

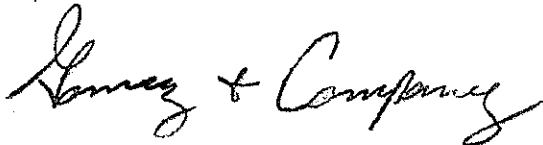
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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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, 2015, and have issued our report thereon dated January 20, 2016, 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 14 to 19 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 20, 2016

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2015  
(With Comparative Totals for the Year Ended 2014)

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash	\$ 331,787	\$ 623,591
Grants Receivable	36,107	40,206
Due from Gulf Coast	<u>25,597</u>	<u>959</u>
Total Current Assets	<u>393,490</u>	<u>664,756</u>
Property & Equipment		
Building Improvements	840,458	840,458
Equipment & Furniture	<u>123,774</u>	<u>113,945</u>
	964,232	954,403
Less Accumulated Depreciation	<u>(482,921)</u>	<u>(445,115)</u>
	<u>481,311</u>	<u>509,288</u>
Total Assets	<u>\$ 874,802</u>	<u>\$ 1,174,044</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 98,235	\$ 38,436
Accrued Liabilities	60,654	46,359
Due to TEA	<u>30,454</u>	<u>167,870</u>
Total Liabilities	<u>189,343</u>	<u>252,665</u>
Net Assets:		
Unrestricted	<u>685,460</u>	<u>921,379</u>
Total Net Assets	<u>685,460</u>	<u>921,379</u>
Total Liabilities and Net Assets	<u>\$ 874,802</u>	<u>\$ 1,174,044</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC  
THE RAVEN SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2015  
(With Comparative Totals for the Year Ended 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
<b>REVENUES</b>				
Local Support:				
5740 Other Revenues from Local Services	\$ 40,611	\$ _____	\$ 40,611	\$ 1,812
Total Local Support	40,611		40,611	1,812
State Program Revenues:				
5810 Foundation School Program Act Revenues		1,043,783	1,043,783	885,933
Total State Program Revenues		1,043,783	1,043,783	885,933
Federal Program Revenues:				
5910 Federal Revenues Distributed Through Government Entities Other Than State or Federal Agencies				9,933
5920 Federal Revenues Distributed by Texas Education Agency		254,613	254,613	258,574
Total Federal Program Revenues		254,613	254,613	268,507
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	1,298,396	(1,298,396)		
Total Revenues	1,339,007	_____	1,339,007	1,156,253
<b>EXPENSES</b>				
11 Instruction	1,040,867		1,040,867	1,025,479
12 Instructional Resources and Media Services	1,758		1,758	2,780
21 Instructional Leadership	2,870		2,870	2,000
23 School Leadership	135,861		135,861	162,257
31 Guidance, Counseling, and Evaluation Services	72,679		72,679	94,591
36 Cocurricular/Extracurricular Activities	1,017		1,017	739
41 General Administration	47,610		47,610	33,255
51 Plant Maintenance and Operations	265,931		265,931	275,647
53 Data Processing Services	6,693		6,693	6,746
Total Expenses	1,575,285	_____	1,575,285	1,603,492
Change in Net Assets	(236,279)	_____	(236,279)	(447,240)
Net Assets, Beginning of Year	921,739	_____	921,739	1,368,619
Net Assets, End of Year	\$ 685,460	\$ _____	\$ 685,460	\$ 921,379

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2015  
(With Comparative Totals for the Year Ended 2014)

	2015	2014
Cash Flows from Operating Activities		
Change in Net Assets	\$ (236,279)	\$ (447,240)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	37,806	37,104
(Increase) Decrease in Grants Receivable	(21,497)	145,652
(Increase) Decrease in Due from Gulf Coast	898	7,834
Increase (Decrease) in Accounts Payable & Accrued Liabilities	74,513	11,964
Increase (Decrease) in Due to TEA	(137,416)	(26,115)
Total adjustments	(45,696)	176,439
Net Cash Provided (Used) by Operating Activities	(281,975)	(270,801)
Purchase of fixed assets	(9,829)	
Net cash provided (used) by investing activities	(9,829)	
NET INCREASE ( DECREASE ) IN CASH	(291,804)	(270,801)
CASH AT BEGINNING OF YEAR	623,591	894,392
CASH AT END OF YEAR	\$ 331,787	\$ 623,591

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.  
THE RAVEN SCHOOL

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2015

**EXPENSES**

6100 Payroll Costs	\$ 1,029,960
6200 Professional and Contracted Services	371,229
6300 Supplies and Materials	121,720
6400 Other Operating Costs	<u>52,376</u>
Total Expenses	<u>\$ 1,575,285</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, 2015

<u>The Raven School</u>	Ownership Interest		
	Local	State	Federal
1110 Cash	\$	\$ 331,787	\$
1520 Building and Improvements	74,626	123,166	642,666
1539 Equipment and Furniture		123,774	
	<u>\$ 74,626</u>	<u>\$ 578,727</u>	<u>\$ 642,666</u>
Total Property and Equipment			
	<u>\$ 74,626</u>	<u>\$ 578,727</u>	<u>\$ 642,666</u>
<u>Gulf Coast Trades Center</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 428,762	\$	\$
Land	384,200		
Building and Improvements	2,789,251		
Equipment and Furniture	2,146,258		
Vehicles	745,543		
	<u>\$ 6,494,014</u>	<u>\$</u>	<u>\$</u>
Total Property and Equipment			
	<u>\$ 6,494,014</u>	<u>\$</u>	<u>\$</u>
<u>Total Capital Assets</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 428,762	\$ 331,787	\$
Land	384,200		
Building and Improvements	2,863,877	123,166	642,666
Equipment and Furniture	2,146,258	123,774	
Vehicles	745,543		
	<u>\$ 6,568,640</u>	<u>\$ 578,727</u>	<u>\$ 642,666</u>
Total Property and Equipment			
	<u>\$ 6,568,640</u>	<u>\$ 578,727</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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Support:				
5740 Other Revenues from Local Sources	\$ 25,000	\$ 25,000	\$ 40,611	\$ (15,611)
Total Local Support	25,000	25,000	40,611	(15,611)
State Program Revenues:				
5810 Foundation School Program Act Revenues	1,110,402	1,306,680	1,043,783	262,897
5820 State Program Revenues Distributed by				
Total State Program Revenues	1,110,402	1,306,680	1,043,783	262,897
Federal Program Revenues:				
5910 Federal Revenues Distributed Through Government Entities Other Than State or Federal Agencies	20,467	20,467		20,467
5920 Federal Revenues Distributed by Texas Education Agency	194,732	248,965	254,613	(5,648)
Total Federal Program Revenues	215,199	269,432	254,613	14,819
Total Revenues	1,350,601	1,601,112	1,339,007	262,105
<b>EXPENSES</b>				
11 Instruction	848,236	1,056,432	1,040,867	15,565
12 Instructional Resources and Media Services	3,500	2,000	1,758	242
21 Instructional Leadership	1,200	3,000	2,870	130
23 School Leadership	105,693	140,634	135,861	4,773
31 Guidance, Counseling, and Evaluation Services	56,737	73,609	72,679	930
36 Cocurricular/Extracurricular Activities	2,000	2,000	1,017	983
41 General Administration	47,610	47,610	47,610	
51 Plant Maintenance and Operations	269,125	269,125	265,931	3,194
53 Data Processing Services	16,500	6,702	6,693	9
Total Expenses	1,350,601	1,601,112	1,575,286	25,826
Change in Net Assets			(236,279)	(236,279)
Net Assets, Beginning of Year	921,738	921,738	921,738	
Net Assets, End of Year	<u>\$ 921,738</u>	<u>\$ 921,738</u>	<u>\$ 685,459</u>	<u>\$ (236,279)</u>

See accompanying notes to financial statements.

## GOMEZ & COMPANY

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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, 2015, 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 20, 2016.

#### **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.

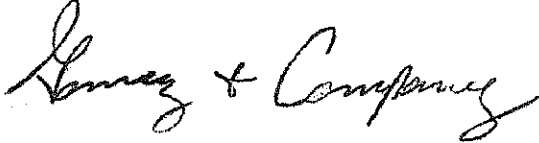
#### **Compliance and Other Matters**

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 "Linn & Company".

Houston, TX  
January 20, 2016

# GOMEZ & COMPANY

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Gulf Coast Trades Center, Inc.'s (GCTC, Inc.) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

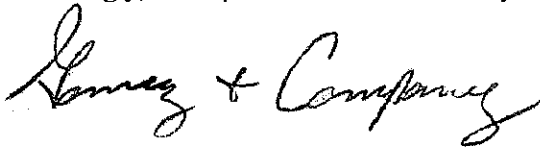
## Report on Internal Control Over Compliance

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script, likely representing the auditing firm, is written in black ink. The signature is stylized and appears to read "Loney & Company".

Houston, TX  
January 20, 2016

GULF COAST TRADES CENTER, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
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 programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major programs.
6. The audit did not disclose any audit findings which are required to be reported under section .510 (a) of OMB A-133.
7. Major programs:

U.S. Department of Education  
 Passed - Through Texas Education Agency  
 Title I, Part A & D

CFDA Number 84.010A

8. A \$300,000 threshold was used to distinguish between Type A and Type B programs as described in section .520 (b) of OMB A-133.
9. Agency qualifies as a low-risk auditee.

Current Year Findings

No audit findings were noted as per governmental auditing standards and Section 510 (a) of OMB A-133

Questioned Costs
\$ -0-

Summary Schedule of Prior Year Findings

No audit findings were noted as per Section .300 (f) of OMB A-133 for the Year months ended August 31, 2014.

\$ -0-
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GULF COAST TRADES CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2015

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	S538A131543	\$ 20,467
Passed - Through Texas Education Agency:			
Title I, Part A Improving School Basics	84.010A	15610101236801	55,599
Title I, Part D Subpart 2	84.010A	14610103236801	2,909
Title I, Part D Subpart 2	84.010A	15610103236801	134,955
Title II, Part A - Teacher Quality	84.367A	15694501236801	6,086
IDEA-B Formula	84.027A	156600012368016000	34,597
Total U.S. Department of Education			<u>254,613</u>
<u>U.S. Department of Labor</u>			
Passed - Through Dallas Workforce Board,	17.259	0612WIY000	109,823
Houston-Galveston Workforce Board	17.259	2811WIY000	121,224
Total U.S. Department of Labor			<u>231,047</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		177,609
Total U.S. Department of Agriculture			<u>177,609</u>
Total Expenditures of Federal Awards			<u>\$ 663,269</u>

GULF COAST TRADES CENTER, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2015

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying schedule of federal awards (the Schedule) includes federal grant activity of Gulf Coast Trades Center, Inc. (GCTC, Inc.) under programs of the federal government for the year ended August 31, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.