



**Trinity Basin Preparatory, Inc.**

**Consolidated Financial Statements  
with Supplemental Information and Compliance Reports  
August 31, 2022 and 2021**

**Trinity Basin Preparatory, Inc.**  
**Contents**

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Certificate of Board	1
Independent Auditors' Report	2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplemental Information:	24
Consolidating Statement of Financial Position	25
Consolidating Statement of Activities	26
Supplemental Information Required by TEA:	27
Consolidated Schedule of Assets	28
Budgetary Comparison Schedule	29
Consolidated Schedule of Expenses	30
Education Programs Schedule	31
Schedule of Real Property Ownership Interest	32
Schedule of Related Party Transactions	33
Schedule of Related Party Compensation and Benefits	34
Compliance Reports:	35
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 <i>Government Auditing Standards</i>	36

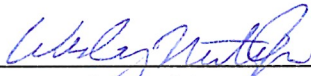
**Trinity Basin Preparatory, Inc.**  
**Contents**

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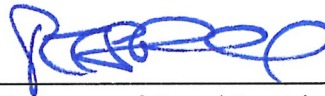
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	38
Schedule of Findings and Questioned Costs	41
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44

**Trinity Basin Preparatory, Inc.**  
**Federal Employer Identification No. 31-1614490**  
**County District No. 057-813**  
**Certificate of Board**

We, the undersigned, certify that the attached Financial and Compliance Report of Trinity Basin Preparatory, Inc. was reviewed and (check one)  approved \_\_\_ disapproved for the year ended August 31, 2022, at a meeting of the governing body of the charter school on the 14th day of November 2022.



\_\_\_\_\_  
Signature of Board Secretary



\_\_\_\_\_  
Signature of Board President



## **Independent Auditors' Report**

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

### ***Opinion***

We have audited the accompanying consolidated financial statements of Trinity Basin Preparatory, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of August 31, 2022, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements are presented fairly, in all material respects, the consolidated financial position of Trinity Basin Preparatory, Inc. as of August 31, 2022, 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 (GAAP).

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Trinity Basin Preparatory, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Prior Period Financial Statements***

The consolidated financial statements of Trinity Basin Preparatory, Inc. as of August 31, 2021 were audited by other auditors whose report dated September 28, 2021, on those statements expressed an unmodified opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Trinity Basin Preparatory, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Trinity Basin Preparatory, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trinity Basin Preparatory, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the accompanying table of contents is presented for purposes of additional analysis as required by the Texas Education Agency and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplemental 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 November 14, 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, 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 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.



A Limited Liability Partnership

Arlington, Texas  
November 14, 2022

**Trinity Basin Preparatory, Inc.**  
**Consolidated Statement of Financial Position**  
**August 31, 2022 and 2021**

Assets	2022	2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 18,861,414	\$ 13,220,932
Restricted cash equivalents	462,953	1,541,405
Investments	921,058	915,501
Government grants receivable	6,327,684	4,183,112
Prepaid expense	471,842	162,534
<b>Total current assets</b>	<b>27,044,951</b>	<b>20,023,484</b>
<b>Non-current assets:</b>		
Other assets	26,452	26,452
Property and equipment, net	122,088,887	88,799,217
Note receivable - new market tax credit	6,058,000	6,058,000
<b>Total non-current assets</b>	<b>128,173,339</b>	<b>94,883,669</b>
<b>Total assets</b>	<b>\$ 155,218,290</b>	<b>\$ 114,907,153</b>

**Liabilities and Net Assets**

<b>Current liabilities:</b>		
Accounts payable	\$ 2,946,304	\$ 1,854,726
Accrued wages	3,599,999	3,026,999
Accrued expenses	105,081	484,088
Refundable advance	36,513	-
Deferred rent	40,000	128,000
Lines of credit	-	4,550,000
Current maturities of long-term debt	1,385,000	1,330,000
<b>Total current liabilities</b>	<b>8,112,897</b>	<b>11,373,813</b>
<b>Long-term liabilities:</b>		
Deferred rent, net of current portion	50,000	100,500
Lines of credit, net of current portion	40,000,000	-
Long-term debt, net of debt issuance costs - new market tax credit	7,999,360	7,985,578
Long-term debt, net of debt issuance costs	62,324,218	64,133,425
<b>Total long-term liabilities</b>	<b>110,373,578</b>	<b>72,219,503</b>
<b>Total liabilities</b>	<b>118,486,475</b>	<b>83,593,316</b>
<b>Net assets:</b>		
Without donor restrictions	10,037,192	9,426,644
With donor restrictions	26,694,623	21,887,193
<b>Total net assets</b>	<b>36,731,815</b>	<b>31,313,837</b>
<b>Total liabilities and net assets</b>	<b>\$ 155,218,290</b>	<b>\$ 114,907,153</b>

See notes to consolidated financial statements.



**Trinity Basin Preparatory, Inc.**  
**Consolidated Statement of Activities**  
**Year Ended August 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Local support:			
5740 Other revenue from local sources	\$ 600,332	\$ -	\$ 600,332
5750 Food service activity and enterprising services revenue	10,216	-	10,216
<b>Total local support</b>	610,548	-	610,548
State program revenue:			
5811 Per Capita Apportionment	-	2,279,199	2,279,199
5812 Foundation School Program	-	42,018,652	42,018,652
5820 State Program Revenues Distributed by TEA	-	207,868	207,868
5830 State Revenues from State of Texas Governmental Agencies	-	3,063	3,063
<b>Total state program revenue</b>	-	44,508,782	44,508,782
Federal program revenue:			
5921 National school breakfast and lunch program	-	2,790,463	2,790,463
5929 Federal revenues distributed by TEA	-	9,118,416	9,118,416
5931 School health services	-	186,394	186,394
5932 Medicaid administration claiming program	-	6,766	6,766
5939 Federal revenues distributed by State of Texas Government Agencies (other than the Texas Education Agency)	-	205,184	205,184
<b>Total federal program revenue</b>	-	12,307,223	12,307,223
Net assets released from restrictions-satisfaction of program restrictions	52,008,575	(52,008,575)	-
<b>Total revenue and support</b>	52,619,123	4,807,430	57,426,553
<b>Expenses:</b>			
11 Instruction	\$ 29,160,572	\$ -	\$ 29,160,572
12 Instruction resources and media services	89,698	-	89,698
13 Curriculum development and instructional staff development	1,251,935	-	1,251,935
21 Instructional leadership	1,341,862	-	1,341,862
23 School leadership	2,306,860	-	2,306,860
31 Guidance, counseling, evaluation services	1,219,125	-	1,219,125
33 Health services	428,721	-	428,721
35 Food services	2,752,779	-	2,752,779
36 Extracurricular activities	283,613	-	283,613
41 General administration	2,559,970	-	2,559,970
51 Facilities maintenance and operations	5,501,285	-	5,501,285
52 Security	635,794	-	635,794
53 Data processing services	1,408,428	-	1,408,428
61 Community services	233,289	-	233,289
71 Debt service	2,729,063	-	2,729,063
81 Fundraising	105,581	-	105,581
<b>Total expenses</b>	52,008,575	-	52,008,575
<b>Change in net assets</b>	610,548	4,807,430	5,417,978
<b>Net assets at beginning of year</b>	9,426,644	21,887,193	31,313,837
<b>Net assets at end of year</b>	\$ 10,037,192	\$ 26,694,623	\$ 36,731,815

See notes to consolidated financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Local support:			
5740 Other revenue from local sources	\$ 624,694	\$ -	\$ 624,694
5750 Food service activity and enterprising services revenue	224,069	-	224,069
<b>Total local support</b>	848,763	-	848,763
State program revenue:			
5811 Per Capita Apportionment	-	1,622,145	1,622,145
5812 Foundation School Program	-	41,249,210	41,249,210
5820 State Program Revenues Distributed by TEA	-	446,555	446,555
5830 State Revenues from State of Texas Governmental Agencies	-	6,218	6,218
<b>Total state program revenue</b>	-	43,324,128	43,324,128
Federal program revenue:			
5921 National school breakfast and lunch program	-	1,439,442	1,439,442
5929 Federal revenues distributed by TEA	-	4,026,770	4,026,770
5931 School health services	-	348,895	348,895
5932 Medicaid administration claiming program	-	157,296	157,296
5949 Federal revenue distributed directly from the Federal Government	4,630,075	-	4,630,075
<b>Total federal program revenue</b>	4,630,075	5,972,403	10,602,478
Net assets released from restrictions- satisfaction of program restrictions	43,742,711	(43,742,711)	-
<b>Total revenue and support</b>	49,221,549	5,553,820	54,775,369
<b>Expenses:</b>			
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
<b>Total expenses</b>	43,742,711	-	43,742,711
<b>Change in net assets</b>	5,478,838	5,553,820	11,032,658
<b>Net assets at beginning of year</b>	3,947,806	16,333,373	20,281,179
<b>Net assets at end of year</b>	\$ 9,426,644	\$ 21,887,193	\$ 31,313,837

See notes to consolidated financial statements.

**Trinity Basin Preparatory, Inc.**  
**Consolidated Statement of Cash Flows**  
**Year Ended August 31, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 5,417,978	\$ 11,032,658
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,378,955	2,924,182
Amortization of debt issuance costs	113,459	99,306
Amortization of bond premium	(523,884)	(532,735)
Forgiveness of Paycheck Protection Program Loan	-	4,630,075
Changes in operating assets and liabilities:		
Government grants receivable	(2,144,572)	614,190
Prepaid expense	(309,308)	32,269
Other assets	-	6,015
Accounts payable and accruals	1,285,571	(146,771)
Refundable advance	36,513	-
Deferred rent	(138,500)	(62,000)
Net cash provided by operating activities	8,116,212	7,564,531
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(37,668,625)	(16,438,151)
Purchases of investments	(5,557)	-
Net cash used by investing activities	(37,674,182)	(16,438,151)
<b>Cash flows from financing activities:</b>		
Proceeds from lines of credit	40,000,000	4,550,000
Payments on lines of credit	(4,550,000)	(6,693,792)
Payments on long-term debt	(1,330,000)	-
Net cash provided (used) by financing activities	34,120,000	(2,143,792)
Net change in cash and cash equivalents	4,562,030	(11,017,412)
<b>Cash and cash equivalents at beginning of year</b>	<b>14,762,337</b>	<b>25,779,749</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 19,324,367</b>	<b>\$ 14,762,337</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 3,141,167	\$ 2,376,064
Forgiveness of Paycheck Protection Program Loan	\$ -	\$ 4,630,075
<b>Reconciliation of cash and restricted cash reported within the consolidated statement of financial position to the consolidated statement of cash flows :</b>		
Cash and cash equivalents	\$ 18,861,414	\$ 13,220,932
Restricted cash and cash equivalents	462,953	1,541,405
<b>Total cash and restricted cash shown in the consolidated statement of cash flows</b>	<b>\$ 19,324,367</b>	<b>\$ 14,762,337</b>

# Trinity Basin Preparatory, Inc.

## Notes to Consolidated Financial Statements

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### 1. Organization and Nature of Activities

Trinity Basin Preparatory, Inc. (Trinity Basin Preparatory or TBP) operates under an open enrollment charter granted by the State of Texas 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 4,185 students during the 2020/2021 school year and is currently over 4,210 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 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 Project. Trinity Basin Preparatory and Project are collectively referred to herein as the School.

### 2. Summary of Significant Accounting Policies

#### ***Consolidated Financial Statements***

The consolidated financial statements include the accounts and transactions of TBP and 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 accounting principles generally accepted in the United States of America (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.

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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*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.

***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, 2022, the School's uninsured bank balances totaled \$18,314,702. 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 years ended August 31, 2022 and 2021, the School received over 99% and 98%, respectively, of its total revenue and support from governmental agencies.

***Cash and Cash Equivalents***

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

***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 consists of U.S. government money market funds and are recorded at cost, which approximates fair value.

***Investments***

Public fund investment pools are stated at fair value. Investment return is reported in the consolidated statement of activities as an increase in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions. Net investment return consists of interest and dividends net of external and direct internal investment expenses.

# Trinity Basin Preparatory, Inc.

## Notes to Consolidated Financial Statements

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### ***Debt Issuance Costs and Original Issue Premiums***

Debt issuance costs and original issue discounts or premiums represent costs incurred related to the issuance of bonds payable and are deferred as a direct deduction from or addition to the carrying amount of bonds payable. Debt issuance costs are amortized on a straight-line basis and premiums and discounts are amortized using the interest method over the related bond period. Amortization expense is included in debt service in the accompanying statement of activities.

### ***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 7) 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, 2022, 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, 2022.

## **Trinity Basin Preparatory, Inc.**

### **Notes to Consolidated Financial Statements**

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#### ***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.

#### ***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.

#### ***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, 2022. 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, 2022, 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.

# Trinity Basin Preparatory, Inc.

## Notes to Consolidated Financial Statements

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### ***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.

### ***Reclassifications***

Certain reclassifications have been made to the August 31, 2021 financial statements to be consistent with the August 31, 2022 presentation.

### ***Upcoming Accounting Pronouncement***

In 2016, the 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.

## **3. Restricted Cash and Cash Equivalents**

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

	<u>2022</u>	<u>2021</u>
Restricted bond proceeds	\$ -	\$ 975,367
Restricted by NMTC agreements	<u>462,953</u>	<u>566,038</u>
	<u>\$ 462,953</u>	<u>\$ 1,541,405</u>

## **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.



**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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Maturity of the note receivable is as follows for the years ending August 31:

2023	\$	-
2024		-
2025		-
2026		181,555
2027		292,819
Thereafter		<u>5,583,626</u>
	\$	<u>6,058,000</u>

## 5. Fair Value Measurements

The requirements of Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value Measurements and Disclosures also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels.

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are observable, other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities, such as pricing models and discounted cash flow methodologies.

Level 3: Inputs are unobservable, are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

***Public Fund Investment Pools***

All of the School's investments are held in public fund investment pools. These investments are reported at the net asset value per unit, which approximates fair value, using the amortized cost method. These investments use net asset value as a practical expedient and are not categorized in the fair value hierarchy. At August 31, 2022 and 2021, the public investment pool accounted for 100% of total investments held by the school.

**6. Property and Equipment**

Property and equipment consist of the following at August 31:

	2022	2021
Land	\$ 19,939,454	\$ 14,275,730
Buildings and improvements	89,719,066	62,681,917
Furniture and equipment	9,693,105	8,630,829
Vehicles	275,386	264,267
Construction in process	15,725,177	13,365,219
	135,352,188	99,217,962
Less accumulated depreciation	(13,263,301)	(10,418,745)
	\$ 122,088,887	\$ 88,799,217

Depreciation expense for the years ended August 31, 2022 and 2021 totaled \$4,378,955 and \$2,924,182, respectively.

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

## 7. Long-Term Debt

The following is a summary of changes in the School's long-term debt for the year ended August 31, 2022:

	Interest Rate	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:						
Series 2014 A	3.25 - 5.00%	\$ 26,580,040	\$ -	\$ (695,000)	\$ 25,885,040	\$ 730,000
Series 2020	3.00 - 5.00%	35,045,000	-	(635,000)	34,410,000	655,000
Total bonds payable		61,625,040	-	(1,330,000)	60,295,040	1,385,000
Bond premiums		6,272,869	-	(523,884)	5,748,985	-
Debt issuance costs		(2,434,486)	-	99,677	(2,334,809)	-
Total bonds payable, net		65,463,423	-	(1,754,207)	63,709,216	1,385,000
Lines of credit		4,550,000	40,000,000	(4,550,000)	40,000,000	-
Notes payable - new market tax credit	1%	8,360,000	-	-	8,360,000	-
Debt issuance costs		(374,420)	-	13,782	(360,638)	-
Total notes payable, net - new market tax credit		7,985,580	-	13,782	7,999,362	-
Total		<u>\$ 77,999,003</u>	<u>\$ 40,000,000</u>	<u>\$ (6,290,425)</u>	<u>\$ 111,708,578</u>	<u>\$ 1,385,000</u>

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	1,330,000
Lines of credit		5,600,000	4,550,000	(5,600,000)	4,550,000	4,550,000
Paycheck Protection Program forgivable loan		4,630,075	-	(4,630,075)	-	-
Notes payable - new market tax credit	1%	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		<u>\$ 84,777,467</u>	<u>\$ 4,550,000</u>	<u>\$ (11,328,464)</u>	<u>\$ 77,999,003</u>	<u>\$ 5,880,000</u>

### **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

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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a pledge of revenues of the School and are guaranteed by the Permanent School Fund of the State of Texas. The balances outstanding on the Series 2020 Bonds totaled \$34,410,000 and \$35,045,000 at August 31, 2022 and 2021, respectively.

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 balances outstanding on the Series 2014 Bonds totaled \$25,885,040 and \$26,580,040 at August 31, 2022 and 2021, respectively.

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 years 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 years ended August 31, 2022 and 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 years ending August 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,670,000	2,201,256	3,871,256
2028-2032	9,445,000	9,903,775	19,348,775
2033-2037	11,695,000	7,651,150	19,346,150
2038-2042	14,200,000	5,149,200	19,349,200
2043-2047	11,595,000	2,367,600	13,962,600
2048-2050	<u>5,760,040</u>	<u>466,800</u>	<u>6,226,840</u>
Total	<u>\$ 60,295,040</u>	<u>\$ 37,289,956</u>	<u>\$ 97,584,996</u>

## **Trinity Basin Preparatory, Inc.**

### **Notes to Consolidated Financial Statements**

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#### **Lines of Credit**

The School had a line of credit agreement with a bank whereby it may borrow up to \$20,000,000, with interest due at the daily LIBOR rate plus 2.00%. Interest payments were due monthly with principal due upon maturity on August 22, 2022. As of August 31, 2021, \$4,550,000 in advances were outstanding on the line of credit. The line was paid in full during the year ended August 31, 2022. The line was collateralized under the Master Trust Indenture.

During the year ended August 31, 2022, the School obtained a line of credit agreement with a bank whereby it may borrow up to \$60,000,000, with interest due at the daily LIBOR rate plus 2.00% (5.07% at August 31, 2022). Interest payments are due monthly with principal due upon maturity on October 20, 2024. As of August 31, 2022, \$40,000,000 in advances were outstanding 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 School received forgiveness on June 30, 2021, and recorded the amount as contribution revenue in the consolidated 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

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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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.

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 years ending August 31:

	Bonds Payable	Line of Credit	Notes Payable - New Market Tax Credit	Total
2023	\$ 1,385,000	\$ -	\$ -	\$ 1,385,000
2024	1,445,000	-	-	1,445,000
2025	1,510,000	40,000,000	-	41,510,000
2026	1,590,000	-	200,781	1,790,781
2027	1,670,000	-	324,044	1,994,044
Thereafter	52,695,040	-	7,835,175	60,530,215
	<u>\$ 60,295,040</u>	<u>\$ 40,000,000</u>	<u>\$ 8,360,000</u>	<u>\$ 108,655,040</u>

Interest expense on all long-term debt and lines of credit for the years ended August 31, 2022 and 2021, totaled \$2,729,063, and \$1,991,997, respectively.

## 8. Net Assets With Donor Restrictions

Net assets with donor restrictions represent resources received from the state to be used under management's discretion for educational purposes.

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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## **9. 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 8% of their annual covered salary in 2022. The School contributes 7.75% for new members of the first 90 days of employment, and the State contributes 7.75%. Additionally, the School makes a 1.7% 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, 2022 and 2021, the School contributed \$1,653,141 and \$1,188,591 to TRS, respectively.

The risks of participating in a multi-employer, defined benefit plan are 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, 2021 and 2020, were \$233 billion and \$184 billion, respectively. Accumulated benefit obligation as of August 31, 2021 and 2020, was \$227 billion and \$219 billion, respectively. The plan was 88.79% and 75.54% funded as of August 31, 2021 and 2020, respectively.

## **10. Health Care Coverage**

During the year ended August 31, 2022 and 2021, eligible participants of the School were covered by the TRS Active Employee Health Insurance Plan. The School contributed \$429 per month per participant for the period from September 1, 2021 to August 31, 2022 and \$397 per month for 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.

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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### **11. 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 years ending August 31:

2023	\$	353,770
2024		365,919
2025		57,022
2026		19,375
		<u>19,375</u>
	\$	<u>796,086</u>

Lease expense incurred for non-cancelable operating lease agreements during the years ended August 31, 2022 and 2021 totaled \$311,860 and \$330,000, respectively.

### **12. 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.



**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

The School's expenses by natural classification and function are as follows for the year ended August 31, 2022:

	Payroll Costs	Professional and Contracted Services	Supplies and Materials	Other Operating Costs	Debt Service	Total
<b>Program Services:</b>						
Instructional and instructional related services	\$ 24,184,029	\$ 1,002,535	\$ 888,145	\$ 4,427,497	\$ 1,589,354	\$ 32,091,560
Instructional and school leadership	1,341,862	-	-	-	69,390	1,411,252
Support services - student based	2,542,135	287,846	1,845,962	8,295	242,393	4,926,631
Support services - nonstudent based	1,440,403	3,977,359	672,691	406,625	337,206	6,834,284
Community services	152,382	20,863	60,044	-	11,902	245,191
<b>Total program services</b>	<b>29,660,811</b>	<b>5,288,603</b>	<b>3,466,842</b>	<b>4,842,417</b>	<b>2,250,245</b>	<b>45,508,918</b>
<b>Support Services:</b>						
<b>Management and general:</b>						
Instructional and school leadership	2,306,860	-	-	-	119,292	2,426,152
Administrative support services	2,165,819	99,804	178,474	115,873	137,449	2,697,419
Support services - nonstudent based	532,866	1,346	514,216	-	216,617	1,265,045
Fundraising	105,581	-	-	-	5,460	111,041
<b>Total support services</b>	<b>5,111,126</b>	<b>101,150</b>	<b>692,690</b>	<b>115,873</b>	<b>478,818</b>	<b>6,499,657</b>
<b>Total expenses</b>	<b>\$ 34,771,937</b>	<b>\$ 5,389,753</b>	<b>\$ 4,159,532</b>	<b>\$ 4,958,290</b>	<b>\$ 2,729,063</b>	<b>\$ 52,008,575</b>

The School's expenses by natural classification and function are as follows for the year ended August 31, 2021:

	Payroll Costs	Professional and Contracted Services	Supplies and Materials	Other Operating Costs	Debt Service	Total
<b>Program Services:</b>						
Instructional and instructional related services	\$ 21,607,580	\$ 840,549	\$ 776,534	\$ 2,948,800	\$ 1,160,101	\$ 27,333,564
Instructional and school leadership	881,003	-	-	-	50,649	931,652
Support services - student based	2,096,167	45,024	1,367,111	4,890	176,927	3,690,119
Support services - nonstudent based	1,066,333	3,608,837	617,426	312,489	246,133	5,851,218
Community services	137,652	-	18,730	-	8,687	165,069
<b>Total program services</b>	<b>25,788,735</b>	<b>4,494,410</b>	<b>2,779,801</b>	<b>3,266,179</b>	<b>1,642,497</b>	<b>37,971,622</b>
<b>Support Services:</b>						
<b>Management and general:</b>						
Instructional and school leadership	2,078,785	-	-	-	87,075	2,165,860
Administrative support services	1,849,579	141,434	78,564	81,038	100,327	2,250,942
Support services - nonstudent based	525,382	162,965	404,577	-	158,113	1,251,037
Fundraising	94,106	4,000	1,160	-	3,985	103,251
<b>Total support services</b>	<b>4,547,852</b>	<b>308,399</b>	<b>484,301</b>	<b>81,038</b>	<b>349,500</b>	<b>5,771,090</b>
<b>Total expenses</b>	<b>\$ 30,336,587</b>	<b>\$ 4,802,809</b>	<b>\$ 3,264,102</b>	<b>\$ 3,347,217</b>	<b>\$ 1,991,997</b>	<b>\$ 43,742,712</b>

**Trinity Basin Preparatory, Inc.**  
**Notes to Consolidated Financial Statements**

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**13. 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:

	2022	2021
Financial assets at August 31:		
Cash and cash equivalents	\$ 18,861,414	\$ 13,220,932
Restricted cash equivalents	462,953	1,541,405
Investments	921,058	915,501
Government grants receivable	6,327,684	4,183,112
Total financial assets	26,573,109	\$ 19,860,950
Less financial assets not available for general expenditure:		
Cash restricted by NMTC agreements	(462,953)	(566,038)
Cash restricted for bonds	-	(975,367)
Total financial assets available for general expenditure	\$ 26,110,156	\$ 19,294,912

**14. Commitments and Contingencies**

TBP 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 TEA and is subject to audit and adjustment.

Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by TBP have complex compliance requirements and, should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the TEA or other grantor agency.

**15. Subsequent Events**

Subsequent to year end the School received notification from TEA approving the charter agreement through July 31, 2033.

The School 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.

## Supplemental Information

**Trinity Basin Preparatory, Inc.**  
**Consolidating Statement of Financial Position**  
**August 31, 2022**

	Trinity Basin Preparatory, Inc.	TBP Panola Project, Inc.	Eliminations	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 18,861,414	\$ -	\$ -	\$ 18,861,414
Restricted cash equivalents	-	462,953	-	462,953
Investments	921,058	-	-	921,058
Government grants receivable	6,327,684	-	-	6,327,684
Prepaid expense	471,743	99	-	471,842
<b>Total current assets</b>	<b>26,581,899</b>	<b>463,052</b>	<b>-</b>	<b>27,044,951</b>
<b>Non-current assets:</b>				
Other assets	26,452	-	-	26,452
Property and equipment, net	114,639,094	7,449,793	-	122,088,887
Note receivable - new market tax credit	6,058,000	-	-	6,058,000
Due to/Due from	(840,000)	840,000	-	-
<b>Total non-current assets</b>	<b>119,883,546</b>	<b>8,289,793</b>	<b>-</b>	<b>128,173,339</b>
<b>Total assets</b>	<b>\$ 146,465,445</b>	<b>\$ 8,752,845</b>	<b>\$ -</b>	<b>\$ 155,218,290</b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 2,946,304	\$ -	\$ -	\$ 2,946,304
Accrued wages	3,599,999	-	-	3,599,999
Accrued expense	55,081	50,000	-	105,081
Refundable advance	36,513	-	-	36,513
Deferred rent	40,000	-	-	40,000
Current maturities of long-term debt	1,385,000	-	-	1,385,000
<b>Total current liabilities</b>	<b>8,062,897</b>	<b>50,000</b>	<b>-</b>	<b>8,112,897</b>
<b>Long-term liabilities:</b>				
Deferred rent, net of current portion	50,000	-	-	50,000
Lines of credit, net of current portion	40,000,000	-	-	40,000,000
Long-term debt, net of debt issuance costs - new market tax credit	-	7,999,361	-	7,999,361
Long-term debt, net of debt issuance costs	62,324,217	-	-	62,324,217
<b>Total long-term liabilities</b>	<b>102,374,217</b>	<b>7,999,361</b>	<b>-</b>	<b>110,373,578</b>
<b>Total liabilities</b>	<b>110,437,114</b>	<b>8,049,361</b>	<b>-</b>	<b>118,486,475</b>
<b>Net assets:</b>				
Without donor restrictions	9,333,708	703,484	-	10,037,192
With donor restrictions	26,694,623	-	-	26,694,623
<b>Total net assets</b>	<b>36,028,331</b>	<b>703,484</b>	<b>-</b>	<b>36,731,815</b>
<b>Total liabilities and net assets</b>	<b>\$ 146,465,445</b>	<b>\$ 8,752,845</b>	<b>\$ -</b>	<b>\$ 155,218,290</b>

**Trinity Basin Preparatory, Inc.**  
**Consolidating Statement of Activities**  
**Year Ended August 31, 2022**

	Trinity Basin Preparatory, Inc.	TBP Panola Project, Inc.	Eliminations	Total
<b>Revenue and support:</b>				
Local support:				
5740 Other revenue from local sources	\$ 600,332	\$ 360,000	\$ (360,000)	\$ 600,332
5750 Food service activity	10,216	-	-	10,216
<b>Total local support</b>	<b>610,548</b>	<b>360,000</b>	<b>(360,000)</b>	<b>610,548</b>
State program revenue:				
5811 Per Capita Apportionment	2,279,199	-	-	2,279,199
5812 Foundation School Program	42,018,652	-	-	42,018,652
5820 State Program Revenues Distributed by TEA	207,868	-	-	207,868
5830 State Revenues from State of Texas Governmental Agencies	3,063	-	-	3,063
<b>Total state program revenue</b>	<b>44,508,782</b>	<b>-</b>	<b>-</b>	<b>44,508,782</b>
Federal program revenue:				
5921 National school breakfast and lunch program	2,790,463	-	-	2,790,463
5929 Federal revenues distributed by TEA	9,118,416	-	-	9,118,416
5931 School health services	186,394	-	-	186,394
5932 Medicaid administration claiming program	6,766	-	-	6,766
5939 Federal revenues distributed by State of Texas Government Agencies (other than the Texas Education Agency)	205,184	-	-	205,184
<b>Total federal program revenue</b>	<b>12,307,223</b>	<b>-</b>	<b>-</b>	<b>12,307,223</b>
<b>Total revenue and support</b>	<b>57,426,553</b>	<b>360,000</b>	<b>(360,000)</b>	<b>57,426,553</b>
<b>Expenses:</b>				
11 Instruction	\$ 29,007,129	\$ 153,443	\$ -	\$ 29,160,572
12 Instruction resources and media services	89,698	-	-	89,698
13 Curriculum development and instructional staff development	1,251,935	-	-	1,251,935
21 Instructional leadership	1,341,862	-	-	1,341,862
23 School leadership	2,306,860	-	-	2,306,860
31 Guidance, counseling, evaluation services	1,219,125	-	-	1,219,125
33 Health services	428,721	-	-	428,721
35 Food services	2,752,779	-	-	2,752,779
36 Extracurricular activities	283,613	-	-	283,613
41 General administration	2,544,970	15,000	-	2,559,970
51 Facilities maintenance and operations	5,501,285	-	-	5,501,285
52 Security	635,794	-	-	635,794
53 Data processing services	1,408,428	-	-	1,408,428
61 Community services	233,289	-	-	233,289
71 Debt service	2,612,197	116,866	-	2,729,063
81 Fundraising	105,581	-	-	105,581
<b>Total expenses</b>	<b>51,723,266</b>	<b>285,309</b>	<b>-</b>	<b>52,008,575</b>
<b>Increase (decrease) in net assets</b>	<b>5,703,287</b>	<b>74,691</b>	<b>(360,000)</b>	<b>5,417,978</b>
<b>Net assets at beginning of year</b>	<b>31,045,044</b>	<b>628,793</b>	<b>(360,000)</b>	<b>31,313,837</b>
<b>Net assets at end of year</b>	<b>\$ 36,748,331</b>	<b>\$ 703,484</b>	<b>\$ (720,000)</b>	<b>\$ 36,731,815</b>

Supplemental Information Required by TEA

**Trinity Basin Preparatory, Inc.**  
**Consolidated Schedule of Assets**  
**August 31, 2022**

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Description	Ownership Interest	
	Local	State
1110 Cash	\$ -	\$ 18,861,414
1120 Investments	-	921,058
1510 Land	-	19,939,454
1520 Buildings and improvements	-	89,719,066
1539 Furniture and equipment	-	9,693,105
1541 Vehicles	-	275,386
1580 CIP	-	15,725,177
	\$ -	\$ 155,134,660

**Trinity Basin Preparatory, Inc.**  
**Budgetary Comparison Schedule**  
**Year Ended August 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>Revenue and other support:</b>				
5700 Local support	615,000	960,000	610,548	(349,452)
5800 State program	48,310,000	43,040,000	44,508,782	1,468,782
5900 Federal program revenue	6,375,000	12,200,000	12,307,223	107,223
<b>Total revenue and support</b>	<b>55,300,000</b>	<b>56,200,000</b>	<b>57,426,553</b>	<b>1,226,553</b>
<b>Expenses:</b>				
11 Instruction	29,600,000	28,520,000	29,160,572	(640,572)
12 Instructional resources and media services	10,000	110,000	89,698	20,302
13 Curriculum development and instructional staff development	1,000,000	1,260,000	1,251,935	8,065
21 Instructional leadership	1,000,000	1,300,000	1,341,862	(41,862)
23 School leadership	2,400,000	2,270,000	2,306,860	(36,860)
31 Guidance, counseling and evaluation services	1,200,000	1,200,000	1,219,125	(19,125)
33 Health services	400,000	430,000	428,721	1,279
35 Food services	2,500,000	2,665,000	2,752,779	(87,779)
36 Extracurricular activities	5,000	240,000	283,613	(43,613)
41 General administration	2,400,000	2,540,000	2,559,970	(19,970)
51 Facilities maintenance and operations	5,630,000	6,190,000	5,501,285	688,715
52 Security	460,000	625,000	635,794	(10,794)
53 Data processing services	1,225,000	1,430,000	1,408,428	21,572
61 Community services	170,000	220,000	233,289	(13,289)
71 Debt service	3,170,000	2,700,000	2,729,063	(29,063)
81 Fundraising	130,000	100,000	105,581	(5,581)
<b>Total expenses</b>	<b>51,300,000</b>	<b>51,800,000</b>	<b>52,008,575</b>	<b>(208,575)</b>
<b>Change in net assets</b>	<b>\$ 4,000,000</b>	<b>\$ 4,400,000</b>	<b>\$ 5,417,978</b>	<b>\$ 1,017,978</b>



**Trinity Basin Preparatory, Inc.**  
**Consolidated Schedule of Expenses**  
**Year Ended August 31, 2022**

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<u>Object Code</u>	<u>Description</u>	<u>Amount</u>
6100	Payroll costs	\$ 34,771,937
6200	Professional and contracted services	5,389,753
6300	Supplies and materials	4,159,532
6400	Other operating expenses	4,958,290
6500	Debt service	<u>2,729,063</u>
		<u>\$ 52,008,575</u>

**Trinity Basin Preparatory, Inc.**  
**Education Programs Schedule**  
**Year Ended August 31, 2022**

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Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did you 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.	\$6,187,258
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PIC's 24, 26, 28, 29, 30, 34)	\$5,472,070
<b>Section B: Bilingual Education Programs</b>		
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 sand 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. (PIC's 25, 35)	\$850,282

**Trinity Basin Preparatory, Inc.**  
**Schedule of Real Property Ownership Interest**  
**Year Ended August 31, 2022**

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal
WHEAT BLOCK ADDITION LOT E E-F	400 Rand St, Fort Worth tx 76103	\$ 20,200	\$ -	\$ 20,200	\$ -
ABSTRACT 490 TRACT 2B & 3	412 W Bolt street, Fort Worth, Tx 76110	-	-	-	-
ABSTRACT 1228 TRACT 40	4417 Panola Ave, Fort Worth, tx 76103	-	-	-	-
ABSTRACT 1228 TRACT 40A	4421 Panola Ave, Fort Worth tx 76103	-	-	-	-
ABSTRACT 1228 TRACT 41	413 Rand st, Fort Worth, TX 76103	-	-	-	-
ABSTRACT 1228 TRACT 42	413 Rand st, Fort Worth, TX 76103	-	-	-	-
ABSTRACT 1228 TRACT 42A	4401 Panola Ave, Fort Worth, TX 76103	-	-	-	-
BLOCK 7 LOT 50	6301 S Collins st, Arlington tx 76018	886,445	-	886,445	-
SITE LOT B1	4000 May st, Fort Worth, tx 76110	-	-	-	-
ADDITION BLOCK 9 LOT 20R	4001 May st, Fort Worth, TX 76110	41,042	-	41,042	-
ADDITION BLOCK 13 LOT 1R2	621 Griggs ave, Fort Worth, TX 76103	5,485,241	-	5,485,241	-
PERSONAL PROPERTY TANGIBLE COMMERICAL	4400 Panola Ave, Fort Worth, TX 76103	9,053	-	9,053	-
PERSONAL PROPERTY TANGIBLE COMMERICAL	101 E Pafford st, Fort Worth, TX 76110	9,053	-	9,053	-
ADDN BLOCK 1 LOT 1 PER PLAT D218045795	4401 Panola Ave, Fort Worth, TX 76103	4,441,173	-	4,441,173	-
ADDITION BLOCK 8 LOT 3R	4332 Panola Ave, Fort Worth, TX 76103	67,947	-	67,947	-
ADDN BLOCK 1 LOT 1 PLAT D221249709	412 W Bolt street, Fort Worth, TX 76110	3,475,689	-	3,475,689	-
PERSONAL PROPERTY TANGIBLE COMMERICAL	808 N Ewing Ave, Dallas tx 75203	88,620	-	88,620	-
BLK 79/3060 LT A & W PT LT 2	314 N Ewing Ave, Dallas tx 75203	-	-	-	-
BLK 79/3060 W PT LT 3 ACS .3925	322 N Ewing Ave, Dallas tx 75203	-	-	-	-

**Trinity Basin Preparatory, Inc.**  
**Schedule of Related Party Transactions**  
**Year Ended August 31, 2022**

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<u>Relation Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During Fiscal year</u>	<u>Principal Balance Due</u>
None							

**Trinity Basin Preparatory, Inc.**  
**Schedule of Related Party Compensation and Benefits**  
**Year Ended August 31, 2022**

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<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During Fiscal Year</u>
None							

## Compliance Reports

**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***

Board of Directors  
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. (TBP) (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 14, 2022. The financial statements of TBP Panola Project, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with TBP Panola Project, Inc.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered TBP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of TBP's internal control. Accordingly, we do not express an opinion on the effectiveness of TBP'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 TBP's consolidated 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 TBP'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 determination of consolidated 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 TBP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TBP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas  
November 14, 2022



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

Board of Directors  
Trinity Basin Preparatory, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Trinity Basin Preparatory, Inc.'s (TBP) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TBP's major federal programs for the year ended August 31, 2022. TBP's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, TBP 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TBP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of TBP's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to TBP's 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 TBP's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TBP's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional 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 TBP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of TBP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of TBP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas  
November 14, 2022

**Trinity Basin Preparatory, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended August 31, 2022**

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**Section I – Summary of Auditors’ Results**

*Consolidated Financial Statements*

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal program or cluster:	
Title I Grants to Local Educational Agencies	ALN 84.010
Education Stabilization Fund under the Coronavirus Aid, Relief, And Economic Security Act	ALN 84.425D, 84.425U
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Trinity Basin Preparatory, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended August 31, 2022**

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**Section IV – Summary of Prior Year Audit Findings**

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

Summary: In prior year the auditors obtained several versions of the schedule of expenditures of federal awards (SEFA) and amounts were adjusted and corrected by management during this period. Undetected misclassification of federal expenditures have the potential to lead to errors and future corrections.

Status: This finding was corrected in 2022.

**Trinity Basin Preparatory, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended August 31, 2022**

Federal Grantor/ Pass through Grantor/ Program or Cluster Title	Federal AL Number	Pass-through entity identifying number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster:			
Passed through Texas Education Agency:			
National School Breakfast Program	10.553	714022	\$ 363,015
National School Lunch Program	10.555	713022	2,309,883
Passed through Texas Department of Agriculture:			
National School Lunch Program	10.555	6TX300400	<u>80,127</u>
Total Child Nutrition Cluster			2,753,025
Passed through Texas Department of Agriculture:			
Commodity Supplemental Food Program	10.565	-	<u>117,565</u>
Total Food Distribution Cluster			<u>117,565</u>
Total U.S Department of Agriculture			2,870,590
<b>U.S. Department of Education</b>			
Passed through Texas Education Agency:			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	21521001057813	1,526,603
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U	21528001057813	4,296,434
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U	21528042057813	618,989
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425W	21533002057813	<u>503</u>
Total ALN 84.425			6,442,529
Special Education-Grants to States (IDEA, Part B)	84.027	206600010578136000	43,941
Special Education-Grants to States (IDEA, Part B)	84.027	226600010578136000	268,956
COVID-19 Special Education-Grants to States (IDEA, Part B)	84.027	225350010578135000	<u>181,988</u>
Total ALN 84.027			494,885
Special Education-Preschool Grants (IDEA B Preschool)	84.173	226610010578136000	14,184
COVID-19 Special Education-Preschool Grants (IDEA B Preschool)	84.173	225360010578135000	<u>25,696</u>
Total ALN 84.173			39,880
Title I Grants to Local Educational Agencies	84.010	21610101057813	127,843
Title I Grants to Local Educational Agencies	84.010	22610101057813	<u>1,388,352</u>
Total ALN 84.010			1,516,195
English Language Acquisition State Grants	84.365	21671003057813	8,151
English Language Acquisition State Grants	84.365	22671001057813	186,088
English Language Acquisition State Grants	84.365	22671003057813	<u>6,888</u>
Total ALN 84.365			201,127
Supporting Effective Instruction State Grants	84.367	21694501057813	18,710
Supporting Effective Instruction State Grants	84.367	22694501057813	211,126
Supporting Effective Instruction State Grants	84.367	21694579110042	<u>85,000</u>
Total ALN 84.367			314,836
Student Support and Academic Enrichment Program	84.424	20680101057813	18,990
Student Support and Academic Enrichment Program	84.424	22680101057813	<u>84,076</u>
Total ALN 84.424			<u>103,066</u>
Total U.S Department of Education			9,112,518
<b>U.S. Department of Health and Human Services</b>			
Passed through Texas Education Agency:			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	2742974	<u>125,057</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 12,108,165</u></u>

See notes to schedule of federal awards

**Trinity Basin Preparatory, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended August 31, 2022**

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**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 percent 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.

**2. Non-Cash Federal Awards**

TBP received non-cash awards in the form of food commodities totaling \$117,565 for the year ended August 31, 2022.