

GULF COAST COUNCIL OF LA RAZA, INC.
CORPUS CHRISTI, TEXAS



Annual Financial Report

**For the fiscal year ended
August 31, 2025**

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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GULF COAST COUNCIL OF LA RAZA, INC.
CORPUS CHRISTI, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2025

**GULF COAST COUNCIL OF LA RAZA, INC.
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
YEAR ENDED AUGUST 31, 2025**

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**Gulf Coast Council of La Raza, Inc.
Certificate of Board**

Gulf Coast Council of La Raza, Inc.

Name of Charter School

Nueces County

County

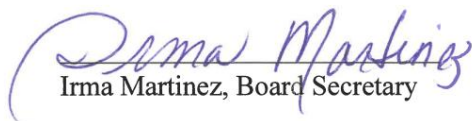
178-801

CO.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named association were reviewed and **approved** for the year ended August 31, 2025, at a meeting of the Board of Directors on the **2nd day of February 2026.**



Anna Flores, Board President



Irma Martinez, Board Secretary

If the Board of Directors disapproves of the auditor's report, the reason(s) for disapproving it is (are): (attach list as necessary)

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Raul Hernandez & Company, P. C.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Gulf Coast Council of La Raza, Inc.
Corpus Christi, Texas

Members of the Board of Directors:

Opinion

We have audited the accompanying financial statements of Gulf Coast Council of La Raza, Inc. (a non-profit organization) which comprise the statement of financial position as of August 31, 2025 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulf Coast Council of La Raza, Inc. as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gulf Coast Council of La Raza, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf Coast Council of La Raza, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gulf Coast Council of La Raza, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf Coast Council of La Raza, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial schedules noted as supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting procedures 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 financial schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2026, on our consideration of Gulf Coast Council of La Raza, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Gulf Coast Council of La Raza, 's internal control over financial reporting and compliance.

Raul Hernandez + Company, P.C.

Corpus Christi, TX

January 19, 2026

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FINANCIAL SECTION

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Gulf Coast Council of La Raza, Inc.
Statement of Financial Position
August 31, 2025

Exhibit A-1

Assets

Current assets:

Cash and cash equivalents	\$ 3,292,169
Inventory	4,489
Grants and accounts receivable	56,098
Prepaid Expense	37,173
Due from other funds	139,554
Other Receivables	209
Total Current Assets	3,529,692

Property and Equipment:

Land	266,771
Building and equipment	6,347,767
Operating Lease Right-of-Use (ROU) Asset	1,082,796
Construction in Progress	374,475
	8,071,809
Less: Accumulated Depreciation and Amortization	(4,542,491)
Property and Equipment, net	3,529,318

Other Assets:

Deposits	840
----------	-----

Total Assets

\$ 7,059,850

Liabilities and Net Assets

Current liabilities:

Accounts Payable	\$ 67,057
Payroll Liabilities	28,114
Due to other funds	139,554
Current Portion of Operating Lease Liability	227,802
Total Current Liabilities	462,327

Long-term liabilities:

Long-term Operating Lease Liability	10,123
Total Long-term Liabilities	10,123
Total Liabilities	472,450

Net assets:

Without Donor Restrictions	6,283,591
With Donor Restrictions	303,809
Total net assets	6,587,400

Total Liabilities and Net Assets

\$ 7,059,850

The accompanying notes to financial statements form an integral part of this statement.

**Gulf Coast Council of La Raza, Inc.
Statement of Activities
For the Year Ended August 31, 2025**

Exhibit A-2

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Local Support			
Contributions	\$ 33,057	\$ -	\$ 33,057
Fund-raising activities	-	-	-
Interest and other income	355,446	-	355,446
Total local support	388,503	-	388,503
State Program Revenues			
Foundation School Program	-	1,629,468	1,629,468
Other State Aid	-	332,763	332,763
Total State Program Revenue	-	1,962,231	1,962,231
Federal program revenues			
ESEA Title I, Part A		119,767	119,767
Title I School Improvement	-	-	-
IDEA-Part B, Formula		33,892	33,892
IDEA-Part B, Preschool		1,124	1,124
National School Breakfast and Lunch Program		160,966	160,966
Texas COVID TCLAS		-	-
ESEA Title II, Part A TPTR		12,724	12,724
ESSER II, American Rescue Plan Act		-	-
ESSER III, American Rescue Plan Act		-	-
IDEA-B Formula ARP		-	-
IDEA-B Preschool ARP		-	-
Title IV, Part A, Subpart I		13,105	13,105
Medicaid Administrative Claiming Program		8,630	8,630
Total Federal Program Revenue	-	350,208	350,208
Net assets released from restrictions:	2,312,439	(2,312,439)	-
Total Revenue and Other Support	2,700,942	-	2,700,942
EXPENSES			
Program Services			
Instruction and Instructional-Related Services	1,049,852	-	1,049,852
Instructional and School Leadership	204,884	-	204,884
Support Services:			
Administrative Support Services	473,381	-	473,381
Support Services - Non-Student Based	720,864	-	720,864
Support Services - Student	284,721	-	284,721
Community Services	47,983	-	47,983
Debt Service	10,335	-	10,335
Total Expenses	2,792,020	-	2,792,020
Excess (Deficiency) of Revenues Over (Under) Expenses	(91,078)	-	(91,078)
NONOPERATING ACTIVITIES			
Transfers In	15,000		15,000
Transfers Out	(15,000)		(15,000)
Total Nonoperating Activities	-	-	-
CHANGE IN NET ASSETS	(91,078)	-	(91,078)
NET ASSETS BEGINNING OF YEAR	6,374,669	303,809	6,678,478
NET ASSETS END OF YEAR	\$ 6,283,591	\$ 303,809	\$ 6,587,400

The accompanying notes to financial statements form an integral part of this statement.

Gulf Coast Council of La Raza, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2025

Exhibit A-3

	Program Activities	Support Activities		Totals
	Program Services	General and Administration	Fundraising	
Salaries and Wages	\$ 899,323	\$ 346,376	\$ -	\$ 1,245,699
Benefits	145,004	66,626		211,630
Payroll Taxes	26,855	11,851		38,706
Total Payroll Expenses	<u>1,071,182</u>	<u>424,853</u>	<u>-</u>	<u>1,496,035</u>
Rental Expense	\$ -	\$ -	\$ -	\$ -
Contracted Services	131,728	151,523	-	283,251
Maintenance and Repairs	-	21,365	-	21,365
Utilities	-	77,271	-	77,271
Depreciation and Amortization	8,458	591,336	-	599,794
Supplies	37,640	187,656	-	225,296
Travel	2,393	6,411	-	8,804
Instructional Materials	-	26,338	-	26,338
Insurance and Bonding	-	6,961	-	6,961
Professional Fees and Dues	-	3,784	-	3,784
Other	3,335	29,451	-	32,786
Interest		10,335		10,335
Total Non-Payroll Expenses	<u>\$ 183,554</u>	<u>\$ 1,112,431</u>	<u>\$ -</u>	<u>\$ 1,295,985</u>
Total Functional Expenses	<u>\$ 1,254,736</u>	<u>\$ 1,537,284</u>	<u>\$ -</u>	<u>\$ 2,792,020</u>

The accompanying notes to financial statements form an integral part of this statement.

**Gulf Coast Council of La Raza, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2025**

Exhibit A-4

Cash Flows From Operating Activities	
Change in Net Assets	\$ (91,078)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation & Amortization	413,723
Prior Period Adjustment	-
(Increase) Decrease in:	
Due from State	36,457
Due from Other Funds	52,030
Prepaid Expenses	(5,530)
Inventory	416
Other Receivables	(209)
(Increase) Decrease in:	
Accounts Payable	61,132
Due to Other Funds	(52,030)
Payroll Liabilities	(1,928)
Deferred Revenue	(11,203)
Accrued Wages	-
	<u>401,780</u>
Cash Flows From Investing Activities	
Operating Lease Right-of-Use (ROU) Asset	-
Purchase of furniture, fixtures & equipment	(438,404)
	<u>(438,404)</u>
Cash Flows From Financing Activities	
Payment on Operating Lease Liability	(221,500)
	<u>(221,500)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(258,124)
Cash at Beginning of Year	<u>3,550,293</u>
Cash at End of Year	<u>\$ 3,292,169</u>
Summary of Cash:	
Cash as presented in the Statement of Financial Position	\$ 3,292,169
Certificates of Deposit	-
Cash and Equivalents as presented in the Statement of Cash Flows	<u>\$ 3,292,169</u>

The accompanying notes to financial statements form an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

GULF COAST COUNCIL OF LA RAZA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2025

Note 1. Organization

Gulf Coast Council of La Raza (the Council), a not-for-profit corporation established under the laws of the State of Texas was founded in 1980 as a charter affiliate of the National Council of La Raza in Washington, D.C. The Council is dedicated to promoting the social, educational, economic and physical well-being of disadvantaged youth and their families. The Gulf Coast Council provides these services in the South Texas area.

Note 2. Significant Accounting Policies

The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts*, a Module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

A. Basis of Accounting

The Council accounts for all transactions on the accrual method of accounting for year-end purposes.

B. Class of Net Assets

The financial statements report amounts by class of net assets. Accordingly, net assets of the Gulf Coast Council of La Raza, Inc. and changes therein are classified and reported as follows:

Net assets without donor restrictions are currently available for operating purposes under the direction of the board or invested in property or equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks. Time deposits are considered as cash equivalents if the deposit has a maturity of three months or less.

D. Property and Equipment and Depreciation

In accordance with the Texas Education Agency-Resource Guide Supplement for Charter Schools, all assets acquired with a value of \$5,000 or greater are recorded as fixed assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition. Depreciation of building and improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

E. Revenue Recognition

Revenues are derived primarily from the operation of a Charter School and obtaining federal and state grants.

Revenues from the state's available school fund are based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support.

- Contributions with donor-imposed restrictions are reported as restricted support. Restricted support increases temporarily restricted net assets.
- Contributions without donor-imposed restrictions are reported as unrestricted support. Unrestricted support increases unrestricted net assets.

Governmental grant contracts are considered to be earned to the extent of expenses made under the provisions of the grant and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

F. Donated Goods and Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount. No donated services have been recognized in the statement of activities because the criteria for recognition under ASC 958 has not been satisfied.

**GULF COAST COUNCIL OF LA RAZA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2025**

Note 2. Significant Accounting Policies (continued)

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Budgets

Gulf Coast Council of La Raza, Inc. prepares an annual operating budget based on expected revenues and expenses for certain special revenue funds. These budgets are reviewed and approved by the Board of Trustees.

I. Income Taxes

The Council is exempt from federal income taxes under Sec. 501 (c) (3) of the Internal Revenue Service code and therefore has made no provision for Federal income taxes in the accompanying financial statements. Unrelated business income tax is paid on net proceeds from Bingo Operations. The effect of any taxes related to Bingo Operations is not considered material. In addition, Gulf Coast Council of La Raza, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. Years subject to examination by federal taxing authorities for non-profit tax revenues are 2023, 2024 and 2025.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that as of August 31, 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions.

J. Functional Allocation of Expenses

The costs of providing the Council's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

K. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts and other. Amounts are charged off after reasonable collection efforts have been exhausted.

L. Inventories

Inventories consist primarily of food supplies and are stated at the lower of cost or fair market value.

M. Leases

A right-to-use asset and operating lease liability are recognized based on the present value of lease payments over the lease term, where the initial term of the lease exceeds twelve months, using an appropriate discount rate. As the rate implicit in the lease is generally not readily determinable, GCCLR has elected to use a risk-free rate as the discount rate. The operating lease liability is reduced as cash payments are made under the terms of the lease. Unless GCCLR determines that it is reasonably certain that the term of a lease will be terminated early or extended through a renewal option, the term of a lease spans for the duration of the minimum noncancellable contractual term.

Note 3. Property and Equipment

Depreciation of physical properties is calculated on the straight-line method over the following estimated useful lives:

Building	20 years
Furniture and equipment	5-10 years
Automobiles	5 years
Leasehold improvement	10-20 years

A summary of assets is as follows:

Land	\$	266,771
Building and equipment		6,347,767
Right to Use Asset		1,082,796
Construction in Progress		374,475
		8,071,809
Less: Accumulated depreciation and amortization		<u>(4,542,491)</u>
	\$	<u>3,529,318</u>

Depreciation and Amortization for the year ended August 31, 2025, totaled \$413,723.

**GULF COAST COUNCIL OF LA RAZA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2025**

Note 4. Ownership in Property and Equipment

As of August 31, 2025, the following disclosure of ownership interests in property and equipment is provided to address certain requirements discussed in House Bill 6, 77th Legislature (2001).

	Date Acquired	Ownership Interest		
		Local	State	Federal
Land	Various	\$ 266,771	\$ -	\$ -
Buildings and improvements	Various	5,583,856	-	-
Vehicles and equipment	Various	95,958	1,517,554	233,195
Construction in Progress	Various	<u>374,475</u>	-	-
Total Property and Equipment		<u>\$ 6,321,060</u>	<u>\$ 1,517,554</u>	<u>\$ 233,195</u>

Assets purchased with state or federal funds may revert to the grantor if the Organization ceases to exist.

Note 5. Compensated Absences

The Council allows its employees vacation and sick leave as part of fringe benefits. These benefits, if not used, expire at the end of the Council's fiscal year end. As a result, no liability exists for compensated absences as of August 31, 2025.

Note 6. Interfund Transactions

The following is a summary of amounts.

	Due From (Receivables)	Due To (Payables)
<u>General Fund</u>		
Payroll Fund	\$ -	\$ -
School Fund	<u>119,800</u>	<u>19,754</u>
	119,800	19,754
<u>School Fund</u>		
General Fund	<u>19,754</u>	<u>119,800</u>
	19,754	119,800
Total Interfund Receivables/Payables	<u>\$ 139,554</u>	<u>\$ 139,554</u>

Note 7. Grants and Contracts Receivable and Payable

Gulf Coast Council of La Raza, Inc. operates within the South Texas area as an affiliate of the National Council of La Raza and provides services for disadvantaged youth. A Charter School is additionally operated by the Organization. Funding for the programs is derived from Federal and State grants and Texas Education Agency Foundation funds. Revenues received directly from Federal and State grantors totaled \$682,971 for the fiscal year ended August 31, 2025. Amounts received as Texas Education Foundation funds totaled \$1,629,468. Grants and contracts receivable are deemed to be fully collectible by management and totaled \$56,098.

Note 8. Concentration of Credit Risk for Cash Held in Bank

Financial instruments, which potentially subject the Council to concentrations of credit risk, as defined by Statement of Financial Accounting Standards ASC 825, consist principally of cash. The Council maintains its cash in various bank deposit accounts, which are monitored to determine that deposits do not exceed federally insured limits. The Council has not experienced any losses in such accounts.

At August 31, 2025, the book balances were \$3,292,169 and bank balances were \$3,323,868. Of these balances, \$250,000 was insured by federal depository insurance. Securities were pledged to adequately collateralize the Organization's deposits. Pledged securities held by the Organization's financial institution totaled \$450,838 on August 31, 2025.

**GULF COAST COUNCIL OF LA RAZA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2025**

Note 9. Pension Disclosure

Plan Description

The School contributes to the Teacher Retirement System of Texas ("TRS"); a public employee retirement system. It is a cost-sharing, multiple employer defined pension plan with one exception: All risks and costs are not shared by the School but are the liability of the state of Texas. TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. TRS's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800)877-0123.

The TRS plan differs from a single-employer plan as follows:

- Charter schools are legally separate entities from the state and each other.
- Assets contributed by one charter school or independent school district ("ISD" may be used for the benefit of an employee of another ISD or charter school.
- The unfunded obligations get passed along to the other charter schools and ISDs.
- There is no withdrawal penalty for leaving the TRS system.

Total plan assets, accumulated benefit obligations, and % funded are as follows:

Name of Plan: Teacher Retirement System of Texas Plan Number: N/A Zone status: Unknown	(Dollars in Thousands)	
	2024	2023
	1. Total Plan Assets	\$ 243,089,146
2. Accumulated Benefit Obligations	271,627,434	255,860,887
3. The plans funded %	77.51%	73.15%

There are no collective-bargaining agreements.

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% of the member's annual compensation and a state 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 31 years, the period would be increased by such action.

Under provisions in the state law, plan members are required to contribute 8.25% of their annual covered salary, and the State of Texas contributes an amount equal to 8.25% of the School's covered payroll.

The school employees' contributions to TRS for the twelve months ended August 31, 2025, were \$90,253. Equal to the required contributions for each year.

There were no other contributions made from federal and private grants and from the School for salaries above the statutory minimum for the twelve months ended August 31, 2025.

The school's contributions to TRS were \$60,785 for the twelve months ended August 31, 2025, which include \$21,249 in NON-OASDI participating surcharges. The School's contributions did not represent more than 5% of the total contributions to the plan (i.e., total plan assets). There have been no changes that would affect the comparison of employer contributions from year to year.

Note 10. Health Care Coverage

During the year ended August 31, 2025, employees of the charter school were covered by TRS Active Care. The Charter School contributed \$350 per month per employee. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to TRS Active Care.

**GULF COAST COUNCIL OF LA RAZA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2025**

Note 11. Operating Lease Liability

The charter holder entered into a lease on January 24, 2021 with the Gulf Coast of La Raza, Inc. in the amount of \$1,066,602 to lease a school building. The interest rate of the note is 2.65% with a maturity date of August 31, 2026. The balance as of August 31, 2025 was \$224,761.

The charter holder entered into a lease on May 31, 2024 with Dex Imaging, Inc. in the amount of \$16,194 to lease a copier. The interest rate of the note is 8.5% with a maturity date of August 28, 2029. The balance as of August 31, 2025 was \$12,965.

DESCRIPTION	Interest Rate Payable	Interest Current Year	Amounts Outstanding 9/1/2024	Increase	Decrease	Amounts Outstanding 8/31/2025	Current Portion
Right to Use School Building	2.65%	\$ 14,829	\$ 443,650	\$ -	\$ 218,889	\$ 224,761	\$ 224,761
Right to Use Copier	8.50%	340	15,575	-	2,610	12,965	2,841
		<u>\$ 15,169</u>	<u>\$ 443,650</u>	<u>\$ -</u>	<u>\$ 221,499</u>	<u>\$ 237,726</u>	<u>\$ 227,602</u>
Total Finance least cost				<u>\$ 1,160,132</u>			
Other information:							
Cash paid for amount included in the measurement of lease liabilities:							
Financing cash flows from Right of Use liabilities				<u>\$ (213,789)</u>			
Weighted average remaining lease term:							
Finance leases				<u>1.03 years</u>			
Weighted average remaining discount rate:							
Finance leases				<u>3.67%</u>			

Note 12. Related Party Transactions

Related party transactions consisted of rental payment from the Charter School to Gulf Coast Council of La Raza, Inc. for rental of classrooms and various office spaces as explained in Note 11.

Note 13. Litigation

The Council is contingently liable in respect of lawsuits and other claims in the ordinary course of its operations. Should such contingencies become a real liability, funds would have to be appropriated in future budgets for settlements.

Note 14. Commitments and Contingencies

The Council participates in several federally assisted grant programs, all of which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by any of the respective grantor agencies or should any other contingency become a reality, funds would have to be appropriated in future Council budgets for settlement. Additional assets purchased with federal or state program funds may revert back to the grantors at the expiration of the program.

**GULF COAST COUNCIL OF LA RAZA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2025**

Note 15. Maintenance of Effort

The amount paid for charter school employees for health care premiums was as follows:

A)	Total annual premiums paid for health care 2024 - 2025	\$	86,450
B)	Subtract any non-medical expenditures:		
	Life insurance		-
	Dental insurance		-
	Vision insurance		-
	Long-term disability		-
	Short-term disability		-
	Alternate plans		-
	COBRA expense		-
	Retirement expense		-
	2024 – 2025 Maintenance of Effort	\$	<u>86,450</u>

Note 16. Net Assets With Donor Restrictions

Net assets were released from grantor requirements by incurring expenses satisfying the purpose or time restrictions specified by the grantors as follows:

Purpose restriction accomplished:			
Texas Education Agency Foundation	\$	1,629,468	
State and Federal Titles		<u>682,971</u>	
Total Restrictions Released	\$	<u>2,312,439</u>	

Note 17. Subsequent Events

The Organization's management has reviewed financial information for possible events subsequent to its year end. This evaluation was performed through January 19, 2026, which was the date financial statements were available to be issued.

Note 18. Texas Occupational Protection Program

The Organization participates in the Texas Occupational Protection Program for the employees of Gulf Coast Council of La Raza, Inc. The program complies with State and Federal laws and generally is designed to provide medical treatment to eligible employees for work related on-the-job injuries. Premiums are based on a percentage of employee wages which are recalculated annually.

Note 19. Bingo Operations

Gulf Coast Council of La Raza, Inc. uses its bingo license to conduct bingo activities through an operator and as such, receives funds. Net distributions received totaled \$0 for the fiscal year ended August 31, 2025.

Note 20. Financial Assets

The organization is substantially supported by grant contributions, some of which are donor restricted. Because donor restrictions require resources to be used in a particular manner, Gulf Coast Council of La Raza, Inc. must maintain sufficient resources to meet those responsibilities to donors. Thus, financial assets may not be available for general expenditures. As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial Assets at August 31, 2025	\$ 6,374,669
Less Amounts Unavailable for General Expenditures Within One Year Due to Donor Imposed Restrictions	303,809
Charter School Program	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,678,478</u>

GULF COAST COUNCIL OF LA RAZA, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2025

Note 21. Revenue Recognition

During the current year, the School adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires the School to recognize revenue when it transfers control of promised goods or services. Revenue is recognized in an amount that reflects the consideration the School expects to receive in exchange for those goods or services. The ASU also requires School to disclose sufficient quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Management has determined that this ASU did not impact the School's financial statements.

SUPPLEMENTARY INFORMATION

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Gulf Coast Council of La Raza, Inc.
Statement of Financial Position
Dr. M. L. Garza-Gonzales Charter School
August 31, 2025

Exhibit B-1

Assets	
Current assets:	
Cash in Bank	\$ 1,377,061
Grants receivable	56,098
Inventory	4,489
Prepaid Expenses	10,833
Due from Other Funds	19,754
Other Receivables	209
Total Current Assets	<u>1,468,444</u>
Property and Equipment:	
Property, Plant, and equipment	667,954
Operating Lease Right-of-Use (ROU) Asset	1,082,796
Total Fixed Assets	<u>1,750,750</u>
Less: Accumulated Depreciation and Amortization	<u>(1,420,037)</u>
Property and Equipment, net	<u>330,713</u>
Total Assets	<u>\$ 1,799,157</u>
 Liabilities and Net Assets	
Current liabilities:	
Accounts Payable	\$ 28,200
Payroll Liabilities	28,114
Due to Other Funds	135,560
Current Portion of Operating Lease Liability	<u>227,602</u>
Total Current Liabilities	<u>419,476</u>
Long-term Liabilities	
Long-term Operating Lease Liability	<u>10,123</u>
Total Long-Term Liabilities	<u>10,123</u>
Total Liabilities	<u>429,599</u>
Net assets:	
Without Donor Restrictions	1,125,164
With Donor Restrictions	<u>244,394</u>
Total net assets	<u>1,369,558</u>
Total Liabilities and Net Assets	<u>\$ 1,799,157</u>

Gulf Coast Council of La Raza, Inc.
Statement of Activities
Dr. M.L. Garza-Gonzalez Charter School
For the Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Local Support			
5742 Earnings from Temporary Deposits	\$ 51,836	\$ -	\$ 51,836
5744 Contributions	33,057	-	33,057
5748 Other Revenues from Local Sources-Locally Defined	-	-	-
5749 Other Revenues from Local Sources	14,362	-	14,362
5751 Food Service Activity	892	-	892
5755 Enterprising Services Revenue	189	-	189
Total local support	<u>100,336</u>	<u>-</u>	<u>100,336</u>
State Program Revenues			
5810 Foundation School Program	-	1,629,468	1,629,468
5820 State Program Revenues Distributed by the Texas Education Agency	-	225,704	225,704
5830 Revenues from Texas Government Agencies	-	107,059	107,059
Total State Program Revenue	<u>-</u>	<u>1,962,231</u>	<u>1,962,231</u>
Federal program revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	341,578	341,578
5930 Federal Revenues Distributed by an Agency Other than TEA	-	8,630	8,630
5949 Federal Revenues Distributed by the Federal Government	-	-	-
Total Federal Program Revenue	<u>-</u>	<u>350,208</u>	<u>350,208</u>
Net assets released from restrictions:	<u>2,312,439</u>	<u>(2,312,439)</u>	<u>-</u>
Total Revenue and Other Support	<u>2,412,775</u>	<u>-</u>	<u>2,412,775</u>
EXPENSES			
11 Instruction	955,954	-	955,954
12 Instructional Resources and Media Services	41,705	-	41,705
13 Curriculum Development and Instructional Staff Development	52,193	-	52,193
21 Instructional Leadership	-	-	-
23 School Leadership	204,884	-	204,884
31 Guidance Counseling and Evaluation	71,868	-	71,868
33 Health Services	-	-	-
35 Food Services	193,321	-	193,321
36 Cocurricular/Extracurricular Activities	15,927	-	15,927
41 General Administration	225,644	-	225,644
51 Plant Maintenance and Operations	435,797	-	435,797
52 Security and Monitoring Services	1,871	-	1,871
53 Data Processing	113,861	-	113,861
61 Community Services	47,983	-	47,983
71 Debt Service	10,335	-	10,335
81 Fund Raising	-	-	-
Total Expenses	<u>2,371,343</u>	<u>-</u>	<u>2,371,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>41,432</u>	<u>-</u>	<u>41,432</u>
Nonoperating Activities			
Transfers In	15,000	-	15,000
Transfers Out	-	-	-
Total Nonoperating Activities	<u>15,000</u>	<u>-</u>	<u>15,000</u>
CHANGE IN NET ASSETS	56,432	-	56,432
NET ASSETS BEGINNING OF YEAR	<u>1,068,732</u>	<u>244,394</u>	<u>1,313,126</u>
NET ASSETS END OF YEAR	<u>\$ 1,125,164</u>	<u>\$ 244,394</u>	<u>\$ 1,369,558</u>

Gulf Coast Council of La Raza, Inc.
Statement of Cash Flows
Dr. M.L. Garza-Gonzalez Charter School
For the Year Ended August 31, 2025

Exhibit B-3

Cash Flows From Operating Activities	
Change in Net Assets	\$ 56,432
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and Amortization	244,388
Prior Period Adjustment	-
(Increase) Decrease in:	
Due from State	36,457
Due from Other Funds	3,161
Prepaid Expenses	(5,194)
Inventory	416
Other Receivables	(209)
Increase (Decrease) in:	
Accounts Payable	22,273
Due to Other Funds	(55,657)
Payroll Liabilities	(1,928)
Deferred Revenue	(11,203)
Accrued Wages	-
Cash Flows From Operating Activities	<u>288,936</u>
Cash Flows From Investing Activities	
Right to Use Asset Operating Lease	-
Purchase of furniture, fixtures & equipment	(14,168)
	<u>(14,168)</u>
Cash Flows From Financing Activities	
Operating Liability	(221,500)
	<u>(221,500)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	53,268
Cash at Beginning of Year	<u>1,323,793</u>
Cash at End of Year	<u>\$ 1,377,061</u>
Summary of Cash:	
Cash in Bank	1,377,061
Total Cash	<u>\$ 1,377,061</u>

Gulf Coast Council of La Raza, Inc.
Schedule of Expenses
Dr. M.L. Garza-Gonzalez Charter School
For the Year ended August 31, 2025

Exhibit C-1

Expenses

6100 Payroll Costs	\$ 1,591,733
6200 Professional and Contract Services	299,742
6300 Supplies and Materials	190,584
6400 Other Operating Costs	278,949
6500 Interest Expense	10,335
6600 Capital Outlay	-
Total Expenses	<u>\$ 2,371,343</u>

Gulf Coast Council of La Raza, Inc.
Schedule of Assets
Dr. M.L. Garza-Gonzalez Charter School
August 31, 2025

Exhibit D-1

	Ownership Interest			Total
	Local	State	Federal	
1110 Cash and Cash Equivalents	\$ 71,338	\$ 1,335,512	\$ (29,789)	\$ 1,377,061
1510 Land and Improvements	-	-	-	-
1520 Buildings and Improvements	-	-	-	-
1539 Furniture, Fixtures and Equipment	-	1,517,554	233,196	1,750,750
Total Property and Equipment	\$ 71,338	\$ 2,853,066	\$ 203,407	\$ 3,127,811

Gulf Coast Council of La Raza, Inc.
 Schedule of Related Party Transactions
 For the Year Ended August 31, 2025

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During Fiscal Year	Principal Balance Due
Dr. M.L. Garza-Gonzalez Charter School	N/A	Subsidiary	Lease	Building Lease, 9/1/21-8/31/26	FSP	Monthly	\$ 238,050	\$ -

**Gulf Coast Council of La Raza, Inc.
Budgetary Comparison Schedule
Dr. M.L. Garza-Gonzalez Charter School
For the Year Ended August 31, 2025**

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUE AND OTHER SUPPORT				
Local Support				
5742 Earnings on Temporary Deposits	\$ -	\$ 49,000	\$ 51,836	\$ 2,836
5744 Contributions	58,400	62,650	33,057	(29,593)
5748 Other Revenues from Local Sources-Locally Defined	-	-	-	-
5749 Other Revenues from Local Sources	-	13,848	14,362	514
5751 Food Service Activity	-	-	892	892
5755 Enterprising Service Revenue	-	-	189	189
Total local support	<u>58,400</u>	<u>125,498</u>	<u>100,336</u>	<u>(26,243)</u>
State Program Revenues				
5810 Foundation School Program	1,830,419	1,766,419	1,629,468	(136,951)
5820 State Program Revenues Distributed by the Texas Education Agency	1,000	226,023	225,704	(319)
5830 Revenues from Texas Government Agencies	10,000	104,748	107,059	2,311
Total State Program Revenue	<u>1,841,419</u>	<u>2,097,190</u>	<u>1,962,231</u>	<u>(134,959)</u>
Federal program revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	360,209	373,112	341,578	(31,534)
5930 Federal Revenues Distributed by an Agency Other than TEA	12,000	12,000	8,630	(3,370)
Total Federal Program Revenue	<u>372,209</u>	<u>385,112</u>	<u>350,208</u>	<u>(34,904)</u>
Total Revenue and Other Support	<u>2,272,028</u>	<u>2,607,800</u>	<u>2,412,775</u>	<u>(196,106)</u>
EXPENSES				
11 Instruction	819,362	1,001,550	955,954	45,596
12 Instructional Resources and Media Services	42,806	49,713	41,705	8,008
13 Curriculum Development and Instructional Staff Development	60,200	61,797	52,193	9,604
21 Instructional Leadership	2,000	2,000	-	2,000
23 School Leadership	192,431	208,275	204,884	3,391
31 Guidance Counseling and Evaluation	57,970	70,577	71,868	(1,291)
32 Social Work Services	100	100	-	100
33 Health Services	-	-	-	-
35 Food Services	193,500	202,121	193,321	8,800
36 Cocurricular/Extracurricular Activities	27,500	29,435	15,927	13,508
41 General Administration	316,185	340,287	225,644	114,643
51 Plant Maintenance and Operations	445,011	478,108	435,797	42,311
52 Security and Monitoring Service	1,100	2,075	1,871	204
53 Data Processing	69,452	128,765	113,861	14,904
61 Community Services	44,411	47,997	47,983	14
71 Debt Service	-	-	10,335	(10,335)
81 Fundraising	-	-	-	-
Total Expenses	<u>2,272,028</u>	<u>2,622,800</u>	<u>2,371,343</u>	<u>251,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>-</u>	<u>(15,000)</u>	<u>41,432</u>	<u>55,351</u>
NONOPERATING ACTIVITIES				
Transfers In	-	15,000	15,000	-
Transfers Out	-	-	-	-
Total Nonoperating Activities	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>-</u>	<u>56,432</u>	<u>56,432</u>
NET ASSETS BEGINNING OF PERIOD	<u>1,313,126</u>	<u>1,313,126</u>	<u>1,313,126</u>	<u>-</u>
NET ASSETS END OF PERIOD	<u>\$ 1,313,126</u>	<u>\$ 1,328,126</u>	<u>\$ 1,369,558</u>	<u>\$ 41,432</u>

Gulf Coast Council of La Raza, Inc.
Schedule of State Compliance Questions
For the year ended August 31, 2025

Exhibit J-4

Data Code	Description	Column Response
	Section A - Compensatory Education Program	
AP1	Did your Charter expend any state compensatory education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education program during the charter fiscal year?	218,218
AP4	List the actual direct program expenditures for state compensatory education program during the charter fiscal year?	206,952
	Section B - Bilingual Education Program	
AP1	Did your Charter expend any bilingual education program state allotment funds during the charter fiscal year?	Yes
AP2	Does the Charter have written policies and procedures for its bilingual education program?	Yes
AP3	List the total state allotment funds received for bilingual education program during the charter fiscal year?	10,630
AP4	List the actual direct program expenditures for bilingual education program during the charter fiscal year?	16,092

COMPLIANCE
AND
INTERNAL CONTROL SECTION

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Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd., Suite 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

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 GOVERNMENTAL AUDITING STANDARDS

To the Board of Directors
Gulf Coast Council of La Raza, Inc.
Corpus Christi, Texas

We have audited, 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, the financial statements of the Gulf Coast Council of La Raza, Inc. (a nonprofit organization), which comprise of the statement of financial position as of August 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report on them dated January 19, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Gulf Coast Council of La Raza, 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 the Gulf Coast Council of La Raza, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Gulf Coast Council of La Raza, Inc.'s internal control over financial reporting.

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 combination of control 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 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 considered 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 the Gulf Coast Council of La Raza, Inc.'s financial statements are free of 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.

Raul Hernandez & Company, P.C.
Corpus Christi, TX
January 19, 2026

Gulf Coast Council of La Raza, Inc.

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2025

I. Summary of Auditors' Results

1. Type of auditors' report issued on the financial statements of the auditee	Unmodified
2. Significant deficiencies in internal controls disclosed by the audit of the financial statements	None
a. Significant deficiencies that were material weaknesses	None
3. Noncompliance material to the financial statements of the auditee disclosed by the audit of the financial statements	None
4. Significant deficiencies in internal controls over major programs disclosed by the audit of the financial statements	None
a. Significant deficiencies that were material weaknesses	None
5. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
6. Type of auditors' report issued on compliance for major programs	Unmodified
7. Findings disclosed by the audit of the financial statements which the auditor is required to report	None
8. Major Programs:	
N/A	

II. Findings related to the Financial Statements which are required to be reported in accordance with generally accepted government auditing standards.

A. Questioned Costs: \$ 0.

III. Findings and questioned costs for state and federal awards.

None identified

**Gulf Coast Council of La Raza, Inc.
Schedule of Prior Audit Findings**

For the Fiscal year ended August 31, 2025

I. Status of Prior Year Findings:

None

**Gulf Coast Council of La Raza, Inc.
Corrective Action Plan**

For the Fiscal year ended August 31, 2025

N/A

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