

POR VIDA, INC.

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

YEARS ENDED
AUGUST 31, 2018 AND 2017

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CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**

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C O N T E N T S

	<u>PAGE NUMBER</u>
CERTIFICATE OF BOARD	i
INDEPENDENT AUDITOR'S REPORT	1
<u>FINANCIAL STATEMENTS</u>	
STATEMENTS OF FINANCIAL POSITION	7
STATEMENTS OF ACTIVITIES	8
STATEMENTS OF CASH FLOWS	12
NOTES TO FINANCIAL STATEMENTS	13
<u>SUPPLEMENTAL INFORMATION FOR CHARTER SCHOOL OPERATIONS</u>	
STATEMENT OF ACTIVITIES - REVENUE AND OTHER SUPPORT BY OBJECT CODE	27
SCHEDULE OF EXPENSES	28
BUDGETARY COMPARISON SCHEDULE- BUDGET VARIANCE ORIGINAL TO FINAL	29
NOTE TO BUDGETARY COMPARISON SCHEDULE - BUDGET VARIANCE ORIGINAL TO FINAL	30
BUDGETARY COMPARISON SCHEDULE- VARIANCE WITH FINAL BUDGET	31
NOTE TO BUDGETARY COMPARISON SCHEDULE - VARIANCE WITH FINAL BUDGET	32
<u>COMPLIANCE AND INTERNAL CONTROL</u>	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	33
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	35
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	37
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39

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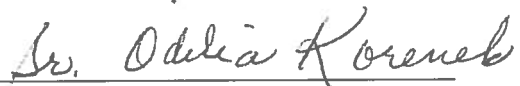
POR VIDA, INC.

CERTIFICATE OF BOARD

We, the undersigned, certify that the attached annual financial and compliance report for Por Vida, Inc. (including the operations of Por Vida Academy, Cesar E. Chavez Academy and Corpus Christi College Preparatory High School) was reviewed and (check one) approved disapproved for the year ended August 31, 2018, at a meeting of the governing body of said charter school on the 24th day of January 2019.



Signature of the Board Secretary



Signature of the Board President

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Independent Auditor's Report

To the Board of Trustees
Por Vida, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Por Vida, Inc. (a nonprofit organization) (Por Vida), which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Por Vida as of August 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019, on our consideration of Por Vida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Por Vida's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
January 24, 2019

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FINANCIAL STATEMENTS

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POR VIDA, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 260,932	\$ 81,701
Receivables		
Due from Governments	6,798	26,406
Prepayments and Deposits	<u>14,000</u>	<u>24,000</u>
Total Current Assets	281,730	132,107
Capital Assets (Net of Accumulated Depreciation)	<u>1,062,315</u>	<u>1,171,317</u>
 TOTAL ASSETS	 <u>\$ 1,344,045</u>	 <u>\$ 1,303,424</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 94,623	\$ 37,270
Payroll Deductions and Withholdings Payable	39,067	30,625
Loan Payable	<u>76,642</u>	<u>225,283</u>
Total Current Liabilities	210,332	293,178
 <u>NON-CURRENT LIABILITIES - LOAN PAYABLE</u>	 <u>213,670</u>	 <u>32,739</u>
 Total Liabilities	 <u>424,002</u>	 <u>325,917</u>
<u>NET ASSETS</u>		
Unrestricted	20	3,407
Temporarily Restricted		
Net Invested in Capital Assets	802,003	913,295
Program Activities	<u>118,020</u>	<u>60,805</u>
Total Net Assets	<u>920,043</u>	<u>977,507</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,344,045</u>	 <u>\$ 1,303,424</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

POR VIDA, INC.
STATEMENTS OF ACTIVITIES
AUGUST 31, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>REVENUE AND OTHER SUPPORT</u>			
Local Support			
Contributions	\$ 2,336,434	\$ -	\$ 2,336,434
Food Service Activity	6,025	-	6,025
Other Income	<u>177,163</u>	<u>-</u>	<u>177,163</u>
Total Local Support	<u>2,519,622</u>	<u>-</u>	<u>2,519,622</u>
State Program Revenues			
Foundation School Program	-	2,294,947	2,294,947
Other State Aids	<u>-</u>	<u>26,991</u>	<u>26,991</u>
Total State Program Revenues	<u>-</u>	<u>2,321,938</u>	<u>2,321,938</u>
Federal Program Revenues			
Title I, Part A - Improving Basic Programs	-	174,231	174,231
Title I, Priority School School Improvement Grants	-	591,393	591,393
Child Nutrition	-	50,960	50,960
Title II, Part A - TPTR	-	10,227	10,227
IDEA, Part B	-	69,678	69,678
Carl Perkins Grant	-	2,819	2,819
LEP Summer Program	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total Federal Program Revenues	<u>-</u>	<u>909,308</u>	<u>909,308</u>
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>			
Restrictions Satisfied by Payments	<u>3,285,323</u>	<u>(3,285,323)</u>	<u>-</u>
Total Revenues and Other Support	<u>5,804,945</u>	<u>(54,077)</u>	<u>5,750,868</u>

POR VIDA, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
AUGUST 31, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>EXPENSES</u>			
Program Services			
11 Instruction	\$ 3,509,484	\$ -	\$ 3,509,484
13 Curriculum Development and Instructional Staff Development	534	-	534
21 Instructional Leadership	68,128	-	68,128
23 School Leadership	548,107	-	548,107
31 Guidance, Counseling, and Evaluation Services	209,240	-	209,240
32 Social Work Services	49,718	-	49,718
33 Health Services	8,928	-	8,928
34 Student (Pupil) Transportation	44,007	-	44,007
35 Food Service	154,261	-	154,261
36 Cocurricular/Extracurricular Activiti	15,957	-	15,957
51 Plant Maintenance and Operations	796,285	-	796,285
52 Security and Monitoring Services	89,224	-	89,224
53 Data Processing Services	65,134	-	65,134
61 Community Services	42,249	-	42,249
71 Debt Service	21,654	-	21,654
Support Services			
41 General Administration	<u>185,422</u>	-	<u>185,422</u>
Total Expenses	<u>5,808,332</u>	-	<u>5,808,332</u>
CHANGE IN NET ASSETS	(3,387)	(54,077)	(57,464)
NET ASSETS - BEGINNING OF YEAR	<u>3,407</u>	<u>974,100</u>	<u>977,507</u>
NET ASSETS - END OF YEAR	<u>\$ 20</u>	<u>\$ 920,023</u>	<u>\$ 920,043</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

POR VIDA, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
AUGUST 31, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>REVENUE AND OTHER SUPPORT</u>			
Local Support			
Contributions	\$ 1,862,651	\$ -	\$ 1,862,651
Food Service Activity	8,142	-	8,142
Other Income	179,541	-	179,541
Total Local Support	<u>2,050,334</u>	<u>-</u>	<u>2,050,334</u>
State Program Revenues			
Foundation School Program	-	2,253,580	2,253,580
Other State Aids	<u>-</u>	<u>9,560</u>	<u>9,560</u>
Total State Program Revenues	<u>-</u>	<u>2,263,140</u>	<u>2,263,140</u>
Federal Program Revenues			
Title I, Part A - Improving Basic Programs	-	195,782	195,782
Title I, Priority School School Improvement Grants	-	493,307	493,307
Child Nutrition	-	50,040	50,040
Title II, Part A - TPTR	-	17,438	17,438
IDEA, Part B	<u>-</u>	<u>70,455</u>	<u>70,455</u>
Total Federal Program Revenues	<u>-</u>	<u>827,022</u>	<u>827,022</u>
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>			
Restrictions Satisfied by Payments	<u>3,225,590</u>	<u>(3,225,590)</u>	<u>-</u>
Total Revenues and Other Support	<u>5,275,924</u>	<u>(135,428)</u>	<u>5,140,496</u>

POR VIDA, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
AUGUST 31, 2017

<u>EXPENSES</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Program Services			
11 Instruction	\$ 2,992,839	\$ -	\$ 2,992,839
13 Curriculum Development and Instructional Staff Development	679	-	679
21 Instructional Leadership	68,213	-	68,213
23 School Leadership	567,194	-	567,194
31 Guidance, Counseling, and Evaluation Services	163,980	-	163,980
32 Social Work Services	50,972	-	50,972
33 Health Services	11,852	-	11,852
34 Student (Pupil) Transportation	41,142	-	41,142
35 Food Service	148,750	-	148,750
36 Cocurricular/Extracurricular Activities	8,523	-	8,523
51 Plant Maintenance and Operations	863,005	-	863,005
52 Security and Monitoring Services	67,933	-	67,933
53 Data Processing Services	55,649	-	55,649
61 Community Services	32,730	-	32,730
71 Debt Service	17,583	-	17,583
Support Services			
41 General Administration	<u>198,358</u>	-	<u>198,358</u>
Total Expenses	<u>5,289,402</u>	-	<u>5,289,402</u>
CHANGE IN NET ASSETS	(13,478)	(135,428)	(148,906)
NET ASSETS - BEGINNING OF YEAR	<u>16,885</u>	<u>1,109,528</u>	<u>1,126,413</u>
NET ASSETS - END OF YEAR	<u>\$ 3,407</u>	<u>\$ 974,100</u>	<u>\$ 977,507</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

POR VIDA, INC.
STATEMENTS OF CASH FLOWS
AUGUST 31,

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received from Foundation School Program	\$ 2,294,947	\$ 2,253,580
Cash Received from Grantors	955,907	911,814
Cash Received from Contributors	2,336,434	1,862,651
Cash Received from Food Service Activity	6,025	8,142
Cash Received from Other Sources	177,163	179,541
Cash Paid to Suppliers for Goods and Services	(1,371,260)	(1,335,170)
Cash Paid to Employees for Services	(4,230,621)	(3,864,861)
Interest Payments	(21,654)	(17,583)
Net Cash Provided in (Used by) in Operating Activities	<u>146,941</u>	<u>(1,886)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Cash Received from Loan Proceeds	855,000	235,320
Loan Payments	(822,710)	(293,743)
Net Cash Provided In (Used by) Financing Activities	<u>32,290</u>	<u>(58,423)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	179,231	(60,309)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>81,701</u>	<u>142,010</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 260,932</u>	<u>\$ 81,701</u>
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (57,464)	\$ (148,906)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided for Operating Activities		
Depreciation	109,002	117,436
Decrease (Increase) in Assets		
Receivables	19,608	75,232
Prepayments and Deposits	10,000	(10,000)
Increase (Decrease) in Liabilities		
Accounts Payable	57,353	(37,191)
Payroll Deductions and Withholdings Payable	8,442	1,543
NET CASH PROVIDED IN (USED BY) OPERATING ACTIVITIES	<u>\$ 146,941</u>	<u>\$ (1,886)</u>

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Blessed Sacrament Academy Second Chance High School, Inc. was incorporated August 9, 1996. A certificate of amendment was issued February 1, 2001 to reflect the name change to Por Vida, Inc. (Por Vida).

Por Vida, Inc. operates Por Vida Academy (the High School), Corpus Christi College Preparatory High School, and Cesar E. Chavez Academy.

The Por Vida Academy and Cesar E. Chavez Academy provide an alternative high school diploma program to students who did not thrive in the normal high school setting or have returned for a high school diploma after entering the work force. The Corpus Christi College Preparatory High School is a college preparatory high school preparing students to enter into a university immediately following high school graduation. The Por Vida Academy, Cesar E. Chavez Academy, and the Corpus Christi College Preparatory High School operate under an open enrollment charter granted by the Texas State Board of Education. The Por Vida Academy, Cesar E. Chavez Academy, and the Corpus Christi College Preparatory High School are part of the public school system of the State of Texas and are entitled to distribution from the state's available school fund. The Por Vida Academy, Cesar E. Chavez Academy, and the Corpus Christi College Preparatory High School do not have the authority to impose taxes or charge tuition. Por Vida, Inc. does not conduct other charter or non-charter activities.

Por Vida, Inc. is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

B. Accounting Policies

The financial statements have been prepared on the accrual basis of accounting. The accounting system is organized under the *Special Supplement to Financial Accounting and Reporting - Nonprofit Charter School Chart of Accounts*, a module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

To ensure observance of limitation and restrictions placed on the use of resources available to Por Vida, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified for accounting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and activities focus on the Organization as a whole and report the total assets, liabilities, net assets and changes in net assets.

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Accounting Policies (Continued)

The statement of financial position reports the amounts of each of two classes of net assets: temporarily restricted and unrestricted net assets.

- Temporarily restricted net assets result from contributions and other inflows of assets that are limited by donor-imposed stipulations that can be fulfilled and removed by actions of Por Vida, Inc. pursuant to those stipulations.

When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- Unrestricted net assets are the remaining part of Por Vida's net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are comprised of cash on hand and in banks with initial maturity of three months or less.

D. Capital Assets

All assets acquired with a value of \$5,000 or greater are recorded as capital assets and are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition.

Depreciation of building improvements, vehicles, and equipment is determined on a straight-line basis on the following useful lives:

Land Improvements	15 Years
Building Improvements	6-40 Years
Vehicles	5 Years
Equipment	5 Years

E. Credit Risk

Financial instruments, which potentially subject Por Vida, Inc. to concentrations of credit risk, consist primarily of cash. At August 31, 2018 and 2017, Por Vida, Inc. did not have any uninsured cash balances.

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenues and Support

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. Restricted support increases temporarily restricted net assets.
- Contributions without donor imposed restrictions are reported as unrestricted support. Unrestricted support increases unrestricted net assets.

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

G. Personal Leave

All employees earn between 1 to 10 days of paid personal leave per year depending on the number of days worked. Paid leave must be used during the year or it is forfeited. There is no payment of leave after resignation or termination date; therefore a liability is not recorded at August 31, 2018 and 2017.

H. Estimates

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

I. Fair Value of Financial Instruments

The following methods and assumptions were used by Por Vida, Inc. in estimating its fair value disclosures for financial instruments:

Cash and Receivables: the carrying amounts reported in the statement of financial position approximate the fair value because of the short maturities of those instruments.

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 2: CAPITAL ASSETS

An analysis of capital assets as of August 31, 2018, is presented as follows:

	<u>OBJECT CODE</u>	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET</u>
Leasehold Improvements	1520	\$ 1,990,082	\$ 931,727	\$ 1,058,355
Furniture and Equipment	1540	179,784	175,824	3,960
Vehicles	1531	<u>119,641</u>	<u>119,641</u>	<u>-</u>
TOTALS		<u>\$ 2,289,507</u>	<u>\$ 1,227,192</u>	<u>\$ 1,062,315</u>

Depreciation expense for the current year was \$109,002.

An analysis of capital assets as of August 31, 2017, is presented as follows:

	<u>OBJECT CODE</u>	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET</u>
Leasehold Improvements	1520	\$ 1,990,080	\$ 828,338	\$ 1,161,742
Furniture and Equipment	1540	179,786	173,108	6,678
Vehicles	1531	<u>119,641</u>	<u>116,744</u>	<u>2,897</u>
TOTALS		<u>\$ 2,289,507</u>	<u>\$ 1,118,190</u>	<u>\$ 1,171,317</u>

Depreciation expense for 2017 was \$117,436.

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 3: OWNERSHIP IN PROPERTY AND EQUIPMENT

As of August 31, 2018, the following disclosure of ownership interests in property and equipment is provided to address certain requirements discussed in House Bill 6, 77th Legislature (2001).

	OBJECT CODE	OWNERSHIP INTEREST		TOTAL
		STATE	FEDERAL	
Leasehold Improvements				
Classroom Improvements	1520	\$ 16,500	\$ -	\$ 16,500
Science Lab Renovations	1520	12,575	-	12,575
High School Renovations	1520	1,071,777	880,663	1,952,440
Fence Improvements	1520	8,567	-	8,567
Instructional/Non-Instructional Equipment				
Furniture and Equipment	1540	167,313	12,471	179,784
Vehicle	1531	<u>119,641</u>	<u>-</u>	<u>119,641</u>
TOTAL PROPERTY AND EQUIPMENT		<u>\$ 1,396,373</u>	<u>\$ 893,134</u>	<u>\$ 2,289,507</u>

As of August 31, 2017, the following disclosure of ownership interests in property and equipment is provided to address certain requirements discussed in House Bill 6, 77th Legislature (2001).

	OBJECT CODE	OWNERSHIP INTEREST		TOTAL
		STATE	FEDERAL	
Leasehold Improvements				
Classroom Improvements	1520	\$ 16,500	\$ -	\$ 16,500
Science Lab Renovations	1520	12,575	-	12,575
High School Renovations	1520	1,071,777	880,663	1,952,440
Fence Improvements	1520	8,567	-	8,567
Instructional/Non-Instructional Equipment				
Furniture and Equipment	1540	167,313	12,471	179,784
Vehicle	1531	<u>119,641</u>	<u>-</u>	<u>119,641</u>
TOTAL PROPERTY AND EQUIPMENT		<u>\$ 1,396,373</u>	<u>\$ 893,134</u>	<u>\$ 2,289,507</u>

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 4: DEFINED BENEFIT PENSION PLAN

Plan Description

The School participates in the Teacher Retirement System of Texas ("TRS"), a public employee retirement system. TRS is a cost sharing, multiple-employer defined benefit plan with one exception: all risks and costs are not shared by the School, but are the liability of the State of Texas. TRS provides service retirement and disability retirement benefits and death benefits to plan members and beneficiaries. TRS operates under the authority of provisions contained primarily in the Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teachers Retirement System of Texas, which is subject to amendment by the Texas state legislature. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. The report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-877-0123, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under TRS Publications.

Charter schools are legally separate entities from the state and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

Funding Policy

Contribution requirements are not actuarially determined, but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. Under provisions in Texas state law, plan members are required to contribute 7.7% and 7.7% of their annual covered salary for each of the years ended August 31, 2018 and 2017, respectively. The state's contribution rate as a nonemployer contributing entity was 6.8% for the years ended August 31, 2018 and 2017. The School's employees' contributions to TRS for the years ended August 31, 2018 and 2017 totaled \$292,022 and \$256,678 respectively, equal to the required contributions for each year. There have been no changes that would affect the comparison from year to year. Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 6.8% totaling \$134,813 and \$142,559 for the years ended August 31, 2018 and 2017, respectively.

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 4: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (Continued)

The School's contributions into this plan do not represent more than 5.0% of the total contributions to the plan. The School's participation in the TRS plan for the year ended August 31, 2018 is outlined in the table below (ABO refers to the accumulation benefit obligation):

<u>Pension Fund</u>	<u>Total Plan Assets 2017</u>	<u>ABO 2017</u>	<u>Percent Funded</u>	<u>Surcharge Imposed</u>
TRS	\$ 165,379,341,964	\$ 179,336,534,819	82.17%	No

NOTE 5: DEFINED CONTRIBUTION PLAN

All Por Vida employees may elect to participate in the 403(b) plan. This is a qualified tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The 403(b) plan consists solely of employee contributions which are made on a "pre-tax" basis.

Employees are fully vested upon entry to the plan.

NOTE 6: HEALTH CARE COVERAGE

During the years ended August 31, 2018 and 2017, employees of Por Vida were covered by a Health Insurance Plan (the Plan). Por Vida, Inc. contributed \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to a licensed insurer. During the years ending 2018 and 2017, Por Vida contributed \$89,218 and \$118,282, respectively, for charter employees.

NOTE 7: DUE FROM GOVERNMENTS

Por Vida participated in a variety of federal and state programs from which it received grants to partially or fully finance certain activities. Por Vida received entitlements from the State through the Foundation School Program. Amounts due from federal and state governments as of August 31, 2018 are summarized below. All Federal grants shown below are passed through the TEA or other agencies.

<u>PROGRAM</u>	<u>2018 AMOUNT</u>	<u>2017 AMOUNT</u>
Federal and State Programs	\$ 6,798	\$ 8,125
State Entitlement	-	18,281
TOTAL DUE FROM GOVERNMENTS	<u>\$ 6,798</u>	<u>\$ 26,406</u>

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 8: LEASES

Por Vida, Inc. has entered into various lease agreements for equipment and other items necessary to operate. The future minimum payments under noncancelable operating leases as of August 31, 2018 are as follows:

<u>YEARS ENDING</u> <u>AUGUST 31,</u>	<u>AMOUNT</u>
2019	\$ 241,560
2020	241,560
2021	<u>30,630</u>
TOTAL	<u>\$ 513,750</u>

The future minimum payments under noncancelable operating leases as of August 31, 2017 are as follows:

<u>YEARS ENDING</u> <u>AUGUST 31,</u>	<u>AMOUNT</u>
2018	\$ 240,930
2019	241,560
2020	241,560
2021	<u>30,630</u>
TOTAL	<u>\$ 754,680</u>

NOTE 9: LOANS

- A. On January 29, 2018, Por Vida Inc. refinanced a note with Frost Bank that was previously held with JP Morgan Chase in the amount of \$200,000 with a maturity date of January 31, 2028. The stated interest rate is 5.490% and the note is payable in 120 payments of \$2,177.66 beginning on February 28, 2018. The note is collateralized with the property (land and improvements) owned and occupied by Blessed Sacrament Academy. Payments are paid directly to Frost Bank by Por Vida, Inc. Balance at August 31, 2018 was \$191,128. Interest expense related to this note was \$4,808 for the year ended August 31, 2018.

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 9: LOANS (CONTINUED)

- B. On April 2, 2009 Por Vida, Inc. obtained a \$75,000 revolving line-of-credit maturing on April 2, 2019. The line-of-credit is secured by furniture owned by Por Vida and carries an interest rate of 1.75% over prime. The line-of-credit carried a \$30,000 and \$-0- balance as of August 31, 2018 and 2017. Interest expense was \$1,626 and \$400 for 2018 and 2017, respectively.
- C. On June 14, 2013, Por Vida, Inc. secured a loan with Frost National Bank in the amount of \$19,967 bearing interest at 5.585% with a maturity date of June 14, 2018. This note is secured by a 2010 Chevrolet Express Van and is payable in 60 monthly payments of \$370 beginning July 17, 2013. The principal balance at August 31, 2018 was \$0 and at August 31, 2017 was \$3,604. Interest expense during 2018 was \$93 and during 2017 was \$327.
- D. On December 22, 2014, Por Vida, Inc. secured a loan with Frost National Bank in the amount of \$115,000 bearing interest at 4.41% with a maturity date of December 22, 2017. This note is secured by all accounts, equipment and furniture and is payable in 36 monthly payments of \$3,420 beginning January 22, 2015. The principal balance at August 31, 2018 and 2017 was \$-0- and \$13,543, respectively. Interest expense during 2018 and 2017 was \$102 and \$1,561, respectively.
- E. On November 1, 2016, Por Vida, Inc. secured a loan with Lone Star Capital Bank in the amount of \$75,320 bearing interest at 5.750% with a maturity date of November 1, 2019. On November 3, 2017, this note was amended for an additional \$40,000 with a new maturity date of November 3, 2020. The balance of the note at the time of the amendment is payable in 36 monthly payments of \$2,840 beginning on December 3, 2017. The principal balance at August 31, 2018 and 2017 was \$69,184 and \$57,493, respectively. Interest expense during 2018 was \$4,515.
- F. Changes in Long-Term Debt

	<u>ORIGINAL PROCEEDS</u>	<u>INTEREST RATE</u>	<u>BALANCE 8/31/2017</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE 8/31/2018</u>	<u>DUE WITHIN ONE YEAR</u>
Chase Bank Building Note	\$ 409,202	5.870%	\$ 183,397	\$ -	\$ 183,397	\$ -	\$ -
Frost Bank							
Van Loan	19,315	5.585%	3,589		3,589	-	-
Line of Credit	-	1.75% + WSJ Prime	-	615,000	585,000	30,000	30,000
Furniture, Building, and Equipment	115,000	4.410%	13,543	-	13,543	-	-
Frost Bank School Building Loan	200,000	5.549%	-	200,000	8,872	191,128	16,015
Frost Bank Total	334,315		17,132	815,000	611,004	221,128	46,015
Lone Star Bank	75,320	5.750%	57,493	40,000	28,309	69,184	30,627
Total	<u>\$ 818,837</u>		<u>\$ 258,022</u>	<u>\$ 855,000</u>	<u>\$ 822,710</u>	<u>\$ 290,312</u>	<u>\$ 76,642</u>

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 9: LOANS (CONTINUED)

As of August 31, 2018, summary information for future note payments through 2023 and thereafter were as follows:

<u>YEARS ENDING</u> <u>AUGUST 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$ 76,642	\$ 13,314	\$ 89,956
2020	49,658	10,556	60,214
2021	23,905	8,275	32,180
2022	18,911	7,221	26,132
2023	19,976	6,156	26,132
Thereafter	<u>101,220</u>	<u>12,844</u>	<u>114,064</u>
TOTALS	<u>\$ 290,312</u>	<u>\$ 58,366</u>	<u>\$ 348,678</u>

As of August 31, 2017, summary information for future note payments through 2019 were as follows:

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$ 225,283	\$ 8,577	\$ 233,860
2019	<u>32,739</u>	<u>1,272</u>	<u>34,011</u>
TOTALS	<u>\$ 258,022</u>	<u>\$ 9,849</u>	<u>\$ 267,871</u>

NOTE 10: RELATED PARTIES

During the year, Por Vida, Inc. had various transactions with Blessed Sacrament Academy, Inc., a related party, which included the lease of a building. Rent paid to Blessed Sacrament was \$48,000 for both the years ending August 31, 2018 and 2017. Por Vida, Inc. has adopted a conflict of interest policy regarding related party transactions. The policy was not violated during the year.

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 11: COMMITMENTS AND CONTINGENCIES

Por Vida, Inc. received 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 the Texas Education Agency 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 charter school have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

NOTE 12: CONCENTRATIONS

Por Vida's funding is concentrated in the foundation school program and various state and federal grants. Discontinued funding would have a severe impact on operations. Por Vida's ability to maintain continuing operations would be uncertain in such a situation. Management does not expect any material reductions in funding in the foreseeable future.

NOTE 13: SHARED SERVICES ARRANGEMENT

During the fiscal year 2018 and 2017, Por Vida, Inc. was a member of the San Antonio Charter Schools Special Education Co-op shared services arrangement (SSA). The Southwest Preparatory Charter School is the Fiscal Agent for the SSA. As a member of the SSA, Por Vida, Inc. received special education (IDEA B Formula) services in the amount of \$69,678 and \$70,455 in 2018 and 2017 respectively, as reported to Por Vida, Inc. by the fiscal agent. Por Vida is also a member of the Education Service Center Region 20 Carl Perkins shared services arrangement. Por Vida received \$2,819 in 2018 as reported to Por Vida, Inc. by the fiscal agent. In accordance with the guidance provided in the TEA Special Supplement to the Financial Accountability System Resource Guide, Charter Schools, Por Vida has accounted for the special education expenditures within their financial statements.

NOTE 14: NET ASSETS

Temporarily restricted net assets as of August 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Capital Assets (net of related debt) Purchased		
with State and Federal Funds	\$ 802,003	\$ 913,295
Federal and State Program Activities	<u>118,020</u>	<u>60,805</u>
Total Temporarily Restricted Assets	<u>\$ 920,023</u>	<u>\$ 974,100</u>

POR VIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2018 AND 2017

NOTE 15: EVALUATION OF SUBSEQUENT EVENTS

Por Vida has evaluated subsequent events by Por Vida, Inc.'s management through January 24, 2019, the date which the financial statements were available to be issued. There are no subsequent events for disclosure.

**SUPPLEMENTAL INFORMATION
FOR CHARTER SCHOOL OPERATIONS**

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POR VIDA, INC.
STATEMENT OF ACTIVITIES
REVENUE AND OTHER SUPPORT BY OBJECT CODE
YEAR ENDED AUGUST 31, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>REVENUE AND OTHER SUPPORT</u>			
Local Support			
5720 Local Revenue from other School Districts	\$ 2,334,434	\$ -	\$ 2,334,434
5740 Other Revenues from Local Sources	2,233	-	2,233
5750 Revenues from Cocurricular, Enterprising Services or Activities	6,121	-	6,121
5760 Revenue from Intermediate Sources	<u>176,834</u>	<u>-</u>	<u>176,834</u>
Total Local Support	<u>2,519,622</u>	<u>-</u>	<u>2,519,622</u>
State Program Revenues			
5810 Foundation School Program Act Revenues	-	2,294,947	2,294,947
5820 State Program Revenues Distributed by Texas Education Agency	<u>-</u>	<u>26,991</u>	<u>26,991</u>
Total State Program Revenues	<u>-</u>	<u>2,321,938</u>	<u>2,321,938</u>
Federal Program Revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	<u>-</u>	<u>909,308</u>	<u>909,308</u>
Total Federal Program Revenues	<u>-</u>	<u>909,308</u>	<u>909,308</u>
Net Assets Released From Restrictions			
Restrictions Satisfied by Payments	<u>3,285,323</u>	<u>(3,285,323)</u>	<u>-</u>
Total Revenues and Other Support	<u>5,804,945</u>	<u>(54,077)</u>	<u>5,750,868</u>
<u>EXPENSES</u>			
11 Instruction	3,509,484	-	3,509,484
13 Curriculum Development and Instructional Staff Development	534	-	534
21 Instructional Leadership	68,128	-	68,128
23 School Leadership	548,107	-	548,107
31 Guidance, Counseling, and Evaluation Services	209,240	-	209,240
32 Social Work Services	49,718	-	49,718
33 Health Services	8,928	-	8,928
34 Student (Pupil) Transportation	44,007	-	44,007
35 Food Services	154,261	-	154,261
36 Cocurricular/Extracurricular Activities	15,957	-	15,957
41 General Administration	185,422	-	185,422
51 Plant Maintenance and Operations	796,285	-	796,285
52 Security and Monitoring Services	89,224	-	89,224
53 Data Processing Services	65,134	-	65,134
61 Community Services	42,249	-	42,249
71 Debt Service	<u>21,654</u>	<u>-</u>	<u>21,654</u>
Total Expenses	<u>5,808,332</u>	<u>-</u>	<u>5,808,332</u>
CHANGE IN NET ASSETS	(3,387)	(54,077)	(57,464)
NET ASSETS - BEGINNING OF YEAR	<u>3,407</u>	<u>974,100</u>	<u>977,507</u>
NET ASSETS - END OF YEAR	<u>\$ 20</u>	<u>\$ 920,023</u>	<u>\$ 920,043</u>

POR VIDA, INC.
SCHEDULE OF EXPENSES
YEAR ENDED AUGUST 31, 2018

<u>EXPENSES</u>	<u>TOTAL</u>
6100 Payroll Costs	\$ 4,239,063
6200 Professional and Contracted Services	853,715
6300 Supplies and Materials	260,177
6400 Other Operating Costs	433,723
6500 Debt	<u>21,654</u>
	<u>\$ 5,808,332</u>

POR VIDA, INC.
BUDGETARY COMPARISON SCHEDULE -
BUDGET VARIANCE ORIGINAL TO FINAL
YEAR ENDED AUGUST 31, 2018

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>VARIANCE</u> <u>ORIGINAL</u> <u>TO FINAL</u> <u>POSITIVE</u> <u>OR (NEGATIVE)</u>
<u>REVENUE</u>				
Local Support				
5720 Local Revenue from other School Districts	\$ -	\$ 2,251,289	\$ 2,334,434	\$ 2,251,289
5740 Other Revenues from Local Sources	2,307	2,307	2,233	-
5750 Revenues from Cocurricular, Enterprising Services or Activities	17,476	17,476	6,121	-
5760 Revenue from Intermediate Sources	-	-	176,834	-
State Support				
5810 Foundation School Program Act Revenues	2,466,931	2,478,682	2,294,947	11,751
5820 State Program Revenues Distributed by Texas Education Agency	21,600	21,947	26,991	347
Federal Program Revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	<u>839,118</u>	<u>828,879</u>	<u>909,308</u>	<u>(10,239)</u>
Total Revenues	<u>3,347,432</u>	<u>5,600,580</u>	<u>5,750,868</u>	<u>2,253,148</u>
<u>EXPENSES</u>				
11 Instruction	1,305,369	3,388,693	3,509,484	2,083,324 (1)
13 Curriculum Development and Instructional Staff Development	-	-	534	-
21 Instructional Leadership	65,723	64,903	68,128	(820)
23 School Leadership	574,336	564,277	548,107	(10,059)
30 Support Services - Student	-	-	-	-
31 Guidance, Counseling and Evaluation Services	148,117	181,699	209,240	33,582 (2)
32 Social Work Services	51,593	50,302	49,718	(1,291)
33 Health Services	11,412	11,412	8,928	-
34 Student (Pupil) Transportation	39,762	44,930	44,007	5,168 (3)
35 Food Services	154,535	152,510	154,261	(2,025)
36 Cocurricular/Extracurricular Activities	14,096	13,984	15,957	(112)
41 General Administration	186,056	186,806	185,422	750
51 Plant Maintenance and Operations	609,933	708,869	796,285	98,936 (4)
52 Security and Monitoring Services	76,881	101,849	89,224	24,968 (5)
53 Data Processing Services	71,731	68,951	65,134	(2,780)
61 Community Services	40,168	39,437	42,249	(731)
71 Debt	87,114	21,958	21,654	(65,156) (6)
Total Expenses	<u>3,436,826</u>	<u>5,600,580</u>	<u>5,808,332</u>	<u>2,163,754</u>
Net Income	(89,394)	-	(57,464)	89,394
CHANGE IN NET ASSETS	(89,394)	-	(57,464)	89,394
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>977,507</u>	<u>977,507</u>	<u>977,507</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 888,113</u>	<u>\$ 977,507</u>	<u>\$ 920,043</u>	<u>\$ 89,394</u>

POR VIDA, INC.
NOTE TO BUDGETARY COMPARISON SCHEDULE -
BUDGET VARIANCE ORIGINAL TO FINAL
YEAR ENDED AUGUST 31, 2018

NOTE 1: VARIANCE BETWEEN ORIGINAL AND FINAL BUDGET

- (1) Function 11 Fund 167 payroll was not included in original budget \$63,200. Function 11 Fund 174 was not included in original budget \$522,000. Function 11 Fund 190 payroll not in original budget \$1,498,000.
- (2) Function 31 Fund 224 IDEA B shared service agreement with Southwest Preparatory Charter School was not budgeted in the amount of \$27,478. Function 31 Fund 420 payroll budget increased \$6,000.
- (3) Function 34 Fund 420 vehicle maintenance and repair budget increased \$4,200 and payroll budget increased \$900.
- (4) Function 51 Fund 420 budget increased for the following expenses; insurance costs budget increased \$30,338, contracted maintenance budget increased \$43,188, lease budget increased \$14,000 and utilities budget increased \$5,000.
- (5) Function 52 Fund 420 security guards budget increased \$24,000.
- (6) Function 71 Fund 420 principal expense removed from original budget \$69,000 and interest expense increased \$4,000.

POR VIDA, INC.
BUDGETARY COMPARISON SCHEDULE -
VARIANCE WITH FINAL BUDGET
YEAR ENDED AUGUST 31, 2018

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>			
<u>REVENUE</u>					
Local Support					
5720 Local Revenue from other School Districts	\$ -	\$ 2,251,289	\$ 2,334,434	\$ 83,145	
5740 Other Revenues from Local Sources	2,307	2,307	2,233	(74)	
5750 Revenues from Cocurricular, Enterprising Services or Activities	17,476	17,476	6,121	(11,355)	(1)
5760 Revenue from Intermediate Sources	-	-	176,834	176,834	
State Support					
5810 Foundation School Program Act Revenues	2,466,931	2,478,682	2,294,947	(183,735)	
5820 State Program Revenues Distributed by Texas Education Agency	21,600	21,947	26,991	5,044	(2)
Federal Program Revenues					
5920 Federal Revenues Distributed by the Texas Education Agency	<u>839,118</u>	<u>828,879</u>	<u>909,308</u>	<u>80,429</u>	(3)
Total Revenues	<u>3,347,432</u>	<u>5,600,580</u>	<u>5,750,868</u>	<u>150,288</u>	
<u>EXPENSES</u>					
11 Instruction	1,305,369	3,388,693	3,509,484	(120,791)	
13 Curriculum Development and Instructional Staff Development	-	-	534	(534)	
21 Instructional Leadership	65,723	64,903	68,128	(3,225)	
23 School Leadership	574,336	564,277	548,107	16,170	
31 Guidance, Counseling and Evaluation Services	148,117	181,699	209,240	(27,541)	(4)
32 Social Work Services	51,593	50,302	49,718	584	
33 Health Services	11,412	11,412	8,928	2,484	(5)
34 Student (Pupil) Transportation	39,762	44,930	44,007	923	
35 Food Services	154,535	152,510	154,261	(1,751)	
36 Cocurricular/Extracurricular Activities	14,096	13,984	15,957	(1,973)	(6)
41 General Administration	186,056	186,806	185,422	1,384	
51 Plant Maintenance and Operations	609,933	708,869	796,285	(87,416)	(7)
52 Security and Monitoring Services	76,881	101,849	89,224	12,625	(8)
53 Data Processing Services	71,731	68,951	65,134	3,817	
61 Community Services	40,168	39,437	42,249	(2,812)	
71 Debt	<u>87,114</u>	<u>21,958</u>	<u>21,654</u>	<u>304</u>	
Total Expenses	<u>3,436,826</u>	<u>5,600,580</u>	<u>5,808,332</u>	<u>207,752</u>	
CHANGE IN NET ASSETS	(89,394)	-	(57,464)	(57,464)	
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>977,507</u>	<u>977,507</u>	<u>977,507</u>	<u>-</u>	
NET ASSETS - END OF YEAR	<u>\$ 888,113</u>	<u>\$ 977,507</u>	<u>\$ 920,043</u>	<u>\$ (57,464)</u>	

POR VIDA, INC.
NOTE TO BUDGETARY COMPARISON SCHEDULE -
VARIANCE WITH FINAL BUDGET
YEAR ENDED AUGUST 31, 2018

NOTE 1: VARIANCE BETWEEN ACTUAL AND FINAL BUDGET

- (1) Object code 5751 Fund 161 cafeteria sales and reimbursements over budget \$10,675. Object code 5755 Fund 161 vending machine under budget \$56. Object code 5759 Fund 161 GED over budget \$735.
- (2) Object 5829 Fund 410 State Textbook under budget \$5,044.
- (3) Object 5929 Fund 224 IDEA B shared service agreement not budgeted \$69,678, entered via journal entry during audit. Object 5929 Fund 244 Carl Perkins grant shared service agreement not budgeted \$2,819, entered via journal entry during audit. Object 5929 Fund 211 under budget \$9,900. Object 5929 Fund 240 under budget \$2,000.
- (4) Function 31 Fund 224 IDEA B shared service agreement with Southwest Preparatory Charter School was not budgeted in the amount of \$27,478.
- (5) Function 33 Fund 420 Southwest Winners foundation final budget over budget by \$2,484.
- (6) Function 36 Fund 420 athletic league final budget under budget by \$1,973.
- (7) Function 51 Fund 420 depreciation expense never budgeted \$109,002 and insurance costs over budget by \$22,588.
- (8) Function 52 Fund 420 security officers over budget by \$12,600.

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

To the Board of Trustees
Por Vida, 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 financial statements of Por Vida, Inc. (a nonprofit organization) (Por Vida), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Por Vida'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.

ABIP, PC

San Antonio, Texas
January 24, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Por Vida, Inc.
San Antonio, Texas

Report on Compliance for the Major Federal Program

We have audited Por Vida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Por Vida's major federal program for the year ended August 31, 2018. Por Vida's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Por Vida's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Por Vida'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 the major federal program. However, our audit does not provide a legal determination of Por Vida's compliance.

Opinion on the Major Federal Program

In our opinion, Por Vida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended August 31, 2018.

Report on Internal Control Over Compliance

Management of Por Vida 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 Por Vida's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Por Vida'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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas
January 24, 2019

POR VIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

<u>GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROJECT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed through State Department of Education			
Title I, Part A - Improving Basis Programs	84.010A	18610101015801	\$ 100,411
Title I 1003 School Improvement	84.010A	18610123015801	<u>73,820</u>
Total CFDA Number 84.010A			<u>174,231</u>
Title II, Part A - Supporting Effective Instructions	84.367A	18694501015801	10,227
TTIPS Cycle 3 Extended Year	84.377A	146107137110008	591,393
Title IV, Part A Subpart I	84.424A	18680101015801	<u>10,000</u>
Passed through Southwest Preparatory School			
IDEA, Part B - Formula	84.027A	16600010158076600	<u>69,678</u>
Passed through Education Service Center Region 20			
Carl Perkins Grant - SSA	84.048	18420006015950	<u>2,819</u>
Total U. S. Department of Education			<u>858,348</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Department of Education			
National School Lunch	10.555	71301801	38,129
School Breakfast Program	10.553	71401801	<u>12,831</u>
Total Child Nutrition Cluster			<u>50,960</u>
Total U. S. Department of Agriculture			<u>50,960</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			<u>\$ 909,308</u>

POR VIDA, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

1. For all federal programs, Por Vida, Inc. used the net asset classes and codes specified by the Texas Education Agency in the *Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts*. Temporarily restricted net asset codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted net asset codes.
2. Expenditures for the National School Lunch and Breakfast Program are not specifically attributable to the federal revenue source and are on the schedule in an amount equal to federal revenue.
3. The United States Department of Education has given the Texas Education Agency (TEA) authority to issue indirect cost rates for the Texas School Districts and Charter Schools. To recover any indirect costs, the School must request and receive new indirect cost rates for every school year allowed by the Uniform Guidance Part 200.57. The School has elected not to use the 10% de minimis indirect cost rate.
4. There were no awards passed through to subrecipients.

POR VIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2018

Section I: Summary of Auditor's Results

1. Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? Yes No

Significant Deficiencies(s) Identified that are not Considered to be Material Weaknesses? Yes None

Noncompliance Material to Financial Statements Noted? Yes No

2. Federal Awards

Internal Control Over Major Programs:

Material Weakness(es) Identified? Yes No

Significant Deficiencies(s) Identified that are not Considered to be Material Weaknesses? Yes None

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 2 CFR Section 200.516(a)? Yes No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.377A	Title 1, School Improvement Grants

Dollar Threshold used to Distinguish between Type A and Type B Programs: \$750,000

Auditee Qualified as Low-Risk Auditee? Yes No

POR VIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED AUGUST 31, 2018

Section II: Financial Statement Findings

None Noted

Section III: Federal Award Findings and Questioned Costs

None Noted