

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

STUDENT ALTERNATIVES PROGRAM, INC.

San Antonio, Texas

CONSOLIDATED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORTS

Year Ended August 31, 2015

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STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended August 31, 2015

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STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

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INTRODUCTORY SECTION

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STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

EIN - 74-2598053

CERTIFICATE OF BOARD

<u>CHARTER DISTRICT NAME</u>	<u>COUNTY DISTRICT NUMBER</u>
Gateway Academy	240801
Mid Valley Academy	108804
Paso Del Norte Academy	071803
South Plains Academy	152803

We, the undersigned, certify that the attached Consolidated Financial Statements of Student Alternatives Program, Inc., the charter holder, was reviewed and X approved disapproved for the year ended August 31, 2015 at a meeting of the Board of Directors of Student Alternatives Program, Inc. on the 23 day of January, 2016.


Signature of Board President


Signature of Board Secretary

If the Board of Directors disapproved of the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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FINANCIAL SECTION

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Student Alternatives Program, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Student Alternatives Program, Inc. (the Organization) and affiliates, which comprise the consolidated statement of financial position as of August 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

August 31, 2015

	Student Alternatives Program, Inc.	Affiliated Charter Schools	Eliminations	Consolidated Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,261,424	\$ 7,044,682	\$ -	\$ 8,306,106
Grants Receivable	-	1,077,474	-	1,077,474
Other Receivables	52,775	15,353	(15,353)	52,775
Deferred Expenses	2,323	9,732	-	12,055
Total Current Assets	<u>1,316,522</u>	<u>8,147,241</u>	<u>(15,353)</u>	<u>9,448,410</u>
Property, Plant & Equipment, Net	4,700,214	3,587,918	-	8,288,132
Other Assets				
Restricted Cash and Cash Equivalents	355,383	-	-	355,383
Total Other Assets	<u>355,383</u>	<u>-</u>	<u>-</u>	<u>355,383</u>
Total Assets	<u>\$ 6,372,119</u>	<u>\$ 11,735,159</u>	<u>\$ (15,353)</u>	<u>\$ 18,091,925</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$ -	\$ 191,352	\$ -	\$ 191,352
Payroll Deductions and Withholdings	45,211	34,068	-	79,279
Accrued Wages	-	268,520	-	268,520
Due to State	-	3,864	-	3,864
Other Liabilities - Current	-	16,950	(15,353)	1,597
Accrued Expenses	-	6,485	-	6,485
Current Portion of Long-Term Debt	216,438	-	-	216,438
Total Current Liabilities	<u>261,649</u>	<u>521,239</u>	<u>(15,353)</u>	<u>767,535</u>
Non-Current Liabilities				
Long-Term Debt, Less Current Portion	1,670,544	-	-	1,670,544
Total Non-Current Liabilities	<u>1,670,544</u>	<u>-</u>	<u>-</u>	<u>1,670,544</u>
Total Liabilities	<u>1,932,193</u>	<u>521,239</u>	<u>(15,353)</u>	<u>2,438,079</u>
Net Assets				
Unrestricted				
Available for Operations	4,439,926	-	-	4,439,926
Total Unrestricted	<u>4,439,926</u>	<u>-</u>	<u>-</u>	<u>4,439,926</u>
Temporarily Restricted				
Specific Purpose Funds	-	11,213,920	-	11,213,920
Total Temporarily Restricted	<u>-</u>	<u>11,213,920</u>	<u>-</u>	<u>11,213,920</u>
Total Net Assets	<u>4,439,926</u>	<u>11,213,920</u>	<u>-</u>	<u>15,653,846</u>
Total Liabilities and Net Assets	<u>\$ 6,372,119</u>	<u>\$ 11,735,159</u>	<u>\$ (15,353)</u>	<u>\$ 18,091,925</u>

The accompanying notes to consolidated financial statements
form an integral part of this statement.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended August 31, 2015

	Student Alternatives Program, Inc.	Affiliated Charter Schools		Eliminations	Consolidated Total
	Unrestricted	Unrestricted	Temporarily Restricted		
REVENUES AND OTHER SUPPORT					
Support					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Program Revenue	570,560	-	-	-	570,560
State Program Revenues	-	-	10,058,317	-	10,058,317
Federal Program Revenues	-	-	1,923,226	-	1,923,226
Fees and Other Revenue					
Other Revenues from Local Sources	1,136,024	16,879	-	(1,126,684)	26,219
Net Assets Released from Restrictions	-	11,927,509	(11,927,509)	-	-
Total Revenue and Other Support	1,706,584	11,944,388	54,034	(1,126,684)	12,578,322
EXPENSES					
Program Services					
General School Operations	430,533	-	-	-	430,533
Public Charter Schools	-	7,589,901	-	-	7,589,901
Support Services					
Administrative and General	1,146,019	4,354,487	-	(1,126,684)	4,373,822
Total Expenses	1,576,552	11,944,388	-	(1,126,684)	12,394,256
Change in Net Assets	130,032	-	54,034	-	184,066
Net Assets, Beginning of Year (Restated)	4,309,894	-	11,159,886	-	15,469,780
Net Assets, End of Year	<u>\$ 4,439,926</u>	<u>\$ -</u>	<u>\$ 11,213,920</u>	<u>\$ -</u>	<u>\$ 15,653,846</u>

The accompanying notes to consolidated financial statements
form an integral part of this statement.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended August 31, 2015

	Student Alternatives Program, Inc.	Affiliated Charter Schools	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Foundation School Program Payments	\$ -	\$ 10,228,821	\$ -	\$ 10,228,821
Grant Payments	-	1,933,531	-	1,933,531
Program Revenues Received	570,560	-	-	570,560
Other Revenue Received	1,223,784	12,411	(1,126,684)	109,511
Payments to Vendors for Goods and Services Rendered	(776,219)	(4,249,315)	1,126,684	(3,898,850)
Payments to Personnel for Services Rendered	(631,334)	(7,402,328)	-	(8,033,662)
Net Cash Provided by Operating Activities	<u>386,791</u>	<u>523,120</u>	<u>-</u>	<u>909,911</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Fixed Assets	-	(104,718)	-	(104,718)
Net Cash (Used) by Investing Activities	<u>-</u>	<u>(104,718)</u>	<u>-</u>	<u>(104,718)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment on Notes Payable	(207,526)	-	-	(207,526)
Net Cash (Used) by Financing Activities	<u>(207,526)</u>	<u>-</u>	<u>-</u>	<u>(207,526)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>179,265</u>	<u>418,402</u>	<u>-</u>	<u>597,667</u>
Cash and Cash Equivalents, Beginning of Year	<u>1,437,542</u>	<u>6,626,280</u>	<u>-</u>	<u>8,063,822</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,616,807</u>	<u>\$ 7,044,682</u>	<u>\$ -</u>	<u>\$ 8,661,489</u>
Reconciliation to Statement of Financial Position				
Cash and Cash Equivalents	\$ 1,261,424	\$ 7,044,682	\$ -	\$ 8,306,106
Restricted Cash and Cash Equivalents	355,383	-	-	355,383
Total Cash and Cash Equivalents	<u>\$ 1,616,807</u>	<u>\$ 7,044,682</u>	<u>\$ -</u>	<u>\$ 8,661,489</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Change in Net Assets	\$ 130,032	\$ 54,034	\$ -	\$ 184,066
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities				
Depreciation Expense	165,707	354,949	-	520,656
(Increase)/Decrease in Assets				
Grants Receivable	-	170,504	-	170,504
Other Receivables	87,760	(15,353)	15,353	87,760
Deferred Expenses	(502)	(1,112)	-	(1,614)
Increase/(Decrease) in Liabilities				
Accounts Payable	-	(46,413)	-	(46,413)
Payroll Deductions and Withholdings	3,794	(7,320)	-	(3,526)
Accrued Wages	-	14,799	-	14,799
Other Liabilities - Current	-	10,305	(15,353)	(5,048)
Accrued Expenses	-	(11,273)	-	(11,273)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 386,791</u>	<u>\$ 523,120</u>	<u>\$ -</u>	<u>\$ 909,911</u>
Supplemental Disclosure				
Interest Paid	<u>\$ 113,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the consolidated financial statements form an integral part of this statement.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Student Alternatives Program, Inc. (the Organization) is a nonprofit organization incorporated in Texas dedicated to establishing alternative education programs for “at risk” students. The Organization contracts with various independent school districts and counties in the State of Texas to provide education services to the “at risk” high school age students of the school districts.

At August 31, 2015, the Organization had contracts with various independent school districts in the State of Texas.

Effective April 3, 1996, the Organization became the sole owner of the common stock of Academic Buildings Corporation (ABC), a Texas corporation. ABC has acquired buildings and equipment, which it leases to the Organization.

The Organization (SAPI) is a private, nonprofit community-based organization exempt from taxation under 26 U.S.C. Section 501(c)(3).

B. Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiary, ABC. All material inter-organization transactions have been eliminated in consolidation. ABC is not exempt from federal taxation.

C. Affiliated Organizations (Charter Schools)

Four charter districts that are branch operations of SAPI, were established in November 1998.

The charter schools provide an alternative high school diploma program to students who did not thrive in the normal high school settings or have returned for a charter school diploma after entering the work force. The charter schools operate under an open enrollment charter granted, for a five year period, by the Texas State Board of Education. The charter schools receive funding from the Texas Education Agency (“TEA”) through the Foundation School Program, which is based on each school’s average daily attendance. Since the charter schools receive funding from local, state, and federal government sources, they must comply with the requirements of the entities providing those funds.

D. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Support and Expenses

The Organization receives significantly all of its revenues from contracts with independent school districts and counties in the State of Texas. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

F. Charter Schools Revenue

Revenues from the State's available school fund are based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support.

- Contributions with donor-imposed restrictions are reported as restricted support, which increases temporarily restricted net assets.
- Contributions without donor-imposed restrictions are reported as unrestricted support, which increases unrestricted net assets.

Governmental grant contracts that are entered into by the Organization are recognized as revenue when services are rendered or when the expenses in connection with those services are incurred.

G. Donated Services, Goods, and Facilities

Members of the Organization's board of directors volunteer their time in furtherance of the Organization's goals. These donated services are not reflected in the consolidated financial statements since the services do not require specialized skills under applicable guidelines issued by the American Institute of Certified Public Accountants.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose.

H. Property and Equipment

The Organization capitalizes all expenses for property and equipment. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. In accordance with the Texas Education Agency-Resource Guide Supplement for the affiliated charter schools, all assets acquired with a value of \$5,000 or greater are capitalized and are valued at cost or estimated cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but are charged to expense. Major improvements are capitalized and depreciated/amortized over the remaining useful lives of the related capital assets.

Property and equipment acquired with public funds received from state and federal sources generally constitute public property pursuant to Chapter 12 of the Texas Education Code.

The estimated useful lives of property and equipment used by the Organization are as follows:

<u>Asset Classification</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	30-40 years
Equipment	7 years
Vehicles	7 years

The estimated useful lives of property and equipment used by the charter schools are as follows:

<u>Asset Classification</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	15 years
Equipment	7 years
Vehicles	7 years

I. Personal Leave

All employees earn seven days of paid personal leave per year. However, since the balance does not accumulate, a liability is not recorded in the consolidated financial statements.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, income and expenses are recognized when earned or incurred. The accompanying consolidated financial statements and the related accounting system are organized and prepared in accordance with the Special Supplement to Financial Accounting and Reporting — Nonprofit Charter School Chart of Accounts, a module of the TEA's *Financial Accountability Resource Guide* (the "Resource Guide").

The Organization accounts and reports its activities in accordance with the Financial Accounting Standards Board - Accounting Standards Codification 958, *Not-for-Profit Entities*.

In accordance with these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions or relevant law. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted — Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. At August 31, 2015, unrestricted net assets totaled \$4,439,926.

Temporarily Restricted — Temporarily restricted net assets are those resources, subject to donor-imposed restrictions, that will be satisfied by the actions of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. At August 31, 2015, temporarily restricted net assets totaled \$11,213,920.

Permanently Restricted — Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund annual operations. The Organization did not hold any assets that were designated as permanently restricted at August 31, 2015.

K. Contributions

The Organization has also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Income Taxes

The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the IRC, except to the extent it has unrelated business income. No such provision has been made to the accompanying consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2012. There were no interest or penalties assessed to the Organization by the IRS during the year.

The Subsidiary ABC, is a for-profit corporation subject to federal income tax and Texas franchise tax. ABC uses Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, in reporting deferred income taxes. SFAS No. 109 requires a company to recognize deferred tax liabilities and assets for the expected future income tax consequences of events that have been recognized in the company's consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. There were no deferred tax assets/liabilities recognized at August 31, 2015.

ABC has adopted the "uncertain tax positions" provisions of FASB ASC Topic 740, Income Taxes. ABC's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations which is generally three years after the filing of the tax return. ABC determined that its tax position will more than likely be sustained upon examination by the Internal Revenue Service or other State taxing authorities. There were no penalties or interest related to income taxes recorded during the year ended August 31, 2015.

M. Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

N. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification ("ASC") apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Fair Value Measurements and Disclosures* also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At August 31, 2015, the Organization's investments in money market mutual funds were classified as Level 1.

The fair value of the Organization's cash and cash equivalents, due from government agencies, payables, prepaid expenses, and other receivables approximates the carrying amounts of such instruments due to their short-term maturity. The fair value of the debt approximates the carrying amount because the rate and terms currently available to the Organization approximate the rate and terms on the existing debt.

II. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at August 31, 2015 consists of the following:

Cash and Cash Equivalents

Cash in Bank	\$	7,488,237
Cash Equivalents		
Certificates of Deposit		1,042,418
Money Market Mutual Funds		
PIMCO Class C		96,502
BBIF Money Fund Class I		34,332
Total	\$	<u>8,661,489</u>

Totals from Consolidated Statement of Financial Position

Cash and Cash Equivalents	\$	8,306,106
* Restricted Cash and Cash Equivalents		<u>355,383</u>
Total	\$	<u>8,661,489</u>

- * Restricted cash and cash equivalents represents amounts required to be set aside as security for the note payable to First Mark Credit Union in the original principal amount of \$350,447.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

III. PROPERTY AND EQUIPMENT

Concentrations of Credit Risk – The Organization maintains cash in demand deposit accounts with federally insured banks. During the year, the balances in these accounts exceeded federally insured limits. The Organization also maintains two money market mutual fund accounts which are not insured or guaranteed by the FDIC or other government agency. Although the funds seek to preserve the value of the investment at \$1 per share, it is possible to lose money by investing in the fund. The Organization does not believe that it is exposed to any significant credit risk in connection with cash and cash equivalents or the extension of credit to its customers.

At August 31, 2015, property and equipment consists of the following:

	SAPI	Charter Schools	Total
Land	\$ 47,000	\$ 97,720	\$ 144,720
Buildings and Improvements	6,136,965	4,578,051	10,715,016
Furniture and Equipment	362,957	-	362,957
Vehicles	17,805	28,916	46,721
	<u>6,564,727</u>	<u>4,704,687</u>	<u>11,269,414</u>
Less: Accumulated Depreciation	(1,864,513)	(1,116,769)	(2,981,282)
	<u>\$ 4,700,214</u>	<u>\$ 3,587,918</u>	<u>\$ 8,288,132</u>

Depreciation expense totaled \$520,656 for the year ended August 31, 2015.

IV. NOTES PAYABLE

The Organization's long-term debt at August 31, 2015 consists of the following:

Note payable to BBVA Compass Bank, original amount of \$660,000, dated November 12, 2008, due in monthly installments of \$4,577 including interest at 3.25%, secured by land and building through November 12, 2023.	\$ 404,549
Note payable to Bank of America, original amount of \$512,459, dated October 25, 2005, due in monthly installments of \$4,563 including interest at 6.75%, secured by land and building through October 25, 2020.	240,830
Note payable to Bank of America, original amount of \$486,643, dated October 3, 2005 due in monthly installments of \$4,332 including interest at 6.87%, secured by land and building through October 31, 2020.	228,166
Note payable to Bank of America, original amount of \$118,174, dated October 31, 2005, due in monthly installments of \$1,060 including interest at 6.87%, secured by land and building through October 19, 2020.	55,578

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

IV. NOTES PAYABLE (Continued)

Note payable to Falcon International Bank, original amount of \$440,000, dated November 17, 2003, due in monthly installments of \$3,860, including interest at 10.75%, secured by land and building through December 1, 2018. 216,003

Note payable to Comerica Bank, original amount of \$170,000, dated April 20, 2004, due in monthly installments of \$1,520 including interest at 7%, secured by land and building through April 21, 2015. This note was amended and extended in the amount of \$77,633 during the current year. The new note bears an interest rate of 6.1%, requires monthly installments of \$1,505, and matures on April 21, 2020. 72,201

Note payable to BBVA Compass Bank, original amount of \$300,000, dated November 4, 2010, due in monthly installments of \$2,635 including interest at 6.63%, secured by land and building through November 4, 2015. Subsequent to year end this note was extended/amended to mature on November 4, 2025 in the amount of \$232,436. The amended note bears an interest rate of 5.42% and requires monthly payments of \$2,522. Since the note was amended/extended shortly after year-end, the required balloon payment that was due under the original note, is reflected as a non-current liability. 233,509

Note payable to Bank of America, original amount of \$203,050 dated July 24, 2007, due in monthly installments of \$1,895 including interest at 7.25% - 7.5%, secured by land and building through July 24, 2023. 129,573

Note payable to First Mark Credit Union, original amount of \$350,447 dated July 31, 2012, due in monthly installments of \$1,810 including interest at 3.75%, secured by SAPI savings account. 306,573

Total Debt 1,886,982

Less: Current portion of long-term debt (216,438)

Long-Term Portion \$ 1,670,544

Future scheduled maturities of long-term debt are as follows:

Years Ending August 31,	Principal	Interest	Total
2016	\$ 216,438	\$ 117,433	\$ 333,871
2017	481,226	69,278	550,504
2018	195,308	47,452	242,760
2019	336,351	34,742	371,093
2020	196,038	25,978	222,016
Thereafter	461,621	53,632	515,253
	<u>\$ 1,886,982</u>	<u>\$ 348,515</u>	<u>\$ 2,235,497</u>

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

V. PENSION PLAN OBLIGATIONS

Plan Description

The Organization contributes to the Teacher Retirement System of Texas ("TRS"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan (Plan) with one exception: all risks and costs are not shared by the Organization, but are the liability of the state of Texas. The TRS provides service retirement, disability retirement, and death benefits to plan members and beneficiaries. The TRS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas legislature. The TRS' annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy

Under provisions in state law, plan members and the State are each required to contribute 6.70% and 6.80% of the annual covered salary, respectively; and, in certain instances, the Organization is required to make all or a portion of the member's contribution and on the portion of the employees' salaries that exceed the statutory minimum. The Organization contributed \$69,650 on behalf of its employees, to TRS for the year ended August 31, 2015, the required contributions for the year. The State also contributes to TRS on behalf of charter employees; however, these contributions are not recognized in the Organization's consolidated financial statements under FASB accounting. The Organization's contributions to the Plan did not represent more than 5% of the total contributions to the Plan. There have been no changes that would affect the comparison of employer contributions from year to year.

	Contribution Rates	
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Legal Name of Plan	Texas Retirement System of Texas
Plan's Employer Identification Number	N/A
Total Plan Assets	\$157,261,707,241
Accumulated Benefit Obligations	\$159,496,075,886
Percentage Plan was Funded	83.25% funded
Expiration Date of Collective-Bargaining Agreement	N/A
Funding Improvement Plan or Rehabilitation Plan Implemented or Pending	N/A
Employer Contributions Made for the Non-OASDI Participating Surcharge	\$82,403

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

VI. HEALTH CARE COVERAGE

During the year ended August 31, 2015, employees of the Organization were covered by TRS ActiveCare, a statewide health coverage program for public education employees established by the 77th Texas Legislature. The Organization contributed \$150 per employee, per month to the Plan, while the state contributed \$75 per employee, per month to the Plan. Employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

VII. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended August 31, 2015. Net assets released from restrictions relating to temporarily restricted net assets for the year ending August 31, 2015 is as follows:

	<u>2015</u>
Foundation School Program	\$ 9,797,122
Other State Programs	207,161
Federal Programs	<u>1,923,326</u>
Total	<u>\$ 11,927,509</u>

VIII. RESTATEMENT OF NET ASSETS

The temporarily restricted net asset balance as of August 31, 2014 was restated as follows:

	<u>Charter Schools (Temporarily Restricted)</u>
Net Assets, August 31, 2014 (as Reported)	\$ 11,573,172
Adjustments to write-off fixed assets*	(384,277)
Adjustments to correct payroll related liabilities	<u>(29,009)</u>
Net Assets, August 31, 2014 (as Restated)	<u>\$ 11,159,886</u>

* Fixed assets were written off as a result of a physical inventory. The majority of deletions were due to equipment which did not meet the Organization's criteria to be capitalized.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

IX. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of functional expenses, which is included in the “Other Supplemental Information” section of this report. Accordingly, certain costs have been allocated among the programs and other activities benefited.

X. RELATED PARTY TRANSACTION – RENTAL COSTS

The charter schools have entered into rental arrangements with SAPI and ABC. Total payments during the current year were \$305,521 from Paso Del Norte Academy; \$247,800 from Gateway Academy; \$291,928 from Mid Valley Academy; and, \$179,435 from South Plains Academy. The transactions between the charter schools and SAPI constitute a related party transaction. During the year SAPI paid ABC \$102,000 in rent. As of August 31, 2015, no amounts were due from the charter schools to SAPI/ABC. The revenues and expenses related to rental costs have been eliminated from the consolidated financial statements.

The Organization has adopted a policy which addresses transactions between board members of the government body and all related charter schools as well as transactions between affiliated charter schools. A copy of the policy is available for review at SAPI’s corporate offices in San Antonio, Texas.

XI. CONTINGENCIES

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Grants

The Organization receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to TEA and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Organization have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, funds may be subject to refund if so determined by TEA or other grantor agencies. Management is of the opinion that no material liability will result from such audits.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended August 31, 2015

XII. REGULATED INDUSTRY

The majority of the Organization's activities and revenues are as a result of contracts with TEA and its operations are concentrated in the education field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, TEA. Such administrative directives, rules, and regulations are subject to change by an act of Congress, an act of the state legislature, or an administrative change mandated by TEA. Funding may be changed or decreased as a result of the above legislative or administrative changes.

XIII. SUBSEQUENT EVENTS

The Organization has evaluated any potential material subsequent events through January 23, 2016, the date of the audit report, and has determined that no material subsequent events have occurred.

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OTHER SUPPLEMENTAL INFORMATION

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Schedule of Functional Expenses

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended August 31, 2015

EXPENSES	Student Alternatives Program, Inc.		
	Program Services	Administrative and General	Total
Bank Charges	\$ -	\$ 366	\$ 366
Conferences	-	6,741	6,741
Contracted Services - Miscellaneous	-	-	-
Depreciation & Amortization	-	165,707	165,707
Equipment & Facilities Rental	12,061	-	12,061
Insurance	-	14,377	14,377
Interest	-	113,268	113,268
Materials and Supplies	32,069	35,376	67,445
Payroll Taxes & Employee Benefits	18,811	97,621	116,432
Postage	-	2,989	2,989
Professional Services	33,759	4,600	38,359
Rent	-	107,550	107,550
Repairs & Maintenance	-	178,298	178,298
Salaries	280,488	238,208	518,696
Telephone	-	17,070	17,070
Travel	-	23,662	23,662
Utilities	-	32,650	32,650
Other Taxes	-	55,505	55,505
Miscellaneous	53,345	52,031	105,376
Total Expenses	\$ 430,533	\$ 1,146,019	\$ 1,576,552

Charter Schools			
Program Services	Administrative and General	Total	Grand Total
\$ -	\$ -	\$ -	\$ 366
-	-	-	6,741
-	20,269	20,269	20,269
352,923	2,026	354,949	520,656
144,290	36,860	181,150	193,211
-	141,917	141,917	156,294
-	-	-	113,268
745,696	111,262	856,958	924,403
1,021,297	327,767	1,349,064	1,465,496
-	-	-	2,989
272,334	516,569	788,903	827,262
-	1,035,010	1,035,010	1,142,560
-	182,434	182,434	360,732
4,734,938	1,325,805	6,060,743	6,579,439
-	-	-	17,070
267,138	78,675	345,813	369,475
-	508,599	508,599	541,249
-	-	-	55,505
51,285	67,294	118,579	223,955
<u>\$ 7,589,901</u>	<u>\$ 4,354,487</u>	<u>\$ 11,944,388</u>	<u>\$ 13,520,940</u>

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Statements of Financial Position

GATEWAY ACADEMY CHARTER SCHOOL
Laredo, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2015

	<u>Gateway Academy</u>
ASSETS	
Current Assets	
Cash	\$ 1,969,613
Grants Receivable	270,221
Other Receivables	4,468
Deferred Expenses	9,823
Total Current Assets	<u>2,254,125</u>
Fixed Assets	
Land	97,720
Buildings and Improvements	4,342,093
Vehicles	28,916
Accumulated Depreciation	(1,065,085)
Total Fixed Assets, Net	<u>3,403,644</u>
 Total Assets	 <u><u>\$ 5,657,769</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 39,842
Payroll Deductions and Withholdings	15,497
Accrued Wages	97,121
Other Liabilities - Current	4,453
Accrued Expenses	2,020
Total Current Liabilities	<u>158,933</u>
 Net Assets	
Unrestricted	
Available for Operations	<u>-</u>
Total Unrestricted	<u>-</u>
 Temporarily Restricted	
Specific Purpose Funds	<u>5,498,836</u>
Total Temporarily Restricted	<u>5,498,836</u>
 Total Liabilities and Net Assets	 <u><u>\$ 5,657,769</u></u>

MID VALLEY ACADEMY CHARTER SCHOOL
McAllen, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2015

	Mid Valley Academy
ASSETS	
Current Assets	
Cash	\$ 1,194,471
Grants Receivables	331,884
Other Receivables	10,885
Deferred Expenses	(45)
Total Current Assets	1,537,195
Fixed Assets	
Buildings and Improvements	8,067
Accumulated Depreciation	(4,301)
Total Fixed Assets, Net	3,766
Total Assets	\$ 1,540,961
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 64,868
Payroll Deductions and Withholdings	4,892
Accrued Wages	64,670
Due to State	3,864
Other Liabilities - Current	1,787
Accrued Expenses	1,723
Total Current Liabilities	141,804
Net Assets	
Unrestricted	
Available for Operations	-
Total Unrestricted	-
Temporarily Restricted	
Specific Purpose Funds	1,399,157
Total Temporarily Restricted	1,399,157
Total Liabilities and Net Assets	\$ 1,540,961

PASO DEL NORTE ACADEMY CHARTER SCHOOL
El Paso, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2015

	Paso Del Norte Academy
ASSETS	
Current Assets	
Cash	\$ 2,691,563
Grants Receivables	239,950
Deferred Expenses	(9)
Total Current Assets	2,931,504
Fixed Assets	
Buildings and Improvements	227,892
Equipment	-
Accumulated Depreciation	(47,384)
Total Fixed Assets, Net	180,508
 Total Assets	 \$ 3,112,012
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 41,438
Payroll Deductions and Withholdings	(379)
Accrued Wages	58,965
Other Liabilities - Current	5,012
Accrued Expenses	1,167
Total Current Liabilities	106,203
Net Assets	
Unrestricted	
Available for Operations	-
Total Unrestricted	-
Temporarily Restricted	
Specific Purpose Funds	3,005,809
Total Temporarily Restricted	3,005,809
 Total Liabilities and Net Assets	 \$ 3,112,012

SOUTH PLAINS ACADEMY CHARTER SCHOOL

Lubbock, Texas

STATEMENT OF FINANCIAL POSITION

August 31, 2015

	<u>South Plains Academy</u>
ASSETS	
Current Assets	
Cash	\$ 1,189,035
Grants Receivables	235,419
Deferred Expenses	(37)
Total Current Assets	<u>1,424,417</u>
 Total Assets	 <u><u>\$ 1,424,417</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 45,204
Payroll Deductions and Withholdings	14,058
Accrued Wages	47,764
Other Liabilities - Current	5,698
Accrued Expenses	1,575
Total Current Liabilities	<u>114,299</u>
 Net Assets	
Unrestricted	
Available for Operations	-
Total Unrestricted	<u>-</u>
 Temporarily Restricted	
Specific Purpose Funds	1,310,118
Total Temporarily Restricted	<u>1,310,118</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,424,417</u></u>

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Statements of Activities

GATEWAY ACADEMY CHARTER SCHOOL
Laredo, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Local Support			
5740 Other Revenues from Local Sources	\$ 5,548	\$ -	\$ 5,548
5760 Revenues from Intermediate Sources	32	-	32
State Program Revenues			
5810 Foundation School Program Act Revenues	-	3,096,021	3,096,021
5820 State Program Revenues Distributed by Texas Education Agency	-	75,461	75,461
Total State Program Revenues and Local Support	5,580	3,171,482	3,177,062
Federal Program Revenue			
5920 School Breakfast Program	-	10,508	10,508
5920 ESEA, Title I Part A - Improving Basic Programs	-	383,075	383,075
5920 IDEA, Part B - Formula	-	171,552	171,552
5920 ESEA, Title II, Part A: TPTR	-	7,444	7,444
Total Federal Program Revenues	-	572,579	572,579
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	4,110,983	(4,110,983)	-
Total Revenue and Other Support	4,116,563	(366,922)	3,749,641
EXPENSES			
Program Services			
11 Instruction	1,973,569	-	1,973,569
12 Instructional Resources and Media Services	-	-	-
13 Curriculum Development and Instructional Staff Development	63,488	-	63,488
21 Instructional Leadership	12,697	-	12,697
23 School Leadership	599,957	-	599,957
31 Guidance, Counseling and Evaluation Services	215,938	-	215,938
32 Social Work Services	71,444	-	71,444
33 Health Services	31,717	-	31,717
34 Student (Pupil) Transportation	190	-	190
35 Food Services	19,778	-	19,778
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	310,949	-	310,949
51 Plant Maintenance and Operations	622,175	-	622,175
52 Security and Monitoring Services	76,911	-	76,911
53 Data Processing Services	72,511	-	72,511
61 Community Services	45,239	-	45,239
81 Fund Raising	-	-	-
Total Expenses	4,116,563	-	4,116,563
Change in Net Assets	-	(366,922)	(366,922)
Net Assets, Beginning of Year - Restated	-	5,865,758	5,865,758
Net Assets, End of Year	\$ -	\$ 5,498,836	\$ 5,498,836

MID VALLEY ACADEMY CHARTER SCHOOL
McAllen, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Local Support			
5740 Other Revenues from Local Sources	\$ 3,533	\$ -	\$ 3,533
5760 Revenues from Intermediate Sources	59	-	59
State Program Revenues			
5810 Foundation School Program Act Revenues	-	2,537,435	2,537,435
5820 State Program Revenues Distributed by Texas Education Agency	-	28,610	28,610
Total State Program Revenues and Local Support	3,592	2,566,045	2,569,637
Federal Program Revenue			
5920 School Breakfast Program	-	25,342	25,342
5920 ESEA, Title I Part A - Improving Basic Programs	-	652,828	652,828
5920 IDEA, Part B - Formula	-	60,063	60,063
5920 ESEA, Title II, Part A: TPTR	-	12,864	12,864
Total Federal Program Revenues	-	751,097	751,097
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	3,368,745	(3,368,745)	-
Total Revenue and Other Support	3,372,337	(51,603)	3,320,734
EXPENSES			
Program Services			
11 Instruction	1,574,577	-	1,574,577
12 Instructional Resources and Media Services	-	-	-
13 Curriculum Development and Instructional Staff Development	95,134	-	95,134
21 Instructional Leadership	56,807	-	56,807
23 School Leadership	529,744	-	529,744
31 Guidance, Counseling and Evaluation Services	100,967	-	100,967
32 Social Work Services	63,136	-	63,136
33 Health Services	-	-	-
34 Student (Pupil) Transportation	-	-	-
35 Food Services	47,946	-	47,946
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	232,022	-	232,022
51 Plant Maintenance and Operations	524,105	-	524,105
52 Security and Monitoring Services	36,116	-	36,116
53 Data Processing Services	74,031	-	74,031
61 Community Services	37,752	-	37,752
81 Fund Raising	-	-	-
Total Expenses	3,372,337	-	3,372,337
Change in Net Assets	-	(51,603)	(51,603)
Net Assets, Beginning of Year - Restated	-	1,450,760	1,450,760
Net Assets, End of Year	\$ -	\$ 1,399,157	\$ 1,399,157

PASO DEL NORTE ACADEMY CHARTER SCHOOL
El Paso, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Local Support			
5740 Other Revenues from Local Sources	\$ 4,809	\$ -	\$ 4,809
5760 Revenues from Intermediate Sources	-	-	-
State Program Revenues			
5810 Foundation School Program Act Revenues	-	2,493,014	2,493,014
5820 State Program Revenues Distributed by Texas Education Agency	-	50,855	50,855
Total State Program Revenues and Local Support	4,809	2,543,869	2,548,678
Federal Program Revenue			
5920 School Breakfast Program	-	-	-
5920 ESEA, Title I Part A - Improving Basic Programs	-	104,958	104,958
5920 IDEA, Part B - Formula	-	42,334	42,334
5920 ESEA, Title II, Part A: TPTR	-	9,931	9,931
Total Federal Program Revenues	-	157,223	157,223
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	2,379,286	(2,379,286)	-
Total Revenue and Other Support	2,384,095	321,806	2,705,901
EXPENSES			
Program Services			
11 Instruction	891,058	-	891,058
12 Instructional Resources and Media Services	-	-	-
13 Curriculum Development and Instructional Staff Development	88,900	-	88,900
21 Instructional Leadership	24,289	-	24,289
23 School Leadership	391,095	-	391,095
31 Guidance, Counseling and Evaluation Services	53,626	-	53,626
32 Social Work Services	69,908	-	69,908
33 Health Services	4,339	-	4,339
34 Student (Pupil) Transportation	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	217,143	-	217,143
51 Plant Maintenance and Operations	512,659	-	512,659
52 Security and Monitoring Services	30,720	-	30,720
53 Data Processing Services	65,850	-	65,850
61 Community Services	34,508	-	34,508
81 Fund Raising	-	-	-
Total Expenses	2,384,095	-	2,384,095
Change in Net Assets	-	321,806	321,806
Net Assets, Beginning of Year - Restated	-	2,684,003	2,684,003
Net Assets, End of Year	\$ -	\$ 3,005,809	\$ 3,005,809

SOUTH PLAINS ACADEMY CHARTER SCHOOL
Lubbock, Texas

STATEMENT OF ACTIVITIES

Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Local Support			
5740 Other Revenues from Local Sources	\$ 2,898	\$ -	\$ 2,898
5760 Revenues from Intermediate Sources	-	-	-
State Program Revenues			
5810 Foundation School Program Act Revenues	-	1,724,686	1,724,686
5820 State Program Revenues Distributed by Texas Education Agency	-	52,235	52,235
Total State Program Revenues and Local Support	2,898	1,776,921	1,779,819
Federal Program Revenue			
5920 School Breakfast Program	-	3,684	3,684
5920 ESEA, Title I Part A - Improving Basic Programs	-	371,536	371,536
5920 IDEA, Part B - Formula	-	56,171	56,171
5920 ESEA, Title II, Part A: TPTR	-	10,936	10,936
Total Federal Program Revenues	-	442,327	442,327
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	2,068,495	(2,068,495)	-
Total Revenue and Other Support	2,071,393	150,753	2,222,146
EXPENSES			
Program Services			
11 Instruction	943,673	-	943,673
12 Instructional Resources and Media Services	-	-	-
13 Curriculum Development and Instructional Staff Development	84,568	-	84,568
21 Instructional Leadership	67,132	-	67,132
23 School Leadership	193,213	-	193,213
31 Guidance, Counseling and Evaluation Services	156,807	-	156,807
32 Social Work Services	28,946	-	28,946
33 Health Services	3,339	-	3,339
34 Student (Pupil) Transportation	-	-	-
35 Food Services	5,904	-	5,904.00
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	146,909	-	146,909
51 Plant Maintenance and Operations	361,690	-	361,690
52 Security and Monitoring Services	1,517	-	1,517
53 Data Processing Services	41,008	-	41,008
61 Community Services	36,687	-	36,687
81 Fund Raising	-	-	-
Total Expenses	2,071,393	-	2,071,393
Change in Net Assets	-	150,753	150,753
Net Assets, Beginning of Year - Restated	-	1,159,365	1,159,365
Net Assets, End of Year	\$ -	\$ 1,310,118	\$ 1,310,118

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Statements of Cash Flows

GATEWAY ACADEMY CHARTER SCHOOL
Laredo, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School Program Payments	\$ 3,066,494
Grant Payments	577,032
Other Local Revenues	1,112
Payments to Vendors for Goods and Services Rendered	(1,299,303)
Payments to Charter School Personnel for Services Rendered	(2,522,894)
Net Cash (Used) by Operating Activities	<u>(177,559)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Fixed Assets	<u>(104,718)</u>
Net Cash (Used) by Investing Activities	<u>(104,718)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(282,277)</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,251,890</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,969,613</u></u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED) BY OPERATING ACTIVITIES	
Change in Net Assets	\$ (366,922)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities	
Depreciation Expense	338,461
(Increase)/Decrease in Assets	
Grant Receivable	(104,988)
Other Receivables	(4,468)
Deferred Expenses	(1,159)
Increase/(Decrease) in Liabilities	
Accounts Payable	(31,215)
Payroll Deductions and Withholdings	(4,469)
Accrued Wages	(2,768)
Other Liabilities - Current	4,453
Accrued Expenses	<u>(4,484)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (177,559)</u></u>

MID VALLEY ACADEMY CHARTER SCHOOL
McAllen, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Foundation School Program Payments	\$	2,545,360
Grant Payments		752,884
Other Local Revenues		3,592
Payments to Vendors for Goods and Services Rendered		(1,242,361)
Payments to Charter School Personnel for Services Rendered		(2,137,985)
Net Cash (Used) by Operating Activities		<u>(78,510)</u>
Increase (Decrease) in Cash and Cash Equivalents		<u>(78,510)</u>
Cash and Cash Equivalents, Beginning of Year		<u>1,272,981</u>
Cash and Cash Equivalents, End of Year	\$	<u><u>1,194,471</u></u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
(USED) BY OPERATING ACTIVITIES

Change in Net Assets	\$	(51,603)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities		
Depreciation Expense		537
(Increase)/Decrease in Assets		
Grant Receivable		(20,685)
Other Receivables		(10,885)
Deferred Expenses		17
Increase/(Decrease) in Liabilities		
Accounts Payable		4,290
Payroll Deductions and Withholdings		(543)
Accrued Wages		3,601
Other Liabilities - Current		1,787
Accrued Expenses		(5,026)
NET CASH (USED) BY OPERATING ACTIVITIES	\$	<u><u>(78,510)</u></u>

PASO DEL NORTE ACADEMY CHARTER SCHOOL
El Paso, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Foundation School Program Payments	\$	2,593,593
Grant Payments		162,235
Other Local Revenues		4,809
Payments to Vendors for Goods and Services Rendered		(894,771)
Payments to Charter School Personnel for Services Rendered		(1,486,935)
Net Cash Provided by Operating Activities		378,931

Increase (Decrease) in Cash and Cash Equivalents		378,931
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Cash and Cash Equivalents, Beginning of Year		2,312,632
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Cash and Cash Equivalents, End of Year	\$	2,691,563
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RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

Change in Net Assets	\$	321,806
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense		15,951
(Increase)/Decrease in Assets		
Grants Receivable		49,724
Deferred Expenses		17
Increase/(Decrease) in Liabilities		
Accounts Payable		(15,092)
Payroll Deductions and Withholdings		(7,643)
Accrued Wages		12,494
Other Liabilities - Current		5,012
Accrued Expenses		(3,338)
		(3,338)

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	378,931
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SOUTH PLAINS ACADEMY CHARTER SCHOOL
Lubbock, Texas

STATEMENT OF CASH FLOWS

Year Ended August 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Foundation School Program Payments	\$ 2,023,374
Grant Payments	441,380
Other Local Revenues	2,898
Payments to Vendors for Goods and Services Rendered	(812,880)
Payments to Charter School Personnel for Services Rendered	(1,254,514)
Net Cash Provided by Operating Activities	400,258
Increase (Decrease) in Cash and Cash Equivalents	400,258
Cash and Cash Equivalents, Beginning of Year	788,777
Cash and Cash Equivalents, End of Year	\$ 1,189,035
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in Net Assets	\$ 150,753
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
(Increase)/Decrease in Assets	
Grants Receivable	246,453
Deferred Expenses	13
Increase/(Decrease) in Liabilities	
Accounts Payable	(4,396)
Payroll Deductions and Withholdings	5,335
Accrued Wages	1,472
Accrued Expenses	1,575
Other Liabilities - Current	(947)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 400,258

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Schedules of Expenses by Object Code

GATEWAY ACADEMY CHARTER SCHOOL
Laredo, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2015 and 2014

		Totals	
		2015	2014
EXPENSES			
6100	Payroll Costs	\$ 2,515,657	\$ 2,607,000
6200	Professional and Contracted Services	812,075	855,448
6300	Supplies and Materials	289,461	398,130
6400	Other Operating Costs	499,370	341,979
6500	Debt	-	-
Total Expenses		<u>\$ 4,116,563</u>	<u>\$ 4,202,557</u>

MID VALLEY ACADEMY CHARTER SCHOOL
McAllen, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2015 and 2014

		Totals	
		2015	2014
EXPENSES			
6100	Payroll Costs	\$ 2,141,043	\$ 1,997,986
6200	Professional and Contracted Services	775,914	896,629
6300	Supplies and Materials	284,374	219,007
6400	Other Operating Costs	171,006	195,760
6500	Debt	-	-
Total Expenses		<u>\$ 3,372,337</u>	<u>\$ 3,309,382</u>

PASO DEL NORTE ACADEMY CHARTER SCHOOL
El Paso, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2015 and 2014

		Totals	
		2015	2014
EXPENSES			
6100	Payroll Costs	\$ 1,491,786	\$ 1,377,085
6200	Professional and Contracted Services	621,724	618,300
6300	Supplies and Materials	108,977	123,424
6400	Other Operating Costs	161,608	167,875
6500	Debt	-	-
Total Expenses		<u>\$ 2,384,095</u>	<u>\$ 2,286,684</u>

SOUTH PLAINS ACADEMY CHARTER SCHOOL
Lubbock, Texas

SCHEDULE OF EXPENSES BY OBJECT CODE

Years Ended August 31, 2015 and 2014

		Totals	
		2015	2014
EXPENSES			
6100	Payroll Costs	\$ 1,261,321	\$ 1,160,438
6200	Professional and Contracted Services	506,653	645,962
6300	Supplies and Materials	174,146	522,853
6400	Other Operating Costs	129,273	235,453
6500	Debt	-	-
Total Expenses		<u>\$ 2,071,393</u>	<u>\$ 2,564,706</u>

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Schedules of Capital Assets

GATEWAY ACADEMY CHARTER SCHOOL
Laredo, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2015

		Ownership Interest		
		Local	State	Federal
1510	Land and Improvements	\$ -	\$ 97,720	\$ -
1520	Building and Improvements	-	3,995,968	346,125
1531	Vehicles	-	-	28,916
1539	Furniture and Equipment	-	-	-
		-	-	-
Total Property and Equipment		\$ -	\$ 4,093,688	\$ 375,041

MID VALLEY ACADEMY CHARTER SCHOOL
McAllen, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2015

		Ownership Interest		
		Local	State	Federal
1510	Land and Improvements	\$ -	\$ -	\$ -
1520	Building and Improvements	-	8,067	-
1531	Vehicles	-	-	-
1539	Furniture and Equipment	-	-	-
Total Property and Equipment		<u>\$ -</u>	<u>\$ 8,067</u>	<u>\$ -</u>

PASO DEL NORTE ACADEMY CHARTER SCHOOL
El Paso, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2015

		Ownership Interest		
		Local	State	Federal
1510	Land and Improvements	\$ -	\$ -	\$ -
1520	Building and Improvements	-	227,892	-
1531	Vehicles	-	-	-
1539	Furniture and Equipment	-	-	-
Total Property and Equipment		<u>\$ -</u>	<u>\$ 227,892</u>	<u>\$ -</u>

SOUTH PLAINS ACADEMY CHARTER SCHOOL
Lubbock, Texas

SCHEDULE OF CAPITAL ASSETS

Year Ended August 31, 2015

		Ownership Interest		
		Local	State	Federal
1510	Land and Improvements	\$ -	\$ -	\$ -
1520	Building and Improvements	-	-	-
1531	Vehicles	-	-	-
1539	Furniture and Equipment	-	-	-
Total Property and Equipment		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Budgetary Comparison Schedules

GATEWAY ACADEMY CHARTER SCHOOL
Laredo, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2015

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES AND OTHER SUPPORT				
Local Support				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 5,548	\$ 5,548 (1)
5760 Revenues from Intermediate Sources	-	-	32	32 (2)
State Program Revenues				
5810 Foundation School Program Act Revenues	3,607,704	3,352,212	3,096,021	(256,191)
5820 State Program Revenues Distributed by Texas Education Agency	62,947	140,901 (3)	75,461	(65,440) (3)
Total State Program Revenues and Local Support	3,670,651	3,493,113	3,177,062	(316,051)
Federal Program Revenue				
5920 School Breakfast Program	-	15,000 (4)	10,508	(4,492) (4)
5920 ESEA, Title I Part A - Improving Basic Programs	561,233	687,004 (5)	383,075	(303,929) (5)
5920 IDEA, Part B - Formula	111,433	211,133 (6)	171,552	(39,581) (6)
5920 ESEA, Title II, Part A: TPTR	22,213	22,773	7,444	(15,329) (7)
5920 Title III, Part A, English Language Acquisition	2,434	3,875 (8)	-	(3,875) (8)
Total Federal Program Revenues	697,313	939,785	572,579	(367,206)
Net Assets Released from Restrictions				
Restrictions Satisfied by Payments	-	-	-	-
Total Revenue and Other Support	4,367,964	4,432,898	3,749,641	(683,257)
EXPENSES				
Program Services				
11 Instruction	1,827,676	2,051,140 (9)	1,973,569	77,571
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	168,489	190,849 (10)	63,488	127,361 (10)
21 Instructional Leadership	108,498	75,920 (11)	12,697	63,223 (11)
23 School Leadership	668,667	643,042	599,957	43,085
31 Guidance, Counseling and Evaluation Services	241,784	228,277	215,938	12,339
32 Social Work Services	104,719	104,721	71,444	33,277 (12)
33 Health Services	30,081	30,084	31,717	(1,633)
34 Student (Pupil) Transportation	-	1,000 (13)	190	810 (13)
35 Food Services	15,000	30,000 (14)	19,778	10,222 (14)
36 Cocurricular/Extracurricular Activities	-	-	-	-
41 General Administration	321,646	278,569 (15)	310,949	(32,380) (15)
51 Plant Maintenance and Operations	641,011	607,333	622,175	(14,842)
52 Security and Monitoring Services	78,700	70,800 (16)	76,911	(6,111)
53 Data Processing Services	111,770	71,240 (17)	72,511	(1,271)
61 Community Services	49,923	49,923	45,239	4,684
81 Fund Raising	-	-	-	-
Total Expenses	4,367,964	4,432,898	4,116,563	316,335
Change in Net Assets	-	-	(366,922)	(366,922)
Net Assets, Beginning of Year - Restated	5,865,758	5,865,758	5,865,758	-
Net Assets, End of Year	\$ 5,865,758	\$ 5,865,758	\$ 5,498,836	\$ (366,922)

(Continued)

GATEWAY ACADEMY CHARTER SCHOOL
Laredo, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2015

Budget Variances Explanations

- (1) Miscellaneous revenues not anticipated.
- (2) Miscellaneous revenues not anticipated.
- (3) Budget was not determined early. As claims and reimbursements increased, revenues changed.
- (4) Budget was not determined early for the breakfast program; therefore, was determined to be less than estimated.
- (5) Budgets finalized when NOGA was received. Expenses not utilized due to having other funding sources.
- (6) Awarded amounts increased to reflect NOGA. Expenses not utilized due to having other funding source.
- (7) Awarded amounts decreased as per fiscal agent allocations.
- (8) Awarded amounts increased as per fiscal agent allocations.
- (9) Increased budget to meet instructional needs with new positions.
- (10) Budget increased but not all staff development was able to be carried out.
- (11) Expenses were less than projected.
- (12) Vacancy filled; late expenses less than estimated.
- (13) Fuel expense less than estimated.
- (14) Program budget increased based on estimated costs. Expenses less than projected.
- (15) Administrative cost varied due to increase in staff and health expenses increased.
- (16) Security contracted services reduced due to changes in contract.
- (17) Data processing budget reduced; certain expenses did not materialize.

MID VALLEY ACADEMY CHARTER SCHOOL
McAllen, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2015

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES AND OTHER SUPPORT				
Local Support				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 3,533	\$ 3,533 (1)
5760 Revenues from Intermediate Sources	-	-	59	59 (2)
State Program Revenues				
5810 Foundation School Program Act Revenues	2,850,689	2,599,107	2,537,435	(61,672)
5820 State Program Revenues Distributed by Texas Education Agency	-	32,004 (3)	28,610	(3,394) (3)
Total State Program Revenues and Local Support	<u>2,850,689</u>	<u>2,631,111</u>	<u>2,569,637</u>	<u>(61,474)</u>
Federal Program Revenue				
5920 School Breakfast Program	-	26,000 (4)	25,342	(658) (4)
5920 ESEA, Title I Part A - Improving Basic Programs	606,666	690,446 (5)	652,828	(37,618)
5920 IDEA, Part B - Formula	56,789	101,557 (6)	60,063	(41,494) (6)
5920 ESEA, Title II, Part A: TPTR	19,871	20,372	12,864	(7,508) (7)
5920 Title III, Part A, English Language Acquisition	741	725	-	(725) (8)
5920 Title I Part C - Migrant	9,293	- (9)(a)	-	- (9)(a)
Total Federal Program Revenues	<u>693,360</u>	<u>839,100</u>	<u>751,097</u>	<u>(88,003)</u>
Net Assets Released from Restrictions				
Restrictions Satisfied by Payments	-	-	-	-
Total Revenue and Other Support	<u>3,544,049</u>	<u>3,470,211</u>	<u>3,320,734</u>	<u>(149,477)</u>
EXPENSES				
Program Services				
11 Instruction	1,722,237	1,556,465	1,574,577	(18,112)
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	81,549	187,216 (9)(b)	95,134	92,082 (9)(b)
21 Instructional Leadership	76,690	70,417	56,807	13,610 (10)
23 School Leadership	459,561	498,856	529,744	(30,888)
31 Guidance, Counseling and Evaluation Services	114,722	106,821	100,967	5,854
32 Social Work Services	87,839	76,840 (11)	63,136	13,704 (11)
33 Health Services	100	100	-	100 (12)
34 Student (Pupil) Transportation	-	-	-	-
35 Food Services	24,100	50,100 (13)	47,946	2,154
36 Cocurricular/Extracurricular Activities	-	-	-	-
41 General Administration	300,203	242,532 (14)	232,022	10,510
51 Plant Maintenance and Operations	535,419	519,230	524,105	(4,875)
52 Security and Monitoring Services	36,110	32,510 (15)	36,116	(3,606) (15)
53 Data Processing Services	104,319	78,025 (16)	74,031	3,994 (16)
61 Community Services	1,200	51,099 (17)	37,752	13,347 (17)
81 Fund Raising	-	-	-	-
Total Expenses	<u>3,544,049</u>	<u>3,470,211</u>	<u>3,372,337</u>	<u>97,874</u>
Change in Net Assets	-	-	(51,603)	(51,603)
Net Assets, Beginning of Year - Restated	<u>1,450,760</u>	<u>1,450,760</u>	<u>1,450,760</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 1,450,760</u>	<u>\$ 1,450,760</u>	<u>\$ 1,399,157</u>	<u>\$ (51,603)</u>

(Continued)

MID VALLEY ACADEMY CHARTER SCHOOL
McAllen, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2015

Budget Variances Explanations

- (1) Miscellaneous revenues not anticipated.
- (2) Miscellaneous revenues not anticipated.
- (3) Budget was not determined early. As claims and reimbursements increased, revenues changed.
- (4) Budget was not determined early for the breakfast program; therefore, was determined to be less than estimated.
- (5) Budgets finalized when NOGA was received. Expenses not utilized due to having other funding sources.
- (6) Awarded amounts increased to reflect NOGA. Expenses not utilized due to having other funding source.
- (7) Awarded amounts decreased as per fiscal agent allocations.
- (8) Awarded amounts increased as per fiscal agent allocations.
- (9)(a) Not awarded.
- (9)(b) Budget increased but not all staff development was able to be carried out.
- (10) Expenses were reduced due to reduced allocations.
- (11) Expenses were reduced due to reduced allocations.
- (12) Contracted services for health audits were not necessary.
- (13) Breakfast program contract increased as renewed.
- (14) Reduced budget to meet reduced allocations.
- (15) Additional security services were required throughout the year.
- (16) Reduced budget and expenses due to reduced allocations.
- (17) Increased budget after federal awards came in. Expenses were less than anticipated.

PASO DEL NORTE ACADEMY CHARTER SCHOOL
El Paso, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2015

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUES AND OTHER SUPPORT				
Local Support				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 4,809	\$ 4,809 (1)
5760 Revenues from Intermediate Sources	-	-	-	-
State Program Revenues				
5810 Foundation School Program Act Revenues	2,311,531	2,304,854	2,493,014	188,160
5820 State Program Revenues Distributed by Texas Education Agency	-	105,806 (2)	50,855	(54,951) (2)
Total State Program Revenues and Local Support	<u>2,311,531</u>	<u>2,410,660</u>	<u>2,548,678</u>	<u>138,018</u>
Federal Program Revenue				
5920 School Breakfast Program	-	-	-	-
5920 ESEA, Title I Part A - Improving Basic Programs	101,230	119,393 (3)	104,958	(14,435) (3)
5920 IDEA, Part B - Formula	39,488	65,342 (4)	42,334	(23,008) (4)
5920 ESEA, Title II, Part A: TPTR	13,786	16,003 (5)	9,931	(6,072) (5)
5920 Title III, Part A, English Language Acquisition	105	-	-	-
Total Federal Program Revenues	<u>154,609</u>	<u>200,738</u>	<u>157,223</u>	<u>(43,515)</u>
Net Assets Released from Restrictions				
Restrictions Satisfied by Payments	-	-	-	-
Total Revenue and Other Support	<u>2,466,140</u>	<u>2,611,398</u>	<u>2,705,901</u>	<u>94,503</u>
EXPENSES				
Program Services				
11 Instruction	914,706	1,037,149 (6)	891,058	146,091 (6)
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	39,557	60,974 (7)	88,900	(27,926) (7)
21 Instructional Leadership	11,889	26,400 (8)	24,289	2,111
23 School Leadership	468,697	478,005	391,095	86,910 (9)
31 Guidance, Counseling and Evaluation Services	63,395	61,569	53,626	7,943 (10)
32 Social Work Services	25,718	25,718	69,908	(44,190) (11)
33 Health Services	5,000	5,000	4,339	661 (12)
34 Student (Pupil) Transportation	-	-	-	-
35 Food Services	6,000	5,400 (13)	-	5,400 (13)
36 Cocurricular/Extracurricular Activities	-	-	-	-
41 General Administration	267,545	226,847 (14)	217,143	9,704
51 Plant Maintenance and Operations	488,022	527,007	512,659	14,348
52 Security and Monitoring Services	33,411	31,412	30,720	692
53 Data Processing Services	95,096	78,813 (15)	65,850	12,963 (15)
61 Community Services	47,104	47,104	34,508	12,596 (16)
81 Fund Raising	-	-	-	-
Total Expenses	<u>2,466,140</u>	<u>2,611,398</u>	<u>2,384,095</u>	<u>227,303</u>
Change in Net Assets	-	-	321,806	321,806
Net Assets, Beginning of Year - Restated	<u>2,684,003</u>	<u>2,684,003</u>	<u>2,684,003</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 2,684,003</u>	<u>\$ 2,684,003</u>	<u>\$ 3,005,809</u>	<u>\$ 321,806</u>

(Continued)

PASO DEL NORTE ACADEMY CHARTER SCHOOL
El Paso, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2015

Budget Variances Explanations

- (1) Investment earnings not anticipated.
- (2) Budget was not determined early. As claims and reimbursements increased, revenues changed.
- (3) Original budget was based on original entitlement; budget increased to reflect NOGA.
- (4) Original budget was based on original entitlement; budget increased to reflect NOGA.
- (5) Original budget was based on original entitlement; budget increased to reflect NOGA.
- (6) Budget increased with increased enrollment but no additional staff required.
- (7) Increased staff development budget to include summer training. Expenses were higher than anticipated.
- (8) Budget increased due to increase in enrollment.
- (9) Campus administrative expenses were less than anticipated.
- (10) Contracted services expenses were less than anticipated.
- (11) As enrollment increased new staff was hired. Expenses increased as needed.
- (12) Contracted services were less than anticipated for health services.
- (13) Breakfast program did not materialize.
- (14) Decreased administrative expenses as budgets were reviewed.
- (15) Budgets reduced as expenses reviewed. ESC expenses were less than anticipated.
- (16) Parental involvement activities were less than anticipated. Expenses did not fully materialize.

SOUTH PLAINS ACADEMY CHARTER SCHOOL
Lubbock, Texas

BUDGETARY COMPARISON SCHEDULE

Year Ended August 31, 2015

REVENUES AND OTHER SUPPORT	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Local Support				
5740 Other Revenues from Local Sources	\$ -	\$ -	\$ 2,898	\$ 2,898 (1)
5760 Revenues from Intermediate Sources	-	-	-	-
State Program Revenues				
5810 Foundation School Program Act Revenues	1,615,537	1,592,869	1,724,686	131,817
5820 State Program Revenues Distributed by Texas Education Agency	-	59,246 (4)	52,235	(7,011) (2)
Total State Program Revenues and Local Support	<u>1,615,537</u>	<u>1,652,115</u>	<u>1,779,819</u>	<u>127,704</u>
Federal Program Revenue				
5920 School Breakfast Program	-	4,000 (4)	3,684	(316)
5920 ESEA, Title I Part A - Improving Basic Programs	274,720	372,779 (3)	371,536	(1,243)
5920 IDEA, Part B - Formula	40,374	56,269 (4)	56,171	(98)
5920 ESEA, Title II, Part A: TPTR	12,145	16,926 (5)	10,936	(5,990) (5)
5920 Title III, Part A, English Language Acquisition	-	-	-	-
Total Federal Program Revenues	<u>327,239</u>	<u>449,974</u>	<u>442,327</u>	<u>(7,647)</u>
Net Assets Released from Restrictions				
Restrictions Satisfied by Payments	-	-	-	-
Total Revenue and Other Support	<u>1,942,776</u>	<u>2,102,089</u>	<u>2,222,146</u>	<u>120,057</u>
EXPENSES				
Program Services				
11 Instruction	951,732	945,232	943,673	1,559
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	25,145	98,806 (6)	84,568	14,238 (6)
21 Instructional Leadership	93,252	83,000 (7)	67,132	15,868 (7)
23 School Leadership	138,134	165,178 (8)	193,213	(28,035) (8)
31 Guidance, Counseling and Evaluation Services	171,397	153,897 (9)	156,807	(2,910)
32 Social Work Services	29,662	29,662	28,946	716
33 Health Services	100	6,100 (10)	3,339	2,761 (10)
34 Student (Pupil) Transportation	-	-	-	-
35 Food Services	4,500	8,500 (11)	5,904	2,596 (11)
36 Cocurricular/Extracurricular Activities	-	-	-	-
41 General Administration	171,544	144,780 (12)	146,909	(2,129)
51 Plant Maintenance and Operations	262,561	371,330 (13)	361,690	9,640
52 Security and Monitoring Services	2,461	2,461	1,517	944 (13)
53 Data Processing Services	59,611	59,611	41,008	18,603 (14)
61 Community Services	32,677	33,532	36,687	(3,155)
81 Fund Raising	-	-	-	-
Total Expenses	<u>1,942,776</u>	<u>2,102,089</u>	<u>2,071,393</u>	<u>30,696</u>
Change in Net Assets	-	-	150,753	150,753
Net Assets, Beginning of Year - Restated	<u>1,371,896</u>	<u>1,371,896</u>	<u>1,159,365</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 1,371,896</u>	<u>\$ 1,371,896</u>	<u>\$ 1,310,118</u>	<u>\$ 150,753</u>

(Continued)

SOUTH PLAINS ACADEMY CHARTER SCHOOL
Lubbock, Texas

BUDGETARY COMPARISON SCHEDULE (Continued)

Year Ended August 31, 2015

Budget Variances Explanations

- (1) Investment earnings not anticipated.
- (2) Budget was not determined early. As claims and reimbursements increased, revenues changed.
- (3) Budgets finalized when NOGA was received.
- (4) Awarded amounts increased to reflect NOGA.
- (5) Budgets finalized when NOGA was received. Expenses not utilized due to having other funding sources.
- (6) Budget increased but not all staff development was able to be carried out.
- (7) Budget decreased as expenses reviewed. Expenses were less than projected.
- (8) Budget increased to include more campus administration travel. Expenses exceeded as more travel was required.
- (9) Budget increased as contracted services increased.
- (10) Budgets increased as the need for additional health services arised. All contracted services did not materialize.
- (11) Increased budget as enrollment increased. Breakfast program was less than anticipated.
- (12) Administrative budget reduced as expenses reviewed.
- (13) Budget increased due to unexpected repairs.
- (14) Expenses less than anticipated.

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SINGLE AUDIT SECTION

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

Board of Directors
Student Alternatives Program, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Student Alternatives Program, Inc. (the Organization) and affiliates, which comprise the consolidated statement of financial position as of August 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated 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.

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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 and therefore, material weaknesses and significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described as items 2014-001 and 2014-002 in the summary schedule of prior audit findings.

Compliance

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

Other Matters

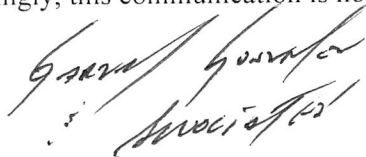
We noted a certain matter that we reported to management of the Organization in a separate letter dated January 23, 2016.

Management's Response to Findings

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the summary schedule of prior audit findings. The Organization's responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on them.

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.



January 23, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Student Alternatives Program, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited the Student Alternatives Program, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2015. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

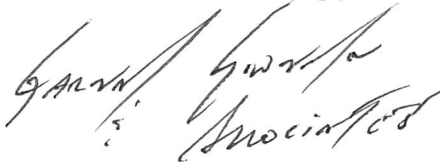
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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January 23, 2016

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STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2015

SECTION I --- SUMMARY OF AUDITORS' RESULTS

<i>Financial Statements</i>		
Type of auditor's report issued:	Unmodified	
Internal control over financial reporting: • Material weakness (es) identified?	___ Yes	<u> X </u> No
• Significant control deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> Yes	___ None Reported
Noncompliance material to financial statements noted?	___ Yes	<u> X </u> No

<i>Federal Awards</i>		
Internal control over major programs: • Material weakness (es) identified?	___ Yes	<u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	<u> X </u> None Reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section. 510(a)?	___ Yes	<u> X </u> No

<i>Identification of Major Programs</i>		
CFDA Numbers(s)	Name of Federal Program or Cluster	
84.010	ESEA, Title I, Part A – Improving Basic Programs	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000	
Auditee qualified as low-risk auditee?	___ Yes	<u> X </u> No

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2014-001 and 2014-002 are reported in the accompanying Summary Schedule of Prior Audit Findings, as significant deficiencies in internal control.

SECTION III – FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no federal award findings and questioned costs required to be reported in accordance with OMB Circular A-133, Section .510(a).

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2015

Finding No. 2014-001 – Financial Reporting

2014 & 2015 Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

2014 Finding

Criteria: The reconciliation process of the general ledger accounts and accurate financial reporting is an integral part of the internal control structure that allows management to effectively manage and monitor the operations of the Organization.

Condition/Cause: Additional time and effort was required to be invested during the audit since general ledger account balances were not reviewed for accuracy on a periodic basis, which resulted in improper coding of expenses; and, at year-end, the reconciliation of various account balances was not performed. As a result, a number of general ledger account balances reflected incorrect or unusual balances which resulted in a number of adjusting journal entries (AJEs) to be prepared as part of the audit to fairly state the consolidated financial statement account balances at August 31, 2014.

The following are other factors identified that indicated the need for improvement in internal control over financial reporting:

- Budget amounts entered into TXEIS, the charter schools' general ledger system, did not agree with budgets approved by the Board.
- Documentation not retained to support charter school federal grant drawdowns; and, note payable agreements and maturity schedules not available.
- Not expending; requesting reimbursement for; and/or, recording, in their entirety, a significant amount of federal and state funds awarded to the charter schools.
- Lack in segregation of duties over vendor and payroll disbursements.

2014 Recommendation: We recommend the Organization implement procedures to address the above identified issues to strengthen and improve internal controls and processes over financial reporting and effectively manage and monitor the operations of the Organization.

2015 Status: All recommendations were implemented with the exception of the following:

- Budget amounts entered into TXEIS, the charter schools' general ledger system, did not agree with budgets approved by the Board for three of the four charter schools. The differences ranged from 2% and 7% of total budgeted expenditures.
- For SAPI and ABC, note payable agreements and maturity schedules were not available in their entirety.

2015 Recommendation: We recommend management of the Charter Schools implement procedures to ensure budgets, as approved by the Board, are accurately entered into the general ledger system to effectively manage and monitor its operations. We also recommend that SAPI and ABC management ensure that all documentation related to their notes payable be obtained and retained to ensure information, as disclosed, is complete and accurate.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2015

Planned Corrective Action Response: Budget review, budget maintenance and budget amendment process will be monitored *effectively* to ensure the budget agrees with Board approved items in TxEIS. Student Alternatives Program, Inc. (SAPI) will work on obtaining all notes payable/loan agreements as requested along with amortization schedules on said agreements. Eduardo I. Gutierrez and Eric Hernandez will contact banks to retrieve copies of these loan agreements as needed.

Anticipated Completion Date: Fiscal Year 2016

Responsible Person: Finance Officer/Corporate Program Support and Finance Specialist
SAPI/ABC – Director of Asset Management & AEP / Corporate Support Manager

Finding No. 2014-002 –Fixed Assets

2014 & 2015 Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

2014 Finding

Criteria: Detailed fixed asset records are necessary to designate accountability for the custody and maintenance of individual items and to calculate and recognize the use of fixed assets over their useful lives. TEA and good business practice requires that accurate fixed asset records be maintained to include a description of the asset, manufacturers identification numbers, source of funds (e.g. local, federal, state), and acquisition date and cost. In addition, depreciation expense should be allocated to the various functions that utilize the asset; and, in accordance with federal requirements, a physical inventory is required to be conducted no less than every two years.

Condition/Cause: Our testing of fixed assets and review of the fixed asset subsidiary ledger (excel file) denoted the following:

- The subsidiary ledger lacks sufficient detailed information to accurately identify individual fixed assets and includes assets that likely do not meet the Organization's capitalization threshold.
- The subsidiary ledger provided was also not complete since it did not include, for all assets, the asset description, useful life, or acquisition date.
- Depreciation expense was charged solely to function 51—plant maintenance and operations; however, it is likely that fixed assets benefited other functions; such as, function 11—instruction.
- Useful lives for some assets were changed from the prior year; however, since the Organization has not implemented a policy in regard to the useful lives of its fixed assets, we were unable to determine whether the proper useful lives were used.
- Although the charter schools conduct detailed inventories of all assets, even those under \$5,000, the subsidiary ledger is not reconciled to the inventory listing.
- A physical inventory of SAPI's and ABC's fixed assets has not been performed.

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2015

2014 Recommendation: We recommend the Organization—

- ensure that fixed asset subsidiary ledgers are sufficiently detailed to identify individual fixed assets;
- allocate depreciation expense to the proper expenditure functions that benefit from the asset;
- develop and implement policies in regard to the useful lives of capital assets to ensure proper and consistent depreciation of assets; and
- reconcile the subsidiary ledger, at least once every two years, to the physical inventory, to support the accuracy and validity of the data.

2015 Status: Finding partially corrected. While the charter schools have satisfactorily addressed the comments, SAPI and ABC have not yet conducted a physical inventory of its fixed assets and reconciled it to the fixed asset subsidiary ledger.

2015 Recommendation: We recommend that SAPI and ABC conduct a physical inventory of fixed assets to ensure balances, as reflected in the fixed asset subsidiary ledger, are complete and accurate.

Planned Corrective Action Response: Student Alternatives Program, Inc. (SAPI) and Academic Buildings Corporation (ABC) along with external CPA, Miguel Garcia will conduct a physical fixed asset inventory beginning February 2016 to ensure balances, as reflected in the fixed asset subsidiary ledger, are complete and accurate.

Anticipated Completion Date: Fiscal Year 2016

Responsible Person: SAPI/ABC – Director of Asset Management & AEP / Corporate Support Manager

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Schedule of Expenditures of Federal Awards

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2015

Grantor/Program Title	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures
Passed Through State Department of Education			
ESEA Title I, Part A Improving Basic Programs (GWA)	84.010A	15610101240801	\$ 169,395
ESEA Title I, Part A Improving Basic Programs (MVA)	84.010A	15610101108804	177,263
ESEA Title I, Part A Improving Basic Programs (PDNA)	84.010A	15610101071803	104,958
ESEA Title I, Part A Improving Basic Programs (SPA)	84.010A	15610101152803	222,875
ESEA Title I 1003(A) Priority and Focus School Grant (GWA)	84.010A	14610112240801	13,087
ESEA Title I 1003(A) Priority and Focus School Grant (GWA)	84.010A	15610112240801	200,593
ESEA Title I 1003(A) Priority and Focus School Grant (MVA)	84.010A	15610112108804	475,565
ESEA Title I 1003(A) Priority and Focus School Grant (SPA)	84.010A	15610112152803	148,661
Total CFDA No. 84.010A			<u>1,512,397</u>
IDEA, Part B - Formula/Special Education Grants to States (GWA)	84.027A	156600012408016000	171,552
IDEA, Part B - Formula/Special Education Grants to States (MVA)	84.027A	156600011088046000	60,063
IDEA, Part B - Formula/Special Education Grants to States (PDNA)	84.027A	156600010718036000	42,334
IDEA, Part B - Formula/Special Education Grants to States (SPA)	84.027A	156600011528036000	56,171
Total CFDA No. 84.027A			<u>330,120</u>
ESEA Title II Part A, Teacher & Principal Training (PDNA)	84.367A	15694501071803	9,931
ESEA Title II Part A, Teacher & Principal Training (SPA)	84.367A	15694501152803	10,936
Total CFDA No. 84.367A			<u>20,867</u>
Total Passed Through State Department of Education			<u>\$ 1,863,384</u>
Passed Through Education Service Center - Region I			
ESEA Title II Part A, Teacher & Principal Training (GWA)	84.367A	15694501108950	\$ 7,444
ESEA Title II Part A, Teacher & Principal Training (MVA)	84.367A	15694501108950	12,864
Total CFDA No. 84.367A			<u>20,308</u>
Total Passed Through Education Service Center - Region I			<u>\$ 20,308</u>
U. S. Department of Agriculture			
Pass Through State Department of Agriculture			
School Breakfast Program (GWA)	10.553	71401501	\$ 10,508
School Breakfast Program (MVA)	10.553	71401501	25,342
School Breakfast Program (SPA)	10.553	71401501	3,684
Total CFDA No. 10.553			<u>39,534</u>
Total Passed through the State Department of Agriculture			<u>39,534</u>
Total Expenditures of Federal Awards			<u>\$ 1,923,226</u>

STUDENT ALTERNATIVES PROGRAM, INC.
San Antonio, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2015

1. The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of the Organization under programs of the federal government for the year ended August 31, 2015. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position and changes in net assets of the Organization.

The Schedule is presented using the basis of accounting described in Note 1 of the financial statements.

2. Expenditures for the School Breakfast Program are shown to the extent of federal revenues earned during the year since expenditures are not specifically attributable to this revenue source.

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