Legacy 21, Inc. dba
Legacy Preparatory Charter Academy

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

SFC
Certified Public Accountants

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Contents

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Legacy 21, Inc. dba Legacy Preparatory Charter Academy

County District No. 057-846

Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of Legacy21, Inc. dba Legacy Preparatory Charter Academy was reviewed and (check one) ✓ approved ___ disapproved for the year ended August 31, 2025, at a meeting of the governing body of said charter school on the 4th day of February, 2026.

DocuSigned by:
Vincent Vittatoe
EF7F3737CC214EA...
Signature of Board Secretary

Byron Ricks
Signature of Board President

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Legacy 21, Inc. dba Legacy Preparatory Charter Academy (a nonprofit organization) (Academy), 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of August 31, 2025, and the changes in its net assets (deficit) and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy 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.

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 the Academy'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 the Academy's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy'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 February 4, 2026 on our consideration of the Academy'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 Academy'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 Academy's internal control over financial reporting and compliance.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
February 4, 2026

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Statement of Financial Position
August 31, 2025

Assets

Current assets:		
Cash and cash equivalents	$	582,445
Restricted cash and cash equivalents		785,000
Due from government agencies		1,825,657
Other asset		2,800
Total current assets		3,195,902
Noncurrent assets:		
Restricted cash and cash equivalents		1,934,055
Property and equipment, net		28,595,439
Right-of-use assets - financing leases, net		135,346
Right-of-use assets - operating leases, net		232,672
Total noncurrent assets		30,897,512
Total assets	$	34,093,414

Liabilities and Net Deficit

Current liabilities:		
Accounts payable and accrued expenses	$	500,327
Bonds payable, current		785,000
Right-of-use liabilities - financing leases		71,953
Right-of-use liabilities - operating leases		120,106
Total current liabilities		1,477,386
Noncurrent liabilities:		
Bonds payable, net		32,456,270
Right-of-use liabilities - financing leases, net		67,940
Right-of-use liabilities - operating leases, net		112,566
Total noncurrent liabilities		32,636,776
Total liabilities		34,114,162
Net deficit:		
Without donor restrictions		(20,748)
Total liabilities and net deficit	$	34,093,414

See notes to financial statements.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Statement of Activities
Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Local support:			
5740 Other revenue from local sources	$ 526,460	$ -	$ 526,460
Total local support	526,460	-	526,460
State program revenue:			
5810 Per capita and foundation school program revenues	-	12,336,631	12,336,631
5820 State program revenues distributed by TEA	-	761,042	761,042
5831 Teacher retirement or TRS care - on-behalf payments	-	629,907	629,907
Total state program revenue	-	13,727,580	13,727,580
Federal program revenue:			
5920 Federal revenue distributed by TEA	-	1,911,862	1,911,862
Total federal program revenue	-	1,911,862	1,911,862
Net assets released from restrictions-satisfaction of program restrictions	15,639,442	(15,639,442)	-
Total revenue and other support	16,165,902	-	16,165,902
Expenses:			
11 Instruction	9,240,184	-	9,240,184
13 Curriculum development and instructional staff development	547,165	-	547,165
21 Instructional leadership	501,483	-	501,483
23 School leadership	961,239	-	961,239
31 Guidance, counseling and evaluation services	299,789	-	299,789
32 Social work services	52,000	-	52,000
33 Health services	190,132	-	190,132
35 Food services	515,235	-	515,235
36 Extracurricular activities	61,825	-	61,825
41 General administration	1,026,586	-	1,026,586
51 Facilities maintenance and operations	1,401,181	-	1,401,181
52 Security and monitoring services	172,990	-	172,990
53 Data processing services	683,040	-	683,040
61 Community services	237,732	-	237,732
71 Debt service	2,090,427	-	2,090,427
Total expenses	17,981,008	-	17,981,008
Change in net assets (deficit)	(1,815,106)	-	(1,815,106)
Net assets at beginning of year	1,794,358	-	1,794,358
Net deficit at end of year	$ (20,748)	$ -	$ (20,748)

See notes to financial statements.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Statement of Cash Flows
Year Ended August 31, 2025

Cash flows from operating activities:	
Change in net assets	$ (1,815,106)
Adjustments to reconcile increase in net assets	
to net cash provided (used) by operating activities	
Depreciation	993,678
Amortization of bond issuance costs	4,931
Amortization of bond premium and discounts	8,876
Amortization of capitalized interest	37,406
Amortization of right-of-use assets - financing leases	69,925
Amortization of right-of-use assets - operating leases	105,395
Changes in operating assets and liabilities:	
Due from government agencies	(5,209)
Accounts payable and accrued expenses	336,119
Right-of-use liabilities - operating leases	(105,395)
Net cash used by operating activities	(369,380)
Cash flows from investing activities:	
Purchases of property and equipment	(1,049)
Cash flows from financing activities:	
Principal payments on bonds payable	(745,000)
Principal payments on financing leases	(65,378)
Net cash used by financing activities	(810,378)
Net change in cash and cash equivalents	(1,180,807)
Cash and cash equivalents at beginning of year	4,482,307
Cash and cash equivalents at end of year	$ 3,301,500
Reconciliation of cash and cash equivalents reported within the statement of financial position to the statement of cash flows:	
Cash and cash equivalents	$ 582,445
Restricted cash and cash equivalents, current	785,000
Restricted cash and cash equivalents, noncurrent	1,934,055
Total cash and cash equivalents shown in the statement of cash flows	$ 3,301,500
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	$ 2,033,006

See notes to financial statements.

1. Organization and Nature of Activities

Legacy 21, Inc. dba Legacy Preparatory Charter Academy (Academy) is a nonprofit organization incorporated on November 17, 2010 under the laws of the State of Texas (State). The original charter was issued for a period from June 20, 2012 to July 31, 2017. The charter was renewed on March 31, 2017 and now expires on July 31, 2027. The charter is subject to review and renewal prior to expiration. The Academy is governed by a board of directors comprised of five members. The board of directors is selected pursuant to the bylaws of the Academy and has the authority to make decisions, appoint the chief executive officer, significantly influence operations and has the primary accountability for the fiscal affairs of the Academy. The Academy does not conduct any other charter or non-charter activities.

The Academy's mission is to facilitate educational experiences through teaching that engages, a culture that empowers, and technology that enables scholars to be college, career, and military-ready, who produce impactful outcomes.

The Academy is part of the public school system of the State and is therefore entitled to distribution from the State's Foundation School Program. The Academy does not have the authority to impose ad valorem taxes or to charge tuition.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The Academy prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts,* a module of the Texas Education Agency Financial Accountability Resource Guide.

Net assets and revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor or grantor-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 even though their use may be limited in other respects, such as by contract or board designation.
>
> *Net assets with donor restrictions* - Net assets subject to donor or grantor stipulations that will be met by actions of the Academy 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 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 amounts due from government agencies. Cash is placed with high credit quality financial institutions to minimize risk. The Academy maintains cash balances at financial institutions located in Texas. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At August 31, 2025, the Academy had no uninsured bank balances. Amounts due from government agencies are unsecured and are due from the Texas Education Agency (TEA). The Academy continually evaluates the collectability of accounts receivable and maintains allowances as necessary. No provision has been made for uncollectible accounts receivable as of the statement of financial position date, given that none have been identified.

For the year ended August 31, 2025, the Academy received 97% of its total revenue and support from the TEA and the federal government. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the Academy to continue to provide the current level of services to its students.

Restricted Cash and Cash Equivalents

The Academy considers all highly liquid investments, with original maturities of three months or less from date of purchase, to be cash equivalents. Restricted cash and cash equivalents are limited as to use under the terms of the bond indenture. The restricted cash and cash equivalents represent amounts restricted for debt service requirements for bonds, less current debt service requirements.

Property and Equipment

Property and equipment purchased by the Academy are recorded at cost. Donated assets are reported at the fair market value. Capital assets are defined by the Academy as assets with an individual cost of more than $5,000 and a useful life longer than one year. Depreciation is calculated on the straight-line method based upon the estimated useful lives of 3 to 40 years. Expenditures for maintenance and repairs are expensed when incurred; significant renewals and betterments are capitalized. Property and equipment acquired with public funds received for the operation of the Academy constitute public property pursuant to Chapter 12 of the Texas Education Code.

For depreciable property and equipment, or resources to be used to acquire depreciable property and equipment, the donor or grantor restriction expires over the assets’ useful life, as required by the TEA.

The Academy 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. The Academy did not recognize an impairment loss during the year ended August 31, 2025.

Revenues and Support

Revenues from the State's available school fund are earned based on reported attendance.

A portion of the Academy's revenue is derived from cost-reimbursement contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when services are rendered or when the Academy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to providing services or incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Academy was awarded cost-reimbursable grants of $39,200 that have not been received or recognized at August 31, 2025 because qualifying expenditures have not been incurred.

Government grant contracts that are entered into by the Academy are recognized as revenue when services are rendered or when expenses in connection with those services are incurred.

All contributions are considered to be available for purposes without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

Rental income is recognized over the life of the lease.

Contributed Services

Contributed services are recognized in the accompanying financial statements at fair value if the services received create or enhance nonfinancial 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 Academy. No donated services were utilized that met the criteria to be recorded as revenue in the Academy's financial statements.

Debt Issuance Costs and Original Issue Premiums and Discounts

Debt issuance costs and original issue premium and discount 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 and amortized using the interest method over the related bond period. Amortization expense is included in debt service in the accompanying statement of activities.

Federal Income Taxes

The Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and has not been classified as a private foundation as defined in the Code. Income generated from activities unrelated to the Academy's exempt purposes is subject to tax under Code Section 511. The Academy had no unrelated business income for the year ended August 31, 2025. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Academy's tax returns and recognition of a tax liability (or asset) if the Academy 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 Academy, and has concluded that as of August 31, 2025, 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 financial statements.

Estimates and Assumptions

The preparation of 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 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

As a result of issuing the series 2018A bond, the Academy is required to maintain separate bank accounts held by the bond trustee that are restricted for debt-related matters. The balance of restricted cash and cash equivalents at August 31, 2025 totaled $2,719,055, of which $785,000 is included in current assets.

4. Property and Equipment

Property and equipment consists of the following as of August 31, 2025:

Land	$ 2,959,123
Buildings and improvements	32,564,356
Furniture and equipment	1,032,559
Total property and equipment	36,556,038
Less accumulated depreciation and amortization	(7,960,599)
Property and equipment, net	$ 28,595,439

Depreciation expense for the year ended August 31, 2025 totaled $993,678. Amortization expense related to capitalized interest totaled $37,406 for the year ended August 31, 2025.

5. Leases

In evaluating its contracts, the Academy 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 space and equipment. The Academy 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 statement 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 Academy 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 Academy uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Academy uses the incremental borrowing rate or the risk-free rate derived from the interest paid on short-term government debt to determine the present value of lease payments.

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

Nature of Leases

The Academy has entered into operating lease arrangements for a building and equipment as well as finance lease arrangements for equipment. These leases require the Academy to pay all executory costs (property taxes, maintenance and insurance) and expire at various dates through 2028. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Future minimum lease payments and a reconciliation to the statement of financial position at August 31, 2025 are as follows for the years ending August 31:

	Operating Leases	Finance Leases
2026	$ 120,106	$ 71,953
2027	100,606	71,953
2028	24,562	(4,013)
Total future discounted lease payments	245,274	139,893
Less present value discount	(12,602)	-
Lease liabilities	$ 232,672	$ 139,893
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from leases	$ (105,395)	$ -
Financing cash flows from leases	$ -	$ (65,378)
Weighted-average remaining lease term	2.09 years	1.91 years
Weighted-average discount rate	5.25%	5.25%

6. Bonds Payable

In February 2018, the Academy issued $36,920,000 of Education Revenue Bonds Series 2018A. After paying fees and issuance costs, the remaining balance was used to pay off outstanding debt and purchase, contract, renovate and improve educational facilities located in Plano and Mesquite, Texas. The bond matures over thirty years with varying amounts of principal due each year.

The bond was issued as an education revenue bond, and has an interest rate ranging from 5.25% to 6%, maturing in varying amounts through August 2047, and are collateralized by a deed of trust. Interest paid during the year ended August 31, 2025 totaled $2,033,006.

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

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:					
Series 2018A	$34,290,000	$ -	$ (745,000)	$33,545,000	$ 785,000
Total bonds payable	34,290,000	-	(745,000)	33,545,000	785,000
Bond premium	248,557	-	(10,806)	237,751	-
Bond discount	(452,691)	-	19,682	(433,009)	-
Bond issuance costs	(113,403)	-	4,931	(108,472)	-
Total bonds payable, net	$33,972,463	$ -	$ (731,193)	$33,241,270	$ 785,000

The required debt service payments to satisfy the requirement of the 2018A bond is as follows for the years ending August 31:

	Principal	Interest	Total
2026	$ 785,000	$ 2,000,625	$ 2,785,625
2027	825,000	1,959,413	2,784,413
2028	870,000	1,916,100	2,786,100
2029	920,000	1,863,900	2,783,900
2030	975,000	1,808,700	2,783,700
2031-2035	5,825,000	8,092,500	13,917,500
2036-2040	7,800,000	6,121,800	13,921,800
2041-2045	10,440,000	3,483,900	13,923,900
2046-2047	5,105,000	463,800	5,568,800
Total	$ 33,545,000	$ 27,710,738	$ 61,255,738

State Covenants

At August 31, 2025, the Academy was not in compliance with the financial covenants and all other applicable covenants contained in the Supplemental Master Trust Indentures and loan agreement.

7. Contributions of Nonfinancial Assets

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

	Program	Administrative	Total
TRS On-Behalf	$ 558,002	$ 71,905	$ 629,907

TRS On-Behalf

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

TRS on-behalf contributions received during the year ended August 31, 2025 were restricted by donor for specific use.

8. Rental Revenue

The Academy leases a portion of its land and a building to a third-party tenant under an operating lease agreement expiring in July 2030. The lease can be and is expected to be extended till July 2035. Future minimum lease revenues required under this lease agreement are as follows for the years ending August 31:

2026	$ 579,996
2027	582,896
2028	597,396
2029	597,396
2030	602,374
Thereafter	3,088,237
	$ 2,960,058

Rental income for the year ended August 31, 2025 totaled $144,999.

9. Multi-employer Defined Benefit Pension Plan

Plan Description

The Academy contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

Funding Policy

Plan members contributed 8.25% of their annual covered salary in 2025. The Academy contributes 8.25% for new members of the first 90 days of employment, and the State contributes 8.25%. Additionally, the Academy makes a 2% non-OASDI payment for all TRS eligible employees. The Academy contributions do not represent more than 5% of the TRS' total contributions. For the year ended August 31, 2025, the Academy contributed $758,711 to TRS.

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, 2025 was $257 billion. Accumulated benefit obligation as of August 31, 2025 was $289 billion. The plan was 78.24% funded as of August 31, 2025.

10. Health Care Coverage

During the year ended August 31, 2025, eligible employees of the Academy were covered by BlueCross BlueShield of Texas Health Insurance Plan. The Academy contributed between $420 and $520 per month per employee for the year ended August 31, 2025. Participants, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

11. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year from August 31, 2025 are as follows:

Unrestricted cash	$ 582,445
Due from government agencies	1,825,657
Total financial assets available for general expenditure	$ 2,408,102

The Academy 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 12-month period, the Academy 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 Academy'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.

12. Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or support services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the Academy 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 program or supporting activities are allocated among the activities benefited. Salaries and related costs are charged directly either to program services or support services 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 (program services) or administrative (support services) purposes.

The following is a schedule of functional expenses for the year ended August 31, 2025:

	Payroll Costs	Professional & Contracted Services	Supplies & Materials	Other Operating Expenses	Debt Service	Total
Program Services:						
Instructional and instructional related services	$ 7,598,163	$ 866,395	$ 229,454	$ 713,721	$ 1,291,766	$ 10,699,499
Instructional and school leadership	503,401	-	-	29,544	66,187	599,132
Support services - Direct student based	681,946	381,312	54,999	67,638	140,824	1,326,719
Support services - Nondirect student based	470,799	966,132	48,617	187,383	207,764	1,880,695
Ancillary services	210,109	1,124	9,550	31,864	31,377	284,024
Total program services	9,464,418	2,214,963	342,620	1,030,150	1,737,918	14,790,069
Support Services:						
Instructional and school leadership	961,239	-	-	60,306	126,867	1,148,412
Administrative support services	612,634	166,591	4,495	307,272	135,492	1,226,484
Support services - Nondirect student based	365,155	177,539	103,927	79,272	90,150	816,043
Total support services	1,939,028	344,130	108,422	446,850	352,509	3,190,939
Total expenses	$ 11,403,446	$ 2,559,093	$ 451,042	$ 1,477,000	$ 2,090,427	$ 17,981,008

13. Contingencies

The Academy 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 the Academy have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

14. Subsequent Events

The Academy evaluated subsequent events through February 4, 2026, the date the financial statements were available to be issued and concluded that no additional disclosures are required.

Supplemental Information and Compliance Reports

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Assets
August 31, 2025

	Description	Ownership Interest Local	State	Federal
1110	Cash and cash equivalents	$ -	$ 582,445	$ -
1510	Land	-	2,959,123	-
1520	Buildings and improvements	-	32,564,356	-
1539	Furniture and equipment	-	169,991	-
1549	Furniture and equipment	8,583	695,946	158,039
1553	Right-of-use asset - financing leases - equipment	-	135,346	-
1554	Right-of-use asset - operating leases - building	-	232,672	-
		$ 8,583	$ 37,339,879	$ 158,039

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Expenses
Year Ended August 31, 2025

Object Code	Description	Amount
6100	Payroll costs	$ 11,403,446
6200	Professional and contracted services	2,559,093
6300	Supplies and materials	451,042
6400	Other operating expenses	1,477,000
6500	Debt service	2,090,427
		$ 17,981,008

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Budgetary Comparison Schedule
Year Ended August 31, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance from Final Budget
Revenue and other support:				
Local support:				
5740 Other revenue from local sources	$ 15,000	$ 526,460	$ 526,460	$ -
Total local support	15,000	526,460	526,460	-
State program revenue:				
5810 Per capita and foundation school program revenues	14,127,739	12,336,631	12,336,631	-
5820 State program revenues distributed by TEA	-	761,042	761,042	-
5831 Teacher retirement or TRS care - on behalf payments	-	629,907	629,907	-
Total state program revenue	14,127,739	13,727,580	13,727,580	-
Federal program revenue:				
5920 Federal revenue distributed by TEA	-	1,911,862	1,911,862	-
Total federal program revenue	-	1,911,862	1,911,862	-
Total revenue and other support	14,142,739	16,165,902	16,165,902	-
Expenses:				
11 Instruction	7,063,767	9,240,184	9,240,184	-
13 Curriculum development and instructional staff development	598,560	547,165	547,165	-
21 Instructional leadership	7,500	501,483	501,483	-
23 School leadership	980,917	961,239	961,239	-
31 Guidance, counseling and evaluation services	355,045	299,789	299,789	-
32 Social work services	-	52,000	52,000	-
33 Health services	224,073	190,132	190,132	-
34 Student transportation	374	-	-	-
35 Food services	2,400	515,235	515,235	-
36 Extracurricular activities	264	61,825	61,825	-
41 General administration	921,457	1,026,586	1,026,586	-
51 Facilities maintenance and operations	976,510	1,401,181	1,401,181	-
52 Security and monitoring services	95,700	172,990	172,990	-
53 Data processing services	784,607	683,040	683,040	-
61 Community services	133,513	237,732	237,732	-
71 Debt service	2,781,750	2,090,427	2,090,427	-
Total expenses	14,926,437	17,981,008	17,981,008	-
Change in net assets (deficit)	(783,698)	(1,815,106)	(1,815,106)	-
Net assets at beginning of year	1,794,358	1,794,358	1,794,358	-
Net assets (deficit) at end of year	$ 1,010,660	$ (20,748)	$ (20,748)	$ -

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Education Programs Schedule
Year Ended August 31, 2025

Data Codes	Section A: Compensatory Education Programs		Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?		Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?		Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.		$1,437,359
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)		$799,649
	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		$343,637
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC's 25, 35)		$499,382

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Real Property Ownership Interest
Year Ended August 31, 2025

Description	Property Address	Total Assessed Value	Ownership Interest Local	State	Federal
Legacy 21, Inc DB Legacy Prep Charter Academy COLLIN CREEK VILLAGE - TRACT	601 Accent Dr, Plano, TX 75075	$ 9,100,000	$ -	$ 9,100,000	$ -
Skyline Village Sec 3	2727 Military Parkway, Mesquite, TX 75149	23,660,000	-	23,660,000	-

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Related Party Transactions
Year Ended August 31, 2025

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

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Related Party Compensation and Benefits
Year Ended August 31, 2025

Related Party Name	Name of Relation to the Related Party	Relationship	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During Fiscal Year
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
Legacy 21, Inc. dba Legacy Preparatory Charter Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Legacy 21, Inc. dba Legacy Preparatory Charter Academy (a nonprofit organization) (Academy), 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 February 4, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Academy'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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
February 4, 2026

Certified Public Accountants

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

To the Board of Directors of
Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Legacy 21, Inc. dba Legacy Preparatory Charter Academy's (Academy) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended August 31, 2025. The Academy'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, the Academy 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 (GAAS); 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 the Academy 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 the Academy's compliance with the compliance requirements referred to above.

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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 the Academy'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 the Academy'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 GAAS, *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 the Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Academy'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 the Academy'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 the Academy'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
February 4, 2026

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2025

Federal Grantor/ Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through entity identifying number	Federal Expenditures
U.S. Department of Education:			
Special Education Cluster:			
Passed through Texas Education Agency:			
Special Education - Preschool Grants	84.173A	256610010578466000	904
Special Education - Grants to States	84.027A	256600010578466000	223,298
Special Education - Grants to States	84.027A	246600010578466000	6,514
Total Special Education Cluster			230,716
Passed through Texas Education Agency:			
Title I Grants to Local Educational Agencies	84.010A	25610105057846	1,675
Title I Grants to Local Educational Agencies	84.010A	25610170057846	7,573
Title I Grants to Local Educational Agencies	84.010A	25610172057846	7,557
Passed through Region 10 Service Center:			
Title I Grants to Local Educational Agencies	84.010A	25610101057950	597,550
Total ALN 84.010A			614,355
English Language Acquisition State Grants	84.365A	25671001057950	67,589
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP - HCY)	84.425W	21528001057950	504
Passed through Texas Education Agency:			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (TCLAS ESSER)	84.425U	21528042057846	49,839
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (TCLAS HIGH)	84.425U	215280587110086	112,472
Total ALN 84.425			162,815
Grants for State Assessments and Related Activities	84.369A	69552402	1,363
Student Support and Academic Enrichment Program	84.424F	236811017110013	181,833
Passed through Region 10 Service Center:			
Student Support and Academic Enrichment Program	84.424A	25680101057950	50,690
Total ALN 84.424			232,523
Supporting Effective Instruction State Grants	84.367A	25694501057950	45,512
Passed through Texas Education Agency:			
Supporting Effective Instruction State Grants	84.367A	256945867110001	10,000
Total ALN 84.367			55,512
Total U.S. Department of Education			1,364,873
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
Passed through Texas Education Agency:			
School Breakfast Program	10.553	71402501	70,722
School Breakfast Program	10.553	71402401	10,925
National School Lunch Program	10.555	71302501	411,103
National School Lunch Program	10.555	71302401	54,239
Total Child Nutrition Cluster and U.S. Department of Agriculture			546,989
Total Expenditures of Federal Awards			$ 1,911,862

See notes to schedule of expenditures

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Legacy 21, Inc. dba Legacy Preparatory Charter Academy (Academy). The information in this schedule is presented in accordance with the requirements of Title 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 the Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Academy.

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. The Academy has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
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:

Title I Grants to Local Educational Agencies	ALN 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.