

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL 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, 2017, and have issued our report thereon dated January 18, 2018, 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 18, 2018

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2017
(With Comparative Totals for the Year Ended 2016)

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 370,763	\$ 305,679
Grants Receivable	24,854	25,534
Due from Gulf Coast	<u>415</u>	<u>25,714</u>
Total Current Assets	<u>396,032</u>	<u>356,927</u>
Property & Equipment		
Building Improvements	840,458	840,458
Equipment & Furniture	<u>123,774</u>	<u>123,774</u>
	964,232	964,232
Less Accumulated Depreciation	<u>(558,867)</u>	<u>(521,429)</u>
	<u>405,365</u>	<u>442,803</u>
Total Assets	<u>\$ 801,397</u>	<u>\$ 799,730</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 13,051	\$ 14,234
Accrued Liabilities	57,515	56,653
Due to TEA	<u>32,492</u>	<u>54,768</u>
Total Liabilities	<u>103,058</u>	<u>125,655</u>
Net Assets:		
Unrestricted	674,075	674,075
Temporarily Restricted	<u>24,264</u>	<u> </u>
Total Net Assets	<u>698,339</u>	<u>674,075</u>
Total Liabilities and Net Assets	<u>\$ 801,397</u>	<u>\$ 799,730</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC
THE RAVEN SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017
(With Comparative Totals for the Year Ended 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
REVENUES				
Local Support:				
5740 Other Revenues from Local Services	\$ 5,774	\$	\$ 5,774	\$ 777
Total Local Support	5,774		5,774	777
State Program Revenues:				
5810 Foundation School Program Act Revenues		1,302,988	1,302,988	1,298,172
5820 State Program Revenues Distributed by Texas Education Agency				20,383
Total State Program Revenues		1,302,988	1,302,988	1,318,555
Federal Program Revenues:				
5910 Federal Revenues Distributed Through Government Entities Other Than State or				.
5920 Federal Revenues Distributed by Texas Education Agency		183,682	183,682	190,644
Total Federal Program Revenues		183,682	183,682	190,644
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	1,462,406	(1,462,406)		
Total Revenues	1,468,180	24,264	1,492,443	1,509,976
EXPENSES				
11 Instruction	891,878		891,878	1,044,596
12 Instructional Resources and Media Services	3,437		3,437	2,600
21 Instructional Leadership	81,197		81,197	4,322
23 School Leadership	176,233		176,233	157,527
31 Guidance, Counseling, and Evaluation Servic	28,117		28,117	25,342
36 Cocurricular/Extracurricular Activities	807		807	2,295
41 General Administration	47,097		47,097	44,351
51 Plant Maintenance and Operations	227,542		227,542	228,612
53 Data Processing Services	11,872		11,872	11,716
Total Expenses	1,468,180		1,468,180	1,521,361
Change in Net Assets		24,264	24,264	(11,385)
Net Assets, Beginning of Year	674,075		674,075	685,460
Net Assets, End of Year	\$ 674,075	\$ 24,264	\$ 698,339	\$ 674,075

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2017
(With Comparative Totals for the Year Ended 2016)

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	\$ 24,264	\$ (11,385)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	37,438	38,508
(Increase) Decrease in Grants Receivable	680	10,573
(Increase) Decrease in Due from Gulf Coast	25,299	(117)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(321)	(88,001)
Increase (Decrease) in Due to TEA	(22,276)	24,314
Total adjustments	40,820	(14,723)
Net Cash Provided (Used) by Operating Activities	65,084	(26,108)
NET INCREASE (DECREASE) IN CASH	65,084	(26,108)
CASH AT BEGINNING OF YEAR	305,679	331,787
CASH AT END OF YEAR	\$ 370,763	\$ 305,679

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2017

EXPENSES

6100 Payroll Costs	\$ 1,084,955
6200 Professional and Contracted Services	273,025
6300 Supplies and Materials	53,371
6400 Other Operating Costs	<u>56,829</u>
Total Expenses	<u>\$ 1,468,180</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED AUGUST 31, 2017

<u>The Raven School</u>	Ownership Interest		
	Local	State	Federal
1110 Cash	\$	\$ 370,763	\$
1520 Building and Improvements	74,626	123,166	642,666
1539 Equipment and Furniture		123,774	
	<u>\$ 74,626</u>	<u>\$ 617,703</u>	<u>\$ 642,666</u>
Total Property and Equipment	<u>\$ 74,626</u>	<u>\$ 617,703</u>	<u>\$ 642,666</u>
<u>Gulf Coast Trades Center</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 202,567	\$	\$
Land	384,200		
Building and Improvements	3,041,398		
Equipment and Furniture	2,146,258		
Vehicles	589,989		
	<u>\$ 6,364,412</u>	<u>\$</u>	<u>\$</u>
Total Property and Equipment	<u>\$ 6,364,412</u>	<u>\$</u>	<u>\$</u>
<u>Total Capital Assets</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 202,567	\$ 370,763	\$
Land	384,200		
Building and Improvements	3,116,024	123,166	642,666
Equipment and Furniture	2,146,258	123,774	
Vehicles	589,989		
	<u>\$ 6,439,038</u>	<u>\$ 617,703</u>	<u>\$ 642,666</u>
Total Property and Equipment	<u>\$ 6,439,038</u>	<u>\$ 617,703</u>	<u>\$ 642,666</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance from Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 25,000	\$ 25,000	\$ 5,774	\$ (19,226)
Total Local Support	25,000	25,000	5,774	(19,226)
State Program Revenues:				
5810 Foundation School Program Act Revenues	1,296,266	1,296,266	1,302,988	6,722
Total State Program Revenues	1,296,266	1,296,266	1,302,988	6,722
Federal Program Revenues:				
5920 Federal Revenues Distributed by				
Texas Education Agency	184,959	201,208	183,682	(17,526)
Total Federal Program Revenues	184,959	201,208	183,682	(17,526)
Total Revenues	<u>1,506,225</u>	<u>1,522,474</u>	<u>1,492,444</u>	<u>(30,030)</u>
EXPENSES				
11 Instruction	958,039	918,725	891,878	26,847
12 Instructional Resources and Media Services	2,600	3,500	3,437	63
21 Instructional Leadership	69,352	100,918	81,197	19,721
23 School Leadership	158,773	180,000	176,233	3,767
31 Guidance, Counseling, and Evaluation Services	28,206	28,206	28,117	89
36 Cocurricular/Extracurricular Activities	3,500	2,000	807	1,193
41 General Administration	44,630	48,000	47,097	903
51 Plant Maintenance and Operations	229,000	229,000	227,542	1,458
53 Data Processing Services	12,125	12,125	11,872	253
Total Expenses	<u>1,506,225</u>	<u>1,522,474</u>	<u>1,468,180</u>	<u>54,294</u>
Change in Net Assets			24,264	24,264
Net Assets, Beginning of Year	674,075	674,075	674,075	
Net Assets, End of Year	<u>\$ 674,075</u>	<u>\$ 674,075</u>	<u>\$ 698,339</u>	<u>\$ 24,264</u>

See accompanying notes to financial statements.

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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, 2017, 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 18, 2018.

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.

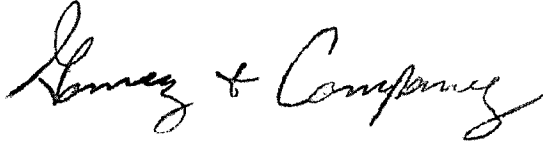
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 cursive script that reads "Loney & Company". The signature is written in black ink and is positioned below the main text of the report.

Houston, TX
January 18, 2018

GULF COAST TRADES CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

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. An audit of major programs was not required because expenditures of federal awards were less than \$750,000.

Current Year Findings

No audit findings were noted as per governmental auditing standards

Questioned Costs
"
<u>\$ -0-</u>

Summary Schedule of Prior Year Findings

No audit findings were noted as per governmental auditing standards

<u>\$ -0-</u>
