

**AMIGOS POR VIDA – FRIENDS FOR LIFE  
HOUSING & EDUCATION CORPORATION  
dba AMIGOS POR VIDA – FRIENDS FOR LIFE  
PUBLIC CHARTER SCHOOL  
(A NON PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended August 31, 2015  
with Comparative Totals for 2014**



**AMIGOS POR VIDA – FRIENDS FOR LIFE  
PUBLIC CHARTER SCHOOL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended August 31, 2015**

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**Amigos Por Vida – Friends For Life Public Charter School  
(Federal Employer Identification Number: 76-0433-067)  
Certificate of Board**

**Amigos Por Vida - Friends For Life Housing &  
Education Corporation dba Amigos Por Vida -  
Friends For Life Public Charter School**

\_\_\_\_\_  
Name of Charter Holder

**76-0433-067**

\_\_\_\_\_  
Federal Employer ID Number

**Amigos Por Vida - Friends For Life Public  
Charter School**

\_\_\_\_\_  
Name of Charter School

**Harris**  
\_\_\_\_\_  
County

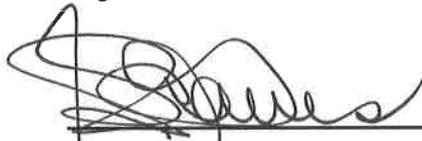
**101-819**  
\_\_\_\_\_  
County District Number

We, the undersigned, certify that the attached Financial and Compliance Report of Amigos Por Vida - Friends for Life Public Charter School was reviewed and (check one)  approved  disapproved for the year ended August 31, 2015, at a meeting of the governing body of the charter holder on the 20<sup>th</sup> day of January, 2016.

Signature of Board Secretary

  
\_\_\_\_\_

Signature of Board President

  
\_\_\_\_\_

NOTE: If the governing body of the charter holder does not approve the independent auditors' report, it must forward a written statement discussing the reason(s) for not approving the report.



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School  
Houston, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of Amigos Por Vida - Friends for Life Public Charter School, Inc. (the "Charter School") which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

To the Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Charter School's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the Table of Contents and required by the Texas Education Agency, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are 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 14, 2016, on our consideration of the Charter School'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 the Charter School's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
January 14, 2016

**GENERAL PURPOSE FINANCIAL STATEMENTS**

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**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF FINANCIAL POSITION**

	<b>August 31,</b>	
	<b>2015</b>	<b>2014</b>
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,686,189	\$ 1,426,267
Due from state	345,808	295,748
Other receivables	12,202	13,216
Prepaid expenses	9,542	90,678
Total current assets	<u>2,053,741</u>	<u>1,825,909</u>
 Property and Equipment, net	 <u>13,027,816</u>	 <u>13,315,355</u>
 Total Assets	 <u>\$ 15,081,557</u>	 <u>\$ 15,141,264</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 72,674	\$ 96,453
Accrued salaries payable	135,906	129,998
Other current liabilities	19,847	23,732
Current portion of bonds payable	205,000	195,000
Total Current Liabilities	<u>433,427</u>	<u>445,183</u>
 Bonds payable net of discount and current portion	 <u>9,047,969</u>	 <u>9,248,656</u>
 <b>Total Liabilities</b>	 <u>9,481,396</u>	 <u>9,693,839</u>
 <b>Net Assets:</b>		
Unrestricted	2,230,315	2,146,999
Temporarily restricted	3,369,846	3,300,426
Total Net Assets	<u>5,600,161</u>	<u>5,447,425</u>
 Total Liabilities and Net Assets	 <u>\$ 15,081,557</u>	 <u>\$ 15,141,264</u>

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

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF ACTIVITIES**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>August 31, 2015</b>	<b>2014</b>
<b>Revenues</b>				
Local Support:				
Other revenues from local sources	\$ 62,358	\$ -	\$ 62,358	\$ 80,599
Revenues from cocurricular activities	20,958	-	20,958	14,548
<b>Total Local Support</b>	<b>83,316</b>	<b>-</b>	<b>83,316</b>	<b>95,147</b>
State Program Revenues:				
Per Capita and Foundation School Program Act Revenues	-	4,263,412	4,263,412	4,193,033
State Program Revenues Distributed by Texas Education Agency (TEA)	-	43,801	43,801	69,979
<b>Total State Program Revenues</b>	<b>-</b>	<b>4,307,213</b>	<b>4,307,213</b>	<b>4,263,012</b>
Federal Program Revenues:				
Federal revenues distributed by the TEA	-	989,168	989,168	1,068,270
Federal revenues distributed by other State of Texas government agencies	-	-	-	26,877
<b>Total Federal Program Revenues</b>	<b>-</b>	<b>989,168</b>	<b>989,168</b>	<b>1,095,147</b>
Net Assets Released from Restrictions:				
Restrictions satisfied by payments	5,226,961	(5,226,961)	-	-
<b>Total Revenues</b>	<b>5,310,277</b>	<b>69,420</b>	<b>5,379,697</b>	<b>5,453,306</b>

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

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF ACTIVITIES (continued)**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>August 31, 2015</b>	<b>2014</b>
<b>Expenses</b>				
Instruction	\$ 2,616,036	\$ -	\$ 2,616,036	\$ 2,534,206
Instructional Resources and Media Services	17,001	-	17,001	43,035
Curriculum Development and Instructional Staff Development	7,311	-	7,311	14,403
Instructional Leadership	140,109	-	140,109	194,585
School Leadership	244,405	-	244,405	260,314
Guidance, Counseling & Evaluation Services	181,641	-	181,641	197,614
Health Services	36,093	-	36,093	33,248
Food Services	428,574	-	428,574	407,487
Extracurricular Activities	8,222	-	8,222	14,337
General Administration	226,223	-	226,223	241,187
Facilities Maintenance and Operations	591,362	-	591,362	646,788
Security and Monitoring Services	69,739	-	69,739	64,547
Data Processing Services	47,737	-	47,737	42,790
Community Services	3,145	-	3,145	1,739
Debt Services	604,367	-	604,367	611,910
Fund Raising	4,996	-	4,996	5,485
Total Expenses	<u>5,226,961</u>	<u>-</u>	<u>5,226,961</u>	<u>5,313,675</u>
 Change in Net Assets	 83,316	 69,420	 152,736	 139,631
 Net Assets, beginning of year	 <u>2,146,999</u>	 <u>3,300,426</u>	 <u>5,447,425</u>	 <u>5,307,794</u>
 Net Assets, end of year	 <u>\$ 2,230,315</u>	 <u>\$ 3,369,846</u>	 <u>\$ 5,600,161</u>	 <u>\$ 5,447,425</u>

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

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**STATEMENTS OF CASH FLOWS**

	<b>August 31,</b>	
	<b>2015</b>	<b>2014</b>
	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities:</b>		
Foundation school program payments	\$ 4,215,590	\$ 4,161,715
Grant payments	986,930	1,117,891
Other state and local revenue payments	128,131	162,112
Payments to vendors for goods and services rendered	(1,168,942)	(1,271,410)
Payments to charter school personnel for services rendered	(3,110,734)	(3,129,103)
Interest Payments	(596,053)	(607,597)
Net cash provided by operating activities	<u>454,922</u>	<u>433,608</u>
 <b>Cash flows from investing activities:</b>		
Purchase of fixed assets	<u>-</u>	<u>(17,004)</u>
Net cash used by investing activities	<u>-</u>	<u>(17,004)</u>
 <b>Cash flows from financing activities:</b>		
Principal payments on long-term debt	<u>(195,000)</u>	<u>(180,000)</u>
Net cash used by financing activities	<u>(195,000)</u>	<u>(180,000)</u>
 Net change in cash and cash equivalents	259,922	236,604
Beginning cash and cash equivalents	1,426,267	1,189,663
Ending cash and cash equivalents	<u>\$ 1,686,189</u>	<u>\$ 1,426,267</u>
 <b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Increase in net assets	\$ 152,736	\$ 139,631
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	287,539	287,539
Amortization of bond discount	4,313	4,314
(Increase) decrease in:		
Due from state	(50,060)	(8,574)
Other receivables	1,014	(3,014)
Prepaid expenses	81,136	9,429
Increase (decrease) in operating liabilities:		
Accounts payable	(23,779)	13,549
Accrued salaries payable	5,908	(6,513)
Other current liabilities	(3,885)	(2,753)
Net cash provided by operating activities	<u>\$ 454,922</u>	<u>\$ 433,608</u>

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

# AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Note 1 - Summary of Significant Accounting Policies

The general-purpose financial statements of Amigos Por Vida - Friends for Life Public Charter School (the “Charter School”) were prepared in conformity with accounting principles generally accepted in the United States. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

#### *Reporting Entity*

The Charter School is a not-for-profit organization incorporated in the State of Texas in 1997 and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Charter School is governed by a Board of Directors comprised of five members. The members of the Board of Directors are appointed in accordance with provisions contained in the bylaws of the Charter School. The Board of Directors has the authority to make decisions, appoint the administrator of the Charter School, and significantly influence operations. The Board of Directors has primary accountability for the fiscal affairs of the Charter School.

Since the Charter School receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

#### *Corporate Operations*

The Charter School was organized to provide educational services to students in Pre-K3 through the Eighth Grade. The Board of Directors governs the programs, services, activities, and functions of the Charter School, which operates under an open enrollment charter granted by the State of Texas Board of Education. The Charter School is part of the public school system of the State of Texas and is therefore entitled to distributions from the State’s available school fund. The Charter School does not have the authority to impose ad valorem taxes on its district or to charge tuition.

The Charter School’s charter was renewed in April of 2014 with a contract ending date of July 31, 2023.

#### *Basis of Accounting and Presentation*

The accompanying general purpose financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

In accordance with Accounting Standards Codification Topic 958-205 (ASC Topic No. 958) *Not-For-Profit Entities-Presentation of Financial Statements*, net assets, revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the Charter School and changes therein are classified and reported as follows:

**Unrestricted** - net assets that are not subject to donor-imposed restrictions. As of August 31, 2015, unrestricted net assets totaled \$2,230,315.

**Temporarily restricted** - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Charter School and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of August 31, 2015, temporarily restricted net assets totaled \$3,369,846.

# AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Note 1 - Summary of Significant Accounting Policies (continued)

#### *Basis of Accounting and Presentation (continued)*

**Permanently restricted** - net assets required to be maintained in perpetuity with only the income to be used for the Charter School's activities due to donor-imposed restrictions. As of August 31, 2015, the Charter School had no permanently restricted net assets.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimate affecting the Charter School's financial statements was the depreciation of capital assets and functional allocation of expenses.

#### *Contributions*

The Charter School accounts for contributions in accordance with FASB ASC Topic 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC Topic 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### *Cash and Cash Equivalents*

For financial statement purposes, the Charter School considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

#### *Revenue Recognition*

State Foundation School Program revenues are recognized based on the reported student attendance. State and Federal grant revenues are recognized when services are rendered. Contributions and other revenues are recognized when received or unconditionally promised by a third party.

#### *Capital Assets*

Capital assets, which include buildings and improvements, furniture and equipment, vehicles, and other personal property, are reported in the general-purpose and specific-purpose financial statements. Capital assets are defined by the Charter School as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, which range from three to thirty-nine years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expenses as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost. The Charter School had no donated capital assets at August 31, 2015.

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

***Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

***Income Taxes***

The Charter School is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (“the Code”) and comparable State of Texas law. The Charter School did not conduct any unrelated business activities in the current fiscal year. Therefore, the Charter School has made no provision for federal income taxes in the accompanying financial statements. The Charter School has also been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. Accordingly, contributions to the Charter School are tax deductible within the limitations prescribed by the Code.

The Charter School applies the provisions of FASB ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Charter School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Note 2 - Capital Assets**

Capital assets at August 31, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 5,813,836	\$ 5,813,836
Buildings and Improvements	8,468,298	8,468,298
Furniture and Equipment	<u>25,788</u>	<u>25,788</u>
Total Property and Equipment	14,307,922	14,307,922
Less Accumulated Depreciation	<u>(1,280,106)</u>	<u>(992,567)</u>
Property and Equipment, Net	<u>\$ 13,027,816</u>	<u>\$ 13,315,355</u>

Depreciation expense for the fiscal years ended August 31, 2015 and August 31, 2014 was \$287,539 and \$287,539, respectively.

Capital assets acquired with public funds received by the Charter School for the operation of the Charter School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets.

# AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Note 3 - Concentration of Credit and Business Risk

The Charter School maintains demand deposits with a U.S. local banking institution. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Charter School will not be able to recover its deposits. The Charter School maintains deposits at federally insured banks and strives to minimize its exposure to custodial credit risk. At August 31, 2015, the carrying amount of the School's cash deposits was \$1,686,189 and the banks' balance was \$1,759,051. The School's cash deposits at August 31, 2015, were entirely covered by Federal Deposit Insurance Corporation (FDIC) Insurance or by pledged collateral held by the Charter School's agent bank in the Charter School's name.

Approximately 79 percent of the Charter School's total revenue for fiscal year 2015 was provided by the State funding for the Per Capita Apportionment and State Foundation Program.

### Note 4 - Defined Benefit Pension Plans

#### *Plan Description*

The Charter School participates in a cost-sharing multi-employer defined benefit pension that has a special funding situation. The Charter school is a legally separate entity from the State of Texas and other participants of the plan. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Assets contributed by one charter school or independent school district may be used for the benefit of an employee of another charter school or school district. Any unfunded obligations are passed along to other charter schools and school districts.

As of the last measurement date of August 31, 2014, total assets of TRS were \$157.3 billion, while accumulated benefit obligations totaled \$159.5 billion as of August 31, 2014, the latest measurement date. TRS is 83.25 percent funded. Furthermore, there is not a collective-bargaining agreement

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Benefit Pension Plans (continued)**

***Benefits Provided***

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

***Contributions***

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2014</b>	<b>2015</b>
Member	6.4%	6.7%
Employer	6.8%	6.8%
Non-Employer Contributing Entity (State)	6.8%	6.8%

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Defined Benefit Pension Plans (continued)**

*Contributions (continued)*

	<b>Contributions Required and Made During the Measurement Year</b>	<b>TRS Contributions Made During the Fiscal Year</b>
	<hr/>	<hr/>
Total Covered Payroll	\$ 2,766,238	\$ 2,734,867
Member (Employee)	177,040	183,244
Charter School	33,034	28,838
Non-OASDI Surcharge	-0-	27,554
Pension Retiree Surcharge	-0-	-0-

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge. Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). There have been no changes that would affect the comparison of employer contributions from year to year. In addition, the charter schools contributions to TRS did not represent more than 5 percent of the total contributions to the TRS.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

**Note 5 - Health Care Coverage**

During the year ended August 31, 2015, employees of the Charter School were covered by a Health Insurance Plan (the "Plan"). The Charter School contributed \$301 per month per employee from September 2014 through January 2015 and \$318 per month per employee from February 2015 through August 2015 to the Plan. During the year ended August 31, 2014, the Charter School contributed \$300 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 licensed insurers.

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Due from State**

Amounts due from the Texas Education Agency at August 31, 2015 and 2014, consisted of the following:

	<u>2015</u>	<u>2014</u>
State Foundation Program Year	\$ 251,561	\$ 203,739
Title I, Part A	36,071	14,719
Instructional Materials Allotment	-	32,323
IDEA, Part B - Formula	8,347	19,213
IDEA, Part B - Preschool	-	302
IDEA, Part B - Discretionary	8,604	11,169
Title II, Part A	1,575	-
Title III, Part A	6,510	-
National School Lunch Program	33,140	14,283
	<u>\$ 345,808</u>	<u>\$ 295,748</u>

**Note 7 - Operating Leases**

The Charter School currently leases its office equipment, which are comprised of copiers and a postage meter. The future minimum rental payments required under non-cancellable lease agreements as of August 31, 2015, are as follows:

<u>Year</u>	<u>Amount</u>
2015-2016	\$ 17,700
2016-2017	17,700
2017-2018	17,700
2018-2019	17,700
2020 and thereafter	5,163
Total	<u>\$ 75,963</u>

Rent expenses for the fiscal years ended August 31, 2015 and August 31, 2014 were approximately \$21,403 and \$29,586, respectively.

**Note 8 - Commitments and Contingencies**

The Charter School receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily in 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.

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 - State Aid**

Charter schools in the State of Texas participate in the State foundation program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six-week reporting period, and at the close of the year, actual attendance is calculated by the Texas Education Agency and the attendance reports are subject to audit by the Texas Education Agency and final State foundation program earnings may be adjusted as a result of any such audit. During the period ended August 31, 2015, the Charter School earned \$4,263,412 of Per Capita and State foundation program funds, of which all was earned (before any possible Texas Education Agency enrollment and attendance audit). In fiscal year 2014, the Charter School earned \$4,193,033.

**Note 10 - Shared Services Arrangements**

Under this arrangement, two schools agree to provide efficient delivery of legally required special education and related services to eligible students with disabilities. The Charter School is the fiscal agent for the Houston Area Special Education Co-op. As the fiscal agent, the Charter School is responsible for applying, receiving, collecting, and disbursing of IDEA-B Co-op funds. As of August 31, 2015, the Co-op received \$167,714 in IDEA-B Formula funds, \$4,296 in IDEA-B Preschool funds, and \$150,000 in IDEA-B Discretionary funds to facilitate the start-up of the cooperative, grant year 3 of 4.

<u>Member/Entity</u>	<u>Revenue</u>	<u>Expense</u>
Amigos Por Vida	\$ 50,372	\$ 50,372
Arrow Academy	117,342	117,342
<b>Total IDEA-B Formula Funds</b>	<b>\$ 167,714</b>	<b>\$ 167,714</b>

<u>Member/Entity</u>	<u>Revenue</u>	<u>Expense</u>
Amigos Por Vida	\$ 4,296	\$ 4,296
Arrow Academy	-	-
<b>Total IDEA-B Preschool Funds</b>	<b>\$ 4,296</b>	<b>\$ 4,296</b>

<u>Member/Entity</u>	<u>Revenue</u>	<u>Expense</u>
Amigos Por Vida	\$ 56,716	\$ 56,716
Arrow Academy	93,284	93,284
<b>Total IDEA-B Discretionary Funds</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>

<b>Total IDEA-B Federal Funds</b>	<b>\$ 322,010</b>	<b>\$ 322,010</b>
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**Note 11 - Bond Payable**

The Charter School has secured bond financing pursuant to Chapter 53 of the Texas Education Code, \$10,350,000 of “Qualified Tax Exempt” Education Revenue Bonds, Series 2008. The bond is limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. None of the state, the city, nor any political corporation, subdivisions, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 11 - Bond Payable (continued)**

During the 2015 fiscal year, long-term debt consisted of the following revenue bonds payable:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Interest Accrual</u>
Education Revenue Bonds, Series 2008	\$ 9,545,000	\$ -	\$ (195,000)	\$ 9,350,000	\$ 205,000	\$ 25,547
Unamortized discount	(101,344)	-	4,313	(97,031)	-	-
	<u>\$ 9,443,656</u>	<u>\$ -</u>	<u>\$ (190,687)</u>	<u>\$ 9,252,969</u>	<u>\$ 205,000</u>	<u>\$ 25,547</u>

The following is a summary of long-term debt transactions for the Charter School for the year ended August 31, 2015:

<u>Series</u>	<u>Amount Outstanding</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Serially Beginning/ Ending</u> August 15, 2008/ February 15, 2037	<u>Interest Payment Dates</u> February 15, August 15
Education Revenue Bonds, Series 2008	\$ 9,350,000	\$ 10,350,000	6.00% - 6.375%		

The debt service requirements on bonds outstanding at August 31, 2015 are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 205,000	\$ 584,394	\$ 789,394
2017	215,000	571,794	786,794
2018	230,000	558,444	788,444
2019	245,000	543,888	788,888
2020	260,000	528,106	788,106
2021	280,000	511,231	791,231
2022	295,000	493,263	788,263
2023	315,000	474,200	789,200
2024	335,000	453,888	788,888
2025	355,000	432,325	787,325
2026	380,000	409,356	789,356
2027	405,000	384,572	789,572
2028	430,000	357,956	787,956
2029	460,000	329,588	789,588
2030	490,000	299,306	789,306
2031	520,000	267,113	787,113
2032	555,000	232,847	787,847
2033	590,000	196,350	786,350
2034	630,000	157,463	787,463
2035	675,000	115,866	790,866
2036	715,000	71,559	786,559
2037	765,000	24,384	789,384
	<u>\$ 9,350,000</u>	<u>\$ 7,997,893</u>	<u>\$ 17,347,893</u>

# **AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **Note 12 - Temporarily Restricted Net Assets**

At August 31, 2015, temporarily restricted net assets, primarily attributable to the General Fund (Fund 420) and the Child Nutrition Program (Fund 240), totaled \$3,369,846.

### **Note 13 - Accrued Salaries**

During August 2015, the Charter School's teachers worked on average eighteen days for which they were not paid until after August 31, 2015. Based on the daily rate of pay and the number of days worked, the Charter School accrued \$135,906 in teachers' salaries to be paid after August 31, 2015. In fiscal year 2014, the Charter School recorded \$129,998 in accrued salaries.

### **Note 14 - Charter Holder Operations**

The Charter Holder only operated a single charter school and did not conduct any other charter or non-charter activities.

### **Note 15 - Management's Review of Subsequent Events**

In preparing the accompanying financial statements, management has reviewed all known events that have occurred after August 31, 2015, and through January 14, 2016, the date on which the financial statements were available to be issued, for inclusion in the financial statements and footnotes. This review resulted in no adjustment to the financial statements and footnotes.

**SUPPLEMENTARY INFORMATION**

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**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**SCHEDULES OF EXPENSES**

		August 31,	
		<u>2015</u>	<u>2014</u>
	<b>Expenses</b>		
6100	Payroll Costs	\$ 3,116,642	\$ 3,135,210
6200	Professional and Contract Services	930,003	929,089
6300	Supplies and Materials	208,083	250,265
6400	Other Operating Costs	367,866	383,201
6500	Debt	604,367	615,910
	Total Expenses	<u>\$ 5,226,961</u>	<u>\$ 5,313,675</u>

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**SCHEDULE OF CAPITAL ASSETS**

**Year Ended August 31, 2015**

		<b>Ownership Interest</b>		
		<b>Local</b>	<b>State</b>	<b>Federal</b>
1510	Land and improvements	\$ -	\$ 5,813,836	\$ -
1520	Buildings and improvements	-	8,468,298	-
1539	Furniture and equipment	-	25,788	-
	<b>Total property &amp; equipment</b>	<b>\$ -</b>	<b>\$ 14,307,922</b>	<b>\$ -</b>

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**BUDGETARY COMPARISION SCHEDULE**

**Year Ended August 31, 2015**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
<b>Revenues</b>				
Local Support:				
5740	\$ 48,780	\$ 74,497	\$ 83,316	\$ 8,819
State Program Revenues:				
5810	4,167,658	4,195,742	4,263,412	67,670
5820	34,851	34,851	43,801	8,950
	<u>4,202,509</u>	<u>4,230,593</u>	<u>4,307,213</u>	<u>76,620</u>
Federal Program Revenues:				
5929	1,000,589	985,443	989,168	3,725
	<u>5,251,878</u>	<u>5,290,533</u>	<u>5,379,697</u>	<u>89,164</u>
<b>Expenses</b>				
11	2,641,750	2,532,532	2,616,036	(83,504)
12	17,900	23,102	17,001	6,101
13	12,830	11,975	7,311	4,664
21	140,210	140,210	140,109	101
23	273,714	234,835	244,405	(9,570)
31	178,772	175,664	181,641	(5,977)
33	36,299	36,054	36,093	(39)
35	406,290	421,710	428,574	(6,864)
36	12,979	7,211	8,222	(1,011)
41	251,010	235,642	226,223	9,419
51	305,365	286,070	591,362	(305,292)
52	72,050	70,616	69,739	877
53	53,099	49,100	47,737	1,363
61	2,560	3,380	3,145	235
71	596,394	600,394	604,367	(3,973)
81	10,900	4,593	4,996	(403)
	<u>5,012,122</u>	<u>4,833,088</u>	<u>5,226,961</u>	<u>(393,873)</u>
	239,756	457,445	152,736	(304,709)
	<u>5,447,425</u>	<u>5,447,425</u>	<u>5,447,425</u>	<u>-</u>
	<u>\$ 5,687,181</u>	<u>\$ 5,904,870</u>	<u>\$ 5,600,161</u>	<u>\$ (304,709)</u>

# AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## BUDGETARY COMPARISION SCHEDULE (continued)

Year Ended August 31, 2015

### Budget Variances

In accordance with Module 10, Section 1.7.2.8 of the Financial Accountability System Resource Guide, If the original and final budgeted amounts vary by more than 10 percent of the original budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The Charter School provides the following explanations for each of the variances noted:

<b>Function 12</b>	Budget increased in anticipation of replacing a part time contract person with a full time librarian.
<b>Function 23</b>	Budget reduced due to open positions in the front office.
<b>Function 36</b>	Decreased budget for soccer playoffs, and travel to state tournament. Neither soccer team qualified for the state playoffs.
<b>Function 61</b>	Budget increased because of adding a second parent training and development program.
<b>Function 81</b>	Budget reduced due a spring fundraising festival not held as expected.

If the actual and final budgeted amounts vary by more than 10 percent of the final budgeted amounts, the charter holder must include a written statement discussing the cause of the variance(s). The Charter School provides the following explanations for each of the variances noted:

<b>Function 12</b>	Under budget due to the anticipated hire of a new librarian to finish 2014-15 school year and return in August 2015 not occurring.
<b>Function 13</b>	Over budgeted professional development costs partially due to \$2,400 TCSA Conference costs correctly charged to other function codes, i.e. 23, & 41. Also contributing to the under spending is all training occurred locally resulting in professional development travel being \$3,100 under budget.
<b>Function 36</b>	Over budget variance resulted primarily from an accrual for a bus transportation invoice not received from vendor until November 2015.
<b>Function 51</b>	Operating budget submitted for approval did not include non-cash depreciation of \$287,500.

**COMPLIANCE, INTERNAL CONTROLS, AND FEDERAL AWARDS**

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

To the Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School  
Houston, 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 Amigos Por Vida - Friends for Life Public Charter School, Inc. (the "Charter School"), which comprise the statement of financial position as of August 31, 2015, 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 14, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Charter School'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 the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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

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

To the Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter School'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 Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas  
January 14, 2016

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

To the Board of Directors  
Amigos Por Vida - Friends for Life Public Charter School  
Houston, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Amigos Por Vida - Friends for Life Public Charter School’s (the “Charter School”) 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 Charter School’s major federal programs for the year ended August 31, 2015. The Charter School’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 Charter School’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 Charter School’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 Charter School’s compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Charter School 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 Charter School 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 Charter School'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 Charter School's internal control over financial 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas  
January 14, 2016

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended August 31, 2015**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	None

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) OMB Circular A-133?	None reported

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
<b>U.S. Department of Education</b>	
<b>Title I, Part A</b>	84.010A
<b>Special Education Cluster</b>	
IDEA, Part B - Formula	84.027A
IDEA, Part B - Discretionary	84.027A
IDEA - Preschool	84.173A
Dollar threshold considered between Type A and Type B Federal Programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**

**II. Financial Statement Findings**

No financial statement findings.

**III. Federal Awards Findings and Questioned Costs**

No federal award findings or questioned costs.

**IV. Summary Schedule of Prior Audit Findings**

No prior year findings.

**AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended August 31, 2015**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Education</b>			
<b>Passed Through Texas Education Agency:</b>			
<i>Title I, Part A</i>	84.010A	15610101101819	\$ 215,621
<i>IDEA, Part B - Formula**</i>	84.027A	146600011018196000	5,782
<i>IDEA, Part B - Formula**</i>	84.027A	156600011018196000	161,932
<i>IDEA, Part B - Discretionary**</i>	84.027A	156600021018196000	150,000
<i>IDEA - Preschool**</i>	84.173A	146610011018196000	1,736
<i>IDEA - Preschool**</i>	84.173A	156610011018196000	2,560
<i>Title III, Part A - LEP</i>	84.365A	15671001101819	49,408
<i>Title II, Part A - TPTR</i>	84.367A	15694501101819	28,908
<b>Total Passed Through Texas Education Agency</b>			<b>615,947</b>
<b>Total U.S. Department of Education</b>			<b>615,947</b>
<b>U.S. Department of Agriculture</b>			
<b>Passed Through Texas Education Agency:</b>			
<i>National School Lunch Program*</i>	10.555	71301501	318,077
<i>School Breakfast Program*</i>	10.553	71401501	55,144
<b>Total Passed Through Texas Education Agency</b>			<b>373,221</b>
<b>Total U.S. Department of Agriculture</b>			<b>373,221</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 989,168</b>

\*Child Nutrition Cluster

\*\*Special Education Cluster

# AMIGOS POR VIDA – FRIENDS FOR LIFE PUBLIC CHARTER SCHOOL

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2015

### **Note 1 - Basis of Presentation**

The schedule of expenditures of federal awards (“SEFA”) presents federal grant activity of the Charter School for the fiscal year ended August 31, 2015, and is reported on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the Charter School’s financial statements.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* (per the Texas Education Agency guidance issued in June 2013), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **Note 3 - Relationship to Financial Report Submitted to Grantor Agencies**

Amounts reflected in the financial reports filed with grantor agencies for the program may not agree with the amounts in the SEFA because of accruals made to present the SEFA on the accrual basis (which would be included in the next report filed with the agencies), as well as matching requirements not included in the SEFA and differences in programs’ year-ends.