

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

5177 RICHMOND AVE. SUITE 1100

HOUSTON, TX 77056

TEL: (713) 666-5900

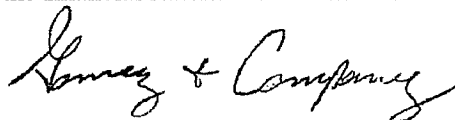
FAX: (713) 666-1049

<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, 2018, and have issued our report thereon dated January 18, 2019, 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, 2019

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2018
(With Comparative Totals for the Year Ended 2017)

ASSETS	2018	2017
Current Assets:		
Cash	\$ 881,974	\$ 370,763
Grants Receivable	43,018	24,854
Due from Gulf Coast	1,056	415
Total Current Assets	926,048	396,032
Property & Equipment		
Building Improvements	840,458	840,458
Equipment & Furniture	123,774	123,774
	964,232	964,232
Less Accumulated Depreciation	(593,116)	(558,867)
	371,116	405,365
Total Assets	\$ 1,297,164	\$ 801,397
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 51,957	\$ 13,051
Accrued Liabilities	87,108	57,515
Due to TEA	256,400	32,492
Total Liabilities	395,465	103,058
Net Assets:		
Unrestricted	674,075	674,075
Temporarily Restricted	227,624	24,264
Total Net Assets	901,699	698,339
Total Liabilities and Net Assets	\$ 1,297,164	\$ 801,397

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC
THE RAVEN SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018
(With Comparative Totals for the Year Ended 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
REVENUES				
Local Support:				
5740 Other Revenues from Local Services	\$ 7,679	\$	\$ 7,679	\$ 5,774
Total Local Support	7,679		7,679	5,774
State Program Revenues:				
5810 Foundation School Program Act Revenues		1,909,603	1,909,603	1,302,988
5820 State Program Revenues Distributed by Texas Education Agency		3,087	3,087	
Total State Program Revenues		1,912,690	1,912,690	1,302,988
Federal Program Revenues:				
5910 Federal Revenues Distributed Through Government Entities Other Than State or				
5920 Federal Revenues Distributed by Texas Education Agency		204,618	204,618	183,682
Total Federal Program Revenues		204,618	204,618	183,682
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	1,913,948	(1,913,948)		
Total Revenues	1,921,627	203,360	2,124,987	1,492,443
EXPENSES				
11 Instruction	1,195,386		1,195,386	891,878
12 Instructional Resources and Media Services	1,548		1,548	3,437
21 Instructional Leadership	120,273		120,273	81,197
23 School Leadership	187,006		187,006	176,233
31 Guidance, Counseling, and Evaluation Service	27,532		27,532	28,117
36 Cocurricular/Extracurricular Activities	3,665		3,665	807
41 General Administration	48,479		48,479	47,097
51 Plant Maintenance and Operations	325,250		325,250	227,542
53 Data Processing Services	12,488		12,488	11,872
Total Expenses	1,921,627		1,921,627	1,468,180
Change in Net Assets		203,360	203,360	24,264
Net Assets, Beginning of Year	674,075	24,264	698,339	674,075
Net Assets, End of Year	\$ 674,075	\$ 227,624	\$ 901,699	\$ 698,339

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2018
(With Comparative Totals for the Year Ended 2017)

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ 203,360	\$ 24,264
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	34,249	37,438
(Increase) Decrease in Grants Receivable	(18,164)	680
(Increase) Decrease in Due from Gulf Coast	(641)	25,299
Increase (Decrease) in Accounts Payable & Accrued Liabilities	68,499	(321)
Increase (Decrease) in Due to TEA	223,908	(22,276)
Total adjustments	307,851	40,820
Net Cash Provided (Used) by Operating Activities	511,211	65,084
 NET INCREASE (DECREASE) IN CASH	 511,211	 65,084
CASH AT BEGINNING OF YEAR	370,763	305,679
CASH AT END OF YEAR	\$ 881,974	\$ 370,763

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2018

EXPENSES

6100 Payroll Costs	\$ 1,302,873
6200 Professional and Contracted Services	383,531
6300 Supplies and Materials	165,829
6400 Other Operating Costs	<u>69,394</u>
Total Expenses	<u>\$ 1,921,627</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, 2018

<u>The Raven School</u>	Ownership Interest		
	Local	State	Federal
1110 Cash	\$	\$ 881,974	\$
1520 Building and Improvements	74,626	123,166	642,666
1539 Equipment and Furniture		123,774	
Total Property and Equipment	<u>\$ 74,626</u>	<u>\$ 1,128,914</u>	<u>\$ 642,666</u>
<u>Gulf Coast Trades Center</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 368,953	\$	\$
Land	384,200		
Building and Improvements	3,041,398		
Equipment and Furniture	2,180,807		
Vehicles	612,489		
Total Property and Equipment	<u>\$ 6,587,847</u>	<u>\$</u>	<u>\$</u>
<u>Total Capital Assets</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 368,953	\$ 881,974	\$
Land	384,200		
Building and Improvements	3,116,024	123,166	642,666
Equipment and Furniture	2,180,807	123,774	
Vehicles	612,489		
Total Property and Equipment	<u>\$ 6,662,473</u>	<u>\$ 1,128,914</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, 2018

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 25,000	\$ 25,000	\$ 7,679	\$ (17,321)
Total Local Support	25,000	25,000	7,679	(17,321)
State Program Revenues:				
5810 Foundation School Program Act Revenues	1,314,263	1,928,989	1,909,603	(19,386)
5820 State Program Revenues Distributed by Texas Education Agency			3,087	3,087
Total State Program Revenues	1,314,263	1,928,989	1,912,690	(16,299)
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	217,307	242,843	204,618	(38,225)
Total Federal Program Revenues	217,307	242,843	204,618	(38,225)
Total Revenues	1,556,570	2,196,832	2,124,987	(71,845)
EXPENSES				
11 Instruction	970,779	1,261,653	1,195,386	66,267
12 Instructional Resources and Media Services	3,500	4,500	1,548	2,952
21 Instructional Leadership	87,960	259,471	120,273	139,198
23 School Leadership	175,000	213,160	187,006	26,154
31 Guidance, Counseling, and Evaluation Services	28,206	38,897	27,532	11,365
36 Cocurricular/Extracurricular Activities	2,000	5,000	3,665	1,335
41 General Administration	48,000	60,326	48,479	11,847
51 Plant Maintenance and Operations	229,000	329,000	325,250	3,750
53 Data Processing Services	12,125	24,825	12,488	12,337
Total Expenses	1,556,570	2,196,832	1,921,627	275,205
Change in Net Assets			203,360	203,360
Net Assets, Beginning of Year	698,339	698,339	698,339	
Net Assets, End of Year	\$ 698,339	\$ 698,339	\$ 901,699	\$ 203,360

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, 2018, 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, 2019.

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 "Ramsey & Company".

Houston, TX
January 18, 2019

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, 2018. 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, 2018.

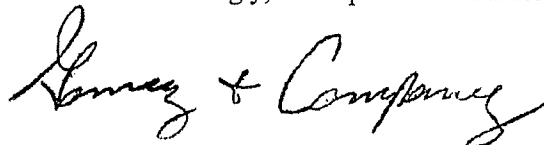
Report on Internal Control Over Compliance

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 18, 2019

GULF COAST TRADES CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2018

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>	<u>Questioned Costs</u>
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>	<u>Questioned Costs</u>
No audit findings were noted as per governmental auditing standards For the year ended August 31, 2017.	\$ -0-

GULF COAST TRADES CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2018

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	\$ 12,326
Passed - Through Texas Education Agency:			
Title I, Part A Improving School Basics	84.010A	18610101236801	\$ 45,561
Title I, Part D Improving School Basics/Part D Subpart 2	84.010A	18610103236801	\$ 100,543
Title IV, Part A - Student Support	84.424A	18680101236801	\$ 9,936
Title II, Part A - Teacher Quality	84.367A	18694501236801	\$ 4,034
IDEA-B Formula	84.027A	186600012368016000	\$ 32,218
Total U.S. Department of Education			<u>204,618</u>
 <u>U.S. Department of Justice</u>			
Passed - Texas Office of the Governor - Criminal Justice Division	16.575	2016-VA-GX-0033	474,770
Total U.S. Department of Justice			<u>474,770</u>
 <u>U.S. Department of Labor</u>			
Passed - Through Dallas Workforce Board,	17.259	0612WIY000	180,494
Houston-Galveston Workforce Board	17.259	2811WIY000	40,691
Total U.S. Department of Labor			<u>221,185</u>
 <u>U.S. Department of Agriculture</u>			
Passed - Through Texas Department of Human Services			
Federal Food Service Reimbursement			
National School Lunch & Breakfast	10.555		236,190
Total U.S. Department of Agriculture			<u>236,190</u>
Total Expenditures of Federal Awards			<u>\$ 1,136,763</u>

GULF COAST TRADES CENTER, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2018

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, 2018. 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.