

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

**Financial Statements**  
**with**  
**SUPPLEMENTARY INFORMATION ON**  
**POSITIVE SOLUTIONS CHARTER SCHOOL**

**JUNE 30, 2016**

**(with Independent Auditor's Report Thereon)**

**SAN ANTONIO POSITIVE SOLUTIONS, INC.**

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**JUNE 30, 2016**

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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 y approved    disapproved for the year ended June 30, 2016 at a meeting of the governing body of San Antonio Positive Solutions, Inc. on the 19th day of November, 2016.



Signature of Board Secretary



Signature of Board Chairman

## **FINANCIAL STATEMENTS**

**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, 2016, 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, 2016, 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**

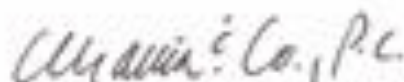
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Positive Solution Charter School supplementary information pages 14 – 20 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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 19, 2016, 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 2015 financial statements, and our report dated November 10, 2015, 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.



San Antonio, Texas  
November 19, 2016

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

**STATEMENT OF FINANCIAL POSITION**  
As of JUNE 30, 2016

<b>ASSETS</b>	<u>2016</u>	<u>Memo 2015</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 313,382	\$ 250,563
Receivables:		
Grantors	111,615	54,142
Prepaid expenses	<u>4,903</u>	<u>7,999</u>
Total Current Assets	429,900	312,704
Land, Building and Equipment, Net	<u>2,132,389</u>	<u>2,190,137</u>
<b>Total Assets</b>	<u><u>\$ 2,562,289</u></u>	<u><u>\$ 2,502,841</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 11,193	\$ 9,203
Vacation payable	13,675	12,908
Accrued wages	4,650	15,607
Mortgage Notes Payable - Current Portion	<u>108,203</u>	<u>101,041</u>
<b>Total Current Liabilities</b>	137,721	138,759
<b>Non Current Liabilities</b>		
Mortgage Notes Payable	<u>1,804,413</u>	<u>1,917,753</u>
<b>Total Liabilities</b>	<u>1,942,134</u>	<u>2,056,512</u>
<b>Net Assets:</b>		
Unrestricted:		
Investment in property, plant and equipment	213,031	171,294
Undesignated	281,263	264,235
Temporarily restricted	125,861	10,800
Permanently restricted	<u>-</u>	<u>-</u>
<b>Total net assets</b>	<u>620,155</u>	<u>446,329</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 2,562,289</u></u>	<u><u>\$ 2,502,841</u></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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Memo	
				Totals 2016	2015
<b>Revenues</b>					
<b>Local support:</b>					
Fund-raising activities	\$ 3,448	-	-	\$ 3,448	\$ 46,115
Building Rental Income	53,781	-	-	53,781	47,917
Interest and other income	-	10,165	-	10,165	4,247
Total local support	57,229	10,165	-	67,394	98,279
<b>State program revenues:</b>					
Foundation school program	-	1,165,243	-	1,165,243	1,138,714
Other state aid	-	22,953	-	22,953	33,269
Total program revenues	-	1,188,196	-	1,188,196	1,171,983
<b>Federal program revenues:</b>					
ESEA Title I	-	261,798	-	261,798	240,961
Title I, Part A	-	26,646	-	26,646	-
Title I, Part C	-	1,911	-	1,911	1,782
Title II, Part A	-	19,836	-	19,836	7,775
Idea B	-	-	-	-	1,046
Title III, English Language Acquisition	-	2,028	-	2,028	874
State textbooks	-	-	-	-	5,667
Youth Empowerment Svcs, Inc.	-	60,538	-	60,538	78,420
	-	-	-	-	-
<b>Total Federal program revenues</b>	-	372,757	-	372,757	336,525
Net assets released from restrictions:					
Restrictions satisfied by payments	1,456,057	(1,456,057)	-	-	-
<b>Total Revenues</b>	<u>1,513,286</u>	<u>115,061</u>	<u>-</u>	<u>1,628,347</u>	<u>1,606,787</u>
<b>Expenses</b>					
<b>Program services:</b>					
Instruction and Instructional-Related Services	614,405	-	-	614,405	587,384
Instructional and School Leadership	340,594	-	-	340,594	416,613
<b>Support Services:</b>					
Administrative Support Services	191,680	-	-	191,680	211,326
Support Services - Non-Student Based	-	-	-	-	1,194
Support Services - Student (Pupil)	90,601	-	-	90,601	106,456
Plant Maintenance & Operations	218,777	-	-	218,777	224,807
<b>Fundraising</b>					
General Operating	(1,536)	-	-	(1,536)	-
Bingo	-	-	-	-	50,033
Building Rental	-	-	-	-	53
<b>Total expenses</b>	<u>1,454,521</u>	<u>-</u>	<u>-</u>	<u>1,454,521</u>	<u>1,597,866</u>
Change in net assets	58,765	115,061	-	173,826	8,921
Net assets at beginning of year	435,529	10,800	-	446,329	451,010
Prior period adjustment	-	-	-	-	(13,602)
<b>Net assets at end of year</b>	<u>\$ 494,294</u>	<u>125,861</u>	<u>-</u>	<u>\$ 620,155</u>	<u>\$ 446,329</u>

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, 2016**

	<b>2016</b>	<b>Memo 2015</b>
<b>Cash flows from operating activities:</b>		
Foundation School Program Receipts	\$ 1,188,196	\$ 1,171,983
Grant Receipts and Other Income	382,678	334,547
Contributions and Fund-raising Receipts	-	46,115
Payments to Vendors for Goods and Services Rendered	(51,404)	(407,831)
Payments to Personnel for Services Rendered	(1,236,470)	(999,866)
Interest Payments	(114,003)	(127,583)
	168,997	17,365
<b>Net Cash Provided (used) by Operating Activities</b>	168,997	17,365
<b>Cash flows from (used) by investing activities</b>	-	-
<b>Cash flows from financing activities:</b>		
Payments of Principal on long-term debt	(106,178)	(92,646)
	(106,178)	(92,646)
<b>Net Increase (decrease) in cash and cash equivalents</b>	62,819	(75,281)
Cash and cash equivalents, beginning of year	250,563	325,844
	250,563	325,844
<b>Cash and cash equivalents, end of year</b>	\$ 313,382	\$ 250,563
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Change in net assets	\$ 173,826	\$ 8,921
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Prior Period Adjustment	-	(13,602)
Depreciation	57,720	57,720
(Increase) Decrease in Assets:		
Prepaid Expenses	(91)	3,096
Grant Receivables	(57,473)	(45,304)
Other Receivables	-	7,125
Increase (Decrease) in Liabilities:		
Accounts Payable	1,990	(3,806)
Vacation Payable	2,459	1,692
Deferred Revenue	(630)	(630)
Accrued Liabilities	(8,804)	2,153
	(8,804)	2,153
<b>Net cash provided (used) by operating activities</b>	\$ 168,997	\$ 17,365

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, 2016**

**(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 disadvantaged 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 2016:

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>.

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.

E. Total Columns

Total columns for 2015, 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.

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2016**

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

**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 39.5 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 – 39.5 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 2013, 2014, 2015.

**I. Grants and Contracts**

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

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2016**

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

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

Accounts receivable consists primarily of amounts due from state agency for allowable program expenses, which are deemed fully collectible. Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts. Management periodically evaluates the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management’s knowledge of the grantor and the age of the receivable balance. An allowance is recorded for when management has deemed it to be uncollectible. As of June 30, 2016, the accounts receivable balance is deemed fully collectible and management has not recorded an allowance for bad debt.

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2016**

**(2) Fixed Assets**

The fixed assets of the Agency for the year ended June 30, 2016 is as follows:

Land	\$ 49,563
Furniture, Fixtures and Equipment	328,725
Building and improvements	<u>2,280,064</u>
	2,658,352
Less: accumulated depreciation	<u>(525,963)</u>
Total fixed assets	<u>\$ 2,132,389</u>

Depreciation expense was \$57,720 for the year ended June 30, 2016.

**(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 monthly 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, 2016 was \$13,676.

**(5) Leases**

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

**Operating Leases**

The agency leases copiers through De Lage Landen Financial Services. 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>
2017	\$ 6,600
2018	4,950
2019	-0-
2020	-0-
2021	<u>-0-</u>
Total	<u>\$ 11,550</u>

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2016**

**(5) Leases, (continued)**

San Antonio Positive Solutions, Inc. leases office space to tenants under non-cancelable operating leases with terms of one (1) to three (3) years. Total rental income for the year ended June 30, 2016 was \$53,781.

Future minimum lease rentals under non-cancelable operating leases which have initial or remaining terms of one (1) year or more from June 30, 2016:

Year ended December 31,		
2017	\$	53,089
2018		53,089
2019		-
2020		-
2021		-
	\$	<u>106,178</u>

**(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 Insperity, 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 Insperity are recorded and shown on these financial statements as payroll cost. Personnel management fees paid to Insperity are charged as contractual cost.

Leased employees are eligible to contribute to a 401(K) plan administered by Insperity. Yearly contributions by employees are limited to a maximum of 6% 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 \$15,295 in employee pension contributions.

**(7) Mortgage Note Payable**

At June 30, 2016, 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. \$ 1,479,597

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2016**

**(7) Mortgage Note Payable, (continued)**

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 8.75%. The Mortgage note is secured by a second lien on San Antonio Positive Solutions, Inc. land and buildings.	433,019
Less: Current portion	<u>(108,203)</u>
Total long-term debt	<u>\$ 1,804,413</u>

Scheduled maturities of Notes Payable as of June 30, 2016 is as follows:

<u>Year Ending</u>	<u>June 30,</u>	<u>Amount</u>
2017	\$	108,203
2018		115,921
2019		124,227
2020		133,170
2021		142,669
Thereafter		<u>1,288,426</u>
Total	\$	<u>1,912,616</u>

Interest expense was \$114,003 for the year ended June 30, 2016.

**(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 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

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2016**

**(8) Contingencies, (continued)**

based on the amount of space not occupied by the public charter school or by other entities subject to property taxes.

**(9) CONCENTRATIONS OF CREDIT RISK**

The Positive Solutions Charter School receives the majority of its funding from the State of Texas. The state provided 92% of the total funding received as of June 30, 2016.

As of June 30, 2016, San Antonio Positive Solutions, Inc. had \$66,089 in demand deposit accounts that were in excess of the maximum amount insured by the F.D.I.C.

**(10) Temporarily Restricted Net Assets**

At June 30, 2016, Temporarily Restricted Net Assets of \$10,800 consisted of student scholarships funds that were held by the agency for award to deserving students who graduated from Positive Solutions Charter School. In addition, \$115,061 consists of State foundation school program funds available for eligible expenses.

**(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 19, 2016, the date the financial statements were available to be 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, 2016**

<b>Assets</b>	<b>2016</b>	<b>Memo 2015</b>
<b>Current Assets</b>		
Cash in Bank	\$ 301,767	\$ 243,213
Account receivable:		
Due from State	111,615	54,143
Other Assets	4,903	7,999
<b>Total Current Assets</b>	\$ 418,285	\$ 305,355
Property and Equipment, net	2,132,389	2,190,140
<b>Total Assets</b>	\$ 2,550,674	\$ 2,495,495
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 11,193	\$ 9,110
Vacation Payable	13,675	12,908
Accrued Payroll and Liabilities	4,650	14,985
Mortgage Note Payable - Current Portion	108,203	101,041
<b>Total Current Liabilities</b>	137,721	138,044
<b>Non Current Liabilities</b>		
Mortgage Note Payable	1,804,413	1,917,753
<b>Total Liabilities</b>	1,942,134	2,055,797
<b>Net Assets:</b>		
Unrestricted:		
Investment in Property, Plant and Equipment	213,031	167,157
Undesignated	280,448	272,541
Temporarily restricted	115,061	-
Permanently restricted	-	-
<b>Total Net Assets</b>	608,540	439,698
<b>Total Liabilities and Net Assets</b>	\$ 2,550,674	\$ 2,495,495

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Memo</u>	
				<u>Totals 2016</u>	<u>2015</u>
<b>Revenue</b>					
Local support:					
5740 Other Revenues from Local Sources	\$ 53,781	10,165	-	\$ 63,946	\$ 129,454
5768 Contributions from Other Funds	-	-	-	-	1,090
State program revenues:					
5810 Foundation School Program Act Revenues	-	1,188,079	-	1,188,079	1,171,983
5820 State Program Revenues Distributed by Texas Education Agency	-	117	-	117	5,667
<b>Total program revenues</b>	<u>53,781</u>	<u>1,198,361</u>	<u>-</u>	<u>1,252,142</u>	<u>1,308,194</u>
<b>Federal program revenues:</b>					
5920 Federal Revenues Distributed by the Texas Education Agency	-	308,280	-	308,280	252,438
Other Federal Revenues	-	60,538	-	60,538	-
TEA Shared Services	-	3,939	-	3,939	-
Net assets released from restrictions:					
Restrictions satisfied by payments	<u>1,456,057</u>	<u>(1,456,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>1,509,838</u>	<u>115,061</u>	<u>-</u>	<u>1,624,899</u>	<u>1,560,632</u>
<b>Expenses</b>					
11 Instruction	613,257	-	-	613,257	587,384
13 Staff Development	1,148	-	-	1,148	-
21 Instructional Leadership	131,420	-	-	131,420	158,571
23 School Leadership	209,174	-	-	209,174	258,042
31 Guidance, Counseling and Evaluation Services	54,230	-	-	54,230	39,608
32 Social Work Services	32,157	-	-	32,157	53,401
35 Food Services	4,214	-	-	4,214	13,447
41 General Administration	191,680	-	-	191,680	211,326
51 Plant Maintenance and Operations	216,527	-	-	216,527	224,807
60 Ancillary Services	2,250	-	-	2,250	1,194
<b>Total Expenses</b>	<u>1,456,057</u>	<u>-</u>	<u>-</u>	<u>1,456,057</u>	<u>1,547,780</u>
Change in Net Assets	53,781	115,061	-	168,842	12,852
Net Assets at beginning of year	439,698	-	-	439,698	430,736
Prior Period Adjustment	-	-	-	-	(3,890)
<b>Net Assets at end of year</b>	<u>\$ 493,479</u>	<u>\$ 115,061</u>	<u>\$ -</u>	<u>\$ 608,540</u>	<u>\$ 439,698</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, 2016**

	<b>2016</b>	<b>Memo 2015</b>
<b>Cash flows from operating activities:</b>		
Foundation School Program Receipts	\$ 1,188,079	\$ 1,171,983
Grant Receipts and Other Income	375,409	334,506
Payments to Vendors for Goods and Services Rendered	(269,891)	(369,283)
Payments to Personnel for Services Rendered	(1,014,862)	(988,326)
Interest Payments	(114,003)	(127,583)
	<b>164,732</b>	<b>21,297</b>
<b>Cash flows from investing activities:</b>	-	-
<b>Cash flows from financing activities:</b>		
Payments of Principal on long-term debt	(106,178)	(92,646)
	<b>58,554</b>	<b>(71,349)</b>
Net Increase in cash and cash equivalents	58,554	(71,349)
Cash and cash equivalents, beginning of year	243,213	314,562
<b>Cash and cash equivalents, end of year</b>	<b>\$ 301,767</b>	<b>\$ 243,213</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Change in net assets	\$ 168,842	\$ 12,852
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Prior period adjustment	-	(3,890)
Depreciation	57,720	57,720
(Increase) Decrease in Assets:		
Due from State	(57,472)	(47,890)
Other Assets	3,127	3,096
Increase (Decrease) in Liabilities:		
Accounts Payable	2,083	(3,806)
Vacation Payable	767	1,692
Deferred revenue		(630)
Accrued Liabilities	(10,335)	2,153
	<b>\$ 164,732</b>	<b>\$ 21,297</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 164,732</b>	<b>\$ 21,297</b>
<b>Supplemental Information:</b>		
Interest Paid	\$ 114,003	\$ (127,583)
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, 2016**

	<b>Memo</b>	
	<b>Totals</b>	
	<b>2016</b>	<b>2015</b>
<b>Expenses</b>		
6100 Payroll Costs	\$ 1,008,421	\$ 1,016,219
6200 Professional and Contracted Services	221,703	268,382
6300 Supplies and Materials	23,679	44,642
6400 Other Operating Costs	<u>202,254</u>	<u>218,537</u>
<b>Total Expenses</b>	<u><u>\$ 1,456,057</u></u>	<u><u>\$ 1,547,780</u></u>

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, 2016**

	<b>Ownership Interest</b>		
	<b>Local</b>	<b>State</b>	<b>Federal</b>
1110 Cash	\$ -	\$ 301,767	\$ -
1510 Land and Improvements	-	49,563	-
1520 Buildings and Improvements	-	2,280,064	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	-	328,725	-
1540 Assets District Defined	-	-	-
1541 Vehicles	-	-	-
1542 Equipment	-	-	-
<b>Total Property and Equipment</b>	<b>\$ -</b>	<b>\$ 2,960,119</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
<b>Local support:</b>				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 63,946	\$ -
5768 Contributions from Other Funds	-	-	-	-
<b>State program revenues</b>				
5810 Foundation School Program Act Revenues	-	-	1,188,079	-
5820 State Program Revenues Distributed by Texas Education Agency	-	-	117	-
<b>Total State Program Revenues</b>	<u>-</u>	<u>-</u>	<u>1,252,142</u>	<u>-</u>
<b>Federal program revenues:</b>				
5920 Federal Revenues Distributed by the Texas Education Agency	-	-	308,280	-
Other Federal Revenues	-	-	60,538	-
TEA Shared Services	-	-	3,939	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>1,624,899</u>	<u>-</u>
<b>Expenses</b>				
11 Instruction	416,817	549,377	613,257	(63,880)
13 Staff Development	-	-	1,148	(1,148)
21 Instructional Leadership	99,219	135,587	131,420	4,167
23 School Leadership	266,979	210,001	209,174	827
31 Guidance, Counseling and Evaluation Services	49,216	29,408	54,230	(24,822)
32 Social Work Services	31,367	50,150	32,157	17,993
35 Food Services	16,000	10,897	4,214	6,683
41 General Administration	142,557	190,199	191,680	(1,481)
51 Plant Maintenance and Operations	33,500	31,835	216,527	(184,692)
61 Community Services	-	-	2,250	(2,250)
<b>Total Expenses</b>	<u>1,055,655</u>	<u>1,207,454</u>	<u>1,456,057</u>	<u>(248,603)</u>
Change in Net Assets	-	-	168,842	248,603
Net Assets at beginning of year	<u>-</u>	<u>-</u>	<u>439,698</u>	<u>-</u>
<b>Net Assets at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,540</u>	<u>\$ 248,603</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, 2016**

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 was due to federal grants not being incorporated into original budget.

**Function 13 — Staff Development**

Variance was due to funds shared with Education Services Center – Region 20, which was not projected in final budget.

**Function 21 — Instructional Leadership**

Variance was due to federal grants not being incorporated into original budget.

**Function 23 – School Leadership**

Variance was due to reclassification of job roles.

**Function 31 — Guidance Counseling**

Variance was due to reclassification of job roles.

**Function 32 — Social Work Services**

Variance was due to federal grants not being incorporated into original budget.

**Function 35 — Food Services**

Variance was due to a reduced projection of supplies.

**Function 41 — General Administration**

Variance is due to an increase in administrative expenditures.

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

**Function 11 — Instructional Leadership**

Variance was due to payments from Educator Effectiveness Process program, which was not included in final budget.

**Function 13 — Staff Development**

Variance was due to funds shared with Education Services Center – Region 20, which was not projected in final budget.

**Function 31 — Guidance. Counseling**

Variance was due to funds shared with Education Services Center – Region 20, which was not projected in final budget.



POSITIVE SOLUTIONS CHARTER SCHOOL  
San Antonio, Texas

NOTES TO BUDGETARY COMPARISON SCHEDULE

As of June 30, 2016

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

**Function 32 — Social Work Services**

Variance was due to summer lay-off.

**Function 35 — Food Services**

Variance was due to a reclassification of expenses into appropriate categories.

**Function 51 — Plant Maintenance & Operations**

Variance was due to interest expense and depreciation expense for building, which was not projected into budget.

**Function 61 — Plant Maintenance & Operations**

Variance was due to funds shared with Education Services Center – Region 20, which was not projected in final budget.

## **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, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2016.

**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 those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

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

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

*Ullman & Co., P.C.*

San Antonio, Texas  
November 19, 2016

**SAN ANTONIO POSITIVE SOLUTION, INC.**

**Schedule of Findings and Responses**

**For the year ended June 30, 2016**

**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