

Trinity Basin Preparatory, Inc. and Affiliate

**Consolidated Financial Statements
with Supplemental Information and Compliance Reports
August 31, 2025 and 2024**



Trinity Basin Preparatory, Inc. and Affiliate

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**Trinity Basin Preparatory, Inc. and Affiliate
County District No. 057-813
Certificate of Board**

We, the undersigned, certify that the attached Financial and Compliance Report of Trinity Basin Preparatory, Inc. and Affiliate was reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2025, at a meeting of the governing body of the charter school on the 15th day of December 2025.

Victoria Gao

Signature of Board Secretary

Randy Shaffer

Randy Shaffer (Dec 14, 2025 11:24:45 PST)

Signature of Board President



Independent Auditors' Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Trinity Basin Preparatory, Inc. and Affiliate (School) (nonprofit organizations), which comprise the consolidated statements of financial position as of August 31, 2025 and 2024, 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 present fairly, in all material respects, the consolidated financial position of the School as of August 31, 2025 and 2024, 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 Consolidated Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The Affiliate was not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, 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 consolidated 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 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 records used to prepare the consolidated financial statements or to the consolidated 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 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 December 15, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas
December 15, 2025

Trinity Basin Preparatory, Inc. and Affiliate
Consolidated Statements of Financial Position
August 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,098,861	\$ 29,132,097
Restricted cash and cash equivalents	610,415	19,018,800
Investments	11,727	11,199
Government grants receivable	8,830,010	7,498,311
Prepaid expense	1,518,906	1,532,190
Note receivable - new market tax credit, current portion	181,555	-
Total current assets	32,251,474	57,192,597
Non-current assets:		
Other assets	26,452	26,452
Property and equipment, net	253,316,673	238,247,007
Note receivable - new market tax credit, net	5,876,445	6,058,000
Right-of-use assets - operating leases, net	18,643	73,433
Total non-current assets	259,238,213	244,404,892
Total assets	\$ 291,489,687	\$ 301,597,489
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 2,756,624	\$ 4,822,974
Accrued wages	6,479,418	5,700,355
Accrued expenses	899,110	475,121
Long-term debt - new market tax credit, current portion	200,781	-
Long-term debt, current portion	4,555,000	4,335,000
Right-of-use liabilities - operating leases, current portion	19,301	57,573
Total current liabilities	14,910,234	15,391,023
Long-term liabilities:		
Line of credit	5,000,000	9,000,000
Long-term debt - new market tax credit, net	7,839,926	8,026,925
Long-term debt, net	216,050,653	221,229,508
Right-of-use liabilities - operating leases, net	-	17,943
Total long-term liabilities	228,890,579	238,274,376
Total liabilities	243,800,813	253,665,399
Net assets:		
Without donor restrictions	15,859,947	17,267,259
With donor restrictions	31,828,927	30,664,831
Total net assets	47,688,874	47,932,090
Total liabilities and net assets	\$ 291,489,687	\$ 301,597,489

See notes to consolidated financial statements.

Trinity Basin Preparatory, Inc. and Affiliate
Consolidated Statement of Activities
Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Local support:			
5740 Other revenue from local sources	\$ 1,314,708	\$ -	\$ 1,314,708
5750 Food service activity and enterprising services revenue	27,048	-	27,048
Total local support	1,341,756	-	1,341,756
State program revenue:			
5811 Per capita apportionment	-	3,614,121	3,614,121
5812 Foundation school program	-	69,931,275	69,931,275
5820 State program revenues distributed by TEA	-	3,840,545	3,840,545
5830 TRS on-behalf revenue	-	2,749,068	2,749,068
Total state program revenue	-	80,135,009	80,135,009
Federal program revenue:			
5923 Federal revenues - noncash commodities	-	234,897	234,897
5929 Federal revenues distributed by TEA	-	9,464,963	9,464,963
5930 Federal revenues distributed by other state of Texas government agencies	-	30,253	30,253
Total federal program revenue	-	9,730,113	9,730,113
Net assets released from restrictions-satisfaction of program restrictions	88,701,026	(88,701,026)	-
Total revenue and support	90,042,782	1,164,096	91,206,878
Expenses:			
11 Instruction	54,976,814	-	54,976,814
12 Instruction resources and media services	60,674	-	60,674
13 Curriculum development and instructional staff development	475,167	-	475,167
21 Instructional leadership	900,943	-	900,943
23 School leadership	3,871,972	-	3,871,972
31 Guidance, counseling, evaluation services	1,911,026	-	1,911,026
33 Health services	689,036	-	689,036
35 Food services	5,542,768	-	5,542,768
36 Extracurricular activities	281,285	-	281,285
41 General administration	3,986,149	-	3,986,149
51 Facilities maintenance and operations	9,062,846	-	9,062,846
52 Security and monitoring services	1,191,376	-	1,191,376
53 Data processing services	1,256,868	-	1,256,868
61 Community services	203,229	-	203,229
71 Debt service	6,925,854	-	6,925,854
81 Fundraising	114,087	-	114,087
Total expenses	91,450,094	-	91,450,094
Change in net assets	(1,407,312)	1,164,096	(243,216)
Net assets at beginning of year	17,267,259	30,664,831	47,932,090
Net assets at end of year	\$ 15,859,947	\$ 31,828,927	\$ 47,688,874

See notes to consolidated financial statements.

Trinity Basin Preparatory, Inc. and Affiliate
Consolidated Statement of Activities
Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Local support:			
5710 Local real and personal property taxes passed through by school districts	\$ 14,578	\$ -	\$ 14,578
5740 Other revenue from local sources	9,151,889	-	9,151,889
5750 Food service activity and enterprising services revenue	21,523	-	21,523
Total local support	9,187,990	-	9,187,990
State program revenue:			
5811 Per capita apportionment	-	1,727,715	1,727,715
5812 Foundation school program	-	70,573,096	70,573,096
5820 State program revenues distributed by TEA	-	1,317,060	1,317,060
5830 TRS on-behalf revenue	-	3,100,727	3,100,727
Total state program revenue	-	76,718,598	76,718,598
Federal program revenue:			
5923 Federal revenues - noncash commodities	-	72,327	72,327
5929 Federal revenues distributed by TEA	-	13,321,519	13,321,519
5930 Federal revenues distributed by other state of Texas government agencies	-	191,739	191,739
Total federal program revenue	-	13,585,585	13,585,585
Net assets released from restrictions-satisfaction of program restrictions	86,152,161	(86,152,161)	-
Total revenue and support	95,340,151	4,152,022	99,492,173
Expenses:			
11 Instruction	48,853,223	-	48,853,223
12 Instruction resources and media services	81,725	-	81,725
13 Curriculum development and instructional staff development	1,146,761	-	1,146,761
21 Instructional leadership	1,318,697	-	1,318,697
23 School leadership	5,100,793	-	5,100,793
31 Guidance, counseling, evaluation services	2,204,951	-	2,204,951
33 Health services	652,591	-	652,591
35 Food services	5,195,233	-	5,195,233
36 Extracurricular activities	447,858	-	447,858
41 General administration	5,176,568	-	5,176,568
51 Facilities maintenance and operations	9,244,379	-	9,244,379
52 Security and monitoring services	1,012,751	-	1,012,751
53 Data processing services	1,644,002	-	1,644,002
61 Community services	198,627	-	198,627
71 Debt service	6,866,950	-	6,866,950
81 Fundraising	107,779	-	107,779
Total expenses	89,252,888	-	89,252,888
Change in net assets	6,087,263	4,152,022	10,239,285
Net assets at beginning of year	11,179,996	26,512,809	37,692,805
Net assets at end of year	\$ 17,267,259	\$ 30,664,831	\$ 47,932,090

See notes to consolidated financial statements.

Trinity Basin Preparatory, Inc. and Affiliate
Consolidated Statements of Cash Flows
Years Ended August 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (243,216)	\$ 10,239,285
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,576,599	7,369,893
Amortization of debt issuance costs	305,419	124,432
Amortization of bond premiums	(915,492)	(980,547)
Amortization of right-of-use assets - operating leases	54,790	336,280
Changes in operating assets and liabilities:		
Government grants receivable	(1,331,699)	2,571,393
Prepaid expense	13,284	(1,025,046)
Other assets	-	-
Accounts payable	(2,066,350)	(3,261,297)
Accrued wages	779,063	(199,645)
Accrued expenses	423,989	248,835
Right-of-use liabilities - operating leases	(56,215)	(386,506)
Net cash provided by operating activities	5,540,172	15,037,077
Cash flows from investing activities:		
Purchases of property and equipment	(23,646,265)	(28,916,895)
Purchases of investments	(528)	(601)
Net cash used by investing activities	(23,646,793)	(28,917,496)
Cash flows from financing activities:		
Draws on lines of credit	5,000,000	42,500,000
Payments on lines of credit	(9,000,000)	(49,500,000)
Net proceeds from issuance of long-term debt	-	106,038,563
Payments on long-term debt	(4,335,000)	(49,160,785)
Net cash provided (used) by financing activities	(8,335,000)	49,877,778
Net change in cash and cash equivalents	(26,441,621)	35,997,359
Cash and cash equivalents at beginning of year	48,150,897	12,153,538
Cash and cash equivalents at end of year	\$ 21,709,276	\$ 48,150,897
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 7,281,237	\$ 6,982,166
Construction in progress accrued in accounts payable	\$ -	\$ 2,590,860
Reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within then consolidated statements of financial position to the consolidated statements of cash flows:		
Cash and cash equivalents	\$ 21,098,861	\$ 29,132,097
Restricted cash and cash equivalents	610,415	19,018,800
Total cash and cash equivalents and restricted cash and cash equivalents shown in the consolidated statements of cash flows	\$ 21,709,276	\$ 48,150,897

See notes to consolidated financial statements.

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

1. Organization and Nature of Activities

Trinity Basin Preparatory, Inc. (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 July 31, 2023 and now expires July 31, 2033. The charter is subject to review and renewal prior to expiration. TBP 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. TBP 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 K through 12th at four locations in Oak Cliff, three in Fort Worth, and one in Mesquite. Enrollment was over 6,600 students during the 2023/2024 school year and is currently over 7,600 students for the 2024/2025 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. TBP 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 Consolidated 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. and Affiliate

Notes to Consolidated Financial Statements

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 statements 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, 2025, the School's uninsured and uncollateralized bank balances totaled \$5,953,982. 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, 2025 and 2024, the School received approximately 98% and 90%, 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 statements 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. and Affiliate

Notes to Consolidated Financial Statements

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 consolidated statements 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 receivable based on indicators such as collateralization and collection experience. During the years ended August 31, 2025 and 2024, no allowance had 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 years ended August 31, 2025 and 2024.

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

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 years ended August 31, 2025 and 2024. 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, 2025 and 2024, 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. and Affiliate

Notes to 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.

3. Restricted Cash and Cash Equivalents

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

	2025	2024
Restricted for debt service	\$ 95,881	\$ 18,402,015
Restricted by NMTC agreements	514,534	616,785
	<u>\$ 610,415</u>	<u>\$ 19,018,800</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.

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

2026	\$ 181,555
2027	292,819
2028	295,758
2029	298,727
2030	301,726
Thereafter	<u>4,687,415</u>
	<u>\$ 6,058,000</u>

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

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.

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, 2025 and 2024, the public investment pool accounted for 100% of total investments held by the School.

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

6. Property and Equipment

Property and equipment consist of the following at August 31:

	2025	2024
Land	\$ 24,165,016	\$ 24,083,246
Buildings and improvements	224,872,984	191,366,428
Furniture and equipment	21,998,043	20,763,130
Vehicles	654,975	608,088
Construction in progress	15,417,472	26,641,332
	<u>287,108,490</u>	<u>263,462,224</u>
Less accumulated depreciation	<u>(33,791,817)</u>	<u>(25,215,217)</u>
	<u><u>\$ 253,316,673</u></u>	<u><u>\$ 238,247,007</u></u>

Depreciation expense for the years ended August 31, 2025 and 2024 totaled \$8,576,599 and \$7,369,893, respectively.

7. Long-Term Debt

The following is a summary of changes in the School's long-term debt for the year ended August 31, 2025:

	Interest Rate	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:						
Series 2014 A	3.25% - 5.00%	\$ 24,385,000	\$ -	\$ (805,000)	\$ 23,580,000	\$ 845,000
Series 2020 A	3.00% - 5.00%	33,080,000	-	(705,000)	32,375,000	745,000
Series 2022	4.00% - 5.00%	61,915,000	-	(1,120,000)	60,795,000	1,175,000
Series 2023	4.50% - 5.00%	106,040,000	-	(1,705,000)	104,335,000	1,790,000
Total bonds payable		225,420,000	-	(4,335,000)	221,085,000	4,555,000
Bond premiums		8,062,268	-	(915,492)	7,146,776	-
Debt issuance costs		(7,917,761)	-	291,637	(7,626,124)	-
Total bonds payable, net		225,564,507	-	(4,958,855)	220,605,652	4,555,000
Lines of credit	7.34%	9,000,000	5,000,000	(9,000,000)	5,000,000	-
Notes payable - new market tax credit	1%	8,360,000	-	-	8,360,000	200,781
Debt issuance costs		(333,074)	-	13,782	(319,292)	-
Total notes payable, net - new market tax credit		8,026,926	-	13,782	8,040,708	200,781
Total		<u>\$242,591,433</u>	<u>\$ 5,000,000</u>	<u>\$ (13,945,073)</u>	<u>\$233,646,360</u>	<u>\$ 4,755,781</u>

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

The following is a summary of changes in the School's long-term debt for the year ended August 31, 2024:

	Interest Rate	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:						
Series 2014 A	3.25% - 5.00%	\$ 25,155,064	\$ -	\$ (770,064)	\$ 24,385,000	\$ 805,000
Series 2020 A	3.00% - 5.00%	33,754,936	-	(674,936)	33,080,000	705,000
Series 2022	4.00% - 5.00%	61,915,000	-	-	61,915,000	1,120,000
Series 2022	6.00% - 8.25%	47,715,785	-	(47,715,785)	-	-
Series 2023	4.50% - 5.00%	-	106,040,000	-	106,040,000	1,705,000
Total bonds payable		168,540,785	106,040,000	(49,160,785)	225,420,000	4,335,000
Bond premiums		5,603,946	3,438,869	(980,547)	8,062,268	-
Debt issuance costs		(4,588,105)	(3,440,306)	110,650	(7,917,761)	-
Total bonds payable, net		169,556,626	106,038,563	(50,030,682)	225,564,507	4,335,000
Lines of credit	7.34%	16,000,000	42,500,000	(49,500,000)	9,000,000	9,000,000
Notes payable - new market tax credit	1%	8,360,000	-	-	8,360,000	-
Debt issuance costs		(346,856)	-	13,782	(333,074)	-
Total notes payable, net - new market tax credit		8,013,144	-	13,782	8,026,926	-
Total		<u>\$193,569,770</u>	<u>\$148,538,563</u>	<u>\$ (99,516,900)</u>	<u>\$242,591,433</u>	<u>\$ 13,335,000</u>

Bonds Payable

In September 2023, the School completed a transaction in which the Arlington Higher Education Finance Corporation (AHEFC) issued \$106,040,000 in Series 2023A and 2023B Education Revenue Bonds (Series 2023 Bonds) and loaned the proceeds to the School. Wilmington Trust is the trustee for the bonds. The Series 2023 Bonds are collateralized by a pledge of revenue of the School and are guaranteed by the Permanent School Fund of the State of Texas. The balances outstanding on the Series 2023 Bonds totaled \$104,335,000 and \$106,040,000 at August 31, 2025 and 2024, respectively.

In July 2023, the School completed a transaction in which it assumed \$47,715,785 in bonds originally issued by the AHEFC to HPA. BOKF, N.A is the 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 bonds were paid off during the year ended August 31, 2024.

In December 2022, the School completed a transaction in which the AHEFC issued \$61,915,000 Series 2022A and 2022B Education Revenue Bonds (Series 2022 Bonds) and loaned the proceeds to the School. Wilmington Trust is the trustee for the bonds. The Series 2022 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 2022 Bonds totaled \$60,795,000 and \$61,915,000 at August 31, 2025 and 2024, respectively.

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

In August 2020, the School completed a transaction in which the 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 balances outstanding on the Series 2020 Bonds totaled \$32,375,000 and \$33,080,000 at August 31, 2025 and 2024, 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 \$23,580,000 and \$24,385,000 at August 31, 2025 and 2024, respectively.

The loan agreements, Master Trust Indenture and the Supplemental Master Trust Indenture for the Series 2023 Bonds, Series 2022 Bonds, Series 2020 Bonds, Series 2014 Bonds and Line of Credit 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.

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:

	Principal	Interest	Total
2026	\$ 4,555,000	\$ 10,124,381	\$ 14,679,381
2027	4,785,000	9,900,881	14,685,881
2028	5,010,000	9,755,975	14,765,975
2029	5,245,000	9,586,975	14,831,975
2030	5,490,000	9,407,975	14,897,975
2031 - 2035	31,665,000	41,904,575	73,569,575
2036 - 2040	39,695,000	34,059,700	73,754,700
2041 - 2045	47,395,000	24,765,638	72,160,638
2046 - 2050	51,135,000	14,763,450	65,898,450
2051 - 2053	26,110,000	3,013,225	29,123,225
Total	<u>\$ 221,085,000</u>	<u>\$ 167,282,775</u>	<u>\$ 388,367,775</u>

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

Line of Credit

During the year ended August 31, 2023, the School obtained a line of credit agreement with a bank whereby it may borrow up to \$60,000,000, bearing interest at 7.34%. During the year ended August 31, 2025, the line of credit was amended to change the limit to \$10,000,000, bearing interest at the Secured Overnight Financing Rate plus 1.95% (6.31% at August 31, 2025). Interest payments are due monthly with principal due upon maturity on October 31, 2027. As of August 31, 2025 and 2024, \$5,000,000 and \$9,000,000 in advances were outstanding on the line of credit, respectively. The line is collateralized under the Master Trust Indenture.

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.

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.

Trinity Basin Preparatory, Inc. and Affiliate
Notes to Consolidated Financial Statements

Future maturities are as follows for the years ending August 31:

	Bonds Payable	Line of Credit	Notes Payable - New Market Tax Credit	Total
2026	\$ 4,555,000	\$ 5,000,000	\$ 200,781	\$ 9,755,781
2027	4,785,000	-	324,044	5,109,044
2028	5,010,000	-	327,571	5,337,571
2029	5,245,000	-	331,133	5,576,133
2030	5,490,000	-	334,736	5,824,736
Thereafter	196,000,000	-	6,841,735	202,841,735
	<u>\$ 221,085,000</u>	<u>\$ 5,000,000</u>	<u>\$ 8,360,000</u>	<u>\$ 234,445,000</u>

Interest expense all long-term debt and the lines of credit for the years ended August 31, 2025 and 2024, totaled \$6,812,927 and \$6,982,166, 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.

9. Contributions of Nonfinancial Assets

The School received the following contributions of nonfinancial assets during the year ended August 31, 2025:

	Program	Management and General	Fundraising	Total
TRS on-behalf	\$ 2,294,681	\$ 447,400	\$ 6,987	\$ 2,749,068
Commodities	234,897	-	-	234,897
	<u>\$ 2,529,578</u>	<u>\$ 447,400</u>	<u>\$ 6,987</u>	<u>\$ 2,983,965</u>

The School received the following contributions of nonfinancial assets during the year ended August 31, 2024:

	Program	Management and General	Fundraising	Total
TRS on-behalf	\$ 1,167,907	\$ 1,928,670	\$ 4,150	\$ 3,100,727
Commodities	72,327	-	-	72,327
	<u>\$ 1,240,234</u>	<u>\$ 1,928,670</u>	<u>\$ 4,150</u>	<u>\$ 3,173,054</u>

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

Commodities

Contributed commodities are reported at fair value using value provided by grantor agency.

TRS On-Behalf

The School received on-behalf payments in the form of benefits paid to the Teacher Retirement System (TRS).

Commodities and TRS on-behalf contributions received during the years ended August 31, 2025 and 2024 were restricted by donors for specific uses.

10. 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 8.25% of their annual covered salary in 2025. The School contributes 8.25% for new members of the first 90 days of employment, and the State contributes 8.25%. Additionally, the School makes a 2% non-OASDI payment for all TRS eligible employees. The School contributions do not represent more than 5% of the TRS' total contributions. For the years ended August 31, 2025 and 2024, the School contributed \$2,721,811 and \$2,854,019 to TRS, respectively. The School also recognized on behalf of revenue and expense totaling \$2,749,068, representing support provided by the state.

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 years ended for TRS of August 31, 2024 and 2023 were \$243 billion and \$213 billion, respectively. Accumulated benefit obligation as of August 31, 2024 and 2023 was \$272 billion and \$256 billion, respectively. The plan was 77.51% and 73.15% funded as of August 31, 2024 and 2023, respectively.

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

11. Health Care Coverage

During the years ended August 31, 2025 and 2024, eligible participants of the School were covered by the TRS Active Employee Health Insurance Plan. The School contributed \$325 per month per participant for the period from September 1, 2024 to August 31, 2025 and for the period from September 1, 2023 to August 31, 2024 to the plan. Participants, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

12. Leases

In evaluating its contracts, the School separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office and educational spaces. The School has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The School determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The School uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the School uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

The lease term may include options to extend or to terminate the lease that the School is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The School has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The School has entered into multiple operating lease arrangements for real estate space. The leases expire through December 31, 2025. The leases note different renewal options that will be utilized and require the School to pay all executory costs (maintenance and insurance).

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

Termination of the leases is generally prohibited unless there is a violation under the lease agreements.

Future minimum lease payments total \$19,301 for the year ending August 31, 2025.

The following lease cost and required information for the years ended August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Total lease cost	<u>\$ 57,573</u>	<u>\$ 394,101</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Cash flows from operating leases	<u>\$ (56,215)</u>	<u>\$ (386,506)</u>
Weighted-average remaining lease term:		
Operating leases	<u>0.33 years</u>	<u>1.33 years</u>
Weighted-average discount rate:		
Operating leases	<u>3%</u>	<u>3%</u>

13. 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. and Affiliate

Notes to Consolidated Financial Statements

The School's expenses by natural classification and function are as follows for the year ended August 31, 2025:

	Payroll Costs	Professional and Contracted Services	Supplies and Materials	Other Operating Costs	Debt Service	Total
Program Services:						
Instructional and instructional related services	\$ 42,394,288	\$ 2,640,745	\$ 1,724,684	\$ 8,751,005	\$ 4,064,673	\$ 59,575,395
Instructional and school leadership	900,944	-	-	-	66,099	967,043
Support services - student based	5,001,584	197,709	3,058,623	64,168	601,427	8,923,511
Support services - nonstudent based	2,378,049	5,636,606	1,054,863	1,393,669	777,243	11,240,430
Community services	148,495	30,000	24,734	-	14,911	218,140
Total program services	50,823,360	8,505,060	5,862,904	10,208,842	5,524,353	80,924,519
Support Services:						
Management and general:						
Instructional and school leadership	3,871,971	-	-	-	284,069	4,156,040
Administrative support services	3,147,018	689,757	70,809	78,564	292,446	4,278,594
Support services - nonstudent based	389,340	331,333	431,195	-	824,986	1,976,854
Fundraising	113,423	-	664	-	-	114,087
Total support services	7,521,752	1,021,090	502,668	78,564	1,401,501	10,525,575
Total expenses	\$ 58,345,112	\$ 9,526,150	\$ 6,365,572	\$ 10,287,406	\$ 6,925,854	\$ 91,450,094

The School's expenses by natural classification and function are as follows for the year ended August 31, 2024:

	Payroll Costs	Professional and Contracted Services	Supplies and Materials	Other Operating Costs	Debt Service	Total
Program Services:						
Instructional and instructional related services	\$ 39,243,864	\$ 1,817,071	\$ 1,152,527	\$ 7,868,247	\$ 3,730,589	\$ 53,812,298
Instructional and school leadership	1,318,697	-	-	-	101,565	1,420,262
Support services - student based	4,974,994	-	3,713,646	59,417	660,891	9,408,948
Support services - nonstudent based	2,898,861	5,231,194	1,044,797	834,854	801,091	10,810,797
Community services	143,907	15,000	39,720	-	15,436	214,063
Total program services	48,580,323	7,063,265	5,950,690	8,762,518	5,309,572	75,666,368
Support Services:						
Management and general:						
Instructional and school leadership	5,100,793	-	-	-	319,557	5,420,350
Administrative support services	4,165,844	694,938	106,219	209,567	339,158	5,515,726
Support services - nonstudent based	507,303	376,100	760,599	-	898,663	2,542,665
Fundraising	107,779	-	-	-	-	107,779
Total support services	9,881,719	1,071,038	866,818	209,567	1,557,378	13,586,520
Total expenses	\$ 58,462,042	\$ 8,134,303	\$ 6,817,508	\$ 8,972,085	\$ 6,866,950	\$ 89,252,888

14. 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.

Trinity Basin Preparatory, Inc. and Affiliate

Notes to Consolidated Financial Statements

The School's financial assets available for general expenditure within one year of the consolidated statement of financial position date are as follows at August 31:

	2025	2024
Cash and cash equivalents	\$ 21,098,861	\$ 29,132,097
Restricted cash and cash equivalents	610,415	19,018,800
Investments	11,727	11,199
Government grants receivable	8,830,010	7,498,311
Total financial assets	30,551,013	55,660,407
Less financial assets not available for general expenditure:		
Restricted cash and cash equivalents	(610,415)	(19,018,800)
Total financial assets available for general expenditure	<u>\$ 29,940,598</u>	<u>\$ 36,641,607</u>

15. 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.

16. Subsequent Events

Management has evaluated subsequent events through December 15, 2025, the date the consolidated financial statements were available to be issued, and concluded that no additional disclosures are required.

Supplemental Information and Compliance Reports

Trinity Basin Preparatory, Inc. and Affiliate
Consolidating Statement of Financial Position
August 31, 2025

	Trinity Basin Preparatory, Inc.	TBP Panola Project, Inc.	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 21,098,861	\$ -	\$ -	\$ 21,098,861
Restricted cash and cash equivalents	95,881	514,534	-	610,415
Investments	11,727	-	-	11,727
Government grants receivable	8,830,010	-	-	8,830,010
Prepaid expense	1,518,807	99	-	1,518,906
Note receivable - new market tax credit, current portion	181,555	-	-	181,555
Total current assets	31,736,841	514,633	-	32,251,474
Non-current assets:				
Other assets	26,452	-	-	26,452
Property and equipment, net	246,327,210	6,989,463	-	253,316,673
Note receivable - new market tax credit	5,876,445	-	-	5,876,445
Right-of-use assets - operating leases, net	18,643	-	-	18,643
Due to/due from - related party	(1,719,828)	1,719,828	-	-
Total non-current assets	250,528,922	8,709,291	-	259,238,213
Total assets	\$ 282,265,763	\$ 9,223,924	\$ -	\$ 291,489,687
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 2,696,624	\$ 60,000	\$ -	\$ 2,756,624
Accrued wages	6,479,418	-	-	6,479,418
Accrued expenses	899,110	-	-	899,110
Long-term debt - new market tax credit, current portion	-	200,781	-	200,781
Long-term debt, current portion	4,555,000	-	-	4,555,000
Right-of-use liabilities - operating leases, current portion	19,301	-	-	19,301
Total current liabilities	14,649,453	260,781	-	14,910,234
Long-term liabilities:				
Line of credit	5,000,000	-	-	5,000,000
Long-term debt - new market tax credit, net	-	7,839,926	-	7,839,926
Long-term debt, net	216,050,653	-	-	216,050,653
Total long-term liabilities	221,050,653	7,839,926	-	228,890,579
Total liabilities	235,700,106	8,100,707	-	243,800,813
Net assets:				
Without donor restrictions	14,736,730	1,123,217	-	15,859,947
With donor restrictions	31,828,927	-	-	31,828,927
Total net assets	46,565,657	1,123,217	-	47,688,874
Total liabilities and net assets	\$ 282,265,763	\$ 9,223,924	\$ -	\$ 291,489,687

Trinity Basin Preparatory, Inc. and Affiliate
Consolidating Statement of Financial Position
August 31, 2024

	Trinity Basin Preparatory, Inc.	TBP Panola Project, Inc.	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 29,132,097	\$ -	\$ -	\$ 29,132,097
Restricted cash and cash equivalents	18,402,015	616,785	-	19,018,800
Investments	11,199	-	-	11,199
Government grants receivable	7,498,311	-	-	7,498,311
Prepaid expense	1,532,091	99	-	1,532,190
Total current assets	56,575,713	616,884	-	57,192,597
Non-current assets:				
Other assets	26,452	-	-	26,452
Property and equipment, net	231,104,101	7,142,906	-	238,247,007
Note receivable - new market tax credit	6,058,000	-	-	6,058,000
Right-of-use assets - operating leases, net	73,433	-	-	73,433
Due to/due from - related party	(1,296,228)	1,296,228	-	-
Total non-current assets	235,965,758	8,439,134	-	244,404,892
Total assets	\$ 292,541,471	\$ 9,056,018	\$ -	\$ 301,597,489
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 4,762,974	\$ 60,000	\$ -	\$ 4,822,974
Accrued wages	5,700,355	-	-	5,700,355
Accrued expenses	475,121	-	-	475,121
Long-term debt, current portion	4,335,000	-	-	4,335,000
Right-of-use liabilities - operating leases, current portion	57,573	-	-	57,573
Total current liabilities	15,331,023	60,000	-	15,391,023
Long-term liabilities:				
Line of credit	9,000,000	-	-	9,000,000
Long-term debt - new market tax credit, net	-	8,026,925	-	8,026,925
Long-term debt, net	221,229,508	-	-	221,229,508
Right-of-use liabilities - operating leases, net	17,943	-	-	17,943
Total long-term liabilities	230,247,451	8,026,925	-	238,274,376
Total liabilities	245,578,474	8,086,925	-	253,665,399
Net assets:				
Without donor restrictions	16,298,166	969,093	-	17,267,259
With donor restrictions	30,664,831	-	-	30,664,831
Total net assets	46,962,997	969,093	-	47,932,090
Total liabilities and net assets	\$ 292,541,471	\$ 9,056,018	\$ -	\$ 301,597,489

Trinity Basin Preparatory, Inc. and Affiliate

Consolidating Statement of Activities

Year Ended August 31, 2025

	Trinity Basin Preparatory, Inc.	TBP Panola Project, Inc.	Eliminations	Total
Revenue and support:				
Local support:				
5740 Other revenue from local sources	1,314,708	423,600	(423,600)	1,314,708
5750 Food service activity and enterprising services revenue	27,048	-	-	27,048
Total local support	1,341,756	423,600	(423,600)	1,341,756
State program revenue:				
5810 Per capita apportionment	3,614,121	-	-	3,614,121
5812 Foundation school program	69,931,275	-	-	69,931,275
5820 State program revenues distributed by TEA	3,840,545	-	-	3,840,545
5830 TRS on-behalf revenue	2,749,068	-	-	2,749,068
Total state program revenue	80,135,009	-	-	80,135,009
Federal program revenue:				
5923 Federal revenues - noncash commodities	234,897	-	-	234,897
5929 Federal revenues distributed by TEA	9,464,963	-	-	9,464,963
5930 Federal revenues distributed by other state of Texas government agencies	30,253	-	-	30,253
Total federal program revenue	9,730,113	-	-	9,730,113
Total revenue and support	91,206,878	423,600	(423,600)	91,206,878
Expenses:				
11 Instruction	54,823,371	153,443	-	54,976,814
12 Instruction resources and media services	60,674	-	-	60,674
13 Curriculum development and instructional staff development	475,167	-	-	475,167
21 Instructional leadership	900,943	-	-	900,943
23 School leadership	3,871,972	-	-	3,871,972
31 Guidance, counseling, evaluation services	1,911,026	-	-	1,911,026
33 Health services	689,036	-	-	689,036
35 Food services	5,542,768	-	-	5,542,768
36 Extracurricular activities	281,285	-	-	281,285
41 General administration	3,975,978	10,171	-	3,986,149
51 Facilities maintenance and operations	9,484,946	1,500	(423,600)	9,062,846
52 Security and monitoring services	1,191,376	-	-	1,191,376
53 Data processing services	1,256,868	-	-	1,256,868
61 Community services	203,229	-	-	203,229
71 Debt service	6,821,492	104,362	-	6,925,854
81 Fundraising	114,087	-	-	114,087
Total expenses	91,604,218	269,476	(423,600)	91,450,094
Change in net assets	(397,340)	154,124	-	(243,216)
Net assets at beginning of year	46,962,997	969,093	-	47,932,090
Net assets at end of year	<u>\$ 46,565,657</u>	<u>\$ 1,123,217</u>	<u>\$ -</u>	<u>\$ 47,688,874</u>

Trinity Basin Preparatory, Inc. and Affiliate

Consolidating Statement of Activities

Year Ended August 31, 2024

	Trinity Basin Preparatory, Inc.	TBP Panola Project, Inc.	Eliminations	Total
Revenue and support:				
Local support:				
5710 Local real and personal property taxes passed through by school districts	\$ 14,578	\$ -	\$ -	\$ 14,578
5740 Other revenue from local sources	9,151,889	360,000	(360,000)	9,151,889
5750 Food service activity	21,523	-	-	21,523
Total local support	9,187,990	360,000	(360,000)	9,187,990
State program revenue:				
5811 Per capita apportionment	1,727,715	-	-	1,727,715
5812 Foundation school program	70,573,096	-	-	70,573,096
5820 State program revenues distributed by TEA	1,317,060	-	-	1,317,060
5830 TRS on-behalf revenue	3,100,727	-	-	3,100,727
Total state program revenue	76,718,598	-	-	76,718,598
Federal program revenue:				
5923 Federal revenues - noncash commodities	72,327	-	-	72,327
5929 Federal revenues distributed by TEA	13,321,519	-	-	13,321,519
5932 Medicaid administration claiming program	191,739	-	-	191,739
Total federal program revenue	13,585,585	-	-	13,585,585
Total revenue and support	99,492,173	360,000	(360,000)	99,492,173
Expenses:				
11 Instruction	48,699,780	153,443	-	48,853,223
12 Instruction resources and media services	81,725	-	-	81,725
13 Curriculum development and instructional staff development	1,146,761	-	-	1,146,761
21 Instructional leadership	1,318,697	-	-	1,318,697
23 School leadership	5,100,793	-	-	5,100,793
31 Guidance, counseling, evaluation services	2,204,951	-	-	2,204,951
33 Health services	652,591	-	-	652,591
35 Food services	5,195,233	-	-	5,195,233
36 Extracurricular activities	447,858	-	-	447,858
41 General administration	5,176,568	-	-	5,176,568
51 Facilities maintenance and operations	9,604,379	-	(360,000)	9,244,379
52 Security and monitoring services	1,012,751	-	-	1,012,751
53 Data processing services	1,644,002	-	-	1,644,002
61 Community services	198,627	-	-	198,627
71 Debt service	6,750,083	116,867	-	6,866,950
81 Fundraising	107,779	-	-	107,779
Total expenses	89,342,578	270,310	(360,000)	89,252,888
Change in net assets	10,149,595	89,690	-	10,239,285
Net assets at beginning of year	36,813,402	879,403	-	37,692,805
Net assets at end of year	\$ 46,962,997	\$ 969,093	\$ -	\$ 47,932,090

Trinity Basin Preparatory, Inc. and Affiliate
Consolidated Schedule of Assets
August 31, 2025

Description		Ownership Interest	
		Local	State
1110	Cash	\$ -	\$ 21,098,861
1120	Investments	-	11,727
1510	Land	-	24,165,016
1520	Buildings and improvements	-	224,872,984
1539	Furniture and equipment	-	21,998,043
1541	Vehicles	-	654,975
1554	Right-of-use asset - operating lease	-	18,643
1580	Construction in progress	-	15,417,472
		<u>\$ -</u>	<u>\$308,237,721</u>

Trinity Basin Preparatory, Inc. and Affiliate
Consolidated Budgetary Comparison Schedule
Year Ended August 31, 2025

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenue and other support:				
5700 Local support	\$ 1,800,000	\$ 1,583,230	\$ 1,341,756	\$ (241,474)
5800 State program revenue	71,900,000	78,272,493	80,135,009	1,862,516
5900 Federal program revenue	16,300,000	9,602,012	9,730,113	128,101
Total revenue and support	90,000,000	89,457,735	91,206,878	1,749,143
Expenses:				
11 Instruction	47,595,000	54,342,081	54,975,980	(633,899)
12 Instructional resources and media services	390,000	60,674	60,674	-
13 Curriculum development and instructional staff development	1,835,000	386,297	475,167	(88,870)
21 Instructional leadership	1,898,000	941,155	900,943	40,212
23 School leadership	3,631,000	3,881,039	3,871,972	9,067
31 Guidance, counseling and evaluation services	1,696,000	1,905,640	1,911,026	(5,386)
33 Health services	620,000	682,430	689,036	(6,606)
35 Food services	4,225,000	4,973,822	5,542,768	(568,946)
36 Extracurricular activities	875,000	282,708	281,285	1,423
41 General administration	4,320,000	4,002,712	3,986,149	16,563
51 Facilities maintenance and operations	9,075,000	9,347,458	9,062,839	284,619
52 Security and monitoring services	1,000,000	876,745	1,191,376	(314,631)
53 Data processing services	2,100,000	1,519,188	1,256,868	262,320
61 Community services	400,000	231,752	204,070	27,682
71 Debt service	9,200,000	10,146,547	6,925,854	3,220,693
81 Fundraising	140,000	113,839	114,087	(248)
Total expenses	89,000,000	93,694,087	91,450,094	2,243,993
Change in net assets	<u>\$ 1,000,000</u>	<u>\$ (4,236,352)</u>	<u>\$ (243,216)</u>	<u>\$ 3,993,136</u>

Trinity Basin Preparatory, Inc. and Affiliate
Consolidated Schedule of Expenses
Year Ended August 31, 2025

Object Code	Description	Amount
6100	Payroll costs	\$ 58,345,112
6200	Professional and contracted services	9,526,150
6300	Supplies and materials	6,365,572
6400	Other operating costs	10,287,406
6500	Debt service	6,925,854
		<u>\$ 91,450,094</u>

Trinity Basin Preparatory, Inc. and Affiliate
Education Programs Schedule
Year Ended August 31, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did the LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$8,311,688
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)	\$7,229,078
	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	\$1,478,267
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC's 25, 35)	\$4,200,858

Trinity Basin Preparatory, Inc. and Affiliate
Schedule of Real Property Ownership Interest
Year Ended August 31, 2025

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal
WHEAT BLOCK ADDITION LOT E E-F	401 Rand ST, Fort Worth TX 76103	\$ 22,215	\$ -	\$ 22,215	\$ -
ABSTRACT 490 TRACT 2B & 3	412 W Bolt ST, 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	5,235,026	-	5,235,026	-
BLOCK 7 LOT 50	6301 S Collins ST, Arlington TX 76018	22,142,775	-	22,142,775	-
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	1,959,681	-	1,959,681	-
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	5,898,789	-	5,898,789	-
ADDITION BLOCK 8 LOT 3R	4332 Panola Ave, Fort Worth, TX 76103	1,887,331	-	1,887,331	-
ADDN BLOCK 1 LOT 1 PLAT D221249709	412 W Bolt ST, Fort Worth, TX 76110	11,886,858	-	11,886,858	-
PERSONAL PROPERTY TANGIBLE COMMERICAL	808 N Ewing Ave, Dallas TX 75203	89,120	-	89,120	-
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	-	-	-	-
SMITH, J S ADDITION Block 1 Lot 8	109 W PAFFORD ST / 80877914	12,900	-	12,900	-
SMITH, J S ADDITION Block 1 Lot 3 THRU 7 9 10 & 11R	100 W PAFFORD ST, FORT WORTH	4,031,652	-	4,031,652	-
SMITH, J S ADDITION Block 2 Lot 1 THRU 5 AIN: 39010----2----1---20	201 E PAFFORD ST, FORT WORTH	2,072,308	-	2,072,308	-
SMITH, J S ADDITION Block 2 Lot 6 AIN: 39010----2----6	200 E PAFFORD ST, FT WORTH	112,964	-	112,964	-
SMITH, J S ADDITION Block 2 Lot 7	8019 208 E PAFFORD ST FT WORTH	12,900	-	12,900	-
BROOKMEADOW ADDITION Block 12 Lot 57B	1218 E SUBLETT RD ARLINGTON	222,154	-	222,154	-
DIXON, L J ADDITION Block 1 Lot 1R	7225 CROWLEY RD FT WORTH	13,766,802	-	13,766,802	-
CASTLEBERRY BAPTIST CHURCH Block 1 Lot	1256 N JIM WRIGHT FWY, WHITE SETTLEMENT	23,599,454	-	23,599,454	-
WESTERN HILLS PARK ADDITION Lot 12-R1B	8300 WEST FWY, WHITE SETTLEMENT	6,788,365	-	6,788,365	-
CASTLEBERRY BAPTIST CHURCH Block 1 Lot	N JIM WRIGHT FWY, WHITE SETTLEMENT	296,302	-	296,302	-
BLK 1 LT 1 ACS 9.439	3116 S. CARRIER PKWY, GRAND PRAIRIE	15,000,000	-	15,000,000	-
REGENCY BUSINESS PARK ADDITION Block 1 Lot 5	2730 N State Hwy 360 Grand Prairie TX 75050	8,070,419	-	8,070,419	-
WHEAT BLOCK ADDITION Lot E E-F	400 Rand St Ft. Worth TX	53,324	-	53,324	-
SMITH, J S ADDITION Block 2 Lot 7	208 E Pafford St Ft. Worth TX	72,248	-	72,248	-

Trinity Basin Preparatory, Inc. and Affiliate
Schedule of Related Party Transactions
Year Ended August 31, 2025

<u>Related 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>
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None

Trinity Basin Preparatory, Inc. and Affiliate
Schedule of Related Party Compensation and Benefits
Year Ended August 31, 2025

<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							

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

To the Board of Directors 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. (TBP) and Affiliate (TBP Panola Project) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2025. 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 financial statements, we considered TBP 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 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 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
December 15, 2025

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

To the Board of Directors of
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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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
December 15, 2025

Trinity Basin Preparatory, Inc.
Schedule of Findings and Questioned Costs
Year Ended August 31, 2025

Section I – Summary of Auditors’ Results

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 Programs or Cluster:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Title I Grants to Local Educational Agencies	84.010
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

Section IV – Summary of Prior Year Audit Findings

None

Trinity Basin Preparatory, Inc.
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2025

Federal Grantor/Pass through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through entity identifying number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster:			
Passed through Texas Education Agency:			
School Breakfast Program	10.553	71402401	\$ 1,449,212
National School Lunch Program	10.555	71302401	3,408,647
Total Child Nutrition Cluster			4,857,859
Passed through Texas Department of Agriculture:			
Food Distribution Cluster:			
Commodity Supplemental Food Program	10.565	71302401	234,897
Total Food Distribution Cluster			234,897
Child Nutrition Discretionary Grants Limited Availability	10.579	-	92,357
Total U.S Department of Agriculture			5,185,113
U.S. Department of Education			
Passed through Texas Education Agency:			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U	21528042057813	6,500
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425W	21533002057813	23,242
Total ALN 84.425			29,742
Special Education Cluster:			
Special Education-Grants to States	84.027A	256600010578136000	1,007,587
Special Education Preschool Grants	84.173A	256600010578136610	13,618
Total Special Education Cluster			1,021,205
Title I Grants to Local Educational Agencies	84.010A	25610101057813	2,576,706
Career and Technical Education - Basic Grants to States	84.048A	25420006057813	57,927
English Language Acquisition State Grants	84.365A	25671001057813	210,583
Supporting Effective Instruction State Grants	84.367A	25694501057813	304,636
Student Support and Academic Enrichment Program	84.424A	25680101057813	302,121
Student Support and Academic Enrichment Program	84.424F	236811017110094	11,827
Total ALN 84.424			313,948
Total U.S Department of Education			4,514,747
U.S. Department of Health and Human Services			
Medicaid Cluster:			
Grants to States for Medicaid	93.778	-	10,895
Total Medicaid Cluster and U.S. Department of Health and Human Services			10,895
Total Expenditures of Federal Awards			\$ 9,710,755

See notes to schedule of federal awards

Trinity Basin Preparatory, Inc.
Notes to Schedule of Expenditures of Federal Awards

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 \$234,897 for the year ended August 31, 2025.

3. Reconciliation of Schedule to Statement of Activities

TBP received federal revenue totaling \$19,358 that was not subject to the audit requirements of the Uniform Guidance and therefore was not included in the Schedule.