

BASIS Texas Charter Schools, Inc.

**Financial Statements with Supplemental Information
and Compliance Reports
June 30, 2025**



BASIS Texas Charter School, Inc.

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BASIS Texas Charter School, Inc.
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BASIS Texas Charter Schools, Inc.
County District Number 015-834
Certificate of Board

We, the undersigned, certify that the attached Annual Financial and Compliance Report of BASIS Texas Charter Schools, Inc. was reviewed and (check one) approved ___ disapproved for the year ended June 30, 2025, at a meeting of the governing body of said charter school on the 12th day of February 2026.

Signed by:

William C. Harris

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Signature of Board Secretary

Signed by:

CRB...

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Signature of Board President



Independent Auditors' Report

To the Board of Directors of
BASIS Texas Charter Schools, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of BASIS Texas Charter Schools, Inc. (a nonprofit organization) (BTCS), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements are presented fairly, in all material respects, the financial position of BTCS as of June 30, 2025, 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 BTCS 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 BTCS' 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 BTCS' 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 BTCS' 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 supplementary information included on pages 31 through 33 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

The other supplementary 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 12, 2026 on our consideration of BTCS' 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 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 BTCS' internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas
February 12, 2026

BASIS Texas Charter Schools, Inc.
Statement of Financial Position
June 30, 2025

Assets

Current assets:	
Cash and cash equivalents	\$ 14,198,031
Restricted cash and cash equivalents - debt service	3,110,764
Restricted investments - debt service	341,071
Due from government agencies	11,137,480
Other receivables	853,710
Prepaid expenses and other assets	<u>1,271,905</u>
Total current assets	30,912,961
Noncurrent assets:	
Restricted cash and cash equivalents - construction	23,413,808
Restricted cash and cash equivalents - debt reserve	8,020,418
Restricted investments - debt reserve	3,666,572
Property and equipment, net	209,517,309
Right-of-use assets, finance leases, net	54,214,226
Right-of-use assets, operating leases, net	<u>592,315</u>
Total noncurrent assets	<u>299,424,648</u>
Total assets	<u><u>\$ 330,337,609</u></u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable and accrued expenses	\$ 13,864,808
Accounts payable - related party	27,493
Accrued interest	486,506
Bonds payable, current	585,000
Note payable, current	400,000
Right-of-use liabilities - finance leases, current	673,753
Right-of-use liabilities - operating leases, current	<u>290,339</u>
Total current liabilities	16,327,899
Noncurrent liabilities:	
Bonds payable, net	236,776,969
Line of credit, net	11,002,795
Right-of-use liabilities - finance leases, net	62,183,815
Right-of-use liabilities - operating leases, net	<u>301,976</u>
Total noncurrent liabilities	<u>310,265,555</u>
Total liabilities	326,593,454
Net assets (deficit):	
Without donor restrictions	(2,756,236)
With donor restrictions	<u>6,500,391</u>
Total net assets	<u>3,744,155</u>
Total liabilities and net assets	<u><u>\$ 330,337,609</u></u>

See notes to financial statements.

BASIS Texas Charter Schools, Inc.
Statement of Activities
Year Ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Revenue and support:			
Local support:			
5740 Other revenues from local sources	\$ 7,315,823	\$ 3,766,118	\$ 11,081,941
Total local support	7,315,823	3,766,118	11,081,941
State program revenue:			
5810 Foundation school program act revenues	-	61,725,563	61,725,563
5820 State program revenues distributed by TEA	-	1,033,180	1,033,180
Total state program revenue	-	62,758,743	62,758,743
Federal program revenue:			
5920 Federal revenues distributed by TEA	-	1,860,639	1,860,639
Total federal program revenue	-	1,860,639	1,860,639
Net assets released from restrictions - satisfaction of program restrictions	68,853,168	(68,853,168)	-
Total revenues and support	76,168,991	(467,668)	75,701,323
Expenses:			
Program services:			
11 Instruction	31,335,031	-	31,335,031
13 Curriculum development and instructional staff development	2,479,303	-	2,479,303
23 School leadership	11,100,978	-	11,100,978
31 Guidance, counseling and evaluation services	4,257,587	-	4,257,587
35 Food services	81,648	-	81,648
36 Extracurricular activities	1,570,734	-	1,570,734
41 General administration	5,833,071	-	5,833,071
51 Facilities maintenance and operations	9,996,145	-	9,996,145
52 Security and monitoring services	537,282	-	537,282
53 Data processing services	2,058,208	-	2,058,208
71 Debt service	10,362,583	-	10,362,583
Total expenses	79,612,570	-	79,612,570
Excess of expenses over revenues from operations	(3,443,579)	(467,668)	(3,911,247)
Non-operating activities:			
8950 Gain on sales of property and equipment	2,244	-	2,244
Change in net assets	(3,441,335)	(467,668)	(3,909,003)
Net assets at beginning of year	685,099	6,968,059	7,653,158
Net assets (deficit) at end of year	<u>\$ (2,756,236)</u>	<u>\$ 6,500,391</u>	<u>\$ 3,744,155</u>

See notes to financial statements.

BASIS Texas Charter Schools, Inc.
Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities:	
Change in net assets	\$ (3,909,003)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,661,295
Net realized and unrealized gains on investments	(622,328)
Amortization of right-of-use asset - operating leases	288,472
Amortization of right-of-use asset - finance leases	2,159,491
Amortization of debt issuance costs	259,919
Amortization of bond discount	89,507
Amortization of bond premium	(14,180)
Gain on disposal of property and equipment	(2,244)
Changes in assets and liabilities:	
Due from government agencies	(1,108,152)
Other receivables	(817,804)
Prepaid expenses and other assets	(309,637)
Accounts payable and accrued expenses	(1,451,022)
Accounts payable - related party	(100,130)
Accrued interest	207,905
Right-of-use liability - operating lease	(288,472)
	<u>(956,383)</u>
Net cash provided by operating activities	(956,383)
Cash flows from investing activities:	
Purchases of property and equipment	(61,593,019)
Net proceeds from sales of property and equipment	2,244
Purchases of investments	(2,770,125)
Proceeds from sales of investments	3,008,000
	<u>(61,352,900)</u>
Net cash used by investing activities	(61,352,900)
Cash flows from financing activities:	
Principal payments on bonds payable	(270,000)
Net proceeds from issuance of bonds payable	102,799,412
Principal payments on line of credit	(18,652,457)
Payments of debt issuance costs	(1,939,640)
Payments on finance leases	(586,275)
	<u>81,351,040</u>
Net cash provided by financing activities	81,351,040
Net change in cash and cash equivalents	19,041,757
Cash and cash equivalents at beginning of year	29,701,264
Cash and cash equivalents at end of year	\$ 48,743,021
Reconciliation of cash and restricted cash and cash equivalents reported within the statement of financial position to the statement of cash flows:	
Cash and cash equivalents	\$ 14,198,031
Restricted cash and cash equivalents - debt service	3,110,764
Restricted cash and cash equivalents - construction	23,413,808
Restricted cash and cash equivalents - debt reserve	8,020,418
	<u>48,743,021</u>
Total cash and restricted cash and cash equivalents shown in the statement of cash flows	\$ 48,743,021
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 12,294,943</u>
Right-of-use assets obtained in exchange for new operating lease liability	<u>\$ 549,930</u>
Non-cash investing activity:	
Property and equipment accrued in accounts payable and accrued expenses at year end	<u>\$ 7,095,609</u>

See notes to financial statements.

BASIS Texas Charter Schools, Inc.

Notes to Financial Statements

1. Organization and Nature of Activities

BASIS Texas Charter Schools, Inc. (BTCS) is a Texas nonprofit corporation that currently operates fourteen open-enrollment charter schools, serving grades kindergarten through twelfth in the San Antonio, Fort Worth and Austin areas. BTCS' single member is BASIS Charter Schools, Inc. (BCSI) (an Arizona based nonprofit corporation). In 2013, the State Board of Education of the State of Texas approved the open-enrollment charter, pursuant to Chapter 12 of the Texas Education Code (TEC), to BTCS. BTCS is governed by a Board of Directors comprised of seven members. The Board of Directors is appointed by BCSI and has the authority to make decisions, appoint the chief executive officer of the Charter, and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Charter.

BTCS receives the majority of its funding from the Texas Education Agency based on average daily attendance in the schools it operates. Since the Charter receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

BTCS does not conduct any non-charter activities.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

BTCS' prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor 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. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. Where applicable, net assets without donor restrictions remain subject to state accountability.

Net assets with donor restrictions - Net assets subject to donor or grantor stipulations that will be met by actions of BTCS 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.

BASIS Texas Charter Schools, Inc.

Notes to Financial Statements

Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist of cash and cash equivalents, investments and other receivables. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. BTCS continually evaluates the collectability of other receivables and maintains allowances for potential losses, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

BTCS 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 June 30, 2025, BTCS had no accounts that were uninsured or without pledged collateral in BTCS' name.

For the year ended June 30, 2025, BTCS earned revenues of \$64,619,382 from the Texas Education Agency (TEA). These amounts constitute approximately 85% of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of BTCS to continue to provide the current level of services to its students.

Cash and Cash Equivalents

BTCS considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash and cash equivalents are limited as to use under the terms of the bond indenture.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair value, if donated. Assets with a cost of \$300 or more and a useful life greater than or equal to one year are capitalized. Textbooks are fully capitalized and depreciated.

Property and equipment acquired with public funds received for the operation of BTCS constitute public property pursuant to Chapter 12 of the Texas Education Code. Depreciation of these assets is calculated on a straight-line basis over the estimated useful lives of 3 to 40 years. Expenditures for additions, major renewals, and betterments are capitalized, and maintenance and repairs are charged to expense as incurred.

Impairment of Long Lived Assets

BTCS reviews the carrying value of long-lived assets to determine if facts and circumstances suggest that they may be impaired. In cases where undiscounted expected future cash flows are less than carrying values, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. There were no indications of asset impairment during the year ended June 30, 2025.

BASIS Texas Charter Schools, Inc.

Notes to Financial Statements

Debt Issuance Costs and Original Discounts or Premiums

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

Revenues Recognition

Revenues from the state of Texas are earned based on reported attendance. Public and private grants received are recognized in the period received and when the terms of the grant are met. If public and private terms are not met, revenues are reimbursed to funder. Conditional promises to give are contingent upon BTCS meeting certain criteria specified by the donors. Revenues from conditional promises to give and not recognized until the condition has been fulfilled. Advances received from donors are recorded as deferred revenue until the condition has been fulfilled.

A portion of BTCS' revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when BTCS has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. No such refundable advances existed at June 30, 2025. BTCS was awarded cost-reimbursable grants totaling \$387,992 that have not been received or recognized at June 30, 2025 because qualifying expenditures have not been incurred. The balance is available for qualifying expenditures through the end of the grant terms ranging from July 31, 2025 to April 30, 2026.

BTCS recognizes contributions when cash, securities, or other assets or an unconditional promise to give is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

BTCS recognizes contribution revenues for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which 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 BTCS. No donated services were utilized that met the criteria to be recorded as revenue in BTCS' financial statements.

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

Federal Income Taxes

BTCS is organized as a Texas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). BTCS is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, BTCS is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. For the year ended June 30, 2025, BTCS did not conduct unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing BTCS' annual Form 990 and recognition of a tax liability (or asset) if BTCS has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax position and has concluded that at June 30, 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.

Contract Compliance

BTCS is responsible for compliance with provisions of contracts and grant agreements. Noncompliance could result in the disallowance of expenditures and a request for return of funds. In the opinion of BTCS' management, such disallowance, if any, would not be significant to BTCS' financial statements.

3. Restricted Cash and Cash Equivalents

As a result of issuing the series 2020A, 2020B, 2021A, 2022A, 2023A, 2023B and 2024 bonds, BTCS is required to maintain separate bank accounts held by the bond trustee that are restricted for construction and debt-related matters. The balance of restricted cash and cash equivalents at June 30, 2025 totaled \$34,554,990.

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

4. Investments

Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the Accounting Standards Codification (ASC), disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1 Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

- Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models of other valuation methodologies;

- Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy. All investments of BTCS are classified within the Level 1 of the valuation hierarchy.

United States Government Notes

United States government notes are valued at the discounted par value of the note and are traded on open markets.

BTCS' investments at fair value consist of the following at June 30, 2025:

Federal Home Loan Bank Notes	\$ 1,568,683
United States Treasury Notes	<u>2,438,960</u>
Total	<u><u>\$ 4,007,643</u></u>

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

Investment income consists of the following for the year ended June 30, 2025 and is included in local support on the accompanying statement of activities:

Interest and dividend income	\$ 2,784,409
Net realized and unrealized gains	<u>622,328</u>
Investment income	<u><u>\$ 3,406,737</u></u>

All of BTCS' investments are restricted for debt service.

5. Property and Equipment

Property and equipment consist of the following at June 30, 2025:

Land	\$ 21,691,091
Buildings and improvements	105,207,359
Furniture, equipment and textbooks	10,018,371
Construction in progress	<u>85,514,558</u>
Total property and equipment	222,431,379
Less accumulated depreciation	<u>(12,914,070)</u>
Property and equipment, net	<u><u>\$ 209,517,309</u></u>

Depreciation expense for the year ended June 30, 2025 totaled \$4,661,295.

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

6. Long-Term Debt

The following is a summary of changes in BTCS' long-term debt for the year ended June 30, 2025:

	Beginning balance	Additions	Reductions	Current portion	Long-term portion	Ending balance
Bonds payable:						
Series 2020A	\$ 12,025,000	\$ -	\$ (270,000)	\$ 280,000	\$ 11,475,000	\$ 11,755,000
Series 2021	65,000,000	-	-	-	65,000,000	65,000,000
Series 2022A	43,635,000	-	-	-	43,635,000	43,635,000
Series 2023A	18,695,000	-	-	-	18,695,000	18,695,000
Series 2023B	305,000	-	-	305,000	-	305,000
Series 2024	-	105,225,000	-	-	105,225,000	105,225,000
Total bonds payable	139,660,000	105,225,000	(270,000)	585,000	244,030,000	244,615,000
Premium on bonds	350,960	-	(14,180)	-	336,780	336,780
Discounts on bonds	(897,303)	(2,425,588)	89,507	-	(3,233,384)	(3,233,384)
Debt issuance costs	(2,628,754)	(1,939,640)	211,967	-	(4,356,427)	(4,356,427)
Total bonds payable, net	136,484,903	100,859,772	17,294	585,000	236,776,969	237,361,969
Note payable:						
The KLE Foundation	400,000	-	-	400,000	-	400,000
Total note payable	400,000	-	-	400,000	-	400,000
Line of Credit:						
Texas Capital Bank	29,827,079	-	(18,652,457)	-	11,174,625	11,174,622
Debt issuance costs	(219,779)	-	47,952	-	(171,827)	(171,827)
Total line of credit	29,607,300	-	(18,604,505)	-	11,002,798	11,002,795
Total	\$ 166,492,203	\$ 100,859,772	\$ (18,587,211)	\$ 985,000	\$ 247,779,767	\$ 248,764,764

Bonds Payable

In March 2020, BTCS completed a transaction in which the Arlington Higher Education Finance Corporation (AHEFC) issued \$12,100,000 Education Revenue Bonds Series 2020A and loaned the proceeds to BTCS. BTCS entered into two loan agreements with AHEFC for the proceeds of the bond issue, which are held by the bond trustee, BOK Financial. The bonds were issued as education revenue bonds, and have interest rates of 4%, maturing in varying amounts through June 2050, and are collateralized by a deed of trust. BTCS is required to use the bond proceeds to pay off existing debt, pay debt issuance costs, fund a debt reserve fund and provide funds for the acquisition, improvement, construction, renovation and equipping of educational facilities.

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

In July 2021, BTCS completed a transaction in which AHEFC issued \$65,000,000 Education Revenue Bonds Series 2021 and loaned the proceeds to BTCS. BTCS entered into a loan agreements with AHEFC for the proceeds of the bond issue, which are held by the bond trustee, BOK Financial. The bonds were issued as education revenue bonds, and have an interest rate of 4.5% maturing in varying amounts through June 2056, and are collateralized by a deed of trust. BTCS is required to use the bond proceeds to pay debt issuance costs and capitalized interest and provide funds for the acquisition, improvement, construction, renovation and equipping of educational facilities.

In June 2022, BTCS completed a transaction in which AHEFC issued \$43,635,000 Education Revenue Bonds Series 2022A and loaned the proceeds to BTCS. BTCS entered into a loan agreements with AHEFC for the proceeds of the bond issue, which are held by the bond trustee, BOK Financial. The bonds were issued as education revenue bonds, and have an interest rate of 5.375% maturing in varying amounts through June 2056, and are collateralized by a deed of trust. BTCS is required to use the bond proceeds to pay debt issuance costs and capitalized interest and provide funds for the acquisition, improvement, construction, renovation and equipping of educational facilities.

In April 2023, BTCS completed a transaction in which AHEFC issued \$18,695,000 Education Revenue Bonds Series 2023A and \$305,000 Education Revenue Bonds Series 2023B and loaned the proceeds to BTCS. BTCS entered into two loan agreements with AHEFC for the proceeds of the bond issue, which are held by the bond trustee, BOK Financial. The bonds were issued as education revenue bonds, and have interest rates of 4.875% and 7.75%, respectively, maturing in varying amounts through June 2056 and June 2026, respectively, and are collateralized by a deed of trust. BTCS is required to use the bond proceeds to pay debt issuance costs, fund a debt reserve fund and provide funds for the acquisition, improvement, construction, renovation and equipping of educational facilities.

In July 2024, BTCS completed a transaction in which AHEFC issued \$105,225,000 Education Revenue Bonds Series 2024 and loaned the proceeds to BTCS. BTCS entered into a loan agreements with AHEFC for the proceeds of the bond issue, which are held by the bond trustee, BOK Financial. The bonds were issued as education revenue bonds, and have an interest rate of 4.75% maturing in varying amounts through June 2064, and are collateralized by a deed of trust. BTCS is required to use the bond proceeds to pay debt issuance costs and capitalized interest and provide funds for the acquisition, improvement, construction, renovation and equipping of educational facilities.

The loan agreements and supplemental master trust indentures for each of the above issuances establishes a debt service coverage ratio, which stipulates that BTCS maintains 40 days cash on hand as defined in the indenture agreement until the individual bond or notes have been paid in full.

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

The required debt service payments to satisfy the requirements of the 2020A, 2021, 2022A, 2023A, 2023B and 2024 bonds are as follows for the years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 585,000	\$ 9,511,074	\$ 10,096,074
2027	2,510,000	10,771,987	13,281,987
2028	2,610,000	10,668,500	13,278,500
2029	2,710,000	10,560,863	13,270,863
2030	4,120,000	10,449,056	14,569,056
2031-2035	23,295,000	49,548,525	72,843,525
2036-2040	28,575,000	44,286,306	72,861,306
2041-2045	35,130,000	37,715,669	72,845,669
2046-2050	43,390,000	29,457,413	72,847,413
2051-2055	49,680,000	19,402,056	69,082,056
2056-2060	29,690,000	9,303,456	38,993,456
2061-2065	22,320,000	2,858,000	25,178,000
Total	<u><u>\$ 244,615,000</u></u>	<u><u>\$ 244,532,905</u></u>	<u><u>\$ 489,147,905</u></u>

Note Payable

BTCS has a \$400,000 uncollateralized note agreement with a foundation, bearing interest at 4%. Interest only payments totaling \$16,000 are due yearly until maturity on August 31, 2025. At June 30, 2025, the balance outstanding on the loan totaled \$400,000. The loan was paid in full subsequent to June 30, 2025.

Line of Credit

In February 2024, BTCS obtained a revolving \$30,000,000 line of credit (line) with a bank, bearing interest at Adjusted Term SOFR plus 2.50% (6.91% at June 30, 2025) and is collateralized by real property. The line matures in February 2029 at which time all outstanding principal and interest will be due. The line had an outstanding balance totaling \$11,174,622 at June 30, 2025. BTCS plans to keep the line open until maturity in February 2029 and make additional draws. Accordingly, related debt issuance cost is being amortized over the full maturity period. At June 30, 2025, unamortized debt issuance costs totaled \$171,827, which is shown net of the outstanding balance on the statement of financial position.

BASIS Texas Charter Schools, Inc.

Notes to Financial Statements

7. Related Entity

BASIS Charter Schools Inc. (BCSI) is the sole member of BTCS, has common management and shares one common Board member. BCSI also has the authority to appoint members to the Board of Directors of BTCS. BTCS leases facilities from BCSI (see Note 8) and the two entities collaborate on projects to minimize costs and ease administrative burden. In the normal course of their operations, payables and receivables are incurred between these entities and are separately identified on the Statement of Financial Position at June 30, 2025.

8. Leases

In evaluating its contracts, BTCS separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office and educational spaces. BTCS 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 statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. BTCS 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. BTCS uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, BTCS uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

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

Nature of Leases

BTCS has entered into two operating leases and three finance leases for office space. The leases expire through June 1, 2052. The leases note different renewal options that will be utilized and require BTCS to pay all executory costs (maintenance and insurance). Termination of the leases is generally prohibited unless there is a violation under the lease agreements.

BASIS Texas Charter Schools, Inc.

Notes to Financial Statements

Future minimum lease payments and reconciliations to the statement of financial position are as follows for the years ending June 30:

	Finance Leases	Operating Leases
2026	\$ 673,753	\$ 290,339
2027	3,858,352	324,800
2028	3,916,223	-
2029	3,974,964	-
2030	4,034,594	-
Thereafter	98,476,337	-
Total future undiscounted lease payments	114,934,223	615,139
Less present value discount	(52,076,655)	(22,824)
Lease liabilities	\$ 62,857,568	\$ 592,315

The following includes lease cost and other required information for the year ended June 30, 2025:

	Finance Leases	Operating Leases
Total lease cost	\$ 3,745,153	\$ 299,523
Cash paid for amounts included in the measurement of lease liabilities:		
Cash flows from operating leases:	\$ -	\$ (288,471)
Cash flows from finance leases:	\$ (586,275)	\$ -
Right-of-use assets obtained in exchange for new lease liabilities	\$ -	\$ 549,930
Weighted-average remaining lease term	25.16	1.98
Weighted-average discount	5.00%	4.00%

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

9. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2025 consist of the following:

Teacher compensation	\$	1,577,740
Fort Worth campuses		3,092,214
Austin campuses		1,323,269
Summer Boost programs		507,168
Total net assets with donor restrictions	\$	6,500,391

10. Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or management and general or fundraising. Program services are the direct conduct or supervision of activities that fulfill the purposes for which BTCS exists. Fundraising activities include the solicitation of contributions of money, securities, materials, 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, fundraising or administration based on actual time worked in each area. Information technology costs, depreciation, interest expense, and occupancy costs are allocated based on whether the costs are associates with instructional campuses (program services) or with administrative buildings.

BTCS' expenses by natural classification and function are as follows for the year ended June 30, 2025:

	Payroll Costs	Professional and Contracted Services	Supplies and Materials	Other Operating Costs	Debt Service	Total
Program Services:						
Instructional and instructional related services	\$ -	\$ 32,184,023	\$ 543,770	\$ 1,086,541	\$ 5,222,854	\$ 39,037,188
Support services - Direct student based	-	4,837,351	542,262	530,356	912,835	6,822,804
Support services - Nonstudent based	-	5,980,899	449,158	4,103,370	1,293,411	11,826,838
Total program services	-	43,002,273	1,535,190	5,720,267	7,429,100	57,686,830
Support Services:						
Instructional and school leadership	-	10,382,608	239,767	478,603	1,714,622	12,815,600
Administrative support services	304,218	4,226,485	6,361	1,296,007	900,957	6,734,028
Support services - Nonstudent based	-	2,058,208	-	-	317,904	2,376,112
Total support services	304,218	16,667,301	246,128	1,774,610	2,933,483	21,925,740
Total expenses	\$ 304,218	\$ 59,669,574	\$ 1,781,318	\$ 7,494,877	\$ 10,362,583	\$ 79,612,570

BASIS Texas Charter Schools, Inc.

Notes to Financial Statements

11. BASIS Educational Group Management Agreement

BTCS contracted with BASIS Educational Group (BASIS Ed) to perform management and operational functions of BTCS, including leased personnel, and to participate in the BASIS education model. Management fees are paid to BASIS Ed based on a percentage of certain revenue. Expenses recognized to BASIS Ed for the year ending June 30, 2025 totaled \$7,922,684 for management fees, \$41,287,218 for leased personnel and \$1,341,525 for recruiting and school development.

12. Defined Benefit Pension Plan

Plan Description

BTCS 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 of Texas. Charters are legally separate entities from the State and there is no withdrawal penalty for leaving TRS. 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 Texas 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 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. BTCS contributes 8.25% for new members of the first 90 days of employment, and the State contributes 8.25%. Additionally, BTCS makes a 2% non-OASDI payment for all TRS eligible employees. BTCS contributions do not represent more than 5% of the TRS' total contributions. For the year ended June 30, 2025, BTCS contributed \$16,356 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 not a withdrawal penalty for leaving TRS.

BASIS Texas Charter Schools, Inc.

Notes to Financial Statements

Total TRS plan assets as of the most recent fiscal year end of August 31, 2025 totaled approximately \$257 billion. Accumulated benefit obligation at August 31, 2025 totaled \$289 billion. The plan was 78.24% funded at August 31, 2025.

Leased personnel of the management company (see Note 11) are not Texas employees and thus do not participate in the TRS.

13. Health Care Coverage

During the year ended June 30, 2025, eligible employees of BTCS were covered by Health Insurance plan (the Plan). BTCS contributed approximately \$888 per employee each month to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

14. Contingencies

BTCS 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 BTCS have complex compliance requirements and, should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by the TEA or the grantor agency.

Litigation

BTCS is contingently liable in connection with certain claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, BTCS' management and general counsel are of the opinion that the outcome of such matters will not have a material effect on BTCS' financial position.

15. Liquidity and Availability of Resources

BTCS 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, BTCS 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 BTCS' 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.

BASIS Texas Charter Schools, Inc.
Notes to Financial Statements

BTCS' financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 14,198,031
Due from government agencies	11,137,480
Other receivables	<u>853,710</u>
Total financial assets available for general expenditures	<u>\$ 26,189,221</u>

16. Subsequent Events

In September 2025, BTCS refinanced the 2021, 2022 and 2023A bond series by completing a transaction in which AHEFC issued \$174,645,000 Education Revenue Bonds Series 2025 and loaned the proceeds to BTCS. The bonds were issued as education revenue bonds, and have interest rates ranging from 3.70% and 6%, maturing in varying amounts through June 2065 and are collateralized by a deed of trust.

BTCS evaluated subsequent events through February 12, 2026, the date the financial statements were available to be issued and concluded that no additional disclosures are required.

Supplemental Information and Compliance Reports

BASIS Texas Charter School, Inc.
Schedule of Expenses
June 30, 2025

<u>Object Code</u>	<u>Description</u>	<u>Amount</u>
6100	Payroll costs	\$ 304,218
6200	Professional and contracted services	59,669,574
6300	Supplies and materials	1,781,318
6400	Other operating expenses	7,494,877
6500	Debt service	<u>10,362,583</u>
		<u>\$ 79,612,570</u>

BASIS Texas Charter School, Inc.
Schedule of Assets
Year Ended June 30, 2025

Description	Ownership Interest		
	Local	State	Federal
1110 Cash and cash equivalents	\$ 14,198,031	\$ -	\$ -
1510 Land	3,060,605	18,630,486	-
1520 Buildings and improvements	99,752	105,016,402	91,205
1539 Furniture and equipment \$5K+	866,065	1,021,925	576,084
1549 Furniture and equipment <\$5K	1,764,740	2,040,404	3,749,153
1551 Right-of-use assets - financing leases	-	54,214,226	-
1551 Right-of-use assets - operating leases	-	592,315	-
1580 Construction in progress	-	85,514,558	-
	<u>\$ 19,989,193</u>	<u>\$ 267,030,316</u>	<u>\$ 4,416,442</u>

BASIS Texas Charter School, Inc.
Budgetary Comparison Schedule
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary)	Variance from Final Budget
	Original	Final		
Revenue and support:				
Local support:				
5740 Other revenue from local sources	\$ 9,091,890	\$ 10,726,088	\$ 11,081,941	\$ 355,853
State program revenue:				
5810 Foundation School Program Act Entitlements	63,446,237	61,181,368	61,725,563	544,195
5820 State program revenue distributed by TEA	994,992	1,034,964	1,033,180	(1,784)
Federal program revenue:				
5920 Federal revenue distributed by TEA	1,784,203	1,859,244	1,860,639	1,395
Total revenue and support	75,317,322	74,801,664	75,701,323	899,659
Expenses:				
11 Instruction	31,541,127	31,525,841	31,335,031	(190,810)
13 Curriculum development and instructional staff development	2,512,280	2,428,377	2,479,303	50,926
23 School leadership	11,307,039	10,938,328	11,100,978	162,650
31 Guidance, counseling and evaluation services	3,767,938	4,361,826	4,257,587	(104,239)
35 Food services	34,662	83,080	81,648	(1,432)
36 Extracurricular activities	1,297,425	1,511,247	1,570,734	59,487
41 General administration	5,941,980	5,760,528	5,833,071	72,543
51 Facilities maintenance and operations	7,518,441	10,031,128	9,996,145	(34,983)
52 Security	711,822	537,231	537,282	51
53 Data processing services	2,067,187	2,025,916	2,058,208	32,292
71 Debt service	10,340,467	10,182,147	10,362,583	180,436
Total expenses	77,040,368	79,385,649	79,612,570	226,921
Excess of revenues over expenses from operations	\$ (1,723,046)	\$ (4,583,985)	\$ (3,911,247)	\$ 672,738
Non-operating activities:				
8950 Gain on sales of property and equipment	-	-	2,244	2,244
Change in net assets	(1,723,046)	(4,583,985)	(3,909,003)	674,982
Net assets at beginning of year	7,653,158	7,653,158	7,653,158	-
Net assets at end of year	\$ 5,930,112	\$ 3,069,173	\$ 3,744,155	\$ 674,982

BASIS Texas Charter School, Inc.
Education Programs Schedule
Year Ended June 30, 2025

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did you LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$298,760
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)	\$237,702
	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 sand procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year	\$648,541
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC's 25, 35)	\$420,798

BASIS Texas Charter School, Inc.
Schedule of Real Property Ownership Interest
Year Ended June 30, 2025

Description	Property Address	Total Assessed Value	Ownership Interest		
			Local	State	Federal
San Antonio Northeast Campus	6153 Randolph Blvd San Antonio, TX	\$ 985,440	\$ 985,440	\$ -	\$ -
San Antonio Northeast Campus	11542 Wayland Way San Antonio, TX	1,668,720	1,668,720	-	-
San Antonio Northeast Campus	11550 IH 35 N San Antonio, TX	10,416,090	-	10,416,090	-
Jack Lewis Jr. Campus	3303 N Ellison Dr, San Antonio, TX	26,711,790	-	26,711,790	-
Pflugerville Campus	1217 10th St, Pflugerville, TX	21,645,556	-	21,645,556	-
Benbrook Campus	8901 Vista Way Benbrook, TX	10,355,702	-	10,355,702	-
Cedar Park Campus	165 N Lakeline Blvd, Cedar Park, TX	18,741,513	-	18,741,513	-
Leander Campus	265 Raider Way, Leander, TX	410,390	-	410,390	-

BASIS Texas Charter School, Inc.
Schedule of Related Party Transactions
Year Ended June 30, 2025

<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>
BASIS Charter Schools, Inc.	BASIS Texas Charter Schools, Inc.	Sole Member	Financial	Rent agreements	State	Monthly	\$ 3,745,153	\$ 59,112,415

BASIS Texas Charter School, Inc.
Schedule of Related Party Compensation and Benefits
Year Ended June 30, 2025

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

BASIS Texas Charter School, Inc.
Obligated Group Statement of Financial Position (Unaudited)
Year Ended June 30, 2025

Assets

Current assets:

Cash and Cash Equivalents	\$ 8,034,528
Restricted Cash and cash equivalents - debt service	3,110,764
Restricted investments - debt service	341,071
Due from government agencies	7,147,162
Other Receivables	42,809
Prepaid expenses and other assets	<u>783,481</u>

Total current assets 19,459,815

Noncurrent assets:

Restricted cash and cash equivalent - construction	23,413,807
Restricted cash and cash equivalent - debt reserve	8,020,418
Restricted investments - debt reserve	3,666,572
Property and equipment, net	208,435,293
Right-of-use assets, operating lease, net	<u>549,930</u>

Total noncurrent assets 244,086,020

Total assets \$ 263,545,835

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 11,821,811
Accrued Interest	486,506
Bonds payable, current portion	585,000
Note payable, current	400,000
Right-of-use assets, operating lease, current	<u>265,247</u>

Total current liabilities 13,558,564

Noncurrent liabilities:

Bonds payable, net	236,776,969
Line of credit, net	10,876,641
Right-of-use liabilities - operating leases, net	<u>284,683</u>

Total noncurrent liabilities 247,938,293

Total liabilities 261,496,857

Net assets (deficit):

Without donor restrictions	(3,444,038)
With donor restrictions	<u>5,493,016</u>

Total net assets 2,048,978

Total liabilities and net assets \$ 263,545,835

BASIS Texas Charter School, Inc.
Obligated Group Statement of Activities (Unaudited)
Year Ended June 30, 2025

Revenue and support:

Local support:

5740 Other revenues from local sources \$ 7,581,220

Total local support 7,581,220

State program revenue:

5810 Foundation school programs act revenues 38,987,613

5820 State program revenues distributed by TEA 685,398

Total state program revenue 39,673,011

Federal program revenue

5920 Federal revenues distributed by TEA 1,521,523

Total federal program revenue 1,521,523

Total revenues and support 48,775,754

Expenses

Leased Payroll and related expenses 26,307,449

Management Fees 4,977,825

Other Service Fees 2,634,569

Supplies 970,367

Information Technology 412,127

Travel 25,814

Occupancy 1,707,127

Office 115,688

Fundraising 119,307

Interest 6,759,828

Depreciation 4,233,200

Amortization 258,955

Other Expenses 856,181

Central Office Cost Allocation 2,092,126

Total Expenses 51,470,563

Change in net assets

(2,694,809)

Net assets at the beginning of year 4,737,233

Net assets at end of year \$ 2,042,424

BASIS Texas Charter School, Inc.
Obligated Group Schedule of Debt Covenant Ratios (Unaudited)
Year Ended June 30, 2025

Net income available for debt service		
Total revenues		\$ 48,775,754
Total expenses	\$ 51,470,563	
Depreciation	(4,233,200)	
Amortization	(258,955)	
Interest	(6,759,828)	
Unrealized (gains) or losses	316,207	40,534,787
Net income available for debt service		
		8,240,967
Fiscal year 24-25 debt service requirement		11,706,905
Less amounts in capitalized interest		(5,454,786)
Net debt service requirement		6,252,119
Debt service coverage ratio		1.32%
 Unrestricted cash		
		8,034,528
 Total expenses		
	\$ 51,470,563	
Depreciation	(4,233,200)	
Amortization	(258,955)	
Interest	(6,759,828)	
Unrealized (gains) or losses	316,207	\$ 40,534,787
Days cash on hand		72



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
BASIS Texas Charter Schools, Inc.

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 BASIS Texas Charter Schools, Inc. (BTCS), which comprise the statement of financial position as of June 30, 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 12, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BTCS' 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 BTCS' internal control. Accordingly, we do not express an opinion on the effectiveness of BTCS' 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 BTCS' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 BTCS' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



A Limited Liability Partnership

Arlington, Texas
February 12, 2026



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

To the Board of Directors of
BASIS Texas Charter Schools, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited BASIS Texas Charter Schools, Inc's (BTCS) 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 BTCS' major federal programs for the year ended June 30, 2025. BTCS' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, BTCS complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effects on each of its major federal programs for the year ended June 30, 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of BTCS 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 BTCS' 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 BTCS' 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 BTCS' 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 BTCS' 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 BTCS' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of BTCS' 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 BTCS' 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
February 12, 2026

BASIS Texas Charter School, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 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 - Grants to States	84.027A	H027A230008	\$ 838,738
Total Special Education Cluster			838,738
Passed through Texas Education Agency:			
Charter Schools	84.282A	S282A200011-24	839,192
English Language Acquisition State Grants	84.365A	S365A230043/T365A240043	114,734
Supporting Effective Instruction State Grants	84.367A	S367A230041	61,158
Grants for State Assessments and Related Activities	84.369A	S369A230045	6,817
Total Department of Education			<u>1,860,639</u>
Total Expenditures of Federal Awards			<u>\$ 1,860,639</u>

See notes to schedule of expenditures of federal awards.

BASIS Texas Charter School, Inc.
Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of BASIS Texas Charter School, Inc. (BTCS). 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 BTSC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BTCS.

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. BTCS has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

BASIS Texas Charter School, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 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?	No
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:	Assistance Listing Number:
Special Education Cluster	84.027A
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

BASIS Texas Charter School, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section IV – Summary of Prior Year Audit Findings

Finding No. 2024-001: Procurement - Significant deficiency in internal control over compliance and compliance finding.

Summary: BTCS is required to comply with procurement principles as stipulated in Section 200.320 of the Code of Federal Regulations and with BTCS's internal policy. During the prior year procurement testing, 2 out of the 25 sample selections were not in compliance with the procurement requirements.

Status: This finding was corrected in 2025.