

SAN ANTONIO POSITIVE SOLUTIONS, Inc.
San Antonio, Texas

Financial Statements
with
SUPPLEMENTARY INFORMATION ON
POSITIVE SOLUTIONS CHARTER SCHOOL

JUNE 30, 2022

(with Independent Auditors' Report Thereon)

SAN ANTONIO POSITIVE SOLUTIONS, INC.

Table of Contents

JUNE 30, 2022

Certification

Certificate of Board.....	1
---------------------------	---

Financial Statements

Independent Auditors' Report.....	2 - 3
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

Supplementary Information

Positive Solutions Charter School

Statement of Financial Position.....	15
Statement of Activities.....	16
Statement of Cash Flows.....	17
Schedule of Expenses.....	18
Schedule of Capital Assets.....	19
Schedule of Real Property Ownership Interest.....	20
Schedule of State Allotment Program Funds.....	21
Budgetary Comparison Schedule.....	22
Notes to Budgetary Comparison Schedule.....	23

Other Reports

Independent Auditors' Report on Internal Control over Financial Reporting And on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Schedule of Findings and Responses	26

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 approved for the year ended June 30, 2022, at a meeting of the governing body of San Antonio Positive Solutions, Inc. on the 17th day of November 2022.

Margarita Luna
Signature of Board Secretary

Raúl Juárez
Signature of Board Chairman

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of San Antonio Positive Solutions, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Positive Solutions, Inc. as of June 30, 2022, 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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Antonio Positive Solutions, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures

include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Antonio Positive Solutions, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Antonio Positive Solutions, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

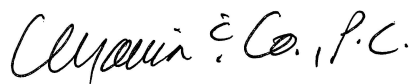
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Positive Solution Charter School supplementary information, pages 15 – 23, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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 17, 2022, 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 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 San Antonio Positive Solutions, Inc.'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 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Antonio, Texas
November 17, 2022

FINANCIAL STATEMENTS

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

STATEMENT OF FINANCIAL POSITION
As of JUNE 30, 2022

ASSETS	2022	Memo 2021
Current Assets:		
Cash and cash equivalents	\$ 835,858	\$ 843,484
Receivables:		
Due from State	-	73,625
Total Current Assets	835,858	917,109
Land, Building and Equipment, Net	1,785,887	1,843,637
Other Assets:		
Right of Use Asset	13,434	-
Total Assets	\$ 2,635,179	\$ 2,760,746
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ -	\$ 13,933
Vacation payable	15,154	14,602
Accrued Payroll and Liabilities	29,281	22,347
Mortgage Notes Payable - Current Portion	102,975	98,158
Total Current Liabilities	147,410	149,040
Non Current Liabilities		
Operating Lease Liability	13,434	-
Mortgage Notes Payable	1,291,333	1,394,339
Total Non Current Liabilities	1,304,767	1,394,339
Total Liabilities	1,452,177	1,543,379
Net Assets:		
Without donor restrictions:		
Investment in property, plant and equipment	559,531	501,781
Undesignated	612,671	704,786
With donor restrictions	10,800	10,800
Total net assets	1,183,002	1,217,367
Total liabilities and net assets	\$ 2,635,179	\$ 2,760,746

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

San Antonio, Texas

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals 2022	Memo 2021
Revenues				
Local support:				
Building Rental Income	\$ 2,772	\$ -	\$ 2,772	\$ 40,509
Interest and other income	-	276,996	276,996	374,803
Total local support	<u>2,772</u>	<u>276,996</u>	<u>279,768</u>	<u>415,312</u>
State program revenues:				
Foundation school program	-	1,061,380	1,061,380	999,023
Other state aid	-	30,728	30,728	25,409
Total program revenues	<u>-</u>	<u>1,092,108</u>	<u>1,092,108</u>	<u>1,024,432</u>
Federal program revenues:				
ESEA Title I	-	71,505	71,505	165,397
IDEA B	-	26,547	26,547	39,653
Title IV, Part A	-	4,792	4,792	917
ESSER	-	104,206	104,206	38,005
PPRP	-	97,789	97,789	10,275
Total Federal program revenues	<u>-</u>	<u>304,839</u>	<u>304,839</u>	<u>254,247</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	1,673,943	(1,673,943)	-	-
Total Revenues	<u>1,676,715</u>	<u>-</u>	<u>1,676,715</u>	<u>1,693,991</u>
Expenses				
Program services:				
Instruction and Instructional-Related Services	828,966	-	828,966	899,970
Instructional and School Leadership	321,142	-	321,142	291,969
Support Services:				
Administrative Support Services	100,617	-	100,617	113,711
Support Services - Student (Pupil)	168,054	-	168,054	72,887
Plant Maintenance & Operations	292,301	-	292,301	281,070
Total expenses	<u>1,711,080</u>	<u>-</u>	<u>1,711,080</u>	<u>1,659,607</u>
Change in net assets	(34,365)	-	(34,365)	34,384
Net assets at beginning of year, as previously reported	1,206,567	10,800	1,217,367	1,166,350
Prior period adjustment	-	-	-	16,633
Net assets at beginning of year, restated	<u>1,206,567</u>	<u>10,800</u>	<u>1,217,367</u>	<u>1,182,983</u>
Net assets at end of year	<u>\$ 1,172,202</u>	<u>\$ 10,800</u>	<u>\$ 1,183,002</u>	<u>\$ 1,217,367</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, 2022

	2022	Memo 2021
Cash flows from operating activities:		
Change in net assets	\$ (34,365)	\$ 34,384
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation expense	57,750	57,750
Prior period adjustment	-	16,633
(Increase) decrease in assets:		
Due from State	73,625	(26,975)
Right of Use Asset	(13,434)	-
Increase (decrease) in liabilities:		
Accounts Payable	(13,933)	1,433
Vacation Payable	552	209
Deferred Revenue	6,934	12,116
Accrued Liabilities	-	(15,215)
Operating Lease Liability	13,434	-
Net cash provided by operating activities	90,563	80,335
Cash flows from financing activities:		
Principal payments on note payable	(98,189)	(93,606)
Net cash used by financing activities	(98,189)	(93,606)
Net decrease in cash and cash equivalents	(7,626)	(13,271)
Cash and cash equivalents, beginning of year	843,484	856,755
Cash and cash equivalents, end of year	\$ 835,858	\$ 843,484
Supplemental Information:		
Interest paid	\$ 69,478	\$ 74,361

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, 2022

(1) Organization and Summary of Significant Accounting Policies

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.

Activities

San Antonio Positive Solutions, Inc. conducted the following activities in 2022:

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 9th through 12th.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-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-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of SAPS's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SAPS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to SAPS's ongoing services and interest. Nonoperating activities are limited to resources that

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Measure of operations, (continued)

generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash Equivalents

For the purposes of the statement of cash flows, cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of credit risk: Financial instruments that potentially subject SAPS to concentrations of credit risk consist principally of cash and cash equivalents. SAPS maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. SAPS 's cash and cash equivalent accounts have been placed with high credit quality financial institutions. SPAS has not experienced, nor does it anticipate, any losses with respect to such accounts.

Cash balances are maintained at financial institutions, which are insured by Federal Deposit Insurance Corporation to \$250,000, the maximum permitted by current legislation. Deposits of \$611,041 were in excess of insured amounts at June 30, 2022.

Total Columns

Total columns for 2021, 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.

Public Support and Revenue

Contributions received by SAPS are recorded as public support that increases net assets with or without donor restrictions, depending on the existence or nature, or both, of any donor-imposed restrictions. All donor-restricted support is recorded as an increase to net assets with donor restrictions.

Net assets without donor restrictions are those that are free of donor-imposed restrictions but may be designated for specific purposes by action of the Board of Directors.

Net assets with donor-imposed restrictions that are temporary in nature arise from contributions and other inflows of assets whose use is limited by purpose-specific program restrictions or time restrictions, or both, imposed by the donor. When such a restriction expires through the accomplishment of the specific purpose or the passage of time, or both, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reclassified to net assets without donor restrictions.

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2022

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

Grants

Support received from grants with the United States Government, local or state government, and private foundations are recorded as support in the appropriate net asset classification when the related direct costs are incurred.

Revenue Recognition

The Agency recognizes revenues from per-pupil funding in the fiscal year in which the academic programs are provided. Per-pupil revenue is billed and received based on the total number of full-time equivalent ("FTE") students attending the Agency in any given fiscal year for general education and special education. The FTE is formula-driven and based on the number of days the student has been with the Agency as a proportion of the number of days in the entire academic year (the calculation is performed by using the TEA ADA formula). The Agency's total student population includes general education and special education students. The Agency has determined that revenue from its students has the same performance obligations, types of contracts, and services rendered. As a result, the student body is viewed as one customer base for revenue purposes. The Agency uses a portfolio approach to account for per-pupil contracts as a collective group rather than recognizing revenue on an individual-contract basis. The Agency believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

Donated Materials and Services

Governments, agencies, volunteers, business firms, and others may contribute materials and services toward the fulfillment of projects initiated by SAPS. Donated materials and equipment are recorded as contributions at their estimated fair values at the date of receipt. If donated services were recorded, determination would be based on the fair value of the services provided by a professional, specialist, or craftsman.

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

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2022

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

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.

Functional Expenses

The Agency allocates its expense on a functional basis among its operating services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Administrative support services activities are not directly identifiable with a specific program. Expenses that are attributable to more than one activity are allocated among the activities benefited. Personnel and employee benefits are charged directly either to program or administrative based on actual time worked in each area. Purchased services, supplies, interest, and depreciation are allocated based on whether the costs are associated with instructional (program services) or with administrative services.

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.

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, 2022, the accounts receivable balance is deemed fully collectible and management has not recorded an allowance for bad debt.

New Accounting Pronouncement

In August 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This guidance intended to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early application permitted. This guidance requires application retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Center elected to follow practical expedients in the adoption this announcement per *ASC 842-10-65-1*. An evaluation was performed over these leases, and it was determined that no adjustment to net assets was needed at the beginning of the period.

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2022

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

New Accounting Pronouncement (continued)

During the year ended June 30, 2022, the School adopted Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606), as of July 1, 2021. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The Agency’s revenue is derived primarily from average daily attendance revenue for services provided to students. Per-pupil revenue revenues are recognized as revenue over the course of the academic school year or program for which it is earned. When implementing ASU 2014-09, the Agency used the full retrospective method implementation and its allowed practical expedients, which resulted in no material change to the recognition of revenue.

(2) Availability and Liquidity

The Organization’s financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Cash and Cash equivalents	\$ <u>835,858</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>835,858</u></u>

None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position. SAPS creates and approves an annual operational budget at the end of each fiscal year. Cash inflows are reasonably predictable because most of the school’s income is derived from federal grants awarded in specific dollar amounts and Texas Education Agency Foundation disbursements, which are based on student population. As part of the school’s liquidity plan, Cash outflows are planned accordingly so as not to exceed those expected inflows. A minimal amount of excess cash is on hand in the event of unexpected outflows.

(3) Fixed Assets

The fixed assets of the Agency for the year ended June 30, 2022 is as follows:

Land	\$ 49,563
Furniture, Fixtures and Equipment	323,996
Building and improvements	<u>2,280,064</u>
	2,653,623
Less: accumulated depreciation	<u>(867,736)</u>
Total fixed assets	\$ <u><u>1,785,887</u></u>

Depreciation expense was \$57,750 for the year ended June 30, 2022.

(4) 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.

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2022

(5) 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, 2022, was \$15,154.

(6) Leases

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

Operating Leases

The agency leases copiers through UBEO Financial Services. The original lease period was for sixty-three months from March 2020 through May 2025. Minimum future lease payments remaining are as follows:

For the year ended June 30,

<u>Year</u>	<u>Amount</u>
2023	\$ 5,220
2024	5,220
2025	<u>4,785</u>
Total	<u>\$ 15,225</u>

Lease expense was \$5,220 for the year ended June 30, 2022.

(7) 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 \$10,424 in employee pension contributions.

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2022

(8) Mortgage Note Payable

At June 30, 2022, San Antonio Positive Solutions, Inc. had notes payable as follows:

a.	Mortgage note payable to Plains Capital Bank dated August 24, 2017 payable in monthly installments of \$13,972.20 including interest. The mortgage note bears interest at the stated rate of 4.80%. The Mortgage note is secured by a first lien on San Antonio Positive Solutions, Inc. land and buildings.	\$ 1,394,308
	Less: Current portion	<u>(102,975)</u>
	Total long-term debt	<u>\$ 1,291,333</u>

Scheduled maturities of Notes Payable as of June 30, 2022, is as follows:
For the year ended June 30,

Year	Principal	Interest	Total
2023	\$ 102,975	\$ 64,691	\$ 167,666
2024	108,028	59,638	167,666
2025	113,329	54,337	167,666
2026	118,890	48,776	167,666
2027	124,724	42,942	167,666
Thereafter	826,362	118,504	944,866
Total	\$ 1,394,308	\$ 388,888	\$ 1,783,196

Interest expense was \$67,478 for the year ended June 30, 2022.

(9) 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.
- B. In June 2017, the agency received a letter from Universal Service Administrative Company (USAC) seeking repayment of \$161,154 in funds disbursed to SAPS, Inc. in 2003-2004 through the E-Rate program. The agency retained counsel in the matter and counsel provided legal representation in 2020 that insufficient information exists to predict a probable outcome and that the agency is in the appeals process. As of the date of the report, no communications have been received from USAC in response to the appeal. Therefore, no provision has been made in the accompanying financial statements for this contingency.

SAN ANTONIO POSITIVE SOLUTIONS, INC.
San Antonio, Texas

Notes to Financial Statements

For the Year Ended June 30, 2022

(10) Concentrations of Credit Risk

The Positive Solutions Charter School received the majority of its funding from the State of Texas. The state provided 67% of the total funding received as of June 30, 2022.

(11) Functional Classification of Expenses

Charter school program expenses include instruction, staff training, and student support services. Management and general expenses are administrative support services. SAPS expends funds under the following natural expense classifications:

	Management and General	Program	Grand Total
Personnel	\$ 265,206	\$ 623,581	\$ 888,787
Employee Benefits	62,958	150,790	213,748
Purchased Services	105,579	246,838	352,417
Supplies	-	99,666	99,666
Other	-	29,234	29,234
Interest	69,478	-	69,478
Total expenses before depreciation	503,222	1,150,108	1,653,330
Depreciation	57,750	-	57,750
Total Expenses	\$ 560,972	\$ 1,150,108	\$ 1,711,080

San Antonio Positive Solutions, Inc. operates one program, the charter school. As such, all activity is recorded on the charter school financial statements. The Charter School Statement of Activities on page 16 presents expenses by Texas Education Agency function code. The natural functional classifications presented above agrees to the SAPS, Inc. Statement of Activities on page 5.

(12) Subsequent Events

Management has evaluated subsequent events through November 17, 2022, which is the date the financial statements were available to be issued. San Antonio Positive Solutions, Inc. is not aware of any material subsequent events.

POSITIVE SOLUTIONS CHARTER SCHOOL

POSITIVE SOLUTIONS CHARTER SCHOOL
San Antonio, Texas

STATEMENT OF FINANCIAL POSITION

As of June 30, 2022

Assets	2022	Memo 2021
Current Assets		
Cash in Bank	\$ 832,165	\$ 811,066
Account receivable:		
Due from State	-	73,625
Total Current Assets	832,165	884,691
Property and Equipment, net	1,785,887	1,843,637
Other Assets		
Right of Use Asset	13,434	-
Total Assets	\$ 2,631,486	\$ 2,728,328
 Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ -	\$ 13,933
Vacation Payable	15,154	14,602
Accrued Payroll and Liabilities	29,281	22,347
Mortgage Note Payable - Current Portion	102,975	98,158
Total Current Liabilities	147,410	149,040
Non Current Liabilities		
Operating Lease Liability	13,434	-
Mortgage Note Payable	1,291,333	1,394,339
Total Non Current Liabilities	1,304,767	1,394,339
Total Liabilities	1,452,177	1,543,379
Net Assets:		
Without Donor Restrictions:		
Investment in Property, Plant and Equipment	559,531	501,781
Undesignated	608,978	672,368
With Donor Restrictions	10,800	10,800
Total Net Assets	1,179,309	1,184,949
Total Liabilities and Net Assets	\$ 2,631,486	\$ 2,728,328

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals 2022</u>	<u>Memo 2021</u>
Revenue				
Local support:				
5740 Other Revenues from Local Sources	\$ 2,772	\$ 276,996	\$ 279,768	\$ 415,312
State program revenues:				
5810 Foundation School Program Act Revenues	-	1,061,380	1,061,380	999,023
5820 State Program Revenues Distributed by Texas Education Agency	-	30,728	30,728	25,409
Total State program revenues	<u>-</u>	<u>1,092,108</u>	<u>1,092,108</u>	<u>1,024,432</u>
Federal program revenues:				
5920 Federal Revenues Distributed by the Texas Education Agency	-	304,839	304,839	254,247
Net assets released from restrictions:				
Restrictions satisfied by payments	1,673,943	(1,673,943)	-	-
Total Revenues	<u>1,676,715</u>	<u>-</u>	<u>1,676,715</u>	<u>1,693,991</u>
Expenses				
11 Instruction	828,966	-	828,966	899,970
21 Instructional Leadership	391	-	391	32,489
23 School Leadership	320,752	-	320,752	259,480
31 Guidance, Counseling and Evaluation Services	37,337	-	37,337	18,093
32 Social Work Services	62,542	-	62,542	54,200
35 Food Services	738	-	738	594
41 General Administration	168,054	-	168,054	113,711
51 Plant Maintenance and Operations	292,300	-	292,300	281,070
Total Expenses	<u>1,711,080</u>	<u>-</u>	<u>1,711,080</u>	<u>1,659,607</u>
Change in Net Assets	(34,365)	-	(34,365)	34,384
Transfer of cash from (to) SAPS's Inc.	28,725	-	28,725	2,288
Net Assets at beginning of year, as previously reported	1,174,149	10,800	1,184,949	1,131,644
Prior period adjustments	-	-	-	16,633
Net Assets at beginning of year, restated	<u>1,174,149</u>	<u>10,800</u>	<u>1,184,949</u>	<u>1,148,277</u>
Net Assets at end of year	<u>\$ 1,168,509</u>	<u>\$ 10,800</u>	<u>\$ 1,179,309</u>	<u>\$ 1,184,949</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, 2022

	2022	Memo 2021
Cash flows from operating activities:		
Change in net assets	\$ (34,365)	\$ 34,384
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Prior period adjustment	-	16,633
Depreciation expense	57,750	57,750
(Increase) decrease in assets:		
Due from State	73,625	(26,975)
Right of Use Asset	(13,434)	-
Increase (decrease) in liabilities:		
Accounts Payable	(13,933)	1,433
Vacation Payable	552	209
Accrued Liabilities	6,934	12,116
Deferred Revenue	-	(15,215)
Operating Lease Liability	13,434	-
Net cash provided by operating activities	90,563	80,335
Cash flows from financing activities:		
Principal payments on note payable	(98,189)	(93,606)
Transfer of cash from SAPS, Inc.	28,725	2,288
Net cash used by financing activities	(69,464)	(91,318)
Net decrease in cash and cash equivalents	21,099	(10,983)
Cash and cash equivalents, beginning of year	811,066	822,049
Cash and cash equivalents, end of year	\$ 832,165	\$ 811,066
Supplemental Information:		
Interest paid	\$ 69,478	\$ 74,361

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, 2022

	<u>Totals</u>	<u>Memo</u>
	<u>2022</u>	<u>2021</u>
Expenses		
6100 Payroll Costs	\$ 1,102,535	\$ 1,019,597
6200 Professional and Contracted Services	352,418	355,255
6300 Supplies and Materials	99,666	127,658
6400 Other Operating Costs	86,983	82,736
6500 Debt Service	<u>69,478</u>	<u>74,361</u>
Total Expenses	<u>\$ 1,711,080</u>	<u>\$ 1,659,607</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, 2022

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ -	\$ 832,165	\$ -
1510 Land and Improvements	-	49,563	-
1520 Buildings and Improvements	-	2,280,064	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	-	323,996	-
1540 Assets District Defined	-	-	-
1541 Vehicles	-	-	-
1542 Equipment	-	-	-
Total Property and Equipment	-	\$ 3,485,788	\$ -

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

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

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

For the Year Ended June 30, 2022

<u>Property Description</u>	<u>Property Address</u>	<u>Total Assessed Value</u>	<u>Ownership Interest Local</u>	<u>Ownership Interest State</u>	<u>Ownership Interest Federal</u>
Charter School Land and Building	1325 N Flores St.	\$ 3,440,440	\$ -	\$ 3,440,440	\$ -
Storage Land and Building	816 W Cypress St.	123,510	-	123,510	-
Total Real Property Ownership Interest		<u>\$ 3,563,950</u>	<u>\$ -</u>	<u>\$ 3,563,950</u>	<u>\$ -</u>

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

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

SCHEDULE OF STATE ALLOTMENT PROGRAM FUNDS

For the Year Ended June 30, 2022

QUESTIONS	RESPONSES
1. Did your district expend any state compensatory education education program state allotment funds during the year?	Yes
2. Does the district have written policies and procedures for its state compensatory education program?	Yes
3. Total sate allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 136,623
4. Actual direct program expenditures for state compensatory education programs during the district's fiscal year.	\$ 155,071
5. Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
6. Does the district have written policies and procedures for its bilingual education program?	Yes
7. Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 1,117
8. Actual direct program expenditures for bilingual education programs during the year.	\$ 625

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Local support:				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 279,768	\$ -
State program revenues				
5810 Foundation School Program Act Revenues	-	-	1,061,380	-
5820 State Program Revenues Distributed by Texas Education Agency	-	-	30,728	-
Total State Program Revenues	-	-	1,092,108	-
Federal program revenues:				
5920 Federal Revenues Distributed by the Texas Education Agency	-	-	304,839	-
Total Federal Program Revenues	-	-	304,839	-
Total Revenues	-	-	1,676,715	-
Expenses				
11 Instruction	393,549	360,782	828,966	(468,184)
13 Staff Development	-	-	-	-
21 Instructional Leadership	-	-	391	(391)
23 School Leadership	262,253	195,817	320,752	(124,935)
31 Guidance, Counseling and Evaluation Services	22,440	502	37,337	(36,835)
32 Social Work Services	37,629	34,710	62,542	(27,832)
35 Food Services	5,000	480	738	(258)
41 General Administration	142,143	160,403	168,054	(7,651)
51 Plant Maintenance and Operations	278,000	291,450	292,300	(850)
61 Community Services	-	-	-	-
Total Expenses	1,141,014	1,044,144	1,711,080	(666,936)
Change in Net Assets	-	-	(34,365)	-
Transfer of cash from SAPS, Inc.	-	-	28,725	-
Net Assets at beginning of year, as previously stated	-	-	1,184,949	-
Prior period adjustment	-	-	-	-
Net Assets at beginning of year, restated	-	-	1,184,949	-
Net Assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179,309</u>	<u>\$ -</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, 2022

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

Function 23 — School Leadership

Actual expenditures were lower due to a change in health guidelines for student activities.

Function 31 — Guidance, Counseling and Evaluation Services

Actual expenditures were lower due to an under projection of special education services.

Function 35 - Food Services

The food service budget was decreased to reflect operational changes during the period.

Function 41 - General Administration

The increase in budget was due to changes in administrative roles.

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 — Instruction

Actual instruction expenditures were higher because the budget projections don't include revenues from local funds for instructional incentives.

Function 23 — School Leadership

Actual instruction expenditures were higher because the budget projections don't include revenues from local funds for leadership incentives.

Function 31 — Guidance, Counseling and Evaluation Services

Actual expenditures were higher due to an under projection of special education services.

Function 32 — Social Work Services

Actual expenditures were higher due to an under projection of local funding for extra duty activities.

Function 35 — Food Services

Actual expenditures were higher due to an under projection of student in-person attendance.

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, 2022, 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 17, 2022.

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.

Report on 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.

Clyde & Co., P.C.

San Antonio, Texas
November 17, 2022

SAN ANTONIO POSITIVE SOLUTION, INC.

Schedule of Findings and Responses

For the year ended June 30, 2022

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