

SAN ANTONIO POSITIVE SOLUTIONS, Inc.  
San Antonio, Texas

Financial Statements  
with  
SUPPLEMENTARY INFORMATION ON  
POSITIVE SOLUTIONS CHARTER SCHOOL

JUNE 30, 2015

(with Independent Auditor's Report Thereon)

SAN ANTONIO POSITIVE SOLUTIONS, INC.

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JUNE 30, 2015

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SAN ANTONIO POSITIVE SOLUTIONS, INC.

Federal Employer Identification Number: 74-2676269

Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of San Antonio Positive Solutions, Inc. was reviewed and x approved \_\_\_\_\_ disapproved for the year ended June 30, 2015 at a meeting of the governing body of San Antonio Positive Solutions, Inc. on the 13th day of November 2015.



Signature of Board Secretary



Signature of Board Chairman

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
San Antonio Positive Solutions, Inc.

We have audited the accompanying report on the financial statements of San Antonio Positive Solutions, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Positive Solutions, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Positive Solution Charter School supplementary information pages 14 – 19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015, on our consideration of San Antonio Positive Solutions, Inc.'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 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 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 San Antonio Positive Solutions, Inc.'s internal control over financial reporting and compliance.

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

We have previously audited the San Antonio Positive Solutions, Inc.'s 2014 financial statements, and our report dated November 8, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*LLM Audit & Co., P.C.*

San Antonio, Texas  
November 10, 2015

SAN ANTONIO POSITIVE SOLUTIONS, INC.  
San Antonio, Texas

STATEMENT OF FINANCIAL POSITION  
As of JUNE 30, 2015

ASSETS	<u>2015</u>	<u>2014</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 250,563	\$ 325,844
Prepaid expenses	7,099	11,095
Receivables:		
Grants	54,142	8,838
Other	-	7,125
<b>Total Current Assets</b>	<u>312,704</u>	<u>352,902</u>
Land, Building and Equipment, Net	<u>2,190,137</u>	<u>2,247,857</u>
<b>Total Assets</b>	<u>\$ 2,502,841</u>	<u>\$ 2,600,759</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 9,203	\$ 13,009
Vacation payable	12,908	11,216
Deferred revenues	-	630
Accrued wages	15,607	13,454
Mortgage Notes Payable - Current Portion	<u>101,041</u>	<u>220,183</u>
<b>Total Current Liabilities</b>	<u>138,759</u>	<u>258,492</u>
<b>Non Current Liabilities</b>		
Mortgage Notes Payable	1,917,753	1,891,257
<b>Total Liabilities</b>	<u>2,056,512</u>	<u>2,149,749</u>
<b>Net Assets:</b>		
Unrestricted		
Invest in property, plant and equipment	171,294	136,417
Undesignated	264,235	303,793
Temporarily restricted	10,800	10,800
Permanently restricted	-	-
<b>Total net assets</b>	<u>446,329</u>	<u>451,010</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,502,841</u>	<u>\$ 2,600,759</u>

The accompanying notes are an integral part of these financial statements.

SAN ANTONIO POSITIVE SOLUTIONS, INC.  
San Antonio, Texas

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2015	2014
<b>Revenues</b>					
<b>Local support:</b>					
Contributions	\$ -	-	-	\$ -	\$ 22,700
Fund-raising activities	46,115	-	-	46,115	91,164
Building Rental Income	-	47,917	-	47,917	18,130
Interest and other income	1,130	3,117	-	4,247	2,696
<b>Total local support</b>	<b>47,245</b>	<b>51,034</b>	<b>-</b>	<b>98,279</b>	<b>134,690</b>
<b>State program revenues:</b>					
Foundation school program	-	1,138,714	-	1,138,714	1,210,943
Other state aid	-	33,269	-	33,269	36,546
<b>Total program revenues</b>	<b>-</b>	<b>1,171,983</b>	<b>-</b>	<b>1,171,983</b>	<b>1,247,489</b>
<b>Federal program revenues:</b>					
ESEA Title I	-	240,901	-	240,901	66,268
ESEA Title I SIP	-	-	-	-	6,980
ESEA Title I SEIS	-	-	-	-	69,673
Title I, Part C	-	1,762	-	1,762	4,156
Title II	-	7,775	-	7,775	-
Ides B	-	1,046	-	1,046	33,310
Title III, English Language Acquisition	-	674	-	674	-
State textbooks	-	5,667	-	5,667	1,777
Youth Empowerment Svcs, Inc.	-	78,420	-	78,420	93,187
Tx TTL 1	-	-	-	-	152,928
<b>Total Federal program revenues</b>	<b>-</b>	<b>336,525</b>	<b>-</b>	<b>336,525</b>	<b>428,278</b>
<b>Net assets released from restrictions:</b>					
Restrictions satisfied by payments	1,559,542	(1,559,542)	-	-	-
<b>Total Revenues</b>	<b>1,606,787</b>	<b>-</b>	<b>-</b>	<b>1,606,787</b>	<b>1,810,462</b>
<b>Expenses</b>					
<b>Program services:</b>					
Instruction and Instructional-Related Services	587,364	-	-	587,364	596,176
Instructional and School Leadership	416,613	-	-	416,613	432,890
<b>Support Services:</b>					
Administrative Support Services	211,326	-	-	211,326	171,891
Support Services - Non-Student Based	1,194	-	-	1,194	239,810
Support Services - Student (Pupil)	106,456	-	-	106,456	128,320
Plant Maintenance & Operations	224,807	-	-	224,807	-
<b>Fundraising</b>					
General Operating	-	-	-	-	2,500
Singo	50,033	-	-	50,033	100,319
Building Rental	53	-	-	53	-
<b>Total expenses</b>	<b>1,597,666</b>	<b>-</b>	<b>-</b>	<b>1,597,666</b>	<b>1,673,476</b>
Change in net assets	8,921	-	-	8,921	136,986
Net assets at beginning of year	440,210	19,800	-	451,010	292,398
Prior period adjustment	(13,602)	-	-	(13,602)	21,628
<b>Net assets at end of year</b>	<b>\$ 435,529</b>	<b>19,800</b>	<b>-</b>	<b>\$ 446,329</b>	<b>\$ 451,010</b>

The accompanying notes are an integral part of these financial statements.

SAN ANTONIO POSITIVE SOLUTIONS, INC  
San Antonio, Texas

Statement of Cash Flows

For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>		
Foundation School Program Receipts	\$ 1,171,063	\$ 1,247,468
Grant Receipts and Other Income	334,547	419,640
Contributions and Fundraising Receipts	46,115	134,000
Payments to Vendors for Goods and Services Rendered	(407,831)	(543,444)
Payments to Personnel for Services Rendered	(999,896)	(789,809)
Interest Payments	(127,583)	(129,979)
<b>Net Cash Provided (used) by Operating Activities</b>	<b>17,365</b>	<b>238,372</b>
<b>Cash flows from (used) by investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Payments of Principal on long-term debt	(92,646)	(119,010)
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>(75,281)</b>	<b>119,362</b>
Cash and cash equivalents, beginning of year	325,644	206,482
<b>Cash and cash equivalents, end of year</b>	<b>\$ 250,363</b>	<b>\$ 325,844</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Change in net assets	\$ 6,921	\$ 136,965
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Prior Period Adjustment	(13,602)	21,628
Depreciation	67,720	67,720
(Increase) Decrease in Assets:		
Prepaid Expenses	3,096	24,554
Grant Receivables	(45,304)	181,192
Other Receivables	7,125	5,540
Increase (Decrease) in Liabilities:		
Accounts Payable	(3,806)	(49,516)
Vacation Payable	1,692	2,859
Deferred Revenue	(930)	(3,530)
Accrued Liabilities	2,153	(132,642)
Interfund receivables	-	(6,112)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 17,365</b>	<b>\$ 238,372</b>
<b>Supplemental Information:</b>		
Interest Paid	\$ 127,583	\$ 129,979
Taxes Paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.



SAN ANTONIO POSITIVE SOLUTIONS, INC.  
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2015

(1) Organization and Summary of Significant Accounting Policies

A. Organization's Activities

San Antonio Positive Solutions, Inc. (the agency) is an educational and employment training organization incorporated on July 9, 1993. The agency's purpose is to increase employability and academic competencies of disadvantage individuals in San Antonio and Bexar County, Texas by direct delivery of training and educational services.

In October 1998 the Agency was granted a Charter from the Texas Education Agency to operate a Charter School authorized to provide a high school equivalence program and high school diplomas. The Charter School started operations in 1998 and has one campus in San Antonio, Texas.

B. Activities

San Antonio Positive Solutions, Inc. conducted the following activities in 2015:

Charter School

Funded through the Texas Education Agency, the agency operated a charter school whose purpose is to provide educational services with emphasis on academic enrichment, individualized instruction and self-paced curriculum. The school has open enrollment for grades 9<sup>th</sup> through 12<sup>th</sup>.

Bingo Operations

The agency operated a bingo program designed to provide unrestricted revenues in support of agency operational expenses.

C. Basis of Accounting

The financial statements of San Antonio Positive Solutions, Inc. have been prepared on the accrual basis of accounting.

D. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-55, Financial Statements of Not-For-Profit Organizations. Under ASC 958-205-55, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SAN ANTONIO POSITIVE SOLUTIONS, INC.  
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2015

(1) Organization and Summary of Significant Accounting Policies, (continued)

E. Total Columns

Total columns for 2014, are presented to facilitate financial analysis only. Data in these columns are not intended to present financial position, results of operations and changes in net assets in conformity with generally accepted accounting principles.

F. Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished), the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

G. Property and Equipment

All fixed assets are valued at cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Expenses for repairs and that materially extend the useful life of an asset are capitalized at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from 3 to 30.5 years.

Assets that have unit cost of \$5,000 and a useful life of one year or more are capitalized and depreciated. The assets are depreciated over their estimated useful lives on the straight-line basis. Currently the following estimated lives are used:

Computer Equipment – 3 years  
Teaching Equipment – 5 years  
Furniture and Fixtures – 5 years  
Buildings – 30.5 years

H. Federal Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and contributions to it are tax deductible within the limitations prescribed by the Code. The Agency has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The organization files an information return, Form 990, with the Internal Revenue Service. Years open for examination are 2012, 2013, 2014.

SAN ANTONIO POSITIVE SOLUTIONS, INC.  
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2015

(1) Organization and Summary of Significant Accounting Policies (continued)

I. Grants and Contracts

Support received under grants and contracts with the United States Government and private foundations is recorded as public support in the appropriate fund when the related direct costs are incurred.

J. Functional Expenses

The Agency allocates its expense on a functional basis among its operating services. Expenses that can be identified specifically as operating versus administrative services are allocated directly to their natural expenditure classifications.

K. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Net Assets

Net assets and revenues, expenses, and gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restricted revenues whose restrictions are met in the same year as received are shown as unrestricted revenues. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

**Permanently Restricted** – Net assets to be maintained in perpetuity with only the income to be used for the agency's activities due to donor imposed restrictions.

**Unrestricted** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted** – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the agency and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

N. Allowance for Doubtful Accounts

The agency's policy on the collection of receivables is that all governmental receivables are 100% collectible. Therefore, the allowance for doubtful accounts is \$0.

**SAN ANTONIO POSITIVE SOLUTIONS, INC.**  
San Antonio, Texas

**Notes to Financial Statements**

**For the Year Ended June 30, 2015**

**(2) Fixed Assets**

The fixed assets of the Agency for the year ended June 30, 2015 is as follows:

Land	\$ 49,583
Furniture, Fixtures and Equipment	330,985
Building and Improvements	<u>2,280,064</u>
	2,660,612
Less: accumulated depreciation	<u>(470,472)</u>
Total fixed assets	<u>\$ 2,190,140</u>

Depreciation expense was \$57,720 for the year ended June 30, 2015.

**(3) General Fixed Assets and Depreciation**

San Antonio Positive Solutions, Inc. has \$44,302 of furniture and equipment purchased with JTPA funds of which title had not vested and can be recalled by the grantor. These assets are not presented in the financial statements.

**(4) Vacation Leave**

Full time employees earn 3.3 hours of vacation leave per month upon successful completion of their introductory period which is 180 calendar days of employment. Accrued vacation does not become vested, and as such, may not be used until 210 days after the first day of employment. Employees may carry over a maximum of five (5) vacation days. Vacation days over this amount may be carried only with the approval of the director. Vacation payable as of June 30, 2015 was \$12,908.

**(5) Leases**

San Antonio Positive Solutions, Inc. leases equipment under various operating and capital leases as follows:

**Operating Leases**

The agency leases copiers through US BanCorp. The lease period is for sixty-three months from February 2013 through May 2018. Minimum future lease payments remaining are as follows:

For the year ended June 30,

<u>Year</u>	<u>Amount</u>
2016	6,600
2017	6,600
2018	<u>4,850</u>
Total	<u>\$ 18,150</u>

**SAN ANTONIO POSITIVE SOLUTIONS, INC.**  
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2015

(6) **Charter School Personnel Services, Fringe benefits, and Pension Plan**

Personnel services are provided to Positive Solutions Charter School through a system that utilizes leased employees. San Antonio Positive Solutions, Inc. contracts with Insperty, an employee leasing service, to perform certain aspects of its personnel functions including hiring of staff selected by San Antonio Positive Solutions, Inc. to provide personnel services for Positive Solutions Charter School. Leased employee personnel cost, exclusive of administrative management fees, paid to Insperty are recorded and shown on these financial statements as payroll cost. Personnel management fees paid to Insperty are charged as contractual cost.

Leased employees are eligible to contribute to a 401(K) plan administered by Insperty. Yearly contributions by employees are limited to a maximum of 8% of their annual pay and San Antonio Positive Solutions, Inc. matches it with a 3% maximum contribution. For the current year, San Antonio Positive Solutions, Inc. paid \$15,633 in employee pension contributions.

(7) **Mortgage Note Payable**

At June 30, 2015, San Antonio Positive Solutions, Inc. had notes payable as follows:

a. Mortgage note payable to Vantage National Bank dated January 24, 2013 payable in monthly installments of \$11,118 including interest. The mortgage note bears interest at the stated rate of 5.25%. The Mortgage note is secured by a first lien on San Antonio Positive Solutions, Inc. land and buildings.	\$ 1,539,142
b. Mortgage note payable to CAN Industries, Inc. dated January 24, 2013 payable in monthly installments of \$7,230 including interest. The mortgage note bears interest at the stated rate of 5.75%. The Mortgage note is secured by a second lien on San Antonio Positive Solutions, Inc. land and buildings.	<u>479,652</u>
Total long-term debt	<u>\$ 2,018,794</u>

Scheduled maturities of Notes Payable as of June 30, 2015 is as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>June 30,</u>	
2016	\$ 101,041
2017	108,216
2018	115,934
2019	124,241
2020	133,183
Thereafter	<u>1,436,179</u>
Total	\$ <u>2,018,794</u>

Interest expense was \$127,583 for the year ended June 30, 2015.

**SAN ANTONIO POSITIVE SOLUTIONS, INC.**  
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2015

**(8) Contingencies**

- A. San Antonio Positive Solutions, Inc. receives substantial amounts of revenue from local funding agencies and the Texas Education Agency. A significant reduction in the level of this revenue, if this were to occur, would have an effect of its programs and activities. San Antonio Positive Solutions, Inc.'s various programs are governed by various rules and regulation of the local/grantor agencies and the Texas Education Agency. Expenses charged to the programs are subject to audit and adjustments by the grantor/local agencies and Texas Education Agency. Therefore, to the extent that San Antonio Positive Solutions, Inc. has not complied with the rules and regulations governing these grants and programs, refunds of money received may be required.

In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants and programs. Therefore, no provision has been made in the accompanying financial statements for such contingencies.

- B. On March 5, 2013, San Antonio Positive Solutions, Inc. was granted an exemption from local property tax taxation from the Bexar Appraisal District based on the condition that only the public charter school (Positive Solutions Charter School) would be occupying the property. Should there be a change in status, San Antonio Positive Solutions, Inc. would be subject to taxation based on the amount of space not occupied by the public charter school.

**(9) Temporarily Restricted Net Assets**

At June 30, 2015, Temporarily Restricted Net Assets of \$10,800 consisted of student scholarship funds that were held by the agency for award to deserving students who graduated from Positive Solutions Charter School.

**(10) Prior Period Adjustments**

Prior period adjustments consisted of prior year correction of (\$13,602) for receivables that were determined to be received in prior year.

**(11) Subsequent Events**

Events that occur after the balance sheet date but before financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date should be recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes.

Management evaluated the activity through November 10, 2015, the date the financial statements were available to issued, and concluded that there were no events have occurred that would require recognition in the financial statements. As of the date of the report, no events have transpired that require recognition in the financial statements.

POSITIVE SOLUTIONS CHARTER SCHOOL

POSITIVE SOLUTIONS CHARTER SCHOOL  
San Antonio, Texas

STATEMENT OF FINANCIAL POSITION

As of June 30, 2015

Assets	2015	2014
<b>Current Assets</b>		
Cash in Bank	\$ 243,213	\$ 314,562
Account receivable:		
Due from State	54,143	6,253
Other Assets	7,000	11,095
<b>Total Current Assets</b>	\$ 304,356	\$ 331,910
Property and Equipment, net	2,190,140	2,247,860
<b>Total Assets</b>	\$ 2,495,496	\$ 2,579,770
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 9,110	\$ 12,918
Vacation Payable	12,900	11,250
Deferred Revenues	-	630
Accrued Payroll and Liabilities	14,965	12,832
Mortgage Note Payable - Current Portion	101,041	220,183
<b>Total Current Liabilities</b>	138,016	257,777
<b>Non Current Liabilities</b>		
Mortgage Note Payable	1,917,753	1,891,257
<b>Total Liabilities</b>	2,055,769	2,149,034
<b>Net Assets:</b>		
Investment in Property, Plant and Equipment	167,157	130,417
Unrestricted	272,541	294,319
Temporarily restricted	-	-
Permanently restricted	-	-
<b>Total Net Assets</b>	439,698	430,736
<b>Total Liabilities and Net Assets</b>	\$ 2,495,496	\$ 2,579,770

The accompanying notes are an integral part of these financial statements.



**POSITIVE SOLUTIONS CHARTER SCHOOL**  
**San Antonio, Texas**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2015	2014
<b>Revenue</b>					
Local support:					
5740 Other Revenues from Local Sources	\$ -	129,454	-	\$ 129,454	\$ 119,720
5798 Contributions from Other Funds	-	1,090	-	1,090	-
State program revenues:					
5810 Foundation School Program Act Revenues	-	1,171,983	-	1,171,983	1,247,498
5820 State Program Revenues Distributed by Texas Education Agency	-	5,667	-	5,667	2,772
<b>Total program revenues</b>	<u>-</u>	<u>1,308,194</u>	<u>-</u>	<u>1,308,194</u>	<u>1,369,990</u>
<b>Federal program revenues:</b>					
5820 Federal Revenues Distributed by the Texas Education Agency	-	252,436	-	252,436	332,320
<b>Net assets released from restrictions:</b>					
Restrictions satisfied by payments	<u>1,560,632</u>	<u>(1,560,632)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>1,560,632</u>	<u>-</u>	<u>-</u>	<u>1,560,632</u>	<u>1,699,310</u>
<b>Expenses</b>					
11 Instruction	587,384	-	-	587,384	599,176
21 Instructional Leadership	158,571	-	-	158,571	130,148
23 School Leadership	258,042	-	-	258,042	302,514
31 Guidance, Counseling and Evaluation Services	39,808	-	-	39,808	80,728
32 Social Work Services	53,401	-	-	53,401	90,337
35 Food Services	13,447	-	-	13,447	17,258
41 General Administration	211,326	-	-	211,326	171,691
51 Plant Maintenance and Operations	224,807	-	-	224,807	239,610
60 Ancillary Services	1,194	-	-	1,194	-
<b>Total Expenses</b>	<u>1,547,780</u>	<u>-</u>	<u>-</u>	<u>1,547,780</u>	<u>1,570,657</u>
<b>Change in Net Assets</b>	<u>12,852</u>	<u>-</u>	<u>-</u>	<u>12,852</u>	<u>128,648</u>
<b>Net Assets at beginning of year</b>	<u>430,736</u>	<u>-</u>	<u>-</u>	<u>430,736</u>	<u>284,375</u>
<b>Prior Period Adjustment</b>	<u>(3,890)</u>	<u>-</u>	<u>-</u>	<u>(3,890)</u>	<u>17,713</u>
<b>Net Assets at end of year</b>	<u>\$ 439,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,698</u>	<u>\$ 430,736</u>

The accompanying notes are an integral part of these financial statements.

POSITIVE SOLUTIONS CHARTER SCHOOL  
San Antonio, Texas

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>		
Foundation School Program Receipts	\$ 1,171,083	\$ 1,247,488
Grant Receipts and Other Income	334,506	445,564
Payments to Vendors for Goods and Services Rendered	(369,283)	(548,900)
Payments to Personnel for Services Rendered	(988,325)	(784,383)
Interest Payments	<u>(127,583)</u>	<u>(129,979)</u>
<b>Net Cash Provided (used) by Operating Activities</b>	<b>21,297</b>	<b>230,030</b>
<b>Cash flows from investing activities:</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Payments of Principal on long-term debt	<u>(92,640)</u>	<u>(119,008)</u>
<b>Net Increase in cash and cash equivalents</b>	<b>(71,349)</b>	<b>111,022</b>
Cash and cash equivalents, beginning of year	<u>314,962</u>	<u>203,540</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 243,213</b>	<b>\$ 314,562</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Change in net assets	\$ 12,852	\$ 128,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Prior period adjustment	(3,890)	17,713
Depreciation	57,720	57,720
(Increase) Decrease in Assets:		
Due from State	(47,860)	183,717
Other Assets	3,086	27,510
Increase (Decrease) in Liabilities:		
Accounts Payable	(3,856)	(45,601)
Vacation Payable	1,682	2,859
Deferred Revenue	(630)	630
Interfund receivables	-	(10,385)
Accrued Liabilities	<u>2,153</u>	<u>(132,841)</u>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 21,297</b>	<b>\$ 230,030</b>
<b>Supplemental Information:</b>		
Interest Paid	\$ (127,583)	\$ (129,979)
Taxes Paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

POSITIVE SOLUTIONS CHARTER SCHOOL  
San Antonio, Texas

SCHEDULE OF EXPENSES

For the Year Ended June 30, 2015

Expenses	Totals	
	2015	2014
6100 Payroll Costs	\$ 1,016,219	\$ 914,365
6200 Professional and Contracted Services	268,382	360,064
6300 Supplies and Materials	44,642	73,470
6400 Other Operating Costs	218,537	222,758
<b>Total Expenses</b>	<b>\$ 1,547,780</b>	<b>\$ 1,570,657</b>

The accompanying notes are an integral part of these financial statements.

POSITIVE SOLUTIONS CHARTER SCHOOL  
San Antonio, Texas

SCHEDULE OF CAPITAL ASSETS

For the Year Ended June 30, 2015

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ -	\$ 243,213	\$ -
1510 Land and Improvements	-	49,563	-
1520 Buildings and Improvements	-	2,280,064	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	-	330,985	-
1540 Assets District Defined	-	-	-
1541 Vehicles	-	-	-
1542 Equipment	-	-	-
<b>Total Property and Equipment</b>	<b>\$ -</b>	<b>\$ 2,903,825</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

POSITIVE SOLUTIONS CHARTER SCHOOL  
San Antonio, Texas

Budgetary Comparison Schedule

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
<b>Revenue</b>				
<b>Local support:</b>				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 129,454	\$ -
5766 Contributions from Other Funds	-	-	1,090	-
<b>State program revenues</b>				
5810 Foundation School Program Act Revenues	-	-	1,171,983	-
5820 State Program Revenues Distributed by Texas Education Agency	-	-	5,657	-
<b>Total State Program Revenues</b>	<u>-</u>	<u>-</u>	<u>1,308,194</u>	<u>-</u>
<b>Federal program revenues:</b>				
5920 Federal Revenues Distributed by the Texas Education Agency	-	-	252,438	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>1,560,632</u>	<u>-</u>
<b>Expenses</b>				
11 Instruction	441,835	627,393	587,384	40,009
21 Instructional Leadership	105,049	129,049	158,571	(29,522)
23 School Leadership	318,901	330,561	298,042	72,519
31 Guidance, Counseling and Evaluation Services	63,614	61,519	39,600	41,911
32 Social Work Services	44,227	44,227	53,401	(9,174)
35 Food Services	20,000	20,000	13,447	6,553
41 General Administration	185,676	185,676	211,326	(25,650)
51 Plant Maintenance and Operations	41,579	97,158	224,807	(127,649)
60 Ancillary Services	-	-	1,194	(1,194)
<b>Total Expenses</b>	<u>1,219,881</u>	<u>1,515,583</u>	<u>1,547,789</u>	<u>(32,197)</u>
Change in Net Assets	-	-	12,852	32,197
Net Assets at beginning of year	-	-	430,738	-
Prior Period Adjustment	-	-	(3,890)	-
<b>Net Assets at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,008</u>	<u>\$ 32,197</u>

The accompanying notes are an integral part of these financial statements.

POSITIVE SOLUTIONS CHARTER SCHOOL  
San Antonio, Texas

NOTES TO BUDGETARY COMPARISON SCHEDULE

As of June 30, 2015

1. The following are explanations for variances between initial and final budget of 10% or more as required by Texas Education Agency:

Function 11 — Instruction

Variance is due to the general fund budget was not increased by the amount of federal dollars received.

Function 21 — Instructional Leadership

Variance is due to the general fund budget was not increased by the amount of federal dollars received.

Function 31 — Guidance Counseling

Variance is due to the general fund budget was not increased by the amount of federal dollars received.

Function 51 — Plant Maintenance & Operations

Did not project budget for interest expense and depreciation expense for building.

2. The following are explanations for variances between final budget and actual expenditures of 10% or more as required by Texas Education Agency:

Function 21 — Instructional Leadership

Variance is due to the general fund budget was no increased by the amount of federal dollars received.

Function 23 — School Leadership

Variance is due to the general fund budget was no increased by the amount of federal dollars received.

Function 31 — Guidance, Counseling

Variance is due to the general fund budget was not increased by the amount of federal dollars received.

Function 32 — Social Work Services

Variance is due to the general fund budget was not increased by the amount of federal dollars received.

Function 35 — Food Services

Variance is due to the general fund budget was not increased by the amount of federal dollars received.

Function 41 — General Administration

Variance is due to the general fund budget was not increased by the amount of federal dollars received.

Function 51 — Plant Maintenance & Operations

Did not project budget for interest expense and depreciation expense for building.

## OTHER REPORTS

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

To the Board of Directors of  
San Antonio Positive Solution, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of San Antonio Positive Solution, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered San Antonio Positive Solution, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Antonio Positive Solution, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether San Antonio Positive Solution, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed



in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ullman's Co., P.C.*

San Antonio, Texas  
November 10, 2015

SAN ANTONIO POSITIVE SOLUTION, INC.  
Schedule of Findings and Responses  
For the year ended June 30, 2015

Section I – Summary of Auditors' Results

Financial Statements:

Type of report issued	Unmodified
Material weaknesses identified	None
Significant Deficiency identified that are not considered to be material weaknesses	None
Noncompliance identified that is considered material to financial statements	None