

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

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

**JUNE 30, 2024**

**(with Independent Auditors' Report Thereon)**

**SAN ANTONIO POSITIVE SOLUTIONS, INC.**

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**JUNE 30, 2024**

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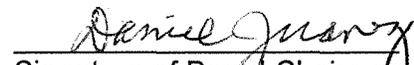
**SAN ANTONIO POSITIVE SOLUTIONS, INC.**

**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 approved for the year ended June 30, 2024, at a meeting of the governing body of San Antonio Positive Solutions, Inc. on the 19<sup>th</sup> day of November 2024.

  
Signature of Board Secretary

  
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, 2024, 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, 2024, 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinions.

### 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 17 – 25, 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 14, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Clyman & Co., P.C.*

San Antonio, Texas  
November 14, 2024

## **FINANCIAL STATEMENTS**

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

**STATEMENT OF FINANCIAL POSITION**  
As of JUNE 30, 2024

<b>ASSETS</b>	<b>2024</b>	<b>Memo 2023</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 381,761	\$ 589,287
<b>Total Current Assets</b>	381,761	589,287
Land, Building and Equipment, Net	1,807,150	1,728,137
<b>Other Assets:</b>		
Right of Use Asset	4,222	8,828
<b>Total Assets</b>	\$ 2,193,133	\$ 2,326,252
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 6,466	\$ 169
Vacation payable	10,028	12,106
Accrued Payroll and Liabilities	18,185	10,418
Mortgage Notes Payable - Current Portion	112,133	106,325
<b>Total Current Liabilities</b>	146,812	129,018
 <b>Non Current Liabilities</b>		
Operating Lease Liability	4,222	8,828
Mortgage Notes Payable	1,096,140	1,196,543
<b>Total Non Current Liabilities</b>	1,100,362	1,205,371
<b>Total Liabilities</b>	1,247,174	1,334,389
 <b>Net Assets:</b>		
Without donor restrictions:		
Investment in property, plant and equipment	681,145	617,281
Undesignated	254,014	363,782
With donor restrictions	10,800	10,800
<b>Total net assets</b>	945,959	991,863
<b>Total liabilities and net assets</b>	\$ 2,193,133	\$ 2,326,252

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, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals 2024</b>	<b>Memo 2023</b>
<b>Revenues</b>				
<b>Local support:</b>				
Interest and other income	\$ 4,376	\$ -	\$ 4,376	\$ 33,489
Total local support	4,376	-	4,376	33,489
<b>State program revenues:</b>				
Foundation school program	912,167	-	912,167	960,510
Other state aid	-	18,135	18,135	10,157
Total program revenues	912,167	18,135	930,302	970,667
<b>Federal program revenues:</b>				
ESEA Title I	-	123,067	123,067	105,870
IDEA B	-	27,399	27,399	28,736
Title II, Part A	-	13,625	13,625	-
Title IV, Part A	-	17,436	17,436	200
ESSER	-	353,558	353,558	257,573
<b>Total Federal program revenues</b>	<b>-</b>	<b>535,085</b>	<b>535,085</b>	<b>392,379</b>
<b>Net assets released from restrictions:</b>				
Restrictions satisfied by payments	553,220	(553,220)	-	-
<b>Total Revenues</b>	<b>1,469,763</b>	<b>-</b>	<b>1,469,763</b>	<b>1,396,535</b>
<b>Expenses</b>				
<b>Program services:</b>				
Instruction and Instructional-Related Services	688,732	-	688,732	691,391
Instructional and School Leadership	293,800	-	293,800	308,937
<b>Support Services:</b>				
Administrative Support Services	197,889	-	197,889	213,606
Support Services - Student (Pupil)	78,719	-	78,719	79,472
Plant Maintenance & Operations	256,527	-	256,527	294,268
<b>Total expenses</b>	<b>1,515,667</b>	<b>-</b>	<b>1,515,667</b>	<b>1,587,674</b>
Change in net assets	(45,904)	-	(45,904)	(191,139)
Net assets at beginning of year	981,063	10,800	991,863	1,183,002
<b>Net assets at end of year</b>	<b>\$ 935,159</b>	<b>\$ 10,800</b>	<b>\$ 945,959</b>	<b>\$ 991,863</b>

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

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

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2024**

	<b>2024</b>	<b>Memo 2023</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (45,904)	\$ (191,139)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation expense	63,864	57,750
<b>(Increase) decrease in assets:</b>		
Right of Use Asset	4,606	4,606
<b>Increase (decrease) in liabilities:</b>		
Accounts Payable	6,297	169
Vacation Payable	(2,078)	(3,048)
Deferred Revenue	7,767	(18,863)
Operating Lease Liability	(4,606)	(4,606)
<b>Net cash (used) provided by operating activities</b>	<b>29,946</b>	<b>(155,131)</b>
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(142,877)	-
<b>Net cash used in investing activities</b>	<b>(142,877)</b>	-
<b>Cash flows from financing activities:</b>		
Principal payments on note payable	(94,595)	(91,440)
<b>Net cash used in financing activities</b>	<b>(94,595)</b>	<b>(91,440)</b>
Net decrease in cash and cash equivalents	(207,526)	(246,571)
<b>Cash and cash equivalents, beginning of year</b>	<b>589,287</b>	<b>835,858</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 381,761</b>	<b>\$ 589,287</b>
<b>Supplemental Information:</b>		
Interest paid	\$ 78,931	\$ 81,265

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, 2024**

**(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 the 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 2024:

*Charter School*

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

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 are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by SAPS actions 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 report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to SAPS's ongoing services and interests. 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, 2024**

**(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 the Federal Deposit Insurance Corporation, to \$250,000, the maximum permitted by current legislation. Deposits of \$131,760 were in excess of insured amounts at June 30, 2024.

Total Columns

Total columns for 2023 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 a specific purpose, 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, 2024**

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

Grants

Support received from grants from the United States Government, local or state government, and private foundations is 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.

Revenue from Contracts with Customers

The Agency recognizes revenues from contracts with customers by applying the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606. A contract with a customer involves an exchange transaction where the Agency provides goods or services to a customer in exchange for consideration. The total price of a contract is allocated among the various performance obligations and is recognized as revenue as those performance obligations are met. Payments received for which there is an outstanding performance obligation are deferred to the applicable period in which the related goods or services will be delivered or performed. The school had \$-0- in revenues from contracts with customers during the year ending June 30, 2024, and no deferred contract liabilities as of June 30, 2024.

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 a 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.

As the students benefit from these services simultaneously as the school provides them, the school recognizes per-pupil revenue from these services over time. The Agency believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to students receiving academic or school services. The Agency measures the performance obligation from admission or enrollment into the Agency to the point when the student is discharged or the end of the school year when it is no longer required to provide services to the student, which is generally at the time of discharge or the completion of the school year. All of these services are bundled and considered a single-performance obligation, and as such, the school accounts for these bundled-performance obligations under state and local per-pupil operating revenue in the statement of activities and recognizes the per-pupil revenue over time.

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2024**

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

Donated Materials and Services

Governments, agencies, volunteers, business firms, and others may contribute materials and services toward fulfilling 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, a 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 unavailable. Donated fixed assets are valued at their estimated fair market value on the date donated. Expenses for repairs 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 with a 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 a 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

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 expenses 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 the 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 administrative services.

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2024**

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

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 consist primarily of amounts due from state agencies 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, 2024, the accounts receivable balance is deemed fully collectible, and management has not recorded an allowance for bad debt.

Leases

The school follows FASB Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The update was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. An evaluation was performed over leases; the Agency has determined it has one that is material to the financial statements and that this lease is an operating lease, which is included as a right-of-use asset and operating lease liability in the accompanying statements of financial position. ROU assets represent the Agency's right to use leased assets over the term of the lease. Lease liabilities represent the Agency's contractual obligation to make lease payments and are measured at the present value of future lease payments over the lease term. ROU assets are calculated at the present value of the future lease payments adjusted by deferred rent liability. ROU assets and lease liabilities are recognized at the lease commencement date. The Agency uses the incremental borrowing rate to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Agency has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

**(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>381,761</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>381,761</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

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2024**

**(2) Availability and Liquidity (Continued)**

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, 2024 is as follows:

Land	\$ 49,563
Furniture, Fixtures and Equipment	466,873
Building and improvements	<u>2,280,064</u>
	2,796,500
Less: accumulated depreciation	<u>(989,350)</u>
Total fixed assets	<u>\$ 1,807,150</u>

Depreciation expense was \$63,864 for the year ended June 30, 2024.

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

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

**(5) Vacation Leave**

Full-time employees earn 3.3 hours of vacation leave per month upon successful completion of their introductory period, which is 180 calendar days of employment. Accrued vacation does not become vested and, as such, may not be used until 210 days after the first day of employment. Employees may carry over a maximum of five (5) vacation days. Vacation days over this amount may be carried only with the director's approval. Vacation payable as of June 30, 2024, was \$10,028.

**(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. The minimum future lease payments remaining are as follows:

For the year ended June 30,

<u>Year</u>	<u>Amount</u>
2025	<u>4,785</u>
Total	<u>\$ 4,785</u>

Lease expense was \$5,220 for the year ended June 30, 2024.

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2024**

**(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 staff selected by San Antonio Positive Solutions, Inc. to provide personnel services for Positive Solutions Charter School. Leased employee personnel costs, exclusive of administrative management fees, paid to Insperity are recorded and shown on these financial statements as payroll costs. Personnel management fees paid to Insperity are charged as contractual costs.

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 \$11,672 in employee pension contributions.

**(8) Mortgage Note Payable**

At June 30, 2024, 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 6.25%. The Mortgage note is secured by a first lien on San Antonio Positive Solutions, Inc. land and buildings.	\$ 1,208,273
	Less: Current portion	<u>(112,133)</u>
	Total long-term debt	<u>\$ 1,096,140</u>

The scheduled maturities of Notes Payable as of June 30, 2024, are as follows:

For the year ended June 30,

Year	Principal	Interest	Total
2025	112,133	74,757	186,890
2026	118,258	68,665	186,923
2027	124,717	62,197	186,914
2028	131,529	55,331	186,860
2029	138,714	48,464	187,178
Thereafter	582,922	105,785	688,707
Total	<u>\$ 1,208,273</u>	<u>\$ 415,199</u>	<u>\$ 1,623,472</u>

Interest expense was \$78,931 for the year ended June 30, 2024.

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2024**

**(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 on its programs and activities. San Antonio Positive Solutions, Inc.'s various programs are governed by various rules and regulations 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 the 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, stating 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.

**(10) Concentrations of Credit Risk**

The Positive Solutions Charter School received the majority of its funding from the State of Texas. The state provided 63% of the total funding received as of June 30, 2024.

**(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:

	<b>Management and General</b>	<b>Program</b>	<b>Grand Total</b>
Personnel	217,808	512,132	729,940
Employee Benefits	59,404	142,279	201,683
Purchased Services	110,478	258,290	368,768
Supplies	5,339	28,586	33,925
Other	-	38,556	38,556
Interest	78,931	-	78,931
	471,960	979,843	1,451,803
Total expenses before depreciation			
Depreciation	63,864	-	63,864
	535,824	979,843	1,515,667
Total Expenses	535,824	979,843	1,515,667

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2024**

**(11) Functional Classification of Expenses (Continued)**

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 18 presents expenses by the Texas Education Agency function code. The natural functional classifications presented above agree with the SAPS, Inc. Statement of Activities on page 6.

**(12) Subsequent Events**

Management has evaluated subsequent events through November 14, 2024, 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, 2024**

	<b>2024</b>	<b>Memo 2023</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash in Bank	\$ 181,853	\$ 344,841
<b>Total Current Assets</b>	181,853	344,841
Property and Equipment, net	1,807,150	1,728,137
<b>Other Assets</b>		
Right of Use Asset	4,222	8,828.00
<b>Total Assets</b>	<u>\$ 1,993,225</u>	<u>\$ 2,081,806</u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 6,466	\$ 169
Vacation Payable	10,028	12,106
Accrued Payroll and Liabilities	18,185	10,418
Mortgage Note Payable - Current Portion	112,133	106,325
<b>Total Current Liabilities</b>	146,812	129,018
<b>Non Current Liabilities</b>		
Operating Lease Liability	4,222	8,828
Mortgage Note Payable	1,096,140	1,196,543
<b>Total Non Current Liabilities</b>	<u>1,100,362</u>	<u>1,205,371</u>
<b>Total Liabilities</b>	1,247,174	1,334,389
<b>Net Assets:</b>		
Without Donor Restrictions:		
Investment in Property, Plant and Equipment	681,145	617,281
Undesignated	54,106	119,336
With Donor Restrictions	10,800	10,800
<b>Total Net Assets</b>	<u>746,051</u>	<u>747,417</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,993,225</u>	<u>\$ 2,081,806</u>

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, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals 2024</u>	<u>Memo 2023</u>
<b>Revenue</b>				
Local support:				
5740 Other Revenues from Local Sources	\$ 4,376	\$ -	\$ 4,376	\$ 33,489
State program revenues:				
5810 Foundation School Program Act Revenues	912,167	-	912,167	960,510
5820 State Program Revenues Distributed by Texas Education Agency	-	18,135	18,135	10,157
<b>Total State program revenues</b>	<u>912,167</u>	<u>18,135</u>	<u>930,302</u>	<u>970,667</u>
<b>Federal program revenues:</b>				
5920 Federal Revenues Distributed by the Texas Education Agency	-	535,085	535,085	392,379
Net assets released from restrictions:				
Restrictions satisfied by payments	553,220	(553,220)	-	-
<b>Total Revenues</b>	<u>1,469,763</u>	<u>-</u>	<u>1,469,763</u>	<u>1,396,535</u>
<b>Expenses</b>				
11 Instruction	688,732	-	688,732	691,391
21 Instructional Leadership	-	-	-	2,265
23 School Leadership	293,800	-	293,800	306,672
31 Guidance, Counseling and Evaluation Services	-	-	-	461
32 Social Work Services	78,719	-	78,719	78,852
35 Food Services	-	-	-	159
41 General Administration	197,889	-	197,889	213,606
51 Plant Maintenance and Operations	256,527	-	256,527	294,268
<b>Total Expenses</b>	<u>1,515,667</u>	<u>-</u>	<u>1,515,667</u>	<u>1,587,674</u>
Change in Net Assets	(45,904)	-	(45,904)	(191,139)
Transfer of cash from (to) SAPS's Inc.	44,538	-	44,538	(240,753)
Net Assets at beginning of year	736,617	10,800	747,417	1,179,309
<b>Net Assets at end of year</b>	<u>\$ 735,251</u>	<u>\$ 10,800</u>	<u>\$ 746,051</u>	<u>\$ 747,417</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, 2024**

	<b>2024</b>	<b>Memo 2023</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (45,904)	\$ (191,139)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation expense	63,864	57,750
<b>(Increase) decrease in assets:</b>		
Right of Use Asset	4,606	4,606
<b>Increase (decrease) in liabilities:</b>		
Accounts Payable	6,297	169
Vacation Payable	(2,078)	(3,048)
Accrued Liabilities	7,767	(18,863)
Operating Lease Liability	(4,606)	(4,606)
<b>Net cash (used) provided by operating activities</b>	<b>29,946</b>	<b>(155,131)</b>
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(142,877)	-
<b>Net cash used in investing activities</b>	<b>(142,877)</b>	<b>-</b>
<b>Cash flows from financing activities:</b>		
Principal payments on note payable	(94,595)	(91,440)
Transfer of cash from SAPS, Inc.	44,538	(240,753)
<b>Net cash used in financing activities</b>	<b>(50,057)</b>	<b>(332,193)</b>
Net decrease in cash and cash equivalents	(162,988)	(487,324)
<b>Cash and cash equivalents, beginning of year</b>	<b>344,841</b>	<b>832,165</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 181,853</b>	<b>\$ 344,841</b>
<b>Supplemental Information:</b>		
Interest paid	\$ 78,931	\$ 81,265

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, 2024**

	<u>Totals</u>	<u>Memo</u>
	<u>2024</u>	<u>2023</u>
<b>Expenses</b>		
6100 Payroll Costs	\$ 931,623	\$ 950,627
6200 Professional and Contracted Services	368,768	397,392
6300 Supplies and Materials	33,925	64,401
6400 Other Operating Costs	102,420	93,989
6500 Debt Service	<u>78,931</u>	<u>81,265</u>
<b>Total Expenses</b>	<u>\$ 1,515,667</u>	<u>\$ 1,587,674</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, 2024**

	<b>Ownership Interest</b>		
	<b>Local</b>	<b>State</b>	<b>Federal</b>
1110 Cash	\$ -	\$ 181,853	\$ -
1510 Land and Improvements	-	49,563	-
1520 Buildings and Improvements	-	2,280,064	-
1531 Vehicles	-	-	-
1539 Furniture and Equipment	-	466,873	-
1540 Assets District Defined	-	-	-
1541 Vehicles	-	-	-
1542 Equipment	-	-	-
<b>Total Property and Equipment</b>	<b>\$ -</b>	<b>\$ 2,978,353</b>	<b>\$ -</b>

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, 2024**

<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.	\$ 4,154,500	\$ -	\$ 4,154,500	\$ -
Land	816 W Cypress St.	155,150	-	155,150	-
Total Real Property Ownership Interest		<u>\$ 4,309,650</u>	<u>\$ -</u>	<u>\$ 4,309,650</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, 2024**

<b>QUESTIONS</b>	<b>RESPONSES</b>
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 state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 113,421
4. Actual direct program expenditures for state compensatory education programs during the district's fiscal year.	\$ 128,656
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.	\$ 2,900
8. Actual direct program expenditures for bilingual education programs during the year.	\$ 6,500

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, 2024**

	<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	\$ -	\$ -	\$ 4,376	\$ -
<b>State program revenues</b>				
5810 Foundation School Program Act Revenues	-	-	912,167	-
5820 State Program Revenues Distributed by Texas Education Agency	-	-	18,135	-
Total State Program Revenues	-	-	930,302	-
<b>Federal program revenues:</b>				
5920 Federal Revenues Distributed by the Texas Education Agency	-	-	535,085	-
Total Federal Program Revenues	-	-	535,085	-
<b>Total Revenues</b>	-	-	1,469,763	-
<b>Expenses</b>				
11 Instruction	366,165	412,284	688,732	(276,448)
13 Staff Development	-	-	-	-
21 Instructional Leadership	-	-	-	-
23 School Leadership	234,500	210,384	293,800	(83,416)
31 Guidance, Counseling and Evaluation Services	-	-	-	-
32 Social Work Services	52,300	48,112	78,719	(30,607)
35 Food Services	1,000	-	-	-
41 General Administration	222,500	190,766	197,889	(7,123)
51 Plant Maintenance and Operations	343,000	285,287	256,527	28,760
61 Community Services	-	-	-	-
<b>Total Expenses</b>	1,219,465	1,146,833	1,515,667	(368,834)
Change in Net Assets	-	-	(45,904)	-
Transfer of cash from SAPS, Inc.	-	-	44,538	-
Net Assets at beginning of year	-	-	747,417	-
<b>Net Assets at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 746,051</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, 2024

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

**Function 11 – Instruction**

The original budget was approved based on 2022-2023 student enrollment. During the 2023-2024 school year, there was an increase in student enrollment resulting in a projected increase in instructional expenses.

**Function 23 — School Leadership**

The original budget was approved based on 2022-2023 student enrollment. During the 2023-2024 school year, there was an increase in student enrollment resulting in an increase in School Leadership expenses.

**Function 35 — Food Services**

Variance due to nonuse of food services.

**Function 41 - General Administration**

Variance due to reduction in administration salary and hours.

**Function 51 - Plant Maintenance and Operations**

Variance due to decrease of maintenance personnel and allocation of funds specifically designated for plant improvements.

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

**Function 11 — Instruction**

The 2023-2024 school year saw an increase in student enrollment therefore requiring additional instructional personnel.

**Function 23 — School Leadership**

The increase in student enrollment for the school year 2023-2024 resulted in an increase in expenses.

**Function 32 — Social Work Services**

Additional services for the increased enrollment for the 2023-2024 school year resulted in increased expenses.

**Function 51 - Plant Maintenance and Operations**

Variance due to a decrease in maintenance personnel and operational maintenance.

## **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, 2024, 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 14, 2024.

**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.

*Clyman & Co., P.C.*

San Antonio, Texas  
November 14, 2024

**SAN ANTONIO POSITIVE SOLUTION, INC.**

**Schedule of Findings and Responses**

**For the year ended June 30, 2023**

**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