

**TEJANO CENTER FOR  
COMMUNITY CONCERNS, INC.  
(A NON PROFIT ORGANIZATION)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended August 31, 2023  
with Comparative Totals for August 31, 2022**





**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b>Certificate of Board</b>	1
<b>Independent Auditor’s Report</b>	3
<b>Consolidated Financial Statements:</b>	
Consolidated Statements of Financial Position	8
Consolidated Statements of Activities	9
Consolidated Statements of Functional Expenses	10
Consolidated Statements of Cash Flows	12
Notes to the Consolidated Financial Statements	13
<b>Supplementary Information - Raul Yzaguirre Schools for Success:</b>	
Supplemental Schedule of Financial Position	29
Supplemental Schedule of Activities	30
Supplemental Schedule of Cash Flows	32
Schedules of Expenses	33
Schedule of Capital Assets	34
Budgetary Comparison Schedule	35
Notes to Supplementary Information	37
Compensatory Education Program and Bilingual Education Program Compliance Responses	38
Schedule of Compensation and Benefits	38
Schedule of Related Party Transactions	38
Schedule of Real Property Ownership Interest	38
<b>Compliance and Internal Controls:</b>	
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 <i>Government Auditing Standards</i>	41
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	43
Schedule of Findings and Questioned Costs	46
Schedule of Expenditures of Federal Awards	48
Notes to Schedule of Expenditures of Federal Awards	50
Summary Schedule of Prior Audit Findings	51
Corrective Action Plan	52



# Tejano Center for Community Concerns


*Nurturing Lifelong Learners. Empowering Families. Transforming Lives*

**Tejano Center for Community Concerns, Inc.**  
**(including Raul Yzaguirre Schools for Success)**

**Federal Employer Identification Number: 76-0377101**

**CERTIFICATE OF BOARD**

We, the undersigned, certify that the attached Consolidated Financial and Compliance Report of Tejano Center for Community Concerns, Inc. was reviewed and  approved  disapproved for the year ended August 31, 2023, at a meeting of the governing body of said charter school on the 24th day of January 2024.

  
\_\_\_\_\_  
David Corpus, Board Chair

  
\_\_\_\_\_  
Margaret Dunlap, Board Secretary



# Tejano Center for Community Concerns

*Nurturing Lifelong Learners. Empowering Families. Transforming Lives*

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tejano Center for Community Concerns, Inc.

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Tejano Center for Community Concerns, Inc., (a nonprofit organization), which comprise the consolidated statements of financial position as of August 31, 2023 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tejano Center for Community Concerns, Inc., (the "Center") as of August 31, 2023, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance 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 (GAAS) 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 the Center 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 opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the Center's ability to continue as a going concern for twelve months after the date that the financial statements are issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government Auditing Standard* 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 GAAS 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 consolidated 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 the Center'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

#### ***Report on Summarized Comparative Information***

The 2022 financial statements were audited by other auditors, who expressed an unmodified audit opinion on those audited financial statements in their report dated January 30, 2023.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information identified in the table of contents as well as the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *accompanying supplementary information* as detailed in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Board of Directors  
Tejano Center for Community Concerns, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Center's 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 the Center's internal control over financial reporting and compliance.

  
Houston, Texas  
January 24, 2024



# Tejano Center for Community Concerns

*Nurturing Lifelong Learners. Empowering Families. Transforming Lives*

## **CONSOLIDATED FINANCIAL STATEMENTS**

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	August 31,	
	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 8,167,553	\$ 8,779,292
Receivables	6,608,883	6,207,994
Prepaid expenses	15,011	21,871
<b>Total Current Assets</b>	<u>14,791,447</u>	<u>15,009,157</u>
<b>Property and Equipment:</b>		
Land	6,295,798	6,295,799
Buildings and improvements	29,675,838	29,675,838
Furniture, vehicles, and equipment	4,588,472	4,495,481
Accumulated depreciation	(13,372,498)	(12,526,630)
Construction in Progress	387,334	
<b>Total Property and Equipment</b>	<u>27,574,944</u>	<u>27,940,488</u>
Construction in progress - Sunrise Lofts	16,580,123	11,915,466
Other receivables	55,536	153,093
<b>Total Assets</b>	<u>\$ 59,002,050</u>	<u>\$ 55,018,204</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,227,787	\$ 2,272,458
Accrued liabilities	906,444	2,107,668
Deferred revenue	535,864	
Notes payable, current portion	654,070	4,308,147
<b>Total Current Liabilities</b>	<u>4,324,165</u>	<u>8,688,273</u>
<b>Long-term liabilities:</b>		
Notes payable, net of current portion	26,027,749	22,361,200
<b>Total Liabilities</b>	<u>30,351,914</u>	<u>31,049,473</u>
<b>Net Assets:</b>		
Without donor restrictions	17,380,093	17,680,048
With donor restrictions	11,270,043	6,288,683
<b>Total Net Assets</b>	<u>28,650,136</u>	<u>23,968,731</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 59,002,050</u>	<u>\$ 55,018,204</u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>August 31,</b>	
			<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
Federal grants	\$ -	\$ 14,808,470	\$ 14,808,470	\$ 20,622,402
State grants	-	18,641,875	18,641,875	16,301,666
Local grants and contributions	-	4,756,902	4,756,902	2,919,253
Other income	-	-	-	257,397
Net assets released from restrictions	<u>33,225,887</u>	<u>(33,225,887)</u>	-	-
<b>Total Revenues</b>	<u>33,225,887</u>	<u>4,981,360</u>	<u>38,207,247</u>	<u>40,100,718</u>
<b>Expenses</b>				
Program services:				
Charter school	26,379,900	-	26,379,900	21,858,543
Affordable housing /homebuyer education	795,347	-	795,347	1,646,968
Child shelter/placement	641,542	-	641,542	726,555
Community Services	2,363,102	-	2,363,102	676,889
College and career advising	1,060,357	-	1,060,357	986,588
Supporting services:				
Tejano properties	1,786,421	-	1,786,421	1,892,629
Management and general	499,173	-	499,173	320,074
<b>Total Expenses</b>	<u>33,525,842</u>	<u>-</u>	<u>33,525,842</u>	<u>28,108,246</u>
Change in new assets before change related to acquisition of net assets	(299,955)	4,981,360	4,681,405	11,992,472
<b>Inherent contribution - Project GRAD</b>	-	-	-	68,572
Total Change in Net Assets	(299,955)	4,981,360	4,681,405	12,061,044
<b>Net Assets, beginning of year, restated</b>	<u>17,680,048</u>	<u>6,288,683</u>	<u>23,968,731</u>	<u>11,907,687</u>
<b>Net Assets, end of year</b>	<u>\$ 17,380,093</u>	<u>\$ 11,270,043</u>	<u>\$ 28,650,136</u>	<u>\$ 23,968,731</u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

	Program Services				
	Charter School	Affordable Housing/ Homebuyer Education	Child Shelter/ Placement	Community Services	College and Career Advisory
<b>Salaries and Related Expenses:</b>					
Salaries and wages	\$ 13,802,033	\$ 257,155	\$ 187,756	\$ 258,439	\$ 790,027
Employee benefits	1,723,029	13,817	9,123	9,571	85,742
Payroll taxes	231,945	19,123	14,675	19,868	58,321
<b>Total Salaries and Related Expenses</b>	<b>15,757,007</b>	<b>290,095</b>	<b>211,554</b>	<b>287,878</b>	<b>934,090</b>
<b>Operating Expenses:</b>					
Contract labor	3,605,169	197,527	335,065	237,468	26,648
Food	1,254,280	-	468	-	-
Insurance	736,573	2,752	-	-	80
Interest and debt issuance cost	-	-	-	498,163	-
Rent	233,397	26,003	29,456	8,558	42,631
Professional fess	233,959	-	-	90,090	-
Miscellaneous	529,555	207,445	45,334	413,805	37,174
Supplies and maintenance	2,434,230	13,711	-	793,947	5,969
Travel	154,629	863	-	2,404	7,164
Utilities	1,117,612	11,564	6,854	29,134	6,601
<b>Total Operating Expenses</b>	<b>10,299,404</b>	<b>459,865</b>	<b>417,177</b>	<b>2,073,569</b>	<b>126,267</b>
<b>Total Salaries and Operating Expenses</b>	<b>26,056,411</b>	<b>749,960</b>	<b>628,731</b>	<b>2,361,447</b>	<b>1,060,357</b>
Depreciation	323,489	45,387	12,811	1,655	-
<b>Total Expenses</b>	<b>\$ 26,379,900</b>	<b>\$ 795,347</b>	<b>\$ 641,542</b>	<b>\$ 2,363,102</b>	<b>\$ 1,060,357</b>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

	<u>Supporting Services</u>		<u>2023 Total</u>	<u>2022 Total</u>
	<u>Tejano Commercial Properties</u>	<u>Management and General</u>		
<b>Salaries and Related Expenses:</b>				
Salaries and wages	\$ -	\$ 100,453	\$ 15,395,863	\$ 13,250,321
Employee benefits	-	6,225	1,847,507	1,546,281
Payroll taxes	-	8,143	352,075	277,106
<b>Total Salaries and Related Expenses</b>	<u>-</u>	<u>114,821</u>	<u>17,595,445</u>	<u>15,073,708</u>
<b>Operating Expenses:</b>				
Contract labor	-	168,695	4,570,572	3,878,969
Food	-	1,873	1,256,621	861,703
Insurance	-	5,133	744,538	836,523
Interest and debt issuance cost	1,325,443	705	1,824,311	1,528,734
Rent	-	43,879	383,924	439,803
Professional fess	-	13,572	337,621	286,412
Miscellaneous	-	79,651	1,312,964	856,044
Supplies and maintenance	-	50,939	3,298,796	2,483,597
Travel	-	8,093	173,153	102,867
Utilities	-	10,269	1,182,034	956,435
<b>Total Operating Expenses</b>	<u>1,325,443</u>	<u>382,809</u>	<u>15,084,534</u>	<u>12,231,087</u>
<b>Total Salaries and Operating Expenses</b>	<u>1,325,443</u>	<u>497,630</u>	<u>32,679,979</u>	<u>27,304,795</u>
Depreciation	<u>460,978</u>	<u>1,543</u>	<u>845,863</u>	<u>803,451</u>
<b>Total Expenses</b>	<u>\$ 1,786,421</u>	<u>\$ 499,173</u>	<u>\$ 33,525,842</u>	<u>\$ 28,108,246</u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	August 31,	
	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 4,681,405	\$ 12,061,044
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	845,863	803,451
Amortization of debt issuance costs	194,719	230,109
Inherent contributions received in acquisition	-	(68,572)
Changes in operating assets and liabilities:		
(Increase) in grants receivable	(400,889)	(3,731,447)
Decrease (increase) in other receivables	97,557	14,420
Decrease (increase) in prepaid expenses	6,860	6,700
Increase (decrease) in accounts payable	(44,671)	1,025,167
Increase (decrease) in accrued liabilities	(1,201,224)	195,211
Increase (decrease) in deferred revenue	535,864	
<b>Net Cash Provided for (Used By) Operating Activities</b>	<u>4,715,484</u>	<u>10,536,083</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(5,144,976)	(8,830,887)
Cash from acquisition of Project GRAD	-	68,572
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(5,144,976)</u>	<u>(8,762,315)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from notes payable	935,983	8,863,409
Repayment of notes payable	(1,118,230)	(11,121,111)
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(182,247)</u>	<u>(2,257,702)</u>
Net Change in cash and cash equivalents	(611,739)	(483,934)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>8,779,292</u>	<u>9,263,226</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 8,167,553</u>	<u>\$ 8,779,292</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest paid during the year	<u>\$ 1,357,417</u>	<u>\$ 1,298,625</u>
<b>Noncash Investing and Financing Activities:</b>		
Construction in progress purchased through accounts payable and accrued liabilities unpaid at year-end	<u>\$ -</u>	<u>\$ 1,618,519</u>



## **TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **Note 1 - Summary of Significant Accounting Policies**

##### ***Reporting Entity***

The Tejano Center for Community Concerns, Inc. is a Texas non-profit corporation incorporated in 1992, for the purpose of improving opportunities for children and their families in low-income neighborhoods by overseeing housing and community development initiatives, as well as providing educational, social, and health services. The programs and services include the following:

*Charter School* - The Raul Yzaguirre Schools for Success (RYSS) was opened in Houston in 1996 and several years later, a K through 8<sup>th</sup> grade campus was added in Brownsville, Texas. RYSS was one of the first 20 open-enrollment charter schools approved by the Texas State Board of Education and serves approximately 1,300 students in grades Pre-K through 12. Originally created for the purpose of addressing school dropout problems, school overcrowding and school violence, today RYSS provides a college preparatory experience through its Texas Education Agency (TEA) designated Early College, STEM and T-STEM Center, along with early childhood STEM Academies.

*Affordable Housing/Homebuyer Education* - This program provides a full range of homebuyer counseling and education services aimed at increasing homeownership opportunities for low to moderate income families. The program also develops, builds and finances affordable housing for low-income families earning between 50% and 80% of the Houston Area Median Income. As a direct response to the devastation from past weather storms, the Tejano Center Home Repair Program was established to connect and guide families to needed resources for home repair and unmet needs.

*Child Shelter/Placement* - This program serves children that have experienced neglect and/or abuse by placing them in a foster home with healthy living conditions and positive relationships. The program includes certification of the foster home, as well as orientation and pre-service training for the foster parents.

*Community Services* - This program focuses on increasing student achievement and providing community services, including direct services to victims of crime or family violence.

*College and Career Advising Services* - This program helps individuals get into and through college, as well as provide career counseling services. The program includes a continuum of services to high school students, as they transition to college, and while they are pursuing a workforce certificate, associate's degree, or bachelor's degree.

Tejano Center for Community Concerns, Inc. is the sole member of Sunrise Lofts LLC (Sunrise Lofts), which was formed in May 2019 to develop an 89-unit transitional supportive apartment community that will serve young adults, ages 18-24 years, who are aging out of foster care. The total budget for the project is approximately \$23 million and is being funded through approximately \$15 million of Community Development Block Grant awards and approximately \$5 million of HOME Investment Partnerships Program awards. The land for the project was purchased in July 2021, construction began during fiscal year 2022, and completion of the project is anticipated for March 2023.

##### ***Basis of Consolidation***

The consolidated financial statements include the accounts of Tejano Center for Community Concerns, Inc. and Sunrise Lofts LLC (collectively, TCCC). All significant intercompany accounts and transactions have been eliminated in consolidation.

##### ***Acquisition of ProjectGRAD***

Effective December 31, 2021, as part of its mission to provide college and career advising services, TCCC acquired ProjectGRAD, LLC (ProjectGRAD), a Texas nonprofit corporation providing college and career advisory services. No consideration was paid or exchanged for the acquisition of ProjectGRAD and TCCC recognized an inherent contribution of approximately \$69 thousand for the net assets acquired, which represented cash at the acquisition date.

## **TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **Note 1 - Summary of Significant Accounting Policies (continued)**

##### ***Comparative Financial Information***

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with TCCC's financial statements for the year ended August 31, 2023 from which the summarized information was derived. In addition, Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. These changes were between with and without donor restriction net asset classifications.

##### ***Basis of Accounting and Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor or grantor- imposed restrictions and may be expended for any purpose in performing the primary objectives of TCCC. These net assets may be used at the discretion of TCCC's management and Board of Directors.

*Net assets with donor restrictions:* Net assets that are subject to donor or grantor- imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by either action or passage of time. Other restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

If donor or grantor-imposed restrictions are met in the same reporting period as the contribution or grant is recognized as revenue, TCCC reports such amount as an increase in net assets without donor restrictions. All other donor or grantor-restricted contributions and grants are reported as increases in net assets with donor restrictions, and when the restriction expires or is satisfied, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Gifts of long-lived assets or other assets that must be used to acquire long-lived assets are reported as donor-restricted support and are released from donor restrictions when the donated or acquired long-lived assets are placed in service.

RYSS uses the net asset classes and codes specified by the TEA in the *Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts*. Net asset codes with donor restrictions are used to account for resources restricted to or designated for specific purposes by a grantor or donor. Federal and state financial assistance is generally accounted for in net asset codes with donor restrictions. These and other resources that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are satisfied in the year in which the support is recognized.

##### ***Cash and Cash Equivalents***

Cash is maintained in bank deposit accounts which, at times, exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. As of August 31, 2023 and 2022, amounts in excess of the FDIC were fully collateralized by a financial institution. Highly liquid investments with maturities of three months or less at time of purchase are considered cash equivalents. There were no cash equivalents at August 31, 2023 or 2022.

##### ***Grants Receivable***

Grants receivable represent payments due from unconditional contracts or grants that are expected to be collected within one year and are recorded at net realizable value. As of August 31, 2023 and 2022, TCCC considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

## **TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **Note 1 - Summary of Significant Accounting Policies (continued)**

##### ***Property and Equipment***

Property and equipment are recorded at cost, if purchased, or at fair value at the date of the gift, if donated. Additions and improvements greater than \$5,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of the assets, which range from three to fifty years. The cost of leasehold improvements is depreciated over the lesser of the remaining lease term or estimated useful life of the asset. The cost of maintenance and repairs is charged to expense as incurred.

RYSS has capital assets with a total gross asset value of approximately \$7.8 million in 2023 and \$6.2 million in 2022 that have been purchased with TEA funds. Pursuant to Chapter 12 of the Texas Education Code, capital assets acquired, improved, or maintained during the term of the open-enrollment charter and all property presently held by the charter school holder for the operation of the charter school, constitute public property and is held in trust by the charter school holder for the benefit of the students of the open-enrollment charter school and may be used only for those purposes.

##### **Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is equivalent to the amount by which the carrying amount of the assets exceeds the fair value of the assets. For the years ended August 31, 2023 and 2022, no impairment was recognized.

##### **Construction in Progress**

Construction in progress is stated at cost unless the project is determined to be impaired, in which case it is written down to fair value. For the years ended August 31, 2023 and 2022, no impairment of projects was considered necessary. As of August 31, 2023, estimated costs to complete the Sunrise Lofts apartment project are approximately \$756,000, which the retainage amount.. Depreciation will begin upon receipt of the certificate of occupancy.

##### **Other Receivables**

Other receivables primarily consist of mortgage loans to individuals which were provided to homeowners to facilitate neighborhood revitalization in the service areas in which TCCC operates and other non-grant related receivables. As of August 31, 2023 and 2022, TCCC considers all other receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

##### **Debt Issuance Costs**

Debt issuance costs are amortized over the term of the related debt. Amortization of the debt issuance costs is reported as a component of interest and debt issuance cost on the statement of functional expenses. Unamortized debt issuance costs are reported as a direct reduction of the related debt.

## **TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **Note 1 - Summary of Significant Accounting Policies (continued)**

##### ***Revenue Recognition***

*Government grants* are subject to certain restrictions, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue from such grants is recognized when TCCC has incurred expenditures in compliance with specific contract or grant provisions.

*Contributions* are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are those that contain a measurable performance obligation or other barrier, as well as a right of return, and are not recognized until the conditions on which they depend have been met. At August 31, 2023 and 2022, conditional contributions of approximately \$0 and \$225,000, respectively, related to funds received for disaster relief home repair assistance were recorded in accrued liabilities on the consolidated statement of financial position.

*Donated services* are recorded at fair value if the recognition requirements of GAAP are met. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts for donated services have been reflected in the consolidated financial statements during fiscal year 2022 or 2021.

*In-kind donations* are recorded at their estimated fair value at the date of receipt. Donated property and equipment are recognized as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets or other assets that must be used to acquire long-lived assets are reported as donor-restricted support and are released from donor restrictions when the donated or acquired long-lived assets are placed in service.

##### ***Functional Expense Allocation***

Expenses are charged to each program based on direct expenditures incurred. Functional expenses such as insurance, utilities, depreciation and salaries which cannot readily be related to a specific program are allocated to programs based upon hours worked, square footage, or number of program staff or equipment per department. Allocations to Tejano Commercial Properties represent amounts associated with the buildings that are used to support program services.

##### ***Income Taxes***

Tejano Center for Community Concerns, Inc. is a nonprofit corporation and exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law. Tejano Center for Community Concerns, Inc. has been classified as a publicly supported organization under Section 509(a) of the Code and contributions to it are tax deductible within the limitations prescribed by the Code.

Sunrise Lofts is single-member limited liability corporation with Tejano Center for Community Concerns, Inc. as its sole member. As such, Sunrise Lofts is treated as a pass-through entity for tax purposes.

TCCC files annual federal information returns that are subject to routine examinations for a period of three years after filing. The open tax periods are the years ended August 31, 2020 through August 31, 2023. Unrelated business income, if any, is subject to income tax. No provision for income tax has been made in the consolidated financial statements for the years ended August 31, 2023 or 2022.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

Management must make estimates and assumptions to prepare consolidated financial statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenues and expenses, and the allocation of expenses among the various functions. Accordingly, actual results could differ from the estimates used.

**Note 2 - Grants receivable and Other Receivables**

	<b>2023</b>	<b>2022</b>
State Foundation Aid	\$ 1,527,220	\$ 1,245,761
Title I, Part A	487,543	8,587
IDEA, Part B Formula	125,327	44,489
IDEA, Part B Preschool	910	
Title II, Part A	78,986	25,757
Title III, Part A	103,280	38,072
Child Nutrition	146,650	-
Emergency and Secondary School		
Emergency Relief Fund II (ESSER II) COVID-19	829,146	-
ARP ESSER III COVID-19	1,872,873	336,070
TCLAS	231,254	-
Carl Perkins	30,738	-
Charter School Program	29,586	-
Other federal funds	161,378	-
Title IV, Part A, Subpart 1	44,359	31,969
Other	194,633	437,722
<b>Total receivables from State Governments</b>	<b>5,863,883</b>	<b>2,168,427</b>
Due from Other Governments	745,000	4,039,567
Other receivables	55,536	153,093
<b>Total receivables</b>	<b>\$ 6,664,419</b>	<b>\$ 6,361,087</b>

**Note 3 - Capital Assets**

The Center's capital assets for both fiscal year August 31, 2023 and 2022 are shown below:

	<b>2023</b>	<b>2022, restated</b>
Land	\$ 6,295,798	\$ 6,295,799
Building and leasehold improvements	29,675,838	29,675,838
Furniture, equipment and vehicles	4,588,472	4,495,481
Construction in progress	387,334	-
<b>Total Property and Equipment</b>	<b>40,947,442</b>	<b>40,467,118</b>
Less Accumulated Depreciation and Amortization	(13,372,498)	(12,526,630)
Property and Equipment, Net	<b>\$ 27,574,944</b>	<b>\$ 27,940,488</b>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 3 - Notes Payable**

The Center has outstanding long-term debt. The balances as of August 31, 2022 and 2023 are presented below:

	<u>Balance as of 8/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance as of 8/31/2023</u>	<u>Due Within One Year</u>
Tejano Center for Community Concerns, Inc.:					
Tri-Party Loan Agreement, Series 2019A, Tax-exempt	\$ 20,431,080	\$ -	\$ -	\$ 20,431,080	\$ -
Tri-Party Loan Agreement, Taxable Series 2019B, Taxable	3,332,260	-	(618,230)	2,714,030	654,070
Note to unrelated nonprofit organization	500,000	-	(500,000)	-	-
Sunrise Lofts:					
Line of Credit with Financial Institution	<u>3,189,917</u>	<u>935,983</u>	<u>-</u>	<u>4,125,900</u>	<u>-</u>
<b>Total notes payable</b>	<u>27,453,257</u>	<u>935,983</u>	<u>(1,118,230)</u>	<u>27,271,010</u>	<u>654,070</u>
Less: unamortized debt issuance costs	<u>(783,910)</u>	<u>(40,000)</u>	<u>234,719</u>	<u>(589,191)</u>	<u>-</u>
<b>Total notes payable, net</b>	<u>\$26,669,347</u>	<u>\$895,983</u>	<u>\$ (883,511)</u>	<u>\$26,681,819</u>	<u>\$654,070</u>

**Tejano Center for Community Concerns, Inc.**

*Series 2019 A to financial institution* - Note issued on October 30, 2019, payable to a financial institution in connection with tax exempt bonds issued through Arlington Higher Education Finance Corporation, a conduit issuer. The note bears interest at 4.50%, payable semi-annually beginning February 15, 2020. The note is due August 31, 2029 and secured by a pledge on TCCC's gross revenue, as well as certain real property of TCCC.

*Series 2019 B to financial institution* - Note issued on October 30, 2019, payable to a financial institution in connection with taxable bonds issued through Arlington Higher Education Finance Corporation, a conduit issuer. The note bears interest at 5.65%, payable semi-annually beginning February 15, 2020. The note is due August 1, 2029 and secured by a pledge on TCCC's gross revenue, as well as certain real property.

*Note to unrelated nonprofit entity* - Note issued on October 10, 2017 and due January 1, 2022. The note bears interest at 6.00%, payable at maturity. The note was fully paid during fiscal year 2023.

*Note to unrelated nonprofit organization* - Note issued on February 24, 2021 and amended to mature February 24, 2023. The note bears interest at 1.00%, payable at maturity.

**Sunrise Lofts**

*Note payable to financial institution* - Term loan issued on August 5, 2021 and converted to a revolving loan (i.e. line of credit) available of \$4,125,000, with certain limitations, for construction. The Center renewed its line of credit during fiscal year 2023 which caused a change in interest rates.. The note bears interest at 7.68% as of August 31, 2023 and 4.62% as of August 31, 2022

The Center's scheduled payments for its notes are shown below:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 654,070	\$ 919,399	\$ 1,573,469
2025	692,010	919,399	1,611,409
2026	732,130	919,319	1,651,449
2027	774,270	912,526	1,686,796
2028	813,540	896,525	1,710,065
2029	<u>19,479,090</u>	<u>859,151</u>	<u>20,338,241</u>
	<u>\$ 23,145,110</u>	<u>\$ 5,426,319</u>	<u>\$ 28,571,429</u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Net Assets with Donor Restrictions**

Net assets with donor restrictions for the years ended August 31, 2023 and 2022 consisted of the following:

	<b>As of August 31, 2023</b>	<b>As of August 31, 2022</b>
Federal Funds	\$ 1,772,723	\$ 1,520,822
State and Local Funds	9,497,320	4,767,861
<b>Total With Donor Restrictions</b>	<b>\$ 11,270,043</b>	<b>\$ 6,288,683</b>

**Note 6 - Net Assets Released From Restrictions**

During the years ended August 31, 2023, and 2022, net assets of \$33,225,887 and \$846,028, respectively, were released from grantors restrictions by satisfying restrictions.

**Note 7 - Federal and State Revenue**

TCCC is the recipient of government grants which originate at the federal and state level. In addition, the largest revenue stream is made up of Foundation School Program and Available School Fund state aid programs for the Raul Yzaguirre Schools for Success. Those state aid amounts totaled \$18.1 million in fiscal year 2023 and \$16.1 million in fiscal year 2022. Federal grants for both fiscal years 2023 and 2022 totaled \$14.6 million and \$20.6 million, respectively. Local grants and contributions totaled \$4.7 million and \$2.9 million.

**Note 8 - Defined Benefit Plan**

**Plan Description**

The charter school contributes to the Teacher Retirement System of Texas ("TRS"), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas State legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800- 223- 8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 - Defined Benefit Plan (continued)**

**Plan Description (continued)**

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multiemployer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Annual Comprehensive Financial Report available dated August 31, 2022 and August 31, 2021 indicated the following:

TRS Pension Fund	Total Plan Assets	TRS Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Percent Funded
2022	\$ 207,621,897,538	\$ 184,185,617,196	\$ 243,553,045,455	\$ 59,367,428,259	75.62%
2021	223,172,755,137	201,807,002,496	227,273,463,630	25,466,461,134	88.79%
2020	184,361,870,581	165,416,245,243	218,974,205,084	53,557,959,841	75.54%
2019	181,800,159,205	157,978,199,075	209,961,325,288	51,983,126,213	75.24%
2018	176,942,453,923	154,568,901,833	209,611,328,793	55,042,426,960	73.74%

**Funding Policy**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Measurement years for TRS begin on September 1st and end on August 31<sup>st</sup>

	Contribution Rates	
	2023	2022
Member	8.00%	8.00%
Non-employer contributing agency	8.00%	7.75%
Employers	8.00%	7.75%



## TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Note 8 - Defined Benefit Plan (continued)

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

TCCC employee contributions to the system for the year ended August 31, 2023 and August 31, 2022 were approximately \$569,000 and \$505,215. Federal contributions were approximately \$138,000 and \$123,000 for fiscal years 2023 and 2022, respectively.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Defined Other Post-Employment Benefit Plan**

**Plan Description**

TCCC participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Similar to the TRS Pension Plan discussed in Note C, charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer OPEB plans is different from single-employer OPEB plans. Assets contributed to a multi-employer OPEB plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement. The TRS Annual Comprehensive Financial Report available dated August 31, 2022.

TRS Care Other Post- Employment Benefits (OPEB)	Total Plan Assets	TRS-Care Plan Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2022	\$ 3,308,391,215	\$ 3,117,937,218	\$ 27,061,942,520	\$ 23,944,005,302	11.52%
2021	2,733,911,371	2,539,242,470	41,113,711,083	38,574,468,613	6.18%
2020	2,146,681,144	1,996,317,932	40,010,833,815	38,014,515,883	4.99%
2019	1,475,508,564	1,292,022,349	48,583,247,239	47,291,224,890	2.66%

**OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care’s fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592. TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter TRSCare provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 – Defined Other Post-Employment Benefit Plan (continued)**

**Benefits Provided**

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

<b>TRS-Care Monthly for Retirees</b>		
	<b>Medicare</b>	<b>Non-Medicare</b>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

**Contributions**

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<b>Contribution Rates</b>	
	<b>2023</b>	<b>2022</b>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

In fiscal year 2023, TCCC contributed a total of approximately \$128,000 of which, \$22,000 was for federally funded employees. In fiscal year, the amount contributed by the Center was approximately \$114,000 and \$20,000 was for federally funded employees.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 10 - Commitments and Contingencies**

*Lease Commitments*

TCCC leases office space and equipment, modular buildings, and housing property under non-cancelable operating leases, expiring at various times through fiscal year 2025. Lease expense for the years ended August 31, 2023 and 2022 totaled approximately \$315,000 and \$228,000, respectively. Minimum future lease commitments under operating leases with lease terms greater than one year as of August 31, 2023 are as follows:

<u>Fiscal Year Ending August 31</u>	<u>Principal</u>
2024	\$ 90,325
2025	<u>20,400</u>
<b>Total</b>	<u><u>\$ 110,725</u></u>

Years Ending

*Government Grant Programs*

TCCC receives significant financial assistance from state and federal government agencies to be used from programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the TEA and is subject to review and audit. Expenses charged to federal programs are subject to review and audit by the grantor agency. The state and federal funded programs have complex compliance requirements, and should the reviews or audits result in discovery of areas of noncompliance, funds may be subject to refund, if so, determined by the TEA or grantor agency.

*Sunrise Lofts Apartment Project*

The Sunrise Lofts apartment project has been funded in part by U.S. Development of Housing and Urban Development HOME Investment Partnerships Program Grants and Community Development Disaster Recovery Grants. Total anticipated federal funding upon completion is approximately \$21 million. Under the terms of these grants, the funded amounts will revert to debt if TCCC does not comply with the intended use of the apartment project for twenty years from date of completion, as defined in the grant agreements.

The following remaining commitments exist as of August 31, 2023 for the apartment project: The remaining amount commitment is only the retainage amount of approximately \$756,000.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 11 - Liquidity and Availability of Resources**

The following table reflects financial assets available for general expenditure within one year of August 31, 2023 and 2022, respectively, reduced by amounts that are not available to meet general expenditures within one year of the date of the consolidated statement of financial position.

	<u>2023</u>	<u>2022</u>
Financial assets available within one year:		
Cash	\$ 8,167,553	\$ 9,263,226
Grants receivable	<u>6,608,883</u>	<u>2,476,547</u>
<b>Total financial assets available within one year</b>	<b>14,776,436</b>	<b>11,739,773</b>
Amounts unavailable for general expenditure within one year:		
Amounts with donor restrictions - purpose/time	<u>(11,270,043)</u>	<u>(6,288,683)</u>
<b>Total financial assets available to meet cash needs for general expenditure within one year:</b>	<b><u>\$ 3,506,393</u></b>	<b><u>\$ 5,451,090</u></b>

TCCC regularly monitors liquidity required to meet its operational needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, TCCC considers all expenditures related to its ongoing program activities and support services to be general expenditures. TCCC strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. TCCC has a revolving loan from a financial institution to address potential cash flow needs for the Sunrise Lofts apartment project (see Note 3).

**Note 12 - Beginning Balance Net Asset Classifications**

The beginning net asset classifications between with and without donor restrictions were restated to properly restrict State Aid funds and federal program fund balances.

**Note 13 - Subsequent Events**

Management has evaluated subsequent events through January 24, 2024, the date which the consolidated financial statements were available to be issued, noting no other events requiring recognition or disclosure.



# Tejano Center for Community Concerns

*Nurturing Lifelong Learners. Empowering Families. Transforming Lives*

**SUPPLEMENTARY INFORMATION -  
RAUL YZAGUIRRE SCHOOL FOR SUCCESS**



# Tejano Center for Community Concerns

*Nurturing Lifelong Learners. Empowering Families. Transforming Lives*



**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**SUPPLEMENTAL SCHEDULE OF FINANCIAL POSITION**  
**August 31, 2023**

**Assets**

**Current Assets:**

Cash and Cash Equivalents	\$ 2,216,512
Due from Texas Education Agency	5,741,555
Other Receivables	4,517,879
Prepaid expenses	2,911

**Total Current Assets** 12,478,857

**Property and Equipment:**

Buildings and improvements	4,276,805
Furniture, vehicles, and equipment	2,901,900
Land	257,648
Accumulated depreciation	(4,402,683)
Construction in Progress	387,334

**Total Property and Equipment** 3,421,004

**Total Assets** \$ 15,899,861

**Liabilities and Net Assets**

**Liabilities:**

**Current liabilities:**

Accounts payable	8,134,990
Accrued liabilities	168,156
Payroll deductions and withholdings	139,674
Accrued salaries payable	476,709
Deferred revenue	535,875

**Total Current Liabilities** 9,455,404

**Total Liabilities** 9,455,404

**Net Assets:**

Without donor restrictions	178,387
With donor restrictions	6,266,070

**Total Net Assets** 6,444,457

**Total Liabilities and Net Assets** \$ 15,899,861

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**SUPPLEMENTAL SCHEDULE OF ACTIVITIES**  
*For the Year Ended August 31, 2023*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues</b>			
Local Support:			
Other revenues from local sources	\$ -	\$ 1,409,444	\$ 1,409,444
Revenue from cocurricular, enterprising services or activities	-	54,859	54,859
<b>Total Local Support</b>	<b>-</b>	<b>1,464,303</b>	<b>1,464,303</b>
State Program Revenues:			
Foundation school program act - revenues	-	18,296,882	18,296,882
State program revenues distributed by Texas Education Agency	-	318,601	318,601
State program revenues distributed by Governments Other than Texas Education Agency	-	26,392	26,392
<b>Total State Program Revenues</b>	<b>-</b>	<b>18,641,875</b>	<b>18,641,875</b>
Federal Program Revenues:			
Federal revenues distributed by the Texas Education Agency	-	9,163,033	9,163,033
Federal revenues distributed by other State of Texas government agencies (other than Texas Education Agency)	-	202,142	202,142
Federal revenues distributed directly from the Federal Government	-	82,959	82,959
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>9,448,134</b>	<b>9,448,134</b>
Net assets released from restrictions	28,959,900	(28,959,900)	-
<b>Total Revenues</b>	<b>28,959,900</b>	<b>594,412</b>	<b>29,554,312</b>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**SUPPLEMENTAL SCHEDULE OF ACTIVITIES - Raul Yzaguirre Schools for Success**  
*For the Year Ended August 31, 2023*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Expenses</b>			
11 Instruction	\$ 14,080,089	\$ -	\$ 14,080,089
12 Instructional resources/media services	144,453	-	144,453
13 Curriculum development and instructional staff development	414,307	-	414,307
21 Instructional leadership	390,028	-	390,028
23 School leadership	1,692,148	-	1,692,148
31 Guidance, counseling and evaluation services	262,923	-	262,923
32 Social work services	109,314	-	109,314
33 Health services	141,175	-	141,175
34 Student (pupil) transportation	352,191	-	352,191
35 Food services	1,964,862	-	1,964,862
36 Cocurricular/extracurricular activities	30,927	-	30,927
41 General administration	1,593,424	-	1,593,424
51 Plant maintenance and operations	6,474,789	-	6,474,789
52 Security and monitoring services	305,892	-	305,892
53 Data processing services	708,700	-	708,700
61 Community services	294,678	-	294,678
<b>Total Expenses</b>	<b>28,959,900</b>	<b>-</b>	<b>28,959,900</b>
Change in net assets	-	594,412	594,412
<b>Net Assets, beginning of year as restated</b>	<b>178,387</b>	<b>5,671,658</b>	<b>5,850,045</b>
<b>Net Assets, end of year</b>	<b>\$ 178,387</b>	<b>\$ 6,266,070</b>	<b>\$ 6,444,457</b>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**SUPPLEMENTAL SCHEDULE OF CASH FLOWS**  
*For the Year Ended August 31, 2023*

<b>Cash flows from operating activities:</b>	
Changes in net assets	\$ 594,412
Adjustment to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	323,489
Changes in operating assets and liabilities:	
(Increase) Decrease in grants receivable	(3,873,864)
(Increase) Decrease in other receivables	(4,413,805)
(Increase) Decrease in prepaid expenses	18,960
Increase (Decrease) in accounts payable	7,661,408
Increase (Decrease) in accrued liabilities	(163,002)
Increase (Decrease) in due to agency	(3,639,161)
Increase (Decrease) in deferred revenue	535,875
<b>Net cash provided by operating activities</b>	<u>(2,955,688)</u>
<b>Cash flows from investing activities:</b>	
Purchase of equipment	<u>(454,227)</u>
<b>Net cash used in investing activities</b>	<u>(454,227)</u>
Net increase in cash and cash equivalents	(3,409,915)
<b>Cash and cash equivalents, beginning of year</b>	<u>5,626,427</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,216,512</u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

**SCHEDULES OF EXPENSES**

*For the Year Ended August 31, 2023*

		<u>2023</u>
	<b>Expenses</b>	
6100	Payroll Costs	\$ 15,757,007
6200	Professional and Contract Services	7,865,411
6300	Supplies and Materials	3,593,236
6400	Other Operating Costs	<u>1,744,246</u>
	<b>Total Expenses</b>	<u>\$ 28,959,900</u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**SCHEDULES OF CAPITAL ASSETS - Raul Yzaguirre Schools for Success**  
**For the Year Ended August 31, 2023**

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1110	Cash and cash equivalents		\$ 2,216,512	
1510	Land and improvements	-	257,648	\$ -
1520	Building & leasehold improvements	-	4,276,805	-
1531	Vehicles	-	1,542,933	-
1539	Furniture and equipment	-	1,358,967	-
1580	Construction in Progress	-	387,334	-
	<b>Total Property &amp; Equipment</b>	<b>\$ -</b>	<b>\$ 7,823,687</b>	<b>\$ -</b>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**BUDGETARY COMPARISON SCHEDULE – Raul Yzaguirre Schools For Success**  
**For the Year Ended August 31, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
<b>Revenues</b>				
Local Support:				
Other revenues from local sources	\$ 1,183,169	\$ 1,183,169	\$ 1,409,444	\$ 226,275
Revenue from cocurricular, enterprising services or activities	<u>60,000</u>	<u>60,000</u>	<u>54,859</u>	<u>(5,141)</u>
<b>Total Local Support</b>	<u>1,243,169</u>	<u>1,243,169</u>	<u>1,464,303</u>	<u>221,134</u>
State Program Revenues:				
Foundation school program act revenues	19,459,615	19,811,656	18,296,882	(1,514,774)
State program revenues Education Agency	366,541	-	318,601	318,601
State program revenues distributed by Governments Other than Texas				
Education Agency		<u>14,500</u>	<u>26,392</u>	<u>11,892</u>
<b>Total State Program Revenues</b>	<u>19,826,156</u>	<u>19,826,156</u>	<u>18,641,875</u>	<u>(1,184,281)</u>
Federal Program Revenues:				
Federal revenues distributed by the Texas Education Agency	8,382,941	1,560,000	9,163,033	7,603,033
Federal revenues distributed by other State of Texas government agencies (other than Texas Education Agency)	-	318,000	202,142	(115,858)
Federal revenues distributed directly from the Federal Government	-	-	<u>82,959</u>	<u>82,959</u>
<b>Total Federal Program Revenues</b>	<u>8,382,941</u>	<u>1,878,000</u>	<u>9,448,134</u>	<u>7,570,134</u>
<b>Total Revenues</b>	<u>\$ 29,452,266</u>	<u>\$ 22,947,325</u>	<u>\$ 29,554,312</u>	<u>\$ 6,606,987</u>
<b>Expenses</b>				
Instruction	14,323,726	14,333,726	14,080,089	253,637
Instructional Resources and Media Services	137,141	137,141	144,453	(7,312)
Curriculum Development and Instructional Staff Development	447,369	447,369	414,307	33,062
Instructional Leadership	363,981	363,981	390,028	(26,047)
School Leadership	1,731,658	1,731,658	1,692,148	39,510
Guidance, Counseling and Evaluation Services	318,577	318,577	262,923	55,654
Social Work Services	110,465	110,465	109,314	1,151
Health Services	144,529	144,529	141,175	3,354
Student (Pupil) Transportation	433,014	433,014	352,191	80,823
Food Service	1,477,500	1,827,500	1,964,862	(137,362)
Cocurricular/Extracurricular Activities	25,159	25,159	30,927	(5,768)
General Administration	1,539,501	1,539,501	1,593,424	(53,923)
Facilities Maintenance and Operations	5,939,664	5,939,664	6,474,789	(535,125)
Security and Monitoring Services	700,883	700,883	305,892	394,991
Data Processing Services	713,536	713,536	708,700	4,836
Community Services	281,224	281,224	294,678	(13,454)
Debt Service	10,000	10,000	-	10,000
<b>Total Expenses</b>	<u>28,697,927</u>	<u>29,057,927</u>	<u>28,959,900</u>	<u>98,027</u>
Change in net assets	754,339	(6,110,602)	594,412	6,705,014
<b>Beginning net assets</b>	<u>5,850,045</u>	<u>5,850,045</u>	<u>5,850,045</u>	<u>-</u>
<b>Ending net assets</b>	<u>\$ 6,604,384</u>	<u>\$ (260,557)</u>	<u>6,444,457</u>	<u>6,705,014</u>

**Budget Variances**

In accordance with Module 2, Section 2.3.2.8 of the Financial Accountability System Resource Guide, if the original and final budgeted amounts vary by more than 10 percent of the original budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The variance explanations below describe the variances noted.

If the actual and final budgeted amounts vary by more than 10 percent of the final budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The Center provides the following explanations for each of the variances noted:

Food service expenses exceeded the budget due to increased food costs and increased enrollment. Facilities, Maintenance and Operations function exceeded to the final budget due to increased utilities costs.

Extracurricular activities (Function 36) was over budget by \$5,768 due to increased cost of field trips.

**Corrective Action Plan**

The school will carefully review each function category to adhere to the requirements.



**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

**NOTES TO SUPPLEMENTARY INFORMATION**

**Note 1 - Basis of Presentation**

The supplementary schedules are presented on the accrual basis of accounting.

**Note 2 - Relationship to Grantor Agency Financial Reports**

For all Federal programs, RYSS used the net asset classes and codes specified by the Texas Education Agency in the *Special Supplement to Financial Accounting and Reporting Nonprofit Charter School Chart of Accounts*. With donor restrictions net asset codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal financial assistance is generally accounted for in with donor restriction net asset codes. These and other resources that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized.

**Note 3 - Reconciliation to Consolidated Financial Statements**

During the year ended August 31, 2023, TCCC charged RYSS rent totaling \$2,580,000. and was charged personnel costs of \$243,902 for management services. These income and expenses items are eliminated in TCCC's consolidated statement of activities, but such amounts are included in RYSS's schedule of activities within plant maintenance and operations and other revenues from local sources. The following reconciles total expenses as included in the supplementary information to the consolidated financial statements for the year ended August 31, 2023:

RYSS total expenses	\$ 28,959,900
Eliminated rent expense	<u>(2,580,000)</u>
TCCC total expenses - Charter School	<u>\$ 26,379,900</u>

**Note 4 - Budgetary Comparison Schedule Variances**

Variances of 10% from Original Budget to Final Budget

Function 35 – Food Services amended budget increased by 24% due to increased food costs.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES**  
**For the Year Ended August 31, 2023**

<u>Data Codes</u>	<u>Section A: Compensatory Education Programs</u>	<u>Responses</u>
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$2,776,486
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$1,626,555
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 589,848
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 318,025

**Schedule of Compensation and Benefits**

<u>Related Party Name</u>	<u>Name of Relation of the Related Party</u>	<u>Relationship</u>	<u>Compensation or Benefit</u>	<u>Payment Frequency</u>	<u>Description</u>	<u>Source of Funds Used</u>	<u>Total Paid During FY</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Schedule of Related Party Transactions**

<u>Related Party Name</u>	<u>Name of Relation to the Related Party</u>	<u>Relationship</u>	<u>Type of Transaction</u>	<u>Description of Terms and Conditions</u>	<u>Source of Funds Used</u>	<u>Payment Frequency</u>	<u>Total Paid During FY</u>	<u>Principal Balance Due</u>
N/A	N/A	N/A	Nonfinancial	N/A	N/A	N/A	\$ -	N/A

**Schedule of Real Property Ownership Interest**

<u>Description (list each parcel separately)</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership Interest - Local</u>	<u>Ownership Interest - State</u>	<u>Ownership Interest - Federal</u>
Raul Yzaguirre	2950 Broadway, Houston, TX 77017	\$ 257,648		\$ 257,648	
<b>Total</b>		<b>\$ 257,648</b>	<b>\$ -</b>	<b>\$ 257,648</b>	<b>\$ -</b>

## **COMPLIANCE AND INTERNAL CONTROLS**



# Tejano Center for Community Concerns

*Nurturing Lifelong Learners. Empowering Families. Transforming Lives*

**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  
Tejano Center for Community Concerns, Inc.

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 Tejano Center for Community Concerns, Inc., Inc. (the “Center”), which comprise the statement of financial position as of August 31, 2023, 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 24, 2024 .

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center’s internal control over financial reporting (internal control) as a basis for designing 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 Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’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 the Center’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*.

To the Board of Directors  
Tejano Center for Community Concerns, Inc.

**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 Center’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 Center’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 24, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Tejano Center for Community Concerns, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Program***

We have audited Tejano Center for Community Concerns, Inc.’s (the “Center”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center’s major federal programs for the year ended August 31, 2023. The Center’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center’s federal programs.

To the Board of Directors  
Tejano Center for Community Concerns, Inc.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



To the Board of Directors  
Tejano Center for Community Concerns, Inc.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Whitley Penn LLP*

Houston, Texas  
January 24, 2024

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*For the Year Ended August 31, 2023*

**I. Summary of Auditors' Results**

**Financial Statements**

---

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

---

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
<b>US Department of Education</b>	
<i>CRRSAA, ESSER II (COVID-19)</i>	84.425D
<i>ARP, ESSER III Grant (COVID-19)</i>	84.425U
<i>Twenty-First Century Community Learning Centers</i>	84.287C
<b>US Department of Agriculture</b>	
<i>Child Nutrition Cluster</i>	10.555/10.553
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	No

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended August 31, 2023***

**II. Financial Statement Findings**

Non Reported

**III. Federal Awards Findings and Questioned Costs**

None Reported

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2023**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<b>Pass-Through from Texas Education Agency:</b>			
<i>School Breakfast Program</i>	10.553	71402301	\$ 620,679
<i>National School Lunch Program</i>	10.555	71302301	<u>1,363,423</u>
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555)</i>			<u>1,984,102</u>
<i>Non-cash Food Commodities</i>	10.555	101271A	<u>130,391</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>2,114,493</u></b>
<b>U.S. Department of Defense</b>			
<b>Direct Program:</b>			
<i>Department of Defense Appropriation Act of 2003 - Junior ROTC</i>	12.116	N/A	<u>82,959</u>
<b>Total U.S. Department of Defense</b>			<b><u>82,959</u></b>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-Through from Harris County:</b>			
<i>HOME Investment Partnerships Program</i>	14.239	N/A	473,351
<i>National Disaster Resilience Competition</i>	14.272	CDBG-DR	<u>3,412,461</u>
<i>Total CDBG - Disaster Recovery Grants Cluster (ALN 14.272)</i>			<u>3,412,461</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>3,885,812</u></b>
<b>U.S. Department of Justice</b>			
<b>Pass-Through from Texas Governor's Criminal Justice Division:</b>			
<i>Crime Victim Assistance</i>	16.575	N/A	<u>315,354</u>
<b>Total U.S. Department of Justice</b>			<b><u>315,354</u></b>
<b>U.S. Department of Treasury</b>			
<b>Pass-Through from NeighborWorks America:</b>			
<i>Affordable Housing/Home Buyer Education program</i>	21.010	N/A	<u>8,000</u>
<b>Total U.S. Department of Treasury</b>			<b><u>8,000</u></b>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2023**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. Department of Education</b>			
<b>Pass-Through from Texas Education Agency:</b>			
<i>Title I, Part A, Improving Basic Programs</i>	84.010A	23610101101806	1,071,532
<i>Title I, 1003 ESF- Focused Support Grant</i>	84.010A	226101577110013	119,658
<i>Total ALN 84.010</i>			<u>1,191,190</u>
<i>Special Education - Grants to States (IDEA, Part B)</i>	84.027A	23660001101806600	269,887
<i>Special Education - Preschool Grants (IDEA Preschool)</i>	84.173A	236610011018066610	910
<i>Total Special Education Cluster (IDEA) (ALN 84.027, 84.173)</i>			<u>270,797</u>
<i>Career and Technical Education - Basic Grants to States</i>	84.048A	2342000101806	35,962
<i>Charter School Program Grant (Subchapter C and D)</i>	84.282A	235901027110006	783
<i>Charter School Program Grant (Subchapter C and D)</i>	84.282A	235901027110008	28,802
<i>Total ALN 84.282</i>			<u>29,585</u>
<i>English Language Acquisition State Grants</i>	84.365A	23671001101806	113,700
<i>Supporting Effective Instruction State Grants</i>	84.367A	23694501101806	122,185
<i>LEP Summer School</i>	84.369A	69552102	5,755
<i>Grants For State Assessments and Related Activities</i>	84.369A	69552202	2,958
<i>Student Support and Academic Enrichment Program</i>	84.424A	23680101101806	80,148
<i>Restart Hurricane Harvey</i>	84.938A	21511704101806	13,592
<i>COVID-19 - Education Stabilization Fund - CRRSA ESSER II</i>	84.425D	21521001101806	1,765,375
<i>COVID-19 - Education Stabilization Fund - ARPA ESSER III</i>	84.425U	21528001101806	2,648,789
<i>ESSER III TCLAS</i>	84.425U	21528042101806	316,498
<i>Total ALN 84.425</i>			<u>4,730,662</u>
<i>Twenty-First Century Community Learning Centers</i>	84.287C	236950307110040	330,006
<b>Pass-Through from Harris County Department of Education:</b>			
<i>Twenty-First Century Community Learning Centers</i>	84.287C	September - July	122,000
<i>Total ALN 84.287</i>			<u>452,006</u>
<b>Total U.S. Department of Education</b>			<u><b>7,048,540</b></u>
<b>U.S. Department of Health and Human Services</b>			
<b>Pass-Through from Texas Department of Family and Protective Services:</b>			
<i>Foster Care Title IV-E</i>	93.658	230451219	671,962
<b>Pass-Through City of Houston:</b>			
<i>Texas Homeowner Assistance Fund</i>	93.568	968141504	116,571
<b>Pass-Through City of Houston:</b>			
<i>COVID Health Grant</i>	93.568	968141504	362,637
<i>Total ALN 93.568</i>			<u>479,208</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><b>1,151,170</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 14,606,328</b></u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 - Basis of Presentation**

The schedule of expenditures of federal awards (“SEFA”) presents federal grant activity of the Center for the fiscal year ended August 31, 2023 and 2022 is reported on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the Center’s financial statements.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the SEFA 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. Pass-through entity identifying numbers are presented when available. The Center has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3 - Relationship to Financial Report Submitted to Grantor Agencies**

Amounts reflected in the financial reports filed with grantor agencies for the program may not agree with the amounts in the SEFA because of accruals made to present the SEFA on the accrual basis (which would be included in the next report filed with the agencies), as well as matching requirements not included in the SEFA and differences in programs’ year-ends.

**Note 4 - Reconciliation of Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards and revenues on Statement of Activities:

<b>Total shown on Schedule of Expenditures of Federal Awards</b>	\$ 14,606,328
Federal revenue accounted for in the general fund:	
SHARS	<u>202,142</u>
<b>Total federal revenue - Statement of Activities</b>	<u><u>\$ 14,808,470</u></u>

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

***For the Year Ended August 31, 2023***

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

**I. Prior Audit Findings**

Finding 2022-001 - The Center engaged a consultant to assist the Center with its accounting records. In addition, an outsourced chief financial officer was hired. In December 2023, the Center hired a permanent chief financial officer, whom continued to work closely with both the consultant and the outsourced chief financial officer through the end of the 2023 audit process. The finding is considered resolved.

**TEJANO CENTER FOR COMMUNITY CONCERNS, INC.**

***CORRECTIVE ACTION PLAN***

***For the Year Ended August 31, 2023***

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

**I. Corrective Action Plan**

Not Applicable