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

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

August 31, 2024
with Summarized Comparative Information for 2023

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
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TEJANO CENTER
FOR COMMUNITY CONCERNS
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 __V__approved _____disapproved for the year ended August 31, 2024, at a meeting of the governing body of said charter school on the 28th day of January 2025.

Signature of Board President

Signature of Board Secretary


TEJANO CENTER
Tejano Center for Community Concerns
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of Tejano Center for Community Concerns, Inc., (a nonprofit organization), which comprise the consolidated statement of financial position as of August 31, 2024 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, 2024, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued.

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

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 consolidated 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 consolidated 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

We have previously audited the Center's 2023 financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated January 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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.

To the 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 28, 2025 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.

Whitley Penn LLP

Houston, Texas
January 28, 2025


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, 2024 and 2023

	August 31, 2024	August 31, 2023 (Restated)
Assets		
Current Assets:		
Cash and cash equivalents	$ 26,327,715	$ 8,167,553
Due from other governments	6,531,175	5,715,295
Other receivable	312,690	55,536
Prepaid expenses	12,706	15,011
Total Current Assets	33,184,286	13,953,395
Property and Equipment:		
Land	16,129,561	6,295,798
Construction in progress	11,449,085	387,334
Buildings and improvements	45,779,121	29,675,838
Furniture, vehicles, and equipment	5,175,319	4,588,472
Accumulated depreciation	(14,706,625)	(13,372,498)
Total Property and Equipment	63,826,461	27,574,944
Construction in progress - Sunrise Lofts		16,580,123
Total Assets	$ 97,010,747	$ 58,108,462
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	6,171,636	$ 2,227,787
Accrued liabilities	526,150	407,109
Wages payable	-	499,335
Deferred revenue	-	535,864
Due to state	7,998	-
Notes payable, current portion	692,010	654,070
Total Current Liabilities	7,397,794	4,324,165
Long-term liabilities:		
Notes payable, net of current portion	57,025,304	26,027,749
Total Liabilities	64,423,098	30,351,914
Net Assets:		
Without donor restrictions	13,501,275	17,380,093
With donor restrictions	19,086,374	10,376,455
Total Net Assets	32,587,649	27,756,548
Total Liabilities and Net Assets	$ 97,010,747	$ 58,108,462

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2024
(with Summarized Financial Information for 2023)

	Without Donor Restrictions	With Donor Restrictions	August 31, 2024	2023 (Restated)
Revenues				
Federal grants	$ -	$ 13,580,138	$ 13,580,138	$ 14,808,470
State grants	-	22,756,231	22,756,231	18,641,875
Local grants and contributions	-	8,609,615	8,609,615	4,756,902
Net assets released from restrictions	36,236,065	(36,236,065)	-	-
Total Revenues	36,236,065	8,709,919	44,945,984	38,207,247
Expenses				
Program services:				
Charter school	33,436,987	-	33,436,987	26,379,900
Affordable housing /homebuyer education	979,805	-	979,805	795,347
Child shelter/placement	769,075	-	769,075	641,542
Community services	1,238,122	-	1,238,122	2,363,102
College and career advising	626,925	-	626,925	1,060,357
Supporting services:				
Tejano commercial properties	1,750,861	-	1,750,861	1,786,421
Management and general	1,313,108	-	1,313,108	499,173
Total Expenses	40,114,883	-	40,114,883	33,525,842
Total Change in Net Assets	(3,878,818)	8,709,919	4,831,101	4,681,405
Net Assets, Beginning of Year, Restated	17,380,093	10,376,455	27,756,548	23,075,143
Net Assets, End of Year	$ 13,501,275	$ 19,086,374	$ 32,587,649	$ 27,756,548

See notes to the financial statements.

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2024
(with Summarized Financial Information for 2023)

	Program Services				
	Charter School	Affordable Housing/ Homebuyer Education	Child Shelter/ Placement	Community Services	College and Career Advisory
Salaries and Related Expenses:					
Salaries and wages	$ 15,958,715	$ 345,918	$ 183,864	$ 327,227	$ 440,129
Employee benefits	3,263,746	11,769	8,644	7,847	46,243
Payroll taxes	317,301	25,833	14,289	25,850	32,972
Total Salaries and Related Expenses	19,539,762	383,520	206,797	360,924	519,344
Operating Expenses:					
Contract labor	5,023,666	244,741	475,261	21,219	5,045
Food	1,297,618	6,576	1,246	-	-
Insurance	804,661	-	-	-	-
Interest and debt issuance cost	153,237	-	-	298,921	-
Rent	4,496	25,104	34,533	9,781	42,000
Professional fess	182,790	-	-	40,607	3,358
Miscellaneous	1,924,971	231,076	26,982	34,152	40,564
Supplies and maintenance	3,324,313	25,077	5,291	35,051	3,179
Travel	142,790	853	209	-	5,466
Utilities	642,758	17,471	5,945	21,611	7,969
Total Operating Expenses	13,501,300	550,898	549,467	461,342	107,581
Total Salaries and Operating Expenses	33,041,062	934,418	756,264	822,266	626,925
Depreciation	395,925	45,387	12,811	415,856	-
Total Expenses	$ 33,436,987	$ 979,805	$ 769,075	$ 1,238,122	$ 626,925

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2024
(with Summarized Financial Information for 2023)

	Supporting Services			
	Tejano Commercial Properties	Management and General	2024 Total	2023 Total
Salaries and Related Expenses:				
Salaries and wages	$ -	$ 267,822	$ 17,523,675	$ 15,395,863
Employee benefits	-	3,412	3,341,661	1,847,507
Payroll taxes	-	20,533	436,778	352,075
Total Salaries and Related Expenses	-	291,767	21,302,114	17,595,445
Operating Expenses:				
Contract labor	-	468,320	6,238,252	4,570,572
Food	-	5,867	1,311,307	1,256,621
Insurance	-	2,714	807,375	744,538
Interest and debt issuance cost	1,289,883	-	1,742,041	1,824,311
Rent	-	53,714	169,628	383,924
Professional fess	-	13,901	240,656	337,621
Miscellaneous	-	429,260	2,687,005	1,312,964
Supplies and maintenance	-	32,165	3,425,076	3,298,796
Travel	-	489	149,807	173,153
Utilities	-	11,733	707,487	1,182,034
Total Operating Expenses	1,289,883	1,018,163	17,478,634	15,084,534
Total Salaries and Operating Expenses	1,289,883	1,309,930	38,780,748	32,679,979
Depreciation	460,978	3,178	1,334,135	845,863
Total Expenses	$ 1,750,861	$ 1,313,108	$ 40,114,883	$ 33,525,842

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2024 and 2023

	August 31, 2024	August 31, 2023
Cash Flows from Operating Activities:		
Changes in net assets	$ 4,831,101	$ 4,681,405
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,334,135	845,863
Amortization of debt issuance costs	234,719	194,719
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	(815,880)	(400,889)
Decrease (increase) in other receivables	(257,154)	97,557
Decrease (increase) in prepaid expenses	2,305	6,860
Increase (decrease) in accounts payable	3,943,849	(44,671)
Increase (decrease) in wages payable	(499,335)	(1,201,224)
Increase (decrease) in accrued liabilities	119,041	
Increase (decrease) in due to state	7,998	
Increase (decrease) in deferred revenue	(535,864)	535,864
Net Cash Provided for (Used By) Operating Activities	8,364,915	4,715,484
Cash Flows from Investing Activities:		
Purchase of property and equipment	(21,230,683)	(5,144,976)
Net Cash Provided (Used) by Investing Activities	(21,230,683)	(5,144,976)
Cash Flows from Financing Activities:		
Proceeds from notes payable	31,680,000	935,983
Repayment of notes payable	(654,070)	(1,118,230)
Net Cash Provided (Used) by Financing Activities	31,025,930	(182,247)
Net Change in cash and cash equivalents	18,160,162	(611,739)
Cash and Cash Equivalents, Beginning of Year	8,167,553	8,779,292
Cash and Cash Equivalents, End of Year	$ 26,327,715	$ 8,167,553
Supplemental Disclosure of Cash Flow Information:		
Interest paid during the year	$ 1,505,052	$ 1,357,417

See 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 8th 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 was completed in 2024. The completed buildings are now part of buildings and improvements.

In March 2024, TCCC Real Estate Inc. (TCCC Real Estate), a Texas nonprofit was created to assist with certain aspects of Pasadena expansion project located at 1062 Fairmont Parkway, Pasadena, Texas 77504.

Basis of Consolidation

The consolidated financial statements include the accounts of Tejano Center for Community Concerns, Inc., Sunrise Lofts LLC and TCCC Real Estate Inc. (collectively, "TCCC" or the "Center"). 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.

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, 2024 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, 2024 and 2023, 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, 2024 or 2023.

Note 1 - Summary of Significant Accounting Policies (continued)

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, 2024 and 2023, 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.

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 $25 million in 2024 and $7.8 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, 2024 and 2023, 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, 2024 and 2023, 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. As of August 31, 2024, the Sunrise Lofts apartments were completed and reclassified to buildings. 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, 2024 and 2023, 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.

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, 2024 and 2023, there were no conditional contributions.

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 2024 or 2023.

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 Real Estate Inc, is a not-for-profit organization under Internal Revenue Code Section 501 (c)(3). As such, it is exempt from income taxes.

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, 2021 through August 31, 2024. 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, 2024 or 2023.

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

	2024	2023
State Foundation Aid	$ 1,569,509	$ 1,527,220
Title I, Part A	105,356	487,543
IDEA, Part B Formula	113,656	125,327
IDEA, Part B Preschool	2,376	910
Title II, Part A	46,221	78,986
Title III, Part A	28,919	103,280
Child Nutrition	-	146,650
Emergency and Secondary School Emergency Relief Fund II (ESSER II) COVID-19	-	829,146
ARP ESSER III COVID-19	1,174,364	1,872,873
TCLAS COVID-19	609,091	231,254
Carl Perkins	25,554	30,738
Charter School Program	987,000	29,586
Other federal funds	93,885	161,378
Title IV, Part A, Subpart 1	77,128	44,359
Other	301,655	194,633
Total Receivables from State Governments	5,134,714	5,863,883
Due from Other Governments	1,396,461	745,000
Other receivables	312,690	55,536
Total Receivables	$ 6,843,865	$ 6,664,419

Note 3 - Capital Assets

The Center's capital assets for both fiscal year August 31, 2024 and 2023 are shown below:

	2024	2023
Land	$ 16,129,561	$ 6,295,798
Building and leasehold improvements	45,779,121	29,675,838
Furniture, equipment and vehicles	5,175,319	4,588,472
Construction in progress	7,043,101	387,334
Total Property and Equipment	74,127,102	40,947,442
Less Accumulated Depreciation and Amortization	(14,706,625)	(13,372,498)
Property and Equipment, Net	$ 59,420,477	$ 27,574,944

In fiscal year 2023, the Sunrise Lofts apartment CIP were shown separately on the Statement of Net Position. The apartments were completed in fiscal year 2024 and reclassified to buildings and improvements in the table above.

Note 4 - Long-term Debt

The Center has outstanding long-term debt. The balances as of August 31, 2023 and 2024 are presented below:

	Balance as of 8/31/2023	Additions	Reductions	Ending Balance as of 8/31/2024	Due Within One Year
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	2,714,030	-	(654,070)	2,059,960	692,010
TCCC Real Estate Inc. Loan A - Pasadena Expansion (RAZA)	-	11,425,600	-	11,425,600	-
TCCC Real Estate Inc. Loan B - Pasadena Expansion (RAZA)	-	4,254,400	-	4,254,400	-
Brownsville Expansion (EFF Loan)	-	16,000,000	-	16,000,000	-
Sunrise Lofts:					
Line of Credit with Financial Institution	4,125,900	-	-	4,125,900	-
Total Notes Payable	27,271,010	31,680,000	(654,070)	58,296,940	692,010
Less: unamortized debt issuance costs	(589,191)	(225,154)	234,719	(579,626)	-
Total Notes Payable, Net	$ 26,681,819	$ 31,454,846	$ (419,351)	$ 57,717,314	$ 692,010

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.

Payments due in future years are listed below.

Tri-Party Loan Agreements

Year Ending August 31	Principal	Interest	Total
2025	$ 692,010	$ 1,018,049	$ 1,710,059
2026	732,130	977,921	1,710,051
2027	774,270	935,791	1,710,061
2028	813,540	896,525	1,710,065
2029	778,540	859,151	1,637,691
Thereafter	18,700,550	11,673,556	30,374,106
	$ 22,491,040	$ 16,360,993	$ 38,852,033

Note 4 - Long-term Debt (continued)

TCCC Real Estate Inc.

In March 2024, TCCC Real Estate Inc. (TCCC Real Estate), a Texas nonprofit was created to assist with certain aspects of Pasadena expansion project located at 1062 Fairmont Parkway, Pasadena, Texas 77504. TCCC Real Estate is exclusively for charitable, scientific and education purposes with defined by Section 501 (c)(3) of the Internal Revenue Code of 1986 as amended; specifically, this corporation shall be operated exclusively for the benefit of Tejano Center for Community Concerns, Inc. (the Center) Such purposes shall include, but not be limited to, the acquisition and leasing of real or personal property, or both, and, subject to the restrictions and limitations hereinafter set forth, the leasing of such property to Tejano Center for Community Concerns, Inc for use in furtherance of the charitable purposes of Tejano Center for Community Concerns, Inc. As of August 31, 2024, TCCC Real Estate Inc. has two outstanding loans through the Loan and Security Agreement with Partnerships of Hope 44, LLC. The managing member of this organization is Raza Development Fund Inc. Loans A and B, totaling $15,680,000 as described below:

	Loan A	Loan B
Principal:	$11,425,600	$4,254,400
Interest Rate:	1.166061%	1.166061%
Term	30 Years	30 Years

The primary purposes of the loans of which are to (i)finance Borrower's reasonable and customary closing costs in closing the Loan;(ii) fund a fee and expense reserve account; and(iii)finance the leasing, renovation and development of existing buildings into a charter school (the "Improvements") located on certain real property located in Pasadena, Texas, and more particularly described in the Deed of Trust.

Under Loans A and B, TCCC Real Estate must make quarterly payments partially in advance and partially in arrears of accrued and unpaid interest due and payable on the fifth day of each March, June, September, and December (Payment Date) through the end of the calendar quarter during which such payment is due beginning June 5, 2024 and continuing on each Payment Date thereafter through and including December 5, 2030. Another payment shall be made on March 20, 2031 for the period of January 1, 2031 through March 20, 2031. After seven years, commencing on June 5, 2031 and continuing on each Payment Date thereafter through and including the Maturity date of March 2054, TCCC Real Estate Inc., shall make payments of interest, plus an amount of principal sufficient to amortize the outstanding principal amount over the remaining term of the note on a level payment basis.

TCCC Real Estate Inc. Loan A - Pasadena Expansion (RAZA)

Year Ending August 31	Principal	Interest	Total
2025	$ -	$ 133,229	$ 133,229
2026	-	133,229	133,229
2027	-	133,229	133,229
2028	-	133,229	133,229
2029	-	133,229	133,229
Thereafter	11,425,600	1,783,582	13,209,182
	$ 11,425,600	$ 2,449,727	$ 13,875,327

Note 4 - Long-term Debt (continued)

TCCC Real Estate Inc. (continued)

TCCC Real Estate Inc. Loan B - Pasadena Expansion (RAZA)

Year Ending August 31	Principal	Interest	Total
2025	$ -	$ 49,609	$ 49,609
2026	-	49,609	49,609
2027	-	49,609	49,609
2028	-	49,609	49,609
2029	-	49,609	49,609
Thereafter	4,254,400	664,127	4,918,527
	$ 4,254,400	$ 912,172	$ 5,166,572

Raul Yzaguirre Schools For Success

On May 24, 2024, the Center entered in a $16,000,000 loan agreement with Equitable Facilities Fund (EFF) for the expansion of the Brownsville campus. The loan matures June 1, 2054. Principal and interest are due annually and interest is assessed at a rate of 4.50 percent. The loan agreement requires 45 days cash on hand for each fiscal year. In addition, Available revenues for fiscal year must equal to at least 1.10 times the Annual Debt Service Requirements as of the end of each fiscal year. Cash on hand for the charter school based on unrestricted cash and all charter school expenses meets the requirements. Annual available revenues exceed the annual debt service requirement by more than 1.10 times. The debt service requirements are shown below:

Year Ending August 31	Principal	Interest	Total
2025	$ -	$ 720,000	$ 720,000
2026	277,240	$714,328	991,568
2027	289,977	701,592	991,569
2028	303,298	688,270	991,568
2029	317,232	674,337	991,569
Thereafter	14,812,253	9,811,701	24,623,954
	16,000,000	13,310,228	29,310,228

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 note bears interest at 7.70% and 7.68% as of August 31, 2024 and 2023, respectively. The line of credit is interest only and was renewed in fiscal year 2024.

Note 4 - Long-term Debt (continued)

Operating Leases - TCCC Real Estate Inc.

On March 20, 2024, TCCC Real Estate (lessor) and the Center (lessee) entered to an operating lease for land located at 1062 Fairmont Parkway Pasadena, Texas 77504. Payments are due quarterly (on a calendar year basis) beginning September 1, 2024. The discount rate used to determine the present value of the payment is 1.17 percent. The lease term expires September 2044. The lease is considered an operating lease under ASC 842. A right to use asset and operating lease liability of $11,018,699 were recognized as of August 31, 2024. Future rental payments are shown below.

Fiscal Year Ending August 31st	Principal	Interest	Total
2025	$ 96,544	$ 118,861	$ 215,405
2026	116,236	118,908	235,144
2027	117,602	118,894	236,496
2028	118,984	118,881	237,865
2029	120,383	118,867	239,250
Thereafter	10,448,950	1,037,353	11,486,303
	$ 11,018,699	$ 1,631,764	$ 12,650,463

The charter school reports the right to use asset and liability. The TCCC Real Estate Inc. accounts reflect an amount receivable from the charter school as the lessor. These transactions have been eliminated at the consolidated financial statements.

Financing Leases - TCCC Real Estate Inc.

On March 20, 2024, TCCC Real Estate entered into a financing lease with the Center to reimburse construction costs as they are drawn down. The total amount as outlined in the agreements will total $5,317,535. To date, the Center has drawn down a total of $981,339. As of August 31, 2024, TCCC Real Estate owes the Center $4,366,196. The total amount will not be recorded as a liability and asset for both entities because the reimbursements from TCCC Real Estate are due when the Center draws down the funds. These amounts have no effect on the consolidated financial statements.

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended August 31, 2024 and 2023 consisted of the following:

	As of August 31, 2024	As of August 31, 2023 (Restated)
Federal Funds	$ 579,192	$ 1,772,723
State and Local Funds	18,507,182	8,603,732
Total With Donor Restrictions	$ 19,086,374	$ 10,376,455

Note 6 - Net Assets Released From Restrictions

During the years ended August 31, 2024, and 2023, net assets of $36,236,065 and $33,225,887, 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 $21.6 million in fiscal year 2024 and $18.1 million in fiscal year 2023. Federal grants for both fiscal years 2024 and 2023 totaled $13.6 million and $14.6 million, respectively. Local grants and contributions totaled $11.2 million and $4.7 million for fiscal years 2024 and 2023, respectively.

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 form the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading.

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, 2023 indicated the following:

TRS Pension Fund	Total Plan Assets	TRS Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Percent Funded
2023	$ 213,472,525,705	$ 187,170,535,558	$ 255,860,886,500	$ 68,690,350,942	73.15%
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.

Note 8 - Defined Benefit Plan (continued)

Funding Policy (continued)

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 31st.

	Contribution Rates Plan Fiscal Year	
	2023	**2024**
Member	8.00%	8.25%
Employer	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%

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, 2024 and August 31, 2023 were approximately $1,244,605 and $1,065,143. Federal contributions were approximately $136,120 and $138,000 for fiscal years 2024 and 2023, respectively. Per the Texas Education Agency's request, TCCC has recorded the amounts contributed by TRS on-behalf of School's employees. The on-behalf contributions during fiscal year 2024 was approximately $933,000.

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, 2023.

TRS Care Other Post-Employment Benefits (OPEB)	Total Plan Assets	TRS-Care Plan Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Percent Funded
2023	$ 4,101,873,929	$ 3,889,765,203	$ 26,028,070,267	$ 22,138,305,064	14.94%
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.

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.

TRS-Care Monthly for Retirees		
	Medicare	Non-Medicare
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.

	Contribution Rates	
	2024	2023
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

In fiscal year 2024, TCCC contributed a total of approximately $140,000. Of this amount, $20,655 was for federally funded employees. Per the Texas Education Agency's request, TCCC has recorded the amounts contributed by TRS on-behalf of School's employees. The on-behalf contributions during fiscal year 2024 was approximately $167,000. During fiscal year 2023, TCCC contributed a total of approximately $128,000 of which, $22,000 was for federally funded employees.

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, 2024 and 2023 totaled approximately $315,000 and $315,000, respectively. Minimum future lease commitments under operating leases with lease terms greater than one year as of August 31, 2024, are as follows:

Fiscal Year Ending August 31	Principal
2025	$ 20,400
Total	$ 20,400

Note 10 - Commitments and Contingencies (continued)

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.

During fiscal year 2024, the Project was completed and reclassified from Construction in Progress to Buildings.

Note 11 - Liquidity and Availability of Resources

The following table reflects financial assets available for general expenditure within one year of August 31, 2024 and 2023, 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.

	2024	2023
Financial Assets Available Within One Year:		
Cash	$ 26,327,715	$ 9,263,226
Grants receivable	(6,531,175)	2,476,547
Total Financial Assets Available Within One Year	19,796,540	11,739,773
Amounts Unavailable for General Expenditure Within One Year:		
Restricted cash unavailable	(17,489,580)	(10,376,455)
Total Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year:	$ 2,306,960	$ 1,363,318

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 - Restatement of Net Assets

During fiscal year 2024, TCCC determined that $893,588 of uncollectible accounts receivable should be removed. These were set up in fiscal year 2022 and had not been collected as of the end of the fiscal year. Prior to the restatement, beginning net assets totaled $28,650,136. The restated beginning net assets amount reflected in the statements is $27,756,548.

The beginning net assets of the charter school alone was affected by the $893,588 as well. The beginning net assets before the restatement was $6,444,457 and $5,550,869 with the restatement.

Note 13 - Subsequent Events

Management has evaluated subsequent events through the date of this report, 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
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 – RAUL YZAGUIRRE SCHOOLS FOR SUCCESS

August 31, 2024

Assets		
Current Assets:		
Cash and Cash Equivalents	$	16,451,577
Due from Texas Education Agency		4,998,799
Other Receivables		3,433,802
Total Current Assets		24,884,178
Property and Equipment:		
Buildings and improvements		4,459,209
Furniture, vehicles, and equipment		3,446,958
Land		10,091,411
Accumulated depreciation		(4,797,713)
Construction in Progress		7,043,101
Total Property and Equipment		20,242,966
Right to use asset under operating lease		11,018,699
Total Assets	$	56,145,843
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$	12,125,079
Accrued liabilities		228,175
Payroll deductions and withholdings		249,869
Due to others		77,639
Total Current Liabilities		12,680,762
Long-term liabilities:		
Operating lease liability		11,018,699
Loans Payable		16,000,000
Total long-term liabilities		27,018,699
Total Liabilities		39,699,461
Net Assets:		
Without donor restrictions		15,231,792
With donor restrictions		1,214,590
Total Net Assets		16,446,382
Total Liabilities and Net Assets	$	56,145,843

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SUPPLEMENTAL SCHEDULE OF ACTIVITIES - RAUL YZAGUIRRE SCHOOLS FOR SUCCESS

For the Year Ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local Support:			
Other revenues from local sources	$ 15,009,321		$ 15,009,321
Revenue from cocurricular, enterprising services or activities	44,084		44,084
Total Local Support	15,053,405	-	15,053,405
State Program Revenues:			
Foundation school program act - revenues	-	20,934,840	20,934,840
State program revenues distributed by Texas Education Agency	-	720,718	720,718
State program revenues distributed by Governments Other than Texas Education Agency	-	1,100,673	1,100,673
Total State Program Revenues	-	22,756,231	22,756,231
Federal Program Revenues:			
Federal Revenues Distributed through Government Entities Other than State or Federal Agencies		38,810	38,810
Federal revenues distributed by the Texas Education Agency	-	9,033,455	9,033,455
Federal revenues distributed by other State of Texas government agencies (other than Texas Education Agency)	-	363,420	363,420
Federal revenues distributed directly from the Federal Government	-	75,155	75,155
Total Federal Program Revenues	-	9,510,840	9,510,840
Net assets released from restrictions	36,424,963	(36,424,963)	-
Total Revenues	$ 51,478,368	$ (4,157,892)	$ 47,320,476

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SUPPLEMENTAL SCHEDULE OF ACTIVITIES - *RAUL YZAGUIRRE SCHOOLS FOR SUCCESS*

For the Year Ended August 31, 2024

		Without Donor Restrictions	With Donor Restrictions	Total
	Expenses			
11	Instruction	$ 15,959,721	$ -	$ 15,959,721
12	Instructional resources/media services	175,405	-	175,405
13	Curriculum development and instructional staff development	684,387	-	684,387
21	Instructional leadership	280,668	-	280,668
23	School leadership	2,061,835	-	2,061,835
31	Guidance, counseling and evaluation services	306,345	-	306,345
32	Social work services	151,974	-	151,974
33	Health services	190,616	-	190,616
34	Student (pupil) transportation	398,041	-	398,041
35	Food services	2,566,998	-	2,566,998
36	Cocurricular/extracurricular activities	9,720	-	9,720
41	General administration	4,746,180	-	4,746,180
51	Plant maintenance and operations	7,253,783	-	7,253,783
52	Security and monitory services	403,530	-	403,530
53	Data processing services	716,804	-	716,804
61	Community services	365,719	-	365,719
71	Debt services	153,237	-	153,237
	Total Expenses	36,424,963	-	36,424,963
	Change in net assets	15,053,405	(4,157,892)	10,895,513
	Net Assets, Beginning of Year as Restated	178,387	5,372,482	5,550,869
	Net Assets, End of Year	$ 15,231,792	$ 1,214,590	$ 16,446,382

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SUPPLEMENTAL SCHEDULE OF CASH FLOWS - RAUL YZAGUIRRE SCHOOLS FOR SUCCESS

For the Year Ended August 31, 2024

Cash Flows from Operating Activities:		
Changes in net assets	$	10,895,513
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		395,925
Changes in operating assets and liabilities:		
(Increase) Decrease in grants receivable		(150,832)
(Increase) Decrease in other receivables		1,084,077
(Increase) Decrease in prepaid expenses		2,911
Increase (Decrease) in accounts payable		3,990,084
Increase (Decrease)in accrued liabilities		60,019
Increase (Decrease)in payroll liabilities		110,195
Increase (Decrease)in accrued wages		(476,709)
Increase (Decrease)in due to agency		77,639
Increase (Decrease)in deferred revenue		(535,875)
Net Cash Provided by Operating Activities		15,452,947
Cash Flows from Investing Activities:		
Purchase of equipment		(17,217,882)
Net Cash Used in Investing Activities		(17,217,882)
Cash Flows from Financing Activities:		
Proceeds from EFF Loan		16,000,000
Net Cash Used in Financing Activities		
Net increase in cash and cash equivalents		14,235,065
Cash and Cash Equivalents, Beginning of Year		2,216,512
Cash and Cash Equivalents, End of Year	$	16,451,577

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SCHEDULE OF EXPENSES - RAUL YZAGUIRRE SCHOOLS FOR SUCCESS

For the Year Ended August 31, 2024

		2024
	Expenses	
6100	Payroll Costs	$ 19,539,762
6200	Professional and Contract Services	10,520,678
6300	Supplies and Materials	4,304,428
6400	Other Operating Costs	1,906,858
6500	Debt service	153,237
	Total Expenses	$ 36,424,963

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SCHEDULE OF CAPITAL ASSETS - RAUL YZAGUIRRE SCHOOLS FOR SUCCESS

Balance Sheet Amounts as of August 31, 2024

		Ownership Interest		
		Local	State	Federal
1110	Cash and cash equivalents	$ -	$ 16,451,577	$ -
1510	Land and improvements	-	10,091,411	-
1520	Building & leasehold improvements	-	4,459,209	-
1531	Vehicles	-	2,391,833	-
1539	Furniture and equipment	-	1,055,125	-
1550	Right to use asset - operating lease		11,018,699	
1580	Construction in Progress	-	7,043,101	-
	Total Property & Equipment	$ -	$ 36,059,378	$ -

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

BUDGETARY COMPARISON SCHEDULE – RAUL YZAGUIRRE SCHOOLS FOR SUCCESS

For the Year Ended August 31, 2024

	Original	Final	Actual Amounts	Variance from Final Budget
Revenues				
Local Support:				
Other revenues from local sources	$ 2,550,000	$ 2,550,000	$ 15,009,321	$ 12,459,321
Revenue from cocurricular, enterprising services or activities	60,000	60,000	44,084	(15,916)
Total Local Support	2,610,000	2,610,000	15,053,405	12,443,405
State Program Revenues:				
Foundation school program act revenues	20,532,085	20,532,085	20,934,840	402,755
State program revenues Education Agency	468,921	468,921	720,718	251,797
State program revenues distributed by Governments Other than Texas Education Agency	-	-	1,100,673	1,100,673
Total State Program Revenues	21,001,006	21,001,006	22,756,231	1,755,225
Federal Program Revenues:				
Federal revenues distributed by the Texas Education Agency	-	-	38,810	38,810
Federal revenues distributed by the Texas Education Agency	7,198,237	7,198,237	9,033,455	1,835,218
Federal revenues distributed by other State of Texas government agencies (other than Texas Education Agency)	318,000	318,000	363,420	45,420
Federal revenues distributed directly from the Federal Government	92,735	92,735	75,155	(17,580)
Total Federal Program Revenues	7,608,972	7,608,972	9,510,840	1,901,868
Total Revenues	$ 31,219,978	$ 31,219,978	$ 47,320,476	$ 16,100,498
Expenses				
Instruction	$ 13,622,130	$ 19,288,064	$ 15,959,721	$ 3,328,343
Instructional Resources and Media Services	146,159	150,909	175,405	(24,496)
Curriculum Development and Instructional Staff Development	78,357	1,391,596	684,387	707,209
Instructional Leadership	354,386	662,506	280,668	381,838
School Leadership	1,994,611	2,273,607	2,061,835	211,772
Guidance, Counseling and Evaluation Services	183,360	761,218	306,345	454,873
Social Work Services	67,027	78,664	151,974	(73,310)
Health Services	142,279	159,286	190,616	(31,330)
Student (Pupil) Transportation	293,020	266,212	398,041	(131,829)
Food Service	1,963,500	3,651,871	2,566,998	1,084,873
Cocurricular/Extracurricular Activities	23,159	26,279	9,720	16,559
General Administration	3,659,378	3,585,101	4,746,180	(1,161,079)
Facilities Maintenance and Operations	7,313,219	39,004,815	7,253,783	31,751,032
Security and Monitoring Services	390,361	703,411	403,530	299,881
Data Processing Services	751,860	967,162	716,804	250,358
Community Services	422,002	528,364	365,719	162,645
Debt Service	10,000	10,000	153,237	(143,237)
Total Expenses	31,414,808	73,509,065	36,424,963	37,084,102
Change in net assets	(194,830)	(42,289,087)	10,895,513	53,184,600
Beginning Net Assets	5,550,869	5,550,869	5,550,869	-
Ending Net Assets	$ 5,356,039	$ (36,738,218)	$ 16,446,382	$ 53,184,600

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:

The local revenue includes support from TCCC Real Estate Inc., which is eliminated at the consolidated level. However, that was not budgeted for by the School.

The federal revenue (59xx) financial amended budget was greater than the original budget to account for various grants. The actual revenues were less than budgeted. Some grants are multi-year and portions would be spent in subsequent years.

The School's functional expense original budget was amended significant by approximately $34 million in preparation of the Brownsville and Pasadena expansions. In addition, as grants were awarded the budget was also amended.

Variances are between the actual expense amount and the final amended budget are explained below by function.

Fct	Description	Variance between original and final budget and actual versus final amended budget
11	Instruction	Some grants are multi-year and were not spent in the current year
12	Instructional Resources and Media Services	The School incurred additional curriculum costs
13	Curriculum Development and Instructional Staff Development	Some grants are multi-year and were not spent in the current year
21	Instructional Leadership	Amounts expended related to grants were less than expected. Certain grants are multi-year.
23	School Leadership	Turnover in principal positions
31	Guidance, Counseling and Evaluation Services	Amounts expended related to grants were less than expected. Certain grants are multi-year.
32	Social Work Services	Amounts expended related to grants were less than expected. Certain grants are multi-year.
33	Health Services	Additional costs exceeded the budgeted amount for nursing due to needs
34	Student (Pupil) Transportation	Additional student activities and transportation needs
35	Food Service	Expenditures were less than expected due to lower than expected enrollment.
36	Cocurricular/Extracurricular Activities	Activities were canceled due to weather and expenses came under budget
41	General Administration	Additional administrative costs were incurred during the year than expected.
51	Facilities Maintenance and Operations	The expansion budget was originally set up in the School and due to the TCCC Real Estate Inc. covenant, the actual expenditures were moved to a separate Fund outside of the School but part of the Consolidated Financial Statements.

Budget Variances (continued)

Fct	Description	Variance between original and final budget and actual versus final amended budget
52	Security and Monitoring Services	Amounts expended related to grants were less than expected. Certain grants are multi-year.
53	Data Processing Services	Amounts expended related to grants were less than expected. Certain grants are multi-year.
61	Community Services	Amounts expended related to grants were less than expected. Certain grants are multi-year.
71	Debt Service	Additional interest expense due to the expansions

Raul Yzaguirre Schools for Success Pasadena Campus Only
Supplemental Information

As of August 31, 2024, the Pasadena Campus financial statement highlights are as follows:

Raul Yzaguirre School for Success
Pasadena Campus Only
Schedule of Net Position

	As of August 31, 2024
Assets	
Capital assets, net	$ 9,528,724
Liabilities	
Due to RYSS	10,028,974
Net Asset (Deficit)	(500,250)
Total Liabilities and Net Assets	$ 9,528,724

Raul Yzaguirre School for Success
Pasadena Campus Only
Schedule revenues, expenses and changes in net assets
For the Year Ended August 31, 2024

Revenues	
Local revenue	$ 857,170
State revenue	1,046,742
Total revenues	1,903,912
Expenses	
Payroll costs	889,371
Contracted services	598,791
Supplies	730,790
Other operating costs	185,210
Total costs	2,404,162
Change in net assets	(500,250)
Beginning net assets	-
Ending net assets	$ (500,250)

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, 2024, TCCC charged RYSS rent and fees for management services totaling $2,602,976 and $385,000, respectively. 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, 2024:

RYSS total expenses	$ 36,424,963
Eliminated rent expense	(2,602,976)
Eliminated management expenses	(385,000)
TCCC total expenses - Charter School	$ 33,436,987

The TCCC Consolidated financial statements includes transactions of the TCCC Real Estate Inc. The amounts between the charter school and the TCCC Real Estate Inc. have been eliminated for the right-to-use asset under operating lease and the corresponding lease liability for the consolidated financial statements. This amount totaled $11.0 million.

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended August 31, 2024

Data Codes	Section A: Compensatory Education Programs	Responses
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.	$ 2,954,566
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 2,094,883
	Section B: Bilingual Education Programs	
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.	$ 667,735
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 379,534

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SCHEDULE OF REAL PROPEPRTY OWNERSHIP INTEREST

August 31, 2024

Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
Raul Yzaguirre Charter School	2950 Broadway Rd, Texas 77017 - Raul Yzaguirre School for Success	$ 257,648	$ -	$ 257,648	$ -
	2999 N Coria Street Brownsville, Texas 78520 - Raul Yzaguirre School for Success	425,262	-	425,262	-
Wellington Village Subdivision PT Lot 4, 2.1210 Acres Lot 65 & Tract 66A, S 53.66 Ft. of Tract 66C & N 195 Ft. of Tract 81, Tract 66B & the S 135 Ft. of Tract 81, Highland	1062 Fairmont Parkway, Pasadena, Texas 77504 - Raul Yzaguirre School for Success	9,408,501	-	9,408,501	-
Total		$ 10,091,411	$ -	$ 10,091,411	$ -

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SCHEDULE OF RELATED PARTY TRANSACTIONS

For the Year Ended August 31, 2024

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
TCC Real Estate Inc.	Tejano Center for Community Concerns, Inc.	Financing	Financial	Loans for Pasadena Expansion	N/A	N/A	$ -	N/A


Tejano Center for Community Concerns
Nurturing Lifelong Learners. Empowering Families. Transforming Lives

COMPLIANCE AND INTERNAL CONTROLS


Tejano Center for Community Concerns
Nurturing Lifelong Learners. Empowering Families. Transforming Lives

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
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 consolidated financial statements of Tejano Center for Community Concerns, Inc., Inc. (the "Center"), which comprise the statement of financial position as of August 31, 2024, 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, and have issued our report thereon dated January 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated 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.

Whitley Penn LLP

Houston, Texas
January 28, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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 Federal Program

We have audited Tejano Center for Community Concerns, Inc.'s (the "Center") compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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, 2024.

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 28, 2025

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2024

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:

Name of Federal Program or Cluster	Assistance Listing Number (ALN)
US Department of Education	
American Rescue Plan - Education Stabilization Fund (COVID-19)	84.425U
ADSY Summer Learning Accelerator (COVID-19)	84.425U
ESSER III - TCLAS (COVID-19)	84.425U
Charter School Program Grant (Subchapter C and D)	84.282A
US Department of Housing and Urban Development	
HOME Investment Partnerships Program	14.239

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, 2024

II. Financial Statement Findings

None 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, 2024

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Agriculture			
Pass-Through from Texas Education Agency:			
School Breakfast Program	10.553	71402401	$ 615,369
National School Lunch Program	10.555	71302401	1,260,102
Total Child Nutrition Cluster (ALN 10.553, 10.555)			1,875,471
Pass-Through from Texas Department of Agriculture:			
Child and Adult Care Food Program (CACFP)	10.558	NT4XL1YGLGC5	349,692
Emergency Food Assistance Program (Food Commodities) (COVID-19)	10.569	NT4XL1YGLGC5	95,224
Total U.S. Department of Agriculture			**2,320,387**
U.S. Department of Defense			
Direct Program:			
Department of Defense Appropriation Act of 2003 - Junior ROTC	12.116	N/A	75,155
Total U.S. Department of Defense			**75,155**
U.S. Department of Housing and Urban Development			
Pass-Through from Harris County:			
HOME Investment Partnerships Program	14.239	N/A	1,304,515
National Disaster Resilience Competition	14.272	CDBG-DR	728,014
Total CDBG - Disaster Recovery Grants Cluster (ALN 14.272)			728,014
Total U.S. Department of Housing and Urban Development			**2,032,529**
U.S. Department of Justice			
Pass-Through from Texas Governor's Criminal Justice Division:			
Crime Victim Assistance	16.575	N/A	40,661
Crime Victim Assistance	16.575	N/A	305,453
Total U.S. Department of Justice			**346,114**
U.S. Department of Treasury			
Pass-Through from NeighborWorks America:			
Affordable Housing/Home Buyer Education program	21.010	N/A	298,500
Pass-Through from Texas Department of Housing and Community Affairs:			
Texas Homeowner Assistance Fund	21.026	968141504	30,041
Total U.S. Department of Treasury			**328,541**

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2024

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Education			
Pass-Through from Texas Education Agency:			
Title I, Part A, Improving Basic Programs	84.010A	23610101101806	75,396
Title I, Part A, Improving Basic Programs	84.010A	24610101101806	1,179,028
Total ALN 84.010			1,254,424
Special Education - Grants to States (IDEA, Part B)	84.027A	246600011018066000	326,334
Special Education - Preschool Grants (IDEA Preschool)	84.173A	236610011018066610	2,376
Pass-Through from Region 10:			
Special Education Contracted Services Grant	84.027A	236600497110001	38,810
Total Special Education Cluster (IDEA) (ALN 84.027, 84.173)			367,520
Pass-Through from Texas Education Agency:			
Career and Technical Education - Basic Grants to States	84.048A	24420006101806	26,947
Charter School Program Grant (Subchapter C and D)	84.282A	235901027110006	250,280
Charter School Program Grant (Subchapter C and D)	84.282A	235901027110008	796,681
Total ALN 84.282			1,046,961
Twenty-First Century Community Learning Centers	84.287C	246950307110040	346,820
Twenty-First Century Community Learning Centers	84.287C	256950307110040	11,516
Total ALN 84.287			358,336
English Language Acquisition State Grants	84.365A	24671001101806	75,168
Supporting Effective Instruction State Grants	84.367A	24694501101806	83,554
Grants For State Assessments and Related Activities	84.369A	69552302	5,878
Student Support and Academic Enrichment Program	84.424A	24680101101806	73,277
Stronger Connections	84.424F	236811017110042	12,134
Total ALN 84.424			85,411
American Rescue Plan - Education Stabilization Fund (COVID-19)	84.425U	21528001101806	2,518,297
ADSY Summer Learning Accelerator (COVID-19)	84.425U	21528088101806	297,407
ESSER III - TCLAS (COVID-19)	84.425U	21528042101806	981,668
Total ALN 84.425			3,797,372
Total U.S. Department of Education			**7,101,571**
U.S. Department of Health and Human Services			
Pass-Through from Texas Department of Family and Protective Services:			
Foster Care Title IV-E	93.658	230451219	908,816
Pass-Through City of Houston:			
COVID Health Grant	93.391	968141504	**453,297**
Total U.S. Department of Health and Human Services			**1,362,113**
Total Expenditures of Federal Awards			**$ 13,566,410**

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, 2024 and 2023 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:

Total Shown on Schedule of Expenditures of Federal Awards	$ 13,566,410
Federal revenue accounted for in the general fund:	
SHARS	13,728
Total Federal Revenue - Statement of Activities	$ 13,580,138

TEJANO CENTER FOR COMMUNITY CONCERNS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2024

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, 2024

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