566,038
Total	$ 1,541,405

Note 4 – Note Receivable – New Market Tax Credit

The School entered into an agreement in November 2018 to lend $6,058,000 to COCRF Investor 143 Investment Fund, LLC (Capital One NMTC Fund). The note is secured by Capital One NMTC Fund's membership interest in two community development entities, COCRF SubCDE 81, LLC and Partnerships of Hope XXVI, LLC. The interest rate on the note is fixed at 1%. Interest is due quarterly beginning December 2018 until December 2025 at which time principal and interest payments of $87,622 are due quarterly with all unpaid principal and interest due upon maturity on November 15, 2044.

Maturity of the note receivable is as follows for the year ended August 31, 2021:

2022	$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	6,058,000
Total	$ 6,058,000

Note 5 – Property and Equipment

Property and equipment consist of the following:

Land	$ 14,275,730
Buildings and improvements	62,681,917
Furniture and equipment	8,630,829
Vehicles	264,267
Construction in process	13,365,219
Total property and equipment	99,217,962
Less accumulated depreciation	(10,418,745)
Property and equipment, net	$ 88,799,217

Depreciation expense for the year ended August 31, 2021, totaled $2,924,182.

Note 6 – Long-Term Debt

The following is a summary of changes in the School's long-term debt for the year ended August 31, 2021:

	Interest Rate	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable						
Series 2014-A	3.25 - 5.00%	$ 26,745,000	$ -	$ (164,960)	$26,580,040	$ 695,000
Series 2020	3.00 - 5.00%	35,545,000	-	(500,000)	35,045,000	635,000
Total bonds payable		62,290,000	-	(664,960)	61,625,040	1,330,000
Bond premiums		6,805,604	-	(532,735)	6,272,869	-
Debt issuance costs		(2,520,009)	-	85,523	(2,434,486)	-
Total bonds payable, net		66,575,595	-	(1,112,172)	65,463,423	-
Lines of credit		5,600,000	4,550,000	(5,600,000)	4,550,000	4,550,000
Paycheck Protection Program forgivable loan	1.00%	4,630,075	-	(4,630,075)	-	-
Notes payable - new market tax credit	1.00%	8,360,000	-	-	8,360,000	-
Debt issuance costs		(388,203)	-	13,783	(374,420)	-
Total notes payable, net new market tax credit		7,971,797	-	13,783	7,985,580	-
Total		$ 84,777,467	$ 4,550,000	$(11,328,464)	$77,999,003	$ 5,880,000

Note 6 – Long-Term Debt (continued)

Bonds Payable

In August 2020, the School completed a transaction in which the Arlington Higher Education Finance Corporation (AHEFC) issued $35,545,000 Series 2020 Education Revenue Bonds (Series 2020 Bonds) and loaned the proceeds to the School to purchase and construct certain educational facilities. Wilmington Trust is trustee for the bonds. The bonds are collateralized by a pledge of revenues of the School and are guaranteed by the Permanent School Fund of the State of Texas. The balance outstanding on the Series 2020 Bonds totaled $35,045,000 at August 31, 2021.

In August 2014, the School completed a transaction in which the AHEFC issued $29,055,000 Series 2014A Education Revenue Bonds (Series 2014 Bonds) and loaned the proceeds to the School. Wilmington Trust is trustee for the bonds. The Series 2014 Bonds are parity debt under the Master Indenture but are not secured by a deed of trust. The Series 2014 Bonds are collateralized by a pledge of revenues of the School and are guaranteed by the Permanent School Fund of the State of Texas. The balance outstanding on the Series 2014 Bonds totaled $26,580,040 at August 31, 2021.

The loan agreements, Master Trust Indenture and the Supplemental Master Trust Indenture for the Series 2020 Bonds and Series 2014 Bonds establishes a debt service coverage ratio, which stipulates that available revenues for each fiscal year must be equal to at least 1.00 times the annual debt service of the School (1.10 if cash on hand is less than 60 days) until the individual bonds or notes have been paid in full. During the year ended August 31, 2021, the School was in compliance with this covenant and all other applicable covenants contained in the loan agreements, Master Trust Indenture and the Supplemental Master Trust Indenture.

The required debt service payments of the long-term debt to satisfy the requirements of the bonds are as follows for the year ended August 31, 2021:

	Principal	Interest	Total
2022	$ 1,330,000	$ 2,538,456	$ 3,868,456
2023	1,385,000	2,484,656	3,869,656
2024	1,445,000	2,428,506	3,873,506
2025	1,510,000	2,356,256	3,866,256
2026	1,590,000	2,280,756	3,870,756
2027–2031	9,065,000	10,289,081	19,354,081
2032–2036	11,210,000	8,130,300	19,340,300
2037–2041	13,680,000	5,669,600	19,349,600
2042–2046	12,875,000	2,882,600	15,757,600
2047–2050	7,535,000	768,200	8,303,200
Total	$ 61,625,000	$ 39,828,411	$ 101,453,411

Note 6 – Long-Term Debt (continued)

Lines of Credit
The School has a separate line of credit agreement with a bank whereby it may borrow up to $20,000,000, with interest due at the daily London Inter-Bank Offered Rate (LIBOR) rate, plus 2.00% (0.07% at August 31, 2021). Interest payments are due monthly with principal due upon maturity on August 22, 2022. As of August 31, 2021, there were advances outstanding of $4,550,000 on the line of credit. The line is collateralized under the Master Trust Indenture.

Paycheck Protection Program Loan Payable
The School applied for and received a loan under the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), administered by the U.S. Small Business Administration (SBA) from an SBA authorized lender. Under the terms of the note, the School received proceeds of $4,630,075 bearing interest at 1% per annum with a maturity date of April 10, 2022. The principal may be forgiven if the loan proceeds are used for qualifying expenses as described in the CARES Act, such as payroll costs, benefits, rent, and utilities. The School received forgiveness on June 30, 2021, and recorded the amount as contribution revenue in the statement of activities.

Management has opted to account for the proceeds as a loan under FASB ASC 958-605, *Conditional Contribution*, as the loan has been wholly forgiven and the School has been legally released. The School received forgiveness on June 30, 2021, and recorded the amount as contribution revenue in the statement of activities.

New Market Tax Credit Financing
On November 16, 2018, the School entered into a NMTC financing transaction to finance the construction of a new school. As part of the transaction, the School made a loan of $6,058,000 to Capital One Community Renewal Fund Investor 143, LLC (Investment Fund). The loan is due November 15, 2044 and carries an annual interest rate of 1% (see Note 4).

In conjunction with the School’s loan, Capital One, N.A. (NMTC Investor), a Delaware corporation, contributed $1,152,000 to the Investment Fund. The NMTC Investor will receive tax credits in return for its investment in the Investment Fund. The Investment Fund used the collective proceeds from the School and the NMTC Investor to fund two Community Development Entities (CDE), COCRF SubCDE 81, LLC and Partnerships of Home XXVI, LLC.

The School entered into a $6,860,000 loan agreement with Partnerships of Hope XXVI (POH). The loan consists of two tranches, Loan A in the amount of $5,026,000 and Loan B in the amount of $1,834,000, both of which have an interest rate of 1.084% per annum. The School also entered into a $1,500,000 loan agreement with COCRF SubCDE 81, LLC. The loan consists of two tranches, Loan A in the amount of $1,032,000 and Loan B in the amount of $468,000, both of which have an interest rate of 1.084% per annum. Interest payments are due and payable annually, in arrears, beginning March 10, 2020 to POH. Commencing on December 10, 2025, annual payments of principal and interest in the amount of $411,139 are due in arrears until maturity. The loan matures on November 15, 2048. The loan is secured by a deed of trust, security agreement, assignment of rents and leases, and financing statement on the Project property.

Note 6 – Long-Term Debt (continued)

The NMTCs were allocated in this transaction pursuant to Section 45D of the IRC. After the seven-year NMTC compliance period expires, it is anticipated that the NMTC Investor will exercise its put option to sell its ownership interest in the Investment Fund to the School for $1,000. If the NMTC Investor does not exercise that put option, then the put and call agreement allows the School to exercise a call option to purchase the interest in the Investment Fund at an appraised fair value. Immediately after the exit transactions are completed, the School will be the holder of the Investment Fund's note payable and, as such, the loan will be eliminated in the consolidated financial statements. It is anticipated that the loans will be discharged. Future maturities are as follows for the year ended August 31, 2021:

	Line of Credit	Notes Payable - New Market Tax Credit	Total
2022	$ 4,550,000	$ -	$ 4,550,000
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
Thereafter	-	8,360,000	8,360,000
Total	$ 4,550,000	$ 8,360,000	$ 12,910,000

Interest expense on all long-term debt and lines of credit for the year ended August 31, 2021, totaled $1,991,997.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available to pay expenditures as allowed by Section 45.105(c) of the Texas Education Code.

Note 8 – Multi-Employer Defined Benefit Pension Plan

Plan Description
The School's full-time employees participate in the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost-sharing, multi-employer, defined benefit pension plan. All risks and costs are not shared by the School, but are the liability of the State.

Funding Policy
Plan members contributed 7.7% of their annual covered salary in 2020. The School contributes 7.5% for new members of the first 90 days of employment, and the State contributes 7.5%. Additionally, the School makes a 1.6% non-OASDI payment for all TRS eligible employees. The School contributions do not represent more than 5% of the TRS' total contributions. For the year ended August 31, 2021, the School contributed $1,188,592 to TRS.

The risks of participating in a multi-employer, defined benefit plan is different from single-employer plans because (a) amounts contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

Total TRS plan assets as of the most recent fiscal year ended for TRS of August 31, 2020, were $184.4 billion. Accumulated benefit obligation as of August 31, 2020, was $219 billion. The plan was 84% funded as of August 31, 2020.

Note 9 – Health Care Coverage

During the year ended August 31, 2021, eligible participants of the School were covered by the TRS Active Employee Health Insurance Plan. The School contributed $300 per month per participant for the period from September 1, 2020 to August 31, 2021 to the plan. Participants, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

Note 10 – Operating Lease

The School has a non-cancelable operating lease agreement for an educational facility that expires in August 2024. The following is a schedule of future minimum lease payments under the operating lease agreement for the year ended August 31, 2021:

2022	$ 290,000
2023	300,000
2024	310,000
Total	$ 900,000

Lease expense incurred for non-cancelable operating lease agreements during the year ended August 31, 2021, totaled approximately $330,000.

Note 11 – Liquidity and Availability of Resources

The School relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the School considers all expenditures related to its ongoing activities of education as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

The School's financial assets available for general expenditure within one year of the consolidated statement of financial position date are as follows:

Financial assets at August 31, 2021	
Cash and cash equivalents	$ 14,136,433
Restricted cash equivalents	1,541,405
Government grants receivable	4,183,112
Total financial assets	19,860,950
Less financial assets not available for general expenditure	
Cash restricted by NMTC agreements	(566,038)
Total financial assets available for general expenditure	$ 19,294,912

Note 12 – Commitments and Contingencies

The continued global pandemic in 2021 has created substantial volatility in financial markets and the economy, including the geographical areas in which the School operates. While the School has mitigated the financial impact to its business, it is unknown how long these conditions will last and what the complete financial effect will be to the School. Accordingly, there could be further negative impact to operations, the extent to which will depend on future developments, which are highly uncertain and cannot be predicted, and as such cannot be determined.

The School entered into construction contract commitments related to the expansion of the Pafford Campus for approximately $13.2 million. As of August 31, 2021, the School had remaining commitments of approximately $12.1 million, all of which are expected to be incurred in fiscal year 2022.

The School receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the School have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

From time to time, the School is subject to certain claims and contingent liabilities that arise in the normal course of business. The School records a liability when management believes that it is both probably that a loss has been incurred and that the amount can be reasonably estimated. Significant judgement is required to determine the outcome and the estimated amounts of a loss related to such matters. Management believes that liabilities, if any, arising from such claims would not have a material effect on the School's consolidated financial position.

Supplementary Information

Trinity Basin Preparatory, Inc.
Consolidating Statement of Financial Position
August 31, 2021

	Trinity Basin Preparatory, Inc	TBP Panola Project, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 14,136,433	$ -	$ -	$ 14,136,433
Restricted cash equivalents	975,367	566,038	-	1,541,405
Government grants receivable	4,183,112	-	-	4,183,112
Prepaid expense	162,437	97	-	162,534
Total current assets	19,457,349	566,135	-	20,023,484
NON-CURRENT ASSETS				
Other assets	26,452	-	-	26,452
Note receivable - new market tax credit	6,058,000	-	-	6,058,000
Due to/due from	(480,000)	480,000	-	-
Property and equipment, net	81,195,981	7,603,236	-	88,799,217
Total non-current assets	86,800,433	8,083,236	-	94,883,669
TOTAL ASSETS	$ 106,257,782	$ 8,649,371	$ -	$ 114,907,153
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$ 1,819,726	$ 35,000	$ -	$ 1,854,726
Accrued wages	3,026,999	-	-	3,026,999
Accrued expense	484,088	-	-	484,088
Lines of credit	4,550,000	-	-	4,550,000
Current maturities of long-term debt	-	-	-	-
Total current liabilities	9,880,813	35,000	-	9,915,813
LONG-TERM LIABILITIES				
Deferred rent	228,500	-	-	228,500
Long-term debt, net of debt issuance costs - new market tax credit	-	7,985,578	-	7,985,578
Long-term debt, net of debt issuance costs	65,463,425	-	-	65,463,425
Total long-term liabilities	65,691,925	7,985,578	-	73,677,503
Total liabilities	75,572,738	8,020,578	-	83,593,316
NET ASSETS				
Without donor restrictions	8,797,851	628,793	-	9,426,644
With donor restrictions	21,887,193	-	-	21,887,193
Total net assets	30,685,044	628,793	-	31,313,837
TOTAL LIABILITIES AND NET ASSETS	$ 106,257,782	$ 8,649,371	$ -	$ 114,907,153

Trinity Basin Preparatory, Inc.
Consolidating Statement of Activities
Year Ended August 31, 2021

	Trinity Basin Preparatory, Inc	TBP Panola Project, Inc.	Eliminations	Total
REVENUE AND SUPPORT				
Local support				
5740 Other revenue from local sources	$ 264,694	$ 360,000	$ -	$ 624,694
5750 Food service activity	224,069	-	-	224,069
Total local support	488,763	360,000	-	848,763
STATE PROGRAM REVENUE				
5810 Foundation School Program	41,249,210	-	-	41,249,210
5810 Available School Fund	1,622,145	-	-	1,622,145
5820 State Program Revenues Distributed by TEA	446,555	-	-	446,555
5830 SPED Special Allotment	6,218	-	-	6,218
Total state program revenue	43,324,128	-	-	43,324,128
FEDERAL PROGRAM REVENUE				
5920 ESEA Title I, Part A	1,531,875	-	-	1,531,875
5920 IDEA Part B, Formula	410,975	-	-	410,975
5920 IDEA Part B, Preschool	715	-	-	715
5920 Child Nutrition Program	1,439,442	-	-	1,439,442
5920 ESEA Title II, Part A	192,818	-	-	192,818
5920 EDEA Title III, Part A	205,877	-	-	205,877
5920 HQ Expansion Grant	450,000	-	-	450,000
5920 Title IV, Part A Subpart I	97,473	-	-	97,473
5920 ESSER	1,122,561	-	-	1,122,561
5920 ESSER II	145,552	-	-	145,552
5920 CRF FUNDS	(131,076)	-	-	(131,076)
5930 Federal Revenues Distributed by State of				-
Texas Government Agencies (other than TEA)	506,191	-	-	506,191
Total federal program revenue	5,972,403	-	-	5,972,403
Paycheck protection program contribution revenue	4,630,075	-	-	4,630,075
Total revenue and support	54,415,369	360,000	-	54,775,369

Trinity Basin Preparatory, Inc.
Consolidating Statement of Activities
Year Ended August 31, 2021

	Trinity Basin Preparatory, Inc	TBP Panola Project, Inc.	Eliminations	Total
EXPENSES				
11 Instruction	$ 25,134,065	$ 154,069	$ -	$ 25,288,134
12 Instruction resources and media services	5,457	-	-	5,457
13 Curriculum development and instructional staff development	879,859	-	-	879,859
21 Instructional leadership	881,003	-	-	881,003
23 School leadership	2,078,785	-	-	2,078,785
31 Guidance, counseling, evaluation services	1,037,290	-	-	1,037,290
33 Health services	371,777	-	-	371,777
35 Food services	2,103,928	-	-	2,103,928
36 Extracurricular activities	4,065	-	-	4,065
41 General administration	2,140,620	10,000	-	2,150,620
51 Facilities maintenance and operations	5,191,073	-	-	5,191,073
52 Security	414,012	-	-	414,012
53 Data processing services	1,092,924	-	-	1,092,924
61 Community services	152,520	-	-	152,520
71 Debt service	1,874,505	117,492	-	1,991,997
81 Fundraising	99,267	-	-	99,267
Total expenses	43,461,150	281,561	-	43,742,711
Increase in net assets	10,954,219	78,439	-	11,032,658
NET ASSETS - beginning of year	20,090,825	550,354	(360,000)	20,281,179
NET ASSETS - end of year	$ 31,045,044	$ 628,793	$ (360,000)	$ 31,313,837

Supplementary Information Required by TEA

Trinity Basin Preparatory, Inc.
Consolidated Schedule of Capital Assets
Year Ended August 31, 2021

	Ownership Interest	
Description	Local	State
1510 Land	$ -	$ 14,275,730
1520 Buildings and improvements	-	62,681,917
1549 Furniture and equipment	-	8,630,829
1541 Vehicles	-	264,267
1580 CIP	-	13,365,219
Total	$ -	$ 99,217,962

Trinity Basin Preparatory, Inc.
Budgetary Comparison Schedule
Year Ended August 31, 2021

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
REVENUE AND SUPPORT				
Local support	$ 607,110	$ 607,112	$ 848,763	$ 241,651
State program revenue	44,443,158	43,152,268	43,324,128	171,860
Federal program revenue	4,649,732	10,018,620	5,972,403	(4,046,217)
Paycheck protection program contribution revenue	-	-	4,630,075	4,630,075
Total revenue and local support	49,700,000	53,778,000	54,775,369	997,369
EXPENSES				
11 Instruction	24,647,704	24,766,659	25,288,134	(521,475)
12 Instruction resources and media services	104,709	2,442	5,457	(3,015)
13 Curriculum development and instructional staff development	318,453	823,445	879,859	(56,414)
21 Instructional leadership	658,407	871,536	881,003	(9,467)
23 School leadership	1,961,774	2,059,409	2,078,785	(19,376)
31 Guidance, counseling, evaluation services	1,270,634	1,036,674	1,037,290	(616)
33 Health services	405,935	369,029	371,777	(2,748)
35 Food services	2,190,153	2,050,512	2,103,928	(53,416)
36 Extracurricular activities	14,117	3,293	4,065	(772)
41 General administration	2,283,899	2,154,539	2,150,620	3,919
51 Facilities maintenance and operations	4,725,259	5,034,669	5,191,073	(156,404)
52 Security	329,225	415,149	414,012	1,137
53 Data processing services	1,140,753	1,098,938	1,092,924	6,014
61 Community services	91,100	153,624	152,520	1,104
71 Debt service	4,564,149	1,942,459	1,991,997	(49,538)
81 Fundraising	293,729	95,623	99,267	(3,644)
Total expenses	45,000,000	42,878,000	43,742,711	(864,711)
CHANGE IN TOTAL ASSETS	$ 4,700,000	$ 10,900,000	$11,032,658	$ 132,658

Trinity Basin Preparatory, Inc.
Consolidated Schedule of Expenses
Year Ended August 31, 2021

Object Code	Description	Amount
6100	Payroll costs	$ 30,336,587
6200	Professional and contracted services	4,802,811
6300	Supplies and materials	3,179,655
6400	Other operating expenses	3,431,661
6500	Debt services	1,991,997
	Total	$ 43,742,711

Trinity Basin Preparatory, Inc.
J-4 Schedule (Unaudited)
Year Ended August 31, 2021

Data Codes	**Section A: Compensatory Education Programs**	Column 1 Responses
AP1	Did your 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.	6,120,745
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	3,488,825
	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 education programs during the LEA's fiscal year.	1,298,343
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	714,089

Trinity Basin Preparatory
Schedule of Real Property Ownership Interest
Year Ended August 31, 2021 (unaudited)

Description	Property Address	Total Assessed Value	Ownership Interest Local	Ownership Interest State	Ownership Interest Federal
BLK 36/3017 LT 1AACS 2.1	808 N Ewing Ave, Dallas	88,120	-	88,120	-
BLK A/6051 LT 2C ACS 10.0	2524 W Ledbetter Dr, Dallas	-	-		-
BLK A/6051 LT 2C	2524 W Ledbetter Dr, Dallas	114,040	-	114,040	-
855 E 8TH ST, DA	855 E 8TH St, Dallas	930,210	-	930,210	-
Lot 5 E1-PORTION WITH	2730 N State Hwy 360, Grand Prairie	4,968,583	-	4,968,583	-
Lot 5 E2-PORTION WITHOL	2730 N State Hwy 360, Grand Prairie	338,083	-	338,083	-
BLK A LT 2R ACS 12.982	2900 East Meadows Blv	-	-	-	-
BLK 78/3059 LT 10 & 38FT L	301 N Ewing Ave, Dallas	-	-	-	-
BLK 79/3060 LT 1A ACS 1.8	855 E 8TH St, Dallas	-	-	-	-
BLK 78/3059 PT LT 9 147.6F	315 N Ewing Ave, Dallas	-	-	-	-
BLK 79/3060 LT 1B ACS 0.3	919 E Jefferson Blvd, Dallas	-	-	-	-
BLK 36/3017 PT LT 6	1417 E Jefferson Blvd, Dallas	-	-	-	-
BLK 36/3017 PT LT 6 acs 0.(	1421 E Jefferson Blvd, Dallas	-	-	-	-
BLOCK 1 LOT 1 & N 30' LT	408 Rand St, Fort Worth	12,443	-	12,443	-
BLOCK 1 LOT 2 S 20' LOT	412 Rand St, Fort Worth	11,266	-	11,266	-
BLOCK 1 LOT 3	416 Rand St, Fort Worth	12,268	-	12,268	-
BLOCK 1 LOT 4 E 126' LOT	4337 Panola Ave, Fort Worth	21,170	-	21,170	-
BLOCK 8 LOT 3 E168 1/2'N·	620 Griggs Ave, Fort Worth	112,895	-	112,895	-
BLOCK 8 LOT 4 S70'E200'4	610 Griggs Ave, Fort Worth	34,262	-	34,262	-
J S ADDITION Block 2 Lot 7	208 E Pafford St, Fort Worth	12,900	-	12,900	-
MURRAY HILL BLOCK 13 Li	4400 Panola Ave, Fort Worth	54,320	-	54,320	-
BLK 1 LOT 3 *02777177*	301 W Pafford St, Fort Worth	-	-	-	-
BLK 1 LOT 4 *02777185*	213 W Pafford St, Fort Worth	-	-	-	-
BLK 1 LOT 5 *02777193*	209 W Pafford St, Fort Worth	-	-	-	-
BLK 1 LOT 6 *02777207*	213 W Pafford St, Fort Worth	-	-	-	-
J S ADD Block 2 Lot 1 THRI	201 E Pafford St, Fort Worth	1,030,000	-	1,030,000	-
Personal Property Tangible C	101 E Pafford St, Fort Worth	9,053	-	9,053	-
Block 1 Lot 3 THRU 7 9 10 &	100 W Pafford St, Fort Worth	5,733,908	-	5,733,908	-
JS ADDITION Block 1 Lot e	109 W Pafford St, Fort Worth	12,900	-	12,900	-
JS ADDITION Block 2 Lot 6	200 W Pafford St, Fort Worth	19,140	-	19,140	-
		$ 13,515,561	$ -	$ 13,515,561	$ -

Trinity Basin Preparatory
Related Party Transactions
Year Ended August 31, 2021 (unaudited)

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds	Payment Frequency	Total Paid During Fiscal Year	Principal Balance Due
None								

Trinity Basin Preparatory
Schedule of Related Party Compensation and Benefits
Year Ended August 31, 2021 (unaudited)

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Descriptions	Source of Funds Used	Total Paid During Fiscal Year
None							

MOSSADAMS

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Trinity Basin Preparatory, Inc.

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 consolidated financial statements of Trinity Basin Preparatory, Inc. (the School), which comprise the consolidated statement of financial position as of August 31, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated 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 consolidated 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.*

Trinity Basin Preparatory, Inc.'s Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Dallas, Texas
January 4, 2022

MOSSADAMS

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Trinity Basin Preparatory, Inc.

Report on Compliance for the Major Federal Program

We have audited Trinity Basin Preparatory, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Trinity Basin Preparatory, Inc.'s major federal program for the year ended August 31, 2021. Trinity Basin Preparatory, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Trinity Basin Preparatory, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trinity Basin Preparatory, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Trinity Basin Preparatory, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, Trinity Basin Preparatory, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended August 31, 2021.

Report on Internal Control Over Compliance

Management of Trinity Basin Preparatory, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Trinity Basin Preparatory, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Trinity Basin Preparatory, Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We did identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

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.

Moss Adams LLP

Dallas, Texas
January 4, 2022

Trinity Basin Preparatory, Inc.
Schedule of Findings and Questioned Costs
Year Ended August 31, 2021

Section I – Summary of Auditor's Results

Consolidated Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP — Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☒ Yes	☐ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

Assistance Listing Number(s)	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for the Major Federal Program*
84.425	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low risk auditee?	☒ Yes	☐ No

Trinity Basin Preparatory, Inc.
Schedule of Findings and Questioned Costs
Year Ended August 31, 2021

Section II - Financial Statement Findings

2021-001 Schedule of Expenditures of Federal Awards Preparation, Significant Deficiency

Criteria

The School should have appropriate internal controls in place to ensure that all federal awards are identified in accordance with the 2 CFR 200 and be properly reported on the Schedule of Expenditures of Federal Awards (SEFA).

Condition and Context

In the process of obtaining the School's federal expenditures and reconciliations for the SEFA to the general ledger by grant and by program, we obtained several versions of the SEFA during our audit process. Amounts on the SEFA had to be adjusted and corrected by management during this process.

Cause

The School employees responsible for reporting the amounts have been relying on the prior year auditor to assist with the preparation of the SEFA which included back and forth about what belonged and did not belong on the SEFA.

Effect

Undetected misclassification of federal expenditures could lead to errors not being caught by the auditors which may result in future corrects. In addition, it may result in additional audit costs if the misclassified information leads to changes in audit requirements.

Recommendation

We recommend the School review all expenditures reported on the SEFA for accuracy and completeness and ensure that all required parts are included to help prevent adjustments to the SEFA being provided to audit

Management's Response

Management acknowledges auditor's findings which will be addressed through training. Specifically, employees will be trained to review all expenditures reported on the SEFA for accuracy and completeness to ensure that all required parts are included prior to being submitted for audit.

Trinity Basin Preparatory, Inc.
Schedule of Findings and Questioned Costs
Year Ended August 31, 2021

Section III - Federal Award Findings and Questioned Costs

No matters noted

Trinity Basin Preparatory, Inc.
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2021

No matters reported in the prior year

Trinity Basin Preparatory, Inc.
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed-through Texas Education Agency			
Special Education Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027	206600010578136000 216600010578136000	$ 410,975
Special Education - Preschool Grants (IDEA, Preschool)	84.173	206610010578136000 216610010578136610	715
Total Special Education Cluster			411,690
Passed-through Texas Education Agency			
Title I Part A - Improving Basic Programs	84.010	20694501057813	1,531,875
ESEA Title II Part A - Teacher & Principal Training	84.367	20694501057813	192,818
Title III, Language Instruction LEP	84.365	20671001057813	205,877
Title IV, Part A, Subpart 2	84.424	20680101057813	97,473
Education Stabilization Fund			
ARP Elementary & Secondary School Emergency Relief Fund III	84.425U	21528001057813	145,552
COVID-19 - Elementary & Secondary School Emergency Relief	84.425D	20521001057813	1,122,561
Total Education Stabilization Fund			1,268,113
Total U.S. Department of Education			3,296,156
U.S. Department of Agriculture			
Passed-through Texas Education Agency			
Child Nutrition Cluster			
National School Breakfast Program	10.553	71402001	265,028
National School Lunch Program	10.555	71302001	1,041,026
U.S.D.A Commodities (noncash)	10.555	71302001	57,604
Total Child Nutrition Cluster and U.S. Department of Agriculture			1,363,658
Total Expenditures of Federal Awards			$ 5,071,504

Trinity Basin Preparatory, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Trinity Basin Preparatory, Inc. (TBP). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TBP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TBP. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. TBP has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance and continues to use the allowable indirect costs for each award as determined by the awarding agency.

Note 2 – Non-Cash Federal Awards

TBP received non-cash awards in the form of food commodities totaling $57,604 for the year ended August 31, 2021.