

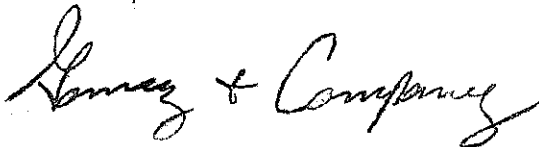
GOMEZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
5177 RICHMOND AVE. SUITE 1100
HOUSTON, TX 77056
TEL: (713) 666-5900
FAX: (713) 666-1049
<http://www.gomezandco.com>

INDEPENDENT AUDITOR'S REPORT ON 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, 2016, and have issued our report thereon dated January 16, 2017, 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 16, 2017

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2016
(With Comparative Totals for the Year Ended 2015)

ASSETS	2016	2015
Current Assets:		
Cash	\$ 305,679	\$ 331,787
Grants Receivable	25,534	36,107
Due from Gulf Coast	25,714	25,597
Total Current Assets	356,927	393,490
Property & Equipment		
Building Improvements	840,458	840,458
Equipment & Furniture	123,774	123,774
	964,232	964,232
Less Accumulated Depreciation	(521,429)	(482,921)
	442,803	481,311
Total Assets	\$ 799,730	\$ 874,802
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 14,234	\$ 98,235
Accrued Liabilities	56,653	60,654
Due to TEA	54,768	30,454
Total Liabilities	125,655	189,343
Net Assets:		
Unrestricted	674,075	685,460
Total Net Assets	674,075	685,460
Total Liabilities and Net Assets	\$ 799,730	\$ 874,802

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC
THE RAVEN SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2016
(With Comparative Totals for the Year Ended 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
REVENUES				
Local Support:				
5740 Other Revenues from Local Services	\$ 777	\$ _____	\$ 777	\$ 40,611
Total Local Support	777	_____	777	40,611
State Program Revenues:				
5810 Foundation School Program Act Revenues		1,298,172	1,298,172	1,043,783
5820 State Program Revenues Distributed by Texas Education Agency	_____	20,383	20,383	_____
Total State Program Revenues	_____	1,318,555	1,318,555	1,043,783
Federal Program Revenues:				
5910 Federal Revenues Distributed Through Government Entities Other Than State or				
5920 Federal Revenues Distributed by Texas Education Agency	_____	190,644	190,644	254,613
Total Federal Program Revenues	_____	190,644	190,644	254,613
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	1,509,199	(1,509,199)	_____	_____
Total Revenues	1,509,976	_____	1,509,976	1,339,007
EXPENSES				
11 Instruction	1,044,596		1,044,596	1,040,867
12 Instructional Resources and Media Services	2,600		2,600	1,758
21 Instructional Leadership	4,322		4,322	2,870
23 School Leadership	157,527		157,527	135,861
31 Guidance, Counseling, and Evaluation Service	25,342		25,342	72,679
36 Cocurricular/Extracurricular Activities	2,295		2,295	1,017
41 General Administration	44,351		44,351	47,610
51 Plant Maintenance and Operations	228,612		228,612	265,931
53 Data Processing Services	11,716	_____	11,716	6,693
Total Expenses	1,521,361	_____	1,521,361	1,575,285
Change in Net Assets	(11,385)	_____	(11,385)	(236,279)
Net Assets, Beginning of Year	685,460	_____	685,460	921,737
Net Assets, End of Year	\$ 674,075	\$ _____	\$ 674,075	\$ 685,460

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2016
(With Comparative Totals for the Year Ended 2015)

	2016	2015
Cash Flows from Operating Activities		
Change in Net Assets	\$ (11,385)	\$ (236,279)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided (Used) by Operating Activities		
Depreciation	38,508	37,806
(Increase) Decrease in Grants Receivable	10,573	(21,497)
(Increase) Decrease in Due from Gulf Coast	(117)	898
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(88,001)	74,513
Increase (Decrease) in Due to TEA	<u>24,314</u>	<u>(137,416)</u>
Total adjustments	<u>(14,723)</u>	<u>(45,696)</u>
Net Cash Provided (Used) by Operating Activities	<u>(26,108)</u>	<u>(281,975)</u>
Purchase of fixed assets	<u> </u>	<u>(9,829)</u>
Net cash provided (used) by investing activities	<u> </u>	<u>(9,829)</u>
NET INCREASE (DECREASE) IN CASH	<u>(26,108)</u>	<u>(291,804)</u>
CASH AT BEGINNING OF YEAR	<u>331,787</u>	<u>623,591</u>
CASH AT END OF YEAR	<u>\$ 305,679</u>	<u>\$ 331,787</u>

See accompanying notes to financial statements.

GULF COAST TRADES CENTER, INC.
THE RAVEN SCHOOL

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2016

EXPENSES

6100 Payroll Costs	\$ 1,126,147
6200 Professional and Contracted Services	273,001
6300 Supplies and Materials	64,843
6400 Other Operating Costs	<u>57,370</u>
Total Expenses	<u>\$ 1,521,361</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, 2016

<u>The Raven School</u>	Ownership Interest		
	Local	State	Federal
1110 Cash	\$	\$ 305,679	\$
1520 Building and Improvements	74,626	123,166	642,666
1539 Equipment and Furniture		123,774	
	<u>\$ 74,626</u>	<u>\$ 552,619</u>	<u>\$ 642,666</u>
Total Property and Equipment	<u>\$ 74,626</u>	<u>\$ 552,619</u>	<u>\$ 642,666</u>
<u>Gulf Coast Trades Center</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 578,372	\$	\$
Land	384,200		
Building and Improvements	2,698,322		
Equipment and Furniture	2,146,258		
Vehicles	693,420		
	<u>\$ 6,500,572</u>	<u>\$</u>	<u>\$</u>
Total Property and Equipment	<u>\$ 6,500,572</u>	<u>\$</u>	<u>\$</u>
<u>Total Capital Assets</u>	Ownership Interest		
	Local	State	Federal
Cash	\$ 578,372	\$ 305,679	\$
Land	384,200		
Building and Improvements	2,772,948	123,166	642,666
Equipment and Furniture	2,146,258	123,774	
Vehicles	693,420		
	<u>\$ 6,575,198</u>	<u>\$ 552,619</u>	<u>\$ 642,666</u>
Total Property and Equipment	<u>\$ 6,575,198</u>	<u>\$ 552,619</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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenues from Local Sources	\$ 25,000	\$ 25,000	\$ 777	\$ 24,223
Total Local Support	25,000	25,000	777	24,223
State Program Revenues:				
5810 Foundation School Program Act Revenues	1,281,266	1,316,649	1,298,172	18,477
5820 State Program Revenues Distributed by Texas Education Agency	<u>1,281,266</u>	<u>1,316,649</u>	<u>20,383</u>	<u>(20,383)</u>
Total State Program Revenues	1,281,266	1,316,649	1,318,555	(1,906)
Federal Program Revenues:				
5910 Federal Revenues Distributed Through Government Entities Other Than State or 5920 Federal Revenues Distributed by Texas Education Agency	<u>202,960</u>	<u>202,960</u>	<u>190,644</u>	<u>12,316</u>
Total Federal Program Revenues	202,960	202,960	190,644	12,316
Total Revenues	<u>1,509,226</u>	<u>1,544,609</u>	<u>1,509,976</u>	<u>34,633</u>
EXPENSES				
11 Instruction	1,046,892	1,060,275	1,044,596	15,679
12 Instructional Resources and Media Services	2,500	2,600	2,600	
21 Instructional Leadership	2,500	5,500	4,322	1,178
23 School Leadership	144,273	158,773	157,527	1,246
31 Guidance, Counseling, and Evaluation Services	26,106	28,206	25,342	2,864
36 Cocurricular/Extracurricular Activities	2,000	3,500	2,295	1,205
41 General Administration	43,830	44,630	44,351	279
51 Plant Maintenance and Operations	229,000	229,000	228,612	388
53 Data Processing Services	<u>12,125</u>	<u>12,125</u>	<u>11,716</u>	<u>409</u>
Total Expenses	<u>1,509,226</u>	<u>1,544,609</u>	<u>1,521,361</u>	<u>23,248</u>
Change in Net Assets			<u>(11,385)</u>	<u>(11,385)</u>
Net Assets, Beginning of Year	<u>685,460</u>	<u>685,460</u>	<u>685,460</u>	
Net Assets, End of Year	<u>\$ 685,460</u>	<u>\$ 685,460</u>	<u>\$ 674,075</u>	<u>\$ (11,385)</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, 2016, 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, 2017.

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.

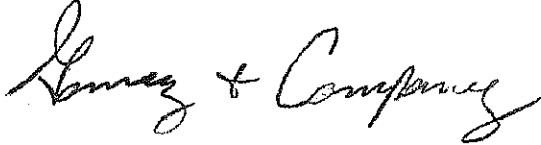
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Houston, TX
January 16, 2017

GULF COAST TRADES CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

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

\$ -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, 2015.

\$ -0-