

**Legacy 21, Inc. dba
Legacy Preparatory Charter Academy**

**Financial Statements
With Supplemental Information and Compliance Reports
August 31, 2024**



**Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Certificate of Board**

Legacy21, Inc.
Name of Charter Holder

27-4013601
Federal Employer ID Number

Legacy Preparatory Charter Academy
Name of Charter School

DALLAS
County

057-846
Co. Dist. Number

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, 2024, at a meeting of the governing body of the charter school on the 21st day of January 2025.


Signature of Board Secretary


Signature of Board President

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

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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, 2024, 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, 2024, and the changes in its net assets 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.

Correction of Error

As discussed in Note 2 to the financial statements, certain errors resulting in an overstatement of net assets as of August 31, 2023 were discovered by management of the Academy during the current year. Accordingly, net assets as of September 1, 2023 has been restated to correct the errors. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Academy changed its method of accounting for the allowance for credit losses effective September 1, 2023 as required by the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-03 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to that matter.

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 January 21, 2025 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.



A Limited Liability Partnership

Arlington, Texas
January 21, 2025

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Statement of Financial Position
August 31, 2024

Assets

Current assets:

Cash and cash equivalents	\$ 2,108,190
Due from government agencies	1,820,448
Other asset	<u>2,800</u>

Total current assets	3,931,438
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Noncurrent assets:

Restricted cash and cash equivalents	2,374,117
Property and equipment, net	29,625,474
Right-of-use assets - financing leases, net	205,271
Right-of-use assets - operating leases, net	<u>338,067</u>

Total noncurrent assets	<u>32,542,929</u>
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Total assets	<u><u>\$ 36,474,367</u></u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 164,208
Bonds payable, current	745,000
Right-of-use liabilities - financing leases, current	71,953
Right-of-use liabilities - operating leases, current	<u>105,395</u>

Total current liabilities	1,086,556
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Noncurrent liabilities:

Bonds payable, net	33,227,463
Right-of-use liabilities - financing leases, net	133,318
Right-of-use liabilities - operating leases, net	<u>232,672</u>

Total noncurrent liabilities	<u>33,593,453</u>
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Total liabilities	34,680,009
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Net assets:

Without donor restrictions	<u>1,794,358</u>
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Total liabilities and net assets	<u><u>\$ 36,474,367</u></u>
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See notes to financial statements.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Statement of Activities
Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Local support:			
5740 Other revenue from local sources	\$ 245,140	\$ -	\$ 245,140
Total local support	245,140	-	245,140
State program revenue:			
5810 Per capita and foundation school program revenues	-	13,733,447	13,733,447
5820 State program revenues distributed by TEA	-	729,746	729,746
5831 Teacher retirement or TRS care - on-behalf payments	-	603,091	603,091
Total state program revenue	-	15,066,284	15,066,284
Federal program revenue:			
5920 Federal revenue distributed by TEA	-	3,632,128	3,632,128
Total federal program revenue	-	3,632,128	3,632,128
Net assets released from restrictions-			
Satisfaction of program restrictions	19,727,165	(19,727,165)	-
Total revenue and other support	19,972,305	(1,028,753)	18,943,552
Expenses:			
11 Instruction	10,794,727	-	10,794,727
13 Curriculum development and instructional staff development	831,417	-	831,417
21 Instructional leadership	574,835	-	574,835
23 School leadership	1,162,840	-	1,162,840
31 Guidance, counseling and evaluation services	349,370	-	349,370
32 Social work services	58,500	-	58,500
33 Health services	235,129	-	235,129
34 Student transportation	25,540	-	25,540
35 Food services	735,233	-	735,233
36 Extracurricular activities	43,739	-	43,739
41 General administration	995,917	-	995,917
51 Facilities maintenance and operations	1,559,357	-	1,559,357
52 Security and monitoring services	332,163	-	332,163
53 Data processing services	1,058,881	-	1,058,881
61 Community services	272,038	-	272,038
71 Debt service	2,133,878	-	2,133,878
Total expenses	21,163,564	-	21,163,564
Change in net assets	(1,191,259)	(1,028,753)	(2,220,012)
Net assets at beginning of year, as restated	2,985,617	1,028,753	4,014,370
Net assets at end of year	\$ 1,794,358	\$ -	\$ 1,794,358

See notes to financial statements.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Statement of Cash Flows
Year Ended August 31, 2024

Cash flows from operating activities:

Change in net assets	\$ (2,220,012)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	962,187
Amortization of bond issuance costs	4,930
Amortization of bond premium and discounts	8,877
Amortization of capitalized interest	37,404
Amortization of right-of-use assets - financing leases	15,592
Amortization of right-of-use assets - operating leases	100,015
Changes in operating assets and liabilities:	
Due from government agencies	1,496,670
Accounts payable and accrued expenses	31,962
Right-of-use liabilities - operating leases	<u>(100,015)</u>
Net cash provided by operating activities	337,610

Cash flows from investing activities:

Purchases of property and equipment	(808,670)
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Cash flows from financing activities:

Principal payments on bonds payable	(705,000)
Principal payments on financing leases	<u>(16,663)</u>
Net cash used by financing activities	<u>(721,663)</u>

Net change in cash and cash equivalents (1,192,723)

Cash and cash equivalents at beginning of year 5,675,030

Cash and cash equivalents at end of year \$ 4,482,307

**Reconciliation of cash and cash equivalents reported within the statement
of financial position to the statement of cash flows:**

Cash and cash equivalents	\$ 2,108,190
Restricted cash and cash equivalents	<u>2,374,117</u>

Total cash and cash equivalents shown in the statement of cash flows \$ 4,482,307

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u><u>\$ 2,085,625</u></u>
Right-of-use assets obtained in exchange for financing lease liabilities	<u><u>\$ 205,271</u></u>

See notes to financial statements.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

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. Prior Year Restatement

During the year ended August 31, 2024, the Academy became aware of accounting errors in its August 31, 2023 financial statements related to amounts due from government agencies and accounts payable. The Academy's net assets as of September 1, 2023 were restated to properly state due from government agencies and accounts payable as of August 31, 2023. The correction of the errors resulted in a decrease to net assets with donor restrictions totaling \$146,396, a decrease to amounts due from government agencies totaling \$259,601 and a decrease to accounts payable totaling \$113,205 as of August 31, 2023.

3. 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.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

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, 2024, 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, 2024, the Academy received 99% 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

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.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

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, 2024.

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 \$917,933 that have not been received or recognized at August 31, 2024 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.

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.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to 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, 2024. 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, 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 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.

Accounting Pronouncement Adopted

The Academy adopted ASU 2016-03, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses on certain financial instruments. The Academy adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Academy's consolidated financial statements but did change how the allowance for credit losses is determined.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

4. 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 noncurrent restricted cash and cash equivalents at August 31, 2024 totaled \$2,374,117. Cash and cash equivalents on the statement of financial position includes the current portion of restricted cash totaling \$745,000.

5. Property and Equipment

Property and equipment consists of the following as of August 31, 2024:

Land	\$ 2,959,123
Buildings and improvements	32,509,344
Furniture and equipment	1,032,559
Construction in progress	<u>53,963</u>
Total property and equipment	36,554,989
Less accumulated depreciation and amortization	<u>(6,929,515)</u>
Property and equipment, net	<u>\$ 29,625,474</u>

Depreciation expense for the year ended August 31, 2024 totaled \$962,187. Amortization expense related to capitalized interest totaled \$37,404 for the year ended August 31, 2024.

6. 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.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

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, 2024 are as follows for the years ending August 31:

	Operating Leases	Finance Leases
2025	\$ 105,395	\$ 71,953
2026	120,106	71,953
2027	100,606	72,221
2028	24,561	-
Total future discounted lease payments	350,668	216,127
Less present value discount	(12,601)	(10,856)
Lease liabilities	<u>\$ 338,067</u>	<u>\$ 205,271</u>

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

	Operating Leases	Finance Leases
Total lease cost	<u>\$ 120,106</u>	<u>\$ 16,809</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from leases	<u>\$ (100,015)</u>	<u>\$ -</u>
Financing cash flows from leases	<u>\$ -</u>	<u>\$ (16,663)</u>
Right-of-use assets in exchange for new lease liabilities	<u>\$ -</u>	<u>\$ 205,271</u>
Weighted-average remaining lease term	<u>3.09 years</u>	<u>2.91 years</u>
Weighted-average discount rate	<u>5.25%</u>	<u>5.25%</u>

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

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:					
Series 2018A	<u>\$ 34,995,000</u>	<u>\$ -</u>	<u>\$ (705,000)</u>	<u>\$ 34,290,000</u>	<u>\$ 745,000</u>
Total bonds payable	<u>34,995,000</u>	<u>-</u>	<u>(705,000)</u>	<u>34,290,000</u>	<u>745,000</u>
Bond premium	259,363	-	(10,806)	248,557	-
Bond discount	(472,374)	-	19,683	(452,691)	-
Bond issuance costs	<u>(118,333)</u>	<u>-</u>	<u>4,930</u>	<u>(113,403)</u>	<u>-</u>
Total bonds payable, net	<u>\$ 34,663,656</u>	<u>\$ -</u>	<u>\$ (691,193)</u>	<u>\$ 33,972,463</u>	<u>\$ 745,000</u>

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

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, 2024 totaled \$2,076,750.

At August 31, 2024, 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.

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
2025	\$ 745,000	\$ 2,039,738	\$ 2,784,738
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
2030-2034	5,495,000	8,422,200	13,917,200
2035-2039	7,360,000	6,563,400	13,923,400
2040-2044	9,845,000	4,074,600	13,919,600
2045-2047	7,445,000	910,500	8,355,500
Total	<u>\$34,290,000</u>	<u>\$29,750,476</u>	<u>\$64,040,476</u>

8. Net Assets With Donor Restrictions

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

9. Contributions of Nonfinancial Assets

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

	Program	Administrative	Total
TRS On-Behalf	<u>\$ 525,906</u>	<u>\$ 77,185</u>	<u>\$ 603,091</u>

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, 2024 were restricted by donor for specific use.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

10. 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 2024. 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 1.9% 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, 2024, the Academy contributed \$895,882 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, 2024 totaled approximately \$243 billion. Accumulated benefit obligation as of August 31, 2024 totaled approximately \$272 billion. The plan was 77.51% funded as of August 31, 2024.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

11. Health Care Coverage

During the year ended August 31, 2024, 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, 2024. Participants, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

12. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year from August 31, 2024 are as follows:

Cash and cash equivalents	\$ 4,482,307
Due from government agencies	<u>1,820,448</u>
Total financial assets	6,302,755
Less financial assets not available for general expenditure:	
Cash contractually restricted for debt service	<u>(3,119,117)</u>
Total financial assets available for general expenditure	<u><u>\$ 3,183,638</u></u>

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.

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.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

Notes to Financial Statements

14. 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, 2024:

	Payroll Costs	Professional & Contracted Services	Supplies & Materials	Other Operating Expenses	Debt	Total
Program Services:						
Instructional and instructional related services	\$ 9,037,607	\$ 817,630	\$ 705,440	\$ 693,747	\$ 1,309,503	\$ 12,563,927
Instructional and school leadership	574,835	-	-	29,195	64,746	668,776
Support services - Direct student based	765,791	629,278	48,404	73,263	153,522	1,670,258
Support services - Nondirect student based	532,243	1,041,661	112,861	300,821	213,050	2,200,636
Ancillary services	229,448	440	9,827	46,139	30,641	316,495
Total program services	11,139,924	2,489,009	876,532	1,143,165	1,771,462	17,420,092
Support Services:						
Instructional and school leadership	1,162,840	-	-	59,058	130,976	1,352,874
Administrative support services	637,084	145,407	6,732	257,275	112,174	1,158,672
Support services - Nondirect student based	477,217	363,910	166,931	104,602	119,266	1,231,926
Total support services	2,277,141	509,317	173,663	420,935	362,416	3,743,472
Total expenses	<u>\$ 13,417,065</u>	<u>\$ 2,998,326</u>	<u>\$ 1,050,195</u>	<u>\$ 1,564,100</u>	<u>\$ 2,133,878</u>	<u>\$ 21,163,564</u>

15. Subsequent Events

The Academy evaluated subsequent events through January 21, 2025, 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, 2024

Description	Ownership Interest		
	Local	State	Federal
1110 Cash and restricted cash and cash equivalents	\$ -	\$ 4,482,307	\$ -
1510 Land	-	2,959,123	-
1520 Buildings and improvements	-	32,509,344	-
1539 Furniture and equipment	-	169,991	-
1549 Furniture and equipment	8,583	695,946	158,039
1553 Right-of-use asset - financing leases - equipment	-	205,271	-
1554 Right-of-use asset - operating leases - building	-	338,067	-
1580 Construction in progress		53,963	
	<u>\$ 8,583</u>	<u>\$ 41,414,012</u>	<u>\$ 158,039</u>

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Expenses
Year Ended August 31, 2024

Object Code	Description	Amount
6100	Payroll costs	\$ 13,417,065
6200	Professional and contracted services	2,998,326
6300	Supplies and materials	1,050,195
6400	Other operating expenses	1,564,100
6500	Debt service	2,133,878
		<u>\$ 21,163,564</u>

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Budgetary Comparison Schedule
Year Ended August 31, 2024

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenue and other support:				
Local support:				
5740 Other revenue from local sources	\$ 229,011	\$ 245,140	\$ 245,140	\$ -
Total local support	229,011	245,140	245,140	-
State program revenue:				
5810 Per capita and foundation school program revenues	15,382,615	13,733,447	13,733,447	-
5820 State program revenues distributed by TEA	-	729,746	729,746	-
5831 Teacher retirement or TRS care - on behalf payments	-	603,091	603,091	-
Total state program revenue	15,382,615	15,066,284	15,066,284	-
Federal program revenue:				
5920 Federal revenue distributed by TEA	-	3,632,128	3,632,128	-
Total federal program revenue	-	3,632,128	3,632,128	-
Total revenue and other support	15,611,626	18,943,552	18,943,552	-
Expenses:				
11 Instruction	7,980,032	10,794,727	10,794,727	-
13 Curriculum development and instructional staff development	758,289	831,417	831,417	-
21 Instructional leadership	7,977	574,835	574,835	-
23 School leadership	1,052,637	1,162,840	1,162,840	-
31 Guidance, counseling and evaluation services	361,271	349,370	349,370	-
32 Social work services	-	58,500	58,500	-
33 Health services	239,556	235,129	235,129	-
34 Student transportation	374	25,540	25,540	-
35 Food services	2,723	735,233	735,233	-
36 Extracurricular activities	44	43,739	43,739	-
41 General administration	936,557	995,917	995,917	-
51 Facilities maintenance and operations	1,679,316	1,559,357	1,559,357	-
52 Security and monitoring services	139,619	332,163	332,163	-
53 Data processing services	802,506	1,058,881	1,058,881	-
61 Community services	213,465	272,038	272,038	-
71 Debt service	1,295,971	2,133,878	2,133,878	-
Total expenses	15,470,337	21,163,564	21,163,564	-
Change in net assets	141,289	(2,220,012)	(2,220,012)	-
Net assets at beginning of year, as restated	4,014,370	4,014,370	4,014,370	-
Net assets at end of year	\$ 4,155,659	\$ 1,794,358	\$ 1,794,358	\$ -

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Education Programs Schedule
Year Ended August 31, 2024

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.	\$1,636,688
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)	\$1,092,947
	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	\$368,426
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC's 25, 35)	\$226,643

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Real Property Ownership Interest
Year Ended August 31, 2024

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, 2024

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

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Related Party Compensation and Benefits
Year Ended August 31, 2024

<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
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, 2024, 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 January 21, 2025.

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.

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.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas
January 21, 2025



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, 2024. 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, 2024.

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.

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



A Limited Liability Partnership

Arlington, Texas
January 21, 2025

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Findings and Questioned Costs
Year Ended August 31, 2024

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:	
Education Stabilization Fund	ALN 84.425
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.

Legacy 21, Inc. dba Legacy Preparatory Charter Academy
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2024

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:			
COVID-19 Special Education - Preschool Grants (IDEA Preschool)	84.173X	H173X210004	1,035
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A220004	2,222
COVID-19 Special Education Grants to States (IDEA, Part B)	84.027X	H027X210008	12,761
Special Education Grants to States (IDEA, Part B)	84.027A	H027A220008/H027A230008	300,257
Total Special Education Cluster			<u>316,275</u>
Passed through Region 10 Service Center:			
Title I Grants to Local Educational Agencies	84.010	24610101057950	652,339
Supporting Effective Instruction State Grants	84.367	24694501057950	99,555
English Language Acquisition State Grants	84.365	24671001057950	76,797
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	21528001057950	1,105,732
Passed through Texas Education Agency:			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (TCLAS ESSER)	84.425U	S425U210042	269,985
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (TCLAS ESSER)	84.425U	S425U210042	429,815
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP - HCY)	84.425W	S425W210045	15,029
Total ALN 84.425			<u>1,820,561</u>
Grants for State Assessments and Related Activities	84.369	S369A220045	1,469
Student Support and Academic Enrichment Program	84.424F	S424F220045	7,598
Passed through Region 10 Service Center:			
Student Support and Academic Enrichment Program	84.424	24680101057950	48,395
Total ALN 84.424			<u>55,993</u>
Total U.S. Department of Education			<u>3,022,989</u>
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
Passed through Texas Education Agency:			
School Breakfast Program	10.553	202424N109946	84,535
National School Lunch Program	10.555	202424N109946	524,604
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>609,139</u>
Total Expenditures of Federal Awards			<u>\$ 3,632,128</u>

See notes to schedule of expenditures

Legacy 21, Inc. dba Legacy Preparatory Charter Academy

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 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.