

**GULF COAST TRADES CENTER, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED AUGUST 31, 2019**

## TABLE OF CONTENTS

Page No.

### CERTIFICATE OF BOARD

Independent Auditor's Report	1
------------------------------	---

### FINANCIAL STATEMENTS

Statement of Financial Position	3
---------------------------------	---

Statement of Activities	4
-------------------------	---

Statement of Functional Expenses	5
----------------------------------	---

Statement of Cash Flows	6
-------------------------	---

Notes to Financial Statements	7
-------------------------------	---

Independent Auditor's Report on Supplementary Information	14
---	----

### SUPPLEMENTAL FINANCIAL STATEMENTS

- Statement of Financial Position-Raven School	15
--	----

- Statement of Activities-Raven School	16
--	----

- Statement of Cash Flows-Raven School	17
--	----

- Schedule of Expenses-Raven School	18
-------------------------------------	----

- Schedule of Capital Assets-Raven School	19
---	----

- Budgetary Comparison Schedule-Raven School	20
--	----

Independent Auditor's 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	21
--	----

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	23
--	----

Schedule of Findings and Questioned Costs	25
---	----

Schedule of Prior Year Findings	25
---------------------------------	----

Schedule of Expenditures of Federal Awards	26
--	----

Notes to Schedule of Expenditures of Federal Awards	27
---	----

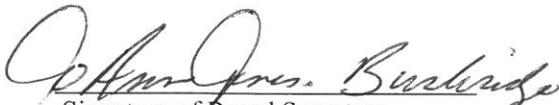
**GULF COAST TRADES CENTER, INC.**  
236-801

(Federal Employer Identification Number: 74-1694949)

**CERTIFICATE OF BOARD**

August 31, 2019

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Gulf Coast Trades Center, Inc. was reviewed and  approved  disapproved for the year ended August 31, 2019, at a meeting of the governing body of said charter holder on the 24<sup>th</sup> day of January, 2020.

  
Signature of Board Secretary

  
Signature of Board President

**GOMEZ & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**5177 RICHMOND AVE. SUITE 1100**  
**HOUSTON, TX 77056**  
**TEL: (713) 666-5900**  
**FAX: (713) 666-1049**  
<http://www.gomezandco.com>

---

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Gulf Coast Trades Center, Inc.  
New Waverly, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of Gulf Coast Trades Center, Inc. (GCTC, Inc.) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GCTC, Inc. as of August 31, 2019, 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.

***Other Matters***

**Report on Summarized Comparative Information**

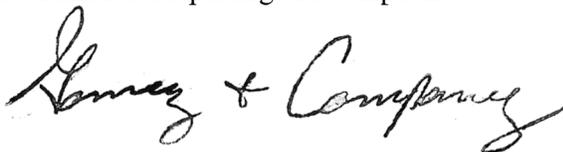
We have previously audited GCTC's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 16, 2020 on our consideration of GCTC, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 GCTC'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 GCTC, Inc.'s internal control over financial reporting and compliance.



Houston, TX  
January 16, 2020

GULF COAST TRADES CENTER, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2019

(With Comparative Totals for the Year Ended 2018)

<b>ASSETS</b>	2019	2018
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,329,168	\$ 1,250,927
Grants Receivable	961,428	946,907
Other Receivables	2,117	1,056
<b>TOTAL CURRENT ASSETS</b>	<b>2,292,713</b>	<b>2,198,890</b>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	384,200	384,200
Building and Improvements	3,881,856	3,881,856
Furniture and Equipment	2,304,581	2,304,581
Automotive Equipment	609,989	612,489
	7,180,626	7,183,126
Less: Accumulated Depreciation	(5,179,290)	(5,023,518)
	<b>2,001,336</b>	<b>2,159,608</b>
 <b>OTHER ASSETS</b>		
Other Assets	44,161	62,144
 <b>TOTAL ASSETS</b>	<b>4,338,210</b>	<b>4,420,642</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	82,309	144,400
Accrued Expenses	394,336	382,891
Accrued Payroll Liabilities	1,975	3,055
Due to TEA	164,792	257,413
Line of Credit	129,518	130,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>772,930</b>	<b>917,759</b>
 <b>NET ASSETS</b>		
Without Donor Restrictions	3,397,751	3,275,259
With Donor Restrictions	167,529	227,624
<b>TOTAL NET ASSETS</b>	<b>3,565,280</b>	<b>3,502,883</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,338,210</b>	<b>\$ 4,420,642</b>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019  
 (With Comparative Totals for the Year Ended 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUE</b>				
Federal Grants	\$	\$ 1,248,003	\$ 1,248,003	\$ 1,136,763
State and Local Grants		2,052,655	2,052,655	2,107,457
Residential Fees		3,940,923	3,940,923	3,961,041
Donations	16,797		16,797	6,666
Interest Income	3,783		3,783	1,931
Other Income	121,118		121,118	170,194
Net Assets Released from Restrictions	7,301,676	(7,301,676)		
Total Support and Revenue	<u>7,443,374</u>	<u>(60,095)</u>	<u>7,383,279</u>	<u>7,384,052</u>
<b>EXPENSES</b>				
Program Expenses	6,469,092		6,469,092	6,268,718
Management and General	851,790		851,790	842,979
Total Expenses	<u>7,320,882</u>		<u>7,320,882</u>	<u>7,111,697</u>
<b>CHANGE IN NET ASSETS</b>	<u>122,492</u>	<u>(60,095)</u>	<u>62,397</u>	<u>272,355</u>
<b>NET ASSETS, beginning of year</b>	<u>3,275,259</u>	<u>227,624</u>	<u>3,502,883</u>	<u>3,230,528</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,397,751</u>	<u>\$ 167,529</u>	<u>\$ 3,565,280</u>	<u>\$ 3,502,883</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2019  
(With Comparative Totals for the Year Ended 2018)

	Program Services						Management and General	Total All Funds	2018 Total Expenses
	Cafeteria	Maintenance	Residential	Education Vocation	Contract Program	Total Program			
Salaries	\$ 187,146	\$ 185,448	\$ 1,538,195	\$ 1,357,756	\$ 757,020	\$ 4,025,565	\$ 625,638	\$ 4,651,203	\$ 4,323,640
Fringe Benefits	22,377	32,739	137,498	93,292	58,493	344,399	51,097	395,496	349,061
Payroll Taxes	22,343	12,341	90,193	75,135	86,673	286,685	27,455	314,140	297,450
Total Personnel and Related Benefits	<u>231,866</u>	<u>230,528</u>	<u>1,765,886</u>	<u>1,526,183</u>	<u>902,186</u>	<u>4,656,649</u>	<u>704,190</u>	<u>5,360,839</u>	<u>4,970,151</u>
Food Purchases	302,704					302,704		302,704	325,704
Insurance		114,407		52,001		166,408		166,408	264,302
Supplies	17,717	13,294	46,272	97,085	7,398	181,766	11,210	192,976	292,220
Travel		2,455	1,725	30,504	10,850	45,534	42,104	87,638	87,024
Telephone	153	3,827	2,412	1,375	612	8,379	5,080	13,459	34,329
Rent Expense	3,226	56,244	143	10,186		69,799	69	69,868	72,018
Repairs and Maintenance		150,912	12,694	37,208	140	200,954	6,040	206,994	216,441
Professional Fees	2,070	73,808	32,225	123,591	13,100	244,794	2,014	246,808	230,525
Dues and Subscriptions						-	4,029	4,029	4,523
Postage and Delivery	466	2,601	2,957	690		6,714	3,907	10,621	11,916
Permits and Licenses		20,371		1,669		22,040	655	22,695	19,189
Training	7	6,891	1,225		947	9,070	3,436	12,506	20,559
Utilities	17,502	33,615	48,280	83,190	3,828	186,415	21,347	207,762	207,013
Participant Services		231	63,932	33,287	12,519	109,969		109,969	88,060
Public Relations		619			4,140	4,759	19,477	24,236	20,366
Interest		19,896				19,896		19,896	11,363
Conference & Meetings				98		98		98	
Other Expenses	6	855	65,586	7,956	469	74,872	28,232	103,104	72,023
Total Expenses Before Depreciation	<u>575,717</u>	<u>730,554</u>	<u>2,043,337</u>	<u>2,005,023</u>	<u>956,189</u>	<u>6,310,820</u>	<u>851,790</u>	<u>7,162,610</u>	<u>6,947,726</u>
Depreciation		124,024		34,249		158,272		158,272	163,971
<b>Total Expenses</b>	<u>\$ 575,717</u>	<u>\$ 854,578</u>	<u>\$ 2,043,337</u>	<u>\$ 2,039,272</u>	<u>\$ 956,189</u>	<u>\$ 6,469,092</u>	<u>\$ 851,790</u>	<u>\$ 7,320,882</u>	<u>\$ 7,111,697</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2019  
(With Comparative Totals for the Year Ended 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 62,397	\$ 272,355
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	158,272	163,971
(Increase) Decrease in Grants and Other Receivable	(15,580)	47,085
(Increase) Decrease in Other Assets	17,983	(23,697)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(50,648)	94,063
Increase (Decrease) in Payroll Taxes	(1,080)	(3,039)
Increase (Decrease) in Due to TEA	(92,621)	223,908
Total Adjustments	<u>16,326</u>	<u>502,291</u>
Net Cash Provided (Used) by Operating Activities	<u>78,723</u>	<u>774,646</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of Fixed Assets		<u>(57,049)</u>
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>-</u>	<u>(57,049)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Line of Credit	<u>(482)</u>	<u>(40,000)</u>
CASH USED FOR FINANCING ACTIVITIES	<u>(482)</u>	<u>(40,000)</u>
NET INCREASE (DECREASE) IN CASH	<u>78,241</u>	<u>677,597</u>
CASH AT BEGINNING OF YEAR	<u>1,250,927</u>	<u>573,330</u>
CASH AT END OF YEAR	<u>\$ 1,329,168</u>	<u>\$ 1,250,927</u>
<u>SUPPLEMENTAL DISCLOSURES:</u>		
Cash Paid during the year for:		
Interest	<u>\$ 19,896</u>	<u>\$ 6,276</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

A. Organization:

Gulf Coast Trades Center, Inc. (GCTC, Inc.) is a nonprofit organization incorporated in 1971. Its chartered purpose is to promote and conduct educational service, particularly vocational skill training coupled with other social services including counseling in a residential setting. GCTC, Inc.'s goal is to increase the social and economic independence of its clients through its educational learning environment and programs.

In May 1998, the Gulf Coast Trades Center, Inc. was approved by the Texas State Board of Education for a Charter to operate a Charter School, known as the Raven School. The Charter was in effect from August 1998 through July 2003 and was subsequently renewed for another ten years. The Charter School began operations in September 1998 to provide instruction to students at the high school level.

B. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. GCTC, Inc. reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the organization, including required disclosures about liquidity and availability of resources and increased disclosures on August 31, 2019 and thereafter and must be applied on a retrospective basis. The organization adopted the ASU effective September 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

CLASSIFICATION OF NET ASSETS

Net assets of the organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

*Net Assets Without Donor Restrictions* – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

GULF COAST TRADES CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS – (CONTINUED)

*Net Assets with Donor Restrictions* – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the organization.

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

PROPERTY AND EQUIPMENT

Property and equipment purchased by GCTC, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All assets acquired with a value in excess of \$5,000 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of seven years for heavy equipment, five years for vehicles, and three years for computer equipment. Gains or losses on retired or sale of property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

GULF COAST TRADES CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give to GCTC, Inc., which is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

INCOME TAXES

GCTC, Inc. qualifies as a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

GCTC, Inc.'s investments are with Texpool, a public funds investment pool and in certificates of deposits in a financial institution. Investment pools are established by the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Investment Act, chapter 2256 of the Texas Government Code.

CASH AND CASH EQUIVALENTS

For purpose of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks.

CONCENTRATION OF RISK

GCTC, Inc.'s depository bank pledges collateral to secure GCTC, Inc. deposits in excess of Federal Deposit Insurance Coverage.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires GCTC, Inc.'s management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GULF COAST TRADES CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

C. Pension Plan:

*Plan Description*

On August 19, 1995, GCTC, Inc. terminated its defined benefit pension plan and adopted a voluntary profit sharing pension plan. Under terms of the new plan, all participants of the prior plan were determined to be fully vested. The balance of each individual account was determined to be eligible for rollover to the new plan.

Under the profit sharing plan, contributions are to be made at the discretion of GCTC, Inc. Contributions are allocated to all participants eligible in the same proportion that each participant's compensation bears to the total compensation of all participants for that year. GCTC, Inc.'s contribution to the plan for the fiscal year ended August 31, 2019 was \$-0-.

Provisions of the plan state that forfeitures will be allocated to all participants eligible to share in the allocation in the same proportion that each participant's compensation for the year bears to the compensation of all participants for that year. Also, to become eligible for the plan, an employee must have one year of service and be over 21 years of age. Participants fully vest after seven years of service. The charter school 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. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas.

The plan 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 Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The latest TRS Comprehensive Annual Financial Report available dated August 31, 2019 provided the following information (ABO refers to the accumulated benefit obligation):

Pension Fund	Total Plan Assets 2019	ABO 2019	Percent Funded
TRS	\$ 181,800,159,000	\$ 209,961,325,000	76.40%

GULF COAST TRADES CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

C. Pension Plan: (Continued)

*Funding Policy*

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action. State law provides for a member contribution rate of 7.7% for fiscal year 2019. The state's contribution rate as non-employer contributing entity was 6.8% for fiscal year 2019. The charter school's employee contributions to the system for the year ended August 31, 2019 were \$337,066 equal to the required contributions for the year.

Other contributions made from federal and private grants and from the Charter School for salaries above the statutory minimum were contributed at a rate of 6.8% totaling \$63,529 for the year ended August 31, 2019. The Charter School's contributions into this plan do not represent more than 5% of the total contributions to the plan. The Charter School was not assessed a surcharge.

D. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

E. Liquidity and Availability of Financial Assets:

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end		
Cash	\$	1,329,168
Accounts Receivable		963,545
Total Financial assets at year-end	\$	<u>2,292,713</u>
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted imposed restrictions as to use:		-
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>2,292,713</u>

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization.

GULF COAST TRADES CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

F. Other Assets:

GCTC, Inc.'s other assets at August 31, 2019 consisted of supplies on hand available for individuals in residence and security deposits.

G. Leases:

GCTC, Inc. is currently leasing equipment and one facility on a non-cancellable operating lease.

GCTC Inc.'s minimum annual lease commitment is as follows:

<u>Twelve months ending August 31,</u>	<u>Amount</u>
2020	\$ 64,884
2021	60,267
2022	32,445
2023	650
Total	<u>\$ 158,246</u>

Operating lease expense amounted to \$59,540 for the year ended August 31, 2019.

H. Commitments and Contingencies:

The charter school 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 the Texas Education Agency 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 charter school 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.

I. Note Payable:

GCTC has a \$300,000 reducing revolving line of credit, with a balance of \$129,518 at August 31, 2019. Interest related to bank advances on the credit line is payable on a monthly basis and is computed using the Prime Rate plus 2.75 percentage points over the index. The full amount of advances obtained under the line of credit are due on demand. The loan is unsecured.

J. Health Care Coverage:

During the year ended August 31, 2019, employees of GCTC, Inc. were covered by a health insurance plan. The school contributed \$250 per month per employee for full time employees and \$150 for part-time employees (depending upon coverage selected) to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

GULF COAST TRADES CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

K. Due to TEA:

The Raven School receives an allotment Foundation school funds based on expected student attendance for the fiscal year. The Texas Education Agency made an adjustment to the total allocation granted for the 2018-19 year and the school was overpaid \$164,792. This amount was deducted and repaid from the 2019-20 allotment of Foundation funds.

L. Temporarily Restricted Net Assets:

Temporarily restricted net assets at August 31, 2019, are available for the following periods:

Periods after August 31, 2019:	
State Foundation Funds	\$ 167,529
Total restricted funds	<u>\$ 167,529</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

State and Local Funds	\$ 2,112,750
Residential Fees	2,480,050
Residential Fees & Care	1,460,873
Federal Funds	1,248,003
Total restrictions released	<u>\$ 7,301,676</u>

M. Casualty Loss – Building:

On September 4, 2019 the agency suffered a casualty loss which totally destroyed dorm buildings 4 and 5. The net book value loss of the dorm buildings and related equipment was \$17,183. The agency submitted an insurance claim and received the amount of \$615,000 and \$16,000 on November 8, and December 26, 2019 from insurance agency to cover the replacement of the building and related contents. The impact of this loss has resulted in a short term decrease in the number of students served and related revenue.

N. Comparative Totals:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended August 31 of the prior year, from which the summarized information was derived.

O. Evaluation of Subsequent Event:

GCTC, Inc. has evaluated subsequent events through January 16, 2020, the date which the financial statements were available to be issued.

**GOMEZ & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**5177 RICHMOND AVE. SUITE 1100**  
**HOUSTON, TX 77056**  
**TEL: (713) 666-5900**  
**FAX: (713) 666-1049**  
<http://www.gomezandco.com>

---

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Gulf Coast Trades Center, Inc.  
New Waverly, Texas

We have audited the financial statements of Gulf Coast Trades Center, Inc. (GCTC, Inc.) as of and for the year ended August 31, 2019, and have issued our report thereon dated January 16, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules for individual charter school on pages 15 to 20 is presented for the purposes of additional analysis 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 and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Houston, TX  
January 16, 2020

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2019

(With Comparative Totals for the Year Ended 2018)

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 720,035	\$ 881,974
Grants Receivable	37,172	43,018
Due from Gulf Coast	1,631	1,056
<b>TOTAL CURRENT ASSETS</b>	758,838	926,048
 <b>PROPERTY AND EQUIPMENT</b>		
Building and Improvements	840,458	840,458
Furniture and Equipment	123,774	123,774
	964,232	964,232
Less: Accumulated Depreciation	(627,365)	(593,116)
	336,867	371,116
<b>TOTAL ASSETS</b>	1,095,705	1,297,164
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	15,469	51,957
Accrued Liabilities	73,840	87,108
Due to TEA	164,792	256,400
	254,101	395,465
 <b>NET ASSETS</b>		
Unrestricted	674,075	674,075
Temporarily Restricted	167,529	227,624
<b>TOTAL NET ASSETS</b>	841,604	901,699
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,095,705	\$ 1,297,164

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019  
(With Comparative Totals for the Year Ended 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUES</b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 2,906	\$	\$ 2,906	\$ 7,679
Total Local Support	2,906		2,906	7,679
State Program Revenues:				
5810 Foundation School Program Act Revenues		1,731,937	1,731,937	1,909,603
5820 State Program Revenues Distributed by Texas Education Agency		14,975	14,975	3,087
5830 State Program Revenues Distributed by Texas Department of Agriculture		10,000	10,000	
Total State Program Revenues	2,003,080	(2,003,080)	1,756,912	1,912,690
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency		186,073	186,073	204,618
Total Federal Program Revenues	2,005,986	(60,095)	1,86,073	204,618
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	2,003,080	(2,003,080)		
Total Revenues	2,005,986	(60,095)	1,945,891	2,124,987
<b>EXPENSES</b>				
11 Instruction	1,207,955		1,207,955	1,195,386
12 Instructional Resources and Media Services	3,130		3,130	1,548
21 Instructional Leadership	112,248		112,248	120,273
23 School Leadership	198,230		198,230	187,006
31 Guidance, Counseling and Evaluating Services	97,343		97,343	27,532
33 Health Services	51,139		51,139	
36 Cocurricular/Extracurricular Activities	4,759		4,759	3,665
41 General Administration	90,473		90,473	48,479
51 Plant Maintenance and Operations	228,709		228,709	325,250
53 Data Processing Services	12,000		12,000	12,488
Total Expenses	2,005,986		2,005,986	1,921,627
<b>CHANGE IN NET ASSETS</b>	-	(60,095)	(60,095)	203,360
NET ASSETS, Beginning of Year	674,075	227,624	901,699	698,339
NET ASSETS, End of Year	\$ 674,075	\$ 167,529	\$ 841,604	\$ 901,699

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2019  
(With Comparative Totals for the Year Ended 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (60,095)	\$ 203,360
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation expense	34,249	34,249
(Increase) Decrease in Grants Receivable	5,846	(18,164)
(Increase) Decrease in Due from Gulf Coast	(575)	(641)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(49,756)	68,499
Increase (Decrease) in Due to TEA	(91,608)	223,908
Total Adjustments	(101,844)	307,851
 CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	 (161,939)	 511,211
 NET INCREASE (DECREASE) IN CASH	 (161,939)	 511,211
 CASH AT BEGINNING OF YEAR	 881,974	 370,763
 CASH AT END OF YEAR	 \$ 720,035	 \$ 881,974

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2019

**EXPENSES**

6100 Payroll Costs	\$ 1,526,183
6200 Professional and Contracted Services	312,599
6300 Supplies and Materials	97,223
6400 Other Operating Costs	69,981
Total Expenses	<u>\$ 2,005,986</u>

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2019

<b>The Raven School</b>	Ownership Interest		
	Local	State	Federal
1110 Cash	\$	\$ 720,035	\$
1520 Building and Improvements	74,626	123,166	642,666
1549 Furniture and Equipment		123,774	
<b>Total Capital Assets</b>	<b>\$ 74,626</b>	<b>\$ 966,975</b>	<b>\$ 642,666</b>

<b>Gulf Coast Trades Center</b>	Ownership Interest		
	Local	State	Federal
Cash	\$ 609,133	\$	\$
Land	384,200		
Building and Improvements	3,041,398		
Furniture and Equipment	2,180,807		
Vehicles	609,989		
<b>Total Capital Assets</b>	<b>\$ 6,825,527</b>	<b>\$</b>	<b>\$</b>

<b>Total</b>	Ownership Interest		
	Local	State	Federal
Cash	\$ 609,133	\$ 720,035	\$
Land	384,200		
Building and Improvements	3,116,024	123,166	642,666
Furniture and Equipment	2,180,807	123,774	
Vehicles	609,989		
<b>Total Capital Assets</b>	<b>\$ 6,900,153</b>	<b>\$ 966,975</b>	<b>\$ 642,666</b>

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 25,000	\$ 25,000	\$ 2,906	\$ (22,094)
Total Local Support	<u>25,000</u>	<u>25,000</u>	<u>2,906</u>	<u>(22,094)</u>
State Program Revenues:				
5810 Foundation School Program Act Revenues	2,065,071	2,065,071	1,731,937	(333,134)
5820 State Program Revenues Distributed by Texas Education Agency			14,975	14,975
5830 State Program Revenues Distributed by Texas Department of Agriculture			10,000	10,000
Total State Program Revenues	<u>2,065,071</u>	<u>2,065,071</u>	<u>1,756,912</u>	<u>(308,159)</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	172,682	229,358	186,073	(43,285)
Total Federal Program Revenues	<u>172,682</u>	<u>229,358</u>	<u>186,073</u>	<u>(43,285)</u>
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments				
Total Revenues	<u>2,262,753</u>	<u>2,319,429</u>	<u>1,945,891</u>	<u>(373,538)</u>
<b>EXPENSES</b>				
11 Instruction	1,291,418	1,348,094	1,207,955	140,139
12 Instructional Resources and Media Services	4,500	4,500	3,130	1,370
21 Instructional Leadership	145,970	135,710	112,248	23,462
23 School Leadership	188,257	199,257	198,230	1,027
31 Guidance, Counseling and Evaluating Services	89,168	99,428	97,343	2,085
33 Health Services	31,698	52,506	51,139	1,367
36 Cocurricular/Extracurricular Activities	5,000	5,000	4,759	241
41 General Administration	99,174	99,174	90,473	8,701
51 Plant Maintenance and Operations	370,555	338,747	228,709	110,038
53 Data Processing Services	12,000	12,000	12,000	-
Total Expenses	<u>2,237,740</u>	<u>2,294,416</u>	<u>2,005,986</u>	<u>288,430</u>
<b>CHANGE IN NET ASSETS</b>	<u>25,013</u>	<u>25,013</u>	<u>(60,095)</u>	<u>85,108</u>
NET ASSETS, beginning of year	<u>901,699</u>	<u>901,699</u>	<u>901,699</u>	
NET ASSETS, end of year	<u>\$ 926,712</u>	<u>\$ 926,712</u>	<u>\$ 841,604</u>	<u>\$ 85,108</u>

See accompanying notes to financial statements.

**GOMEZ & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**5177 RICHMOND AVE. SUITE 1100**  
**HOUSTON, TX 77056**  
**TEL: (713) 666-5900**  
**FAX: (713) 666-1049**  
<http://www.gomezandco.com>

INDEPENDENT AUDITOR'S 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  
Gulf Coast Trades Center, Inc.  
New Waverly, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gulf Coast Trades Center, Inc. (GCTC, Inc.) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, 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 16, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GCTC, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GCTC, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ramsey & Company". The signature is written in a cursive, flowing style.

Houston, TX  
January 16, 2020

**GOMEZ & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**5177 RICHMOND AVE. SUITE 1100**  
**HOUSTON, TX 77056**  
**TEL: (713) 666-5900**  
**FAX: (713) 666-1049**  
<http://www.gomezandco.com>

---

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Gulf Coast Trades Center, Inc.  
New Waverly, Texas

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

We have audited GCTC, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GCTC, Inc.'s major federal programs for the year ended August 31, 2019. GCTC, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of GCTC, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GCTC, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GCTC, Inc.'s compliance.

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

In our opinion GCTC, Inc. 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, 2019.

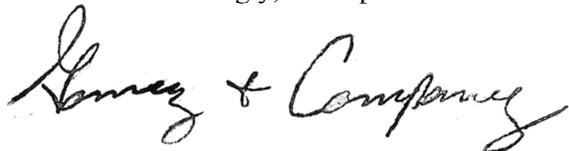
## Report on Internal Control Over Compliance

Management of GCTC, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GCTC, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GCTC, Inc.'s internal control over compliance.

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

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.



Houston, TX  
January 16, 2020

GULF COAST TRADES CENTER, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2019

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses on internal control over financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses on internal control over major federal award program
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).
7. Major programs:
 

U.S. Department of Justice, Office of Justice Programs, Office for Victims of Crime  
 Passed – Through Texas Office of the Governor – Criminal Justice Division (CJD)  
 Victims of Crime Act Formula Grant Program                      CFDA Number 16.575
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. GCTC, Inc. does not qualify as a low-risk auditee.

<u>Current Year Findings</u>	Questioned Costs
No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a).	\$ -0-

<u>Summary Schedule of Prior Year Findings</u>	Questioned Costs
No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a).	\$ -0-

GULF COAST TRADES CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2019

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Rural Education Achievement Program	84.358A	S358A173761	\$ 14,217
Passed - Through Texas Education Agency:			
Title I, Part A Improving School Basics	84.010A	19610101236801	\$ 46,974
Title I, Part D Improving School Basics/Part D Subpart 2	84.010A	19610103236801	\$ 76,644
Title IV, Part A - Student Support	84.424A	19680101236801	\$ 8,857
Title II, Part A - Teacher Quality	84.367A	18694501236801	\$ 1,348
Title II, Part A - Teacher Quality	84.367A	19694501236801	\$ 4,445
IDEA-B Formula	84.027A	196600012368016000	\$ 33,588
Total U.S. Department of Education			186,073
 <u>U.S. Department of Justice</u>			
Passed - Texas Office of the Governor - Criminal Justice Division	16.575	2016-VA-GX-0033	45,256
Passed - Texas Office of the Governor - Criminal Justice Division	16.575	VA 18-PY19 33656026	464,336
Total U.S. Department of Justice			509,592
 <u>U.S. Department of Labor</u>			
Passed - Through Dallas Workforce Board,	17.259	0612WIY000	295,593
Houston-Galveston Workforce Board	17.259	2811WIY000	37,028
Total U.S. Department of Labor			332,621
 <u>U.S. Department of Agriculture</u>			
Passed - Through Texas Department of Human Services			
Federal Food Service Reimbursement			
National School Lunch & Breakfast	10.555		219,717
Total U.S. Department of Agriculture			219,717
 Total Expenditures of Federal Awards			 \$ 1,248,003

GULF COAST TRADES CENTER, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2019

**NOTE 1- SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of GCTC, Inc. under programs of the federal government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of GCTC, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of GCTC, Inc.

***Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

***Indirect Cost Rate***

GCTC, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***Subrecipients***

No awards were passed through to subrecipients.