

**IMAGINE CHARTER SCHOOL AT INDIGO RANCH**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2010**

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**JOHN CUTLER**  
& ASSOCIATES

Board of Directors  
Imagine Charter School at Indigo Ranch  
Colorado Springs, Colorado

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities and each major fund of Imagine Charter School at Indigo Ranch, component unit of the Falcon School District No. 49, as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements of the School, as listed in the table of contents. These financial statements are the responsibility of Imagine Charter School at Indigo Ranch's management. Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Imagine Charter School at Indigo Ranch, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The School has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*John Cutler & Associates, LLC*

October 19, 2010

## **BASIC FINANCIAL STATEMENTS**

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

STATEMENT OF NET ASSETS

As of June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 304,751
Accounts Receivable	<u>28,227</u>
 TOTAL ASSETS	 <u>332,978</u>
LIABILITIES	
Accounts Payable	111,246
Deferred Revenues	57,968
Noncurrent Liabilities	
Due in One Year	111,369
Due in More than One Year	<u>615,380</u>
 TOTAL LIABILITIES	 <u>895,963</u>
NET ASSETS	
Restricted for Emergencies	116,000
Unrestricted	<u>(678,985)</u>
 TOTAL NET ASSETS	 <u>\$ (562,985)</u>

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

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2010

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>			Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
PRIMARY GOVERNMENT					
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instructional	\$ 2,027,980	\$ 125,410	\$ 12,703	\$ -	\$ (1,889,867)
Supporting Services	<u>2,241,067</u>	<u>-</u>	<u>392,623</u>	<u>53,135</u>	<u>(1,795,309)</u>
Total Governmental Activities	<u>\$ 4,269,047</u>	<u>\$ 125,410</u>	<u>\$ 405,326</u>	<u>\$ 53,135</u>	(3,685,176)
		GENERAL REVENUES			
					Per Pupil Revenue 3,655,901
					Other <u>208</u>
					TOTAL GENERAL REVENUES <u>3,656,109</u>
					CHANGE IN NET ASSETS (29,067)
					NET ASSETS, Beginning <u>(533,918)</u>
					NET ASSETS, Ending <u>\$ (562,985)</u>

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

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010

ASSETS	
Cash and Investments	\$ 304,751
Accounts Receivable	<u>28,227</u>
TOTAL ASSETS	<u><u>\$ 332,978</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 111,246
Accrued Salaries	-
Deferred Revenues	<u>57,968</u>
TOTAL LIABILITIES	<u>169,214</u>
FUND BALANCES	
Reserved for Emergencies	116,000
Unreserved, reported in General Fund	<u>47,764</u>
TOTAL FUND BALANCES	<u>163,764</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities, including loans payable (\$545,000) and capital leases (\$181,749), are not due and payable in the current period and are not reported in the funds.	<u>(726,749)</u>
Net assets of governmental activities	<u><u>\$ (562,985)</u></u>

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

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2010

REVENUES	
Local Sources	\$ 3,812,286
State Sources	53,135
Federal Sources	<u>392,623</u>
TOTAL REVENUES	<u>4,258,044</u>
EXPENDITURES	
Current	
Instruction	2,027,980
Supporting Services	<u>2,325,709</u>
TOTAL EXPENDITURES	<u>4,353,689</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(95,645)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from Capital Leases	<u>153,060</u>
NET CHANGE IN FUND BALANCES	57,415
FUND BALANCES, Beginning	<u>106,349</u>
FUND BALANCES, Ending	<u><u>\$ 163,764</u></u>

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



IMAGINE CHARTER SCHOOL AT INDIGO RANCH

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	57,415
Revenues that did not provide current financial resources were deferred in the governmental fund financial statements but were recognized in the government-wide financial statements		(18,064)
Loan Proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not effect the statement of activities.		(153,060)
Repayments of loan principal (\$30,000), capital lease payments (\$54,642), are expenditures in the governmental funds but reduce long-term liabilities in the statement of net assets.		<u>84,642</u>
Change in net assets of governmental activities	\$	<u><u>(29,067)</u></u>

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

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Imagine Charter School at Indigo Ranch (the “School”) was formed in June 2008, pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School’s focus is to provide a Core-Knowledge curriculum that encourages students to become well-educated, virtuous citizens who will embody the following attributes: Competence, Curiosity, Courage, Conscience, Compassion, and Citizenship.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

**Reporting Entity**

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Based upon the application of these criteria, there are no organizations that should be included in the School’s reporting entity.

The School is a component unit of the Falcon School District No. 49 (the “District”).

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

Major individual governmental funds are reported in separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and the unrestricted resources as they are needed.

The School reports the following major governmental fund:

*General Fund*— This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities and Fund Balance/Net Assets**

*Investments* – Investments are recorded at fair value.

*Accounts Receivable* – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Deferred Revenues* – Deferred revenues include tuition payments that have been collected for the following school year.

*Long-term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Net Assets/Fund Equity* – In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

A budget is adopted for General Fund on a basis consistent with generally accepted accounting principles. No budget is adopted for the Capital Reserve Fund.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Legal Compliance**

The actual expenditures of the General Fund exceeded the budgeted amounts by \$333,582. This is due to a supplemental grant that was received from the State, very late in the year, that was not included in the budgeted revenues and expenditures. This may be a violation of State statute.

**NOTE 3: CASH AND INVESTMENTS**

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2010, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

At June 30, 2010, the School had deposits with financial institutions with a carrying amount of \$304,751. The bank balances with the financial institutions were \$421,446. Of these balances, \$250,000 was covered by federal depository insurance and \$171,446 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

**Investments**

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 3: CASH AND INVESTMENTS** (Continued)

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At June 30, 2010 the School does not have any investments.

**NOTE 4: LONG-TERM DEBT**

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2010:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2010</u>	Due In <u>One Year</u>
Loan Payable	\$ 575,000	\$ -	\$ 30,000	\$ 545,000	\$ 30,000
Equipment Leases	<u>83,331</u>	<u>153,060</u>	<u>54,642</u>	<u>181,749</u>	<u>81,369</u>
<b>Total</b>	<b><u>\$ 658,331</u></b>	<b><u>\$ 153,060</u></b>	<b><u>\$ 84,642</u></b>	<b><u>\$ 726,749</u></b>	<b><u>\$ 111,369</u></b>

**Loan Payable**

In July, 2008, the School entered into an interest-free loan agreement for \$600,000 with Imagine for development and start-up costs. Under the agreement, the School is obligated to make monthly payments of \$2,500, through August 2028. If the School's operating agreement with Imagine is terminated, the remaining balance of the loan becomes due and payable, discounted at a rate of 10.5%.

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 4: LONG-TERM DEBT** (Continued)

Future debt service requirements are as follows:

Year Ended June 30,

2011	\$ 30,000
2012	30,000
2013	30,000
2014	30,000
2015	30,000
2016-2020	150,000
2021-2025	150,000
2026-2029	<u>95,000</u>
<b>Total</b>	<b><u>\$ 545,000</u></b>

**Equipment Leases**

The School has entered into lease agreements to purchase various equipment. Monthly payments ranging from \$954 to \$4,743 are due under the lease agreement, including interest accruing at rates ranging from 0% to 7.25% per annum. These leases mature from March to November 2012.

Future minimum lease payments are as follows:

Year Ending  
June 30,

2010	\$ 88,872
2011	80,884
2012	<u>23,718</u>
Total payments	193,474
Less amount representing interest	<u>(11,725)</u>
Future minimum lease payments	<b><u>\$ 181,749</u></b>

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

**Plan Description.** The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the School are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

**Funding Policy.** The School is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the School it is 10.15 % of covered salary. A portion of the School's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 6). If the School rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. The School is also required to pay an amortization equalization disbursement equal to 3.7 % of the total payroll for the calendar year 2010, (2.8 % of total payroll for the calendar year 2009). For the year ending June 30, 2009 and 2010, the School's employer contributions for the SDTF were \$52,160 and \$146,599, respectively, equal to their required contributions for each year.

**NOTE 6: POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description.** The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).



IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 6:** **POSTEMPLOYMENT HEALTHCARE BENEFITS** (Continued)

**Funding Policy.** The School is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the year ending June 30, 2009 and 2010 the School's employer contributions to the HCTF were \$4,231 and \$11,141, respectively, equal to their required contributions for the year.

**NOTE 7** **RELATED PARTIES**

The School has entered into multiple agreements with the Imagine Schools, Inc. Imagine Schools, Inc. is responsible for organizing, developing, managing, staffing, and operating the School. During the year, the management company charged fees to the School for management services as described in Note 8.

**NOTE 8** **COMMITMENTS AND CONTINGENCIES**

**Building Lease**

In July 2009, the School entered into an operating lease agreement for a building with Schoolhouse Finance, LLC. The lease requires an annual base rent payment of \$952,274, payable in monthly installments. The annual lease requirement escalates each July 1 at a rate equal to the lesser of 1.5% over the overall Consumer Price Index for the preceding calendar year or the maximum permitted by law. The lease agreement continues so long as the School's operating agreement with Imagine School, Inc. remains in effect.

Total rent expense for the year ended June 30, 2010 for the lease was \$934,349.

**Management Service Contract**

The School has entered into a service agreement in June 2008 with Imagine Schools, Inc. The contract is for management services and remains in effect until the expiration of the School's Charter, and may be cancelled or terminated pursuant to the terms and conditions as set forth in the agreement. Under the management agreement, the management company will manage and operate the School during the term of the agreement for an annual fee of 12% of revenues.

In addition, the School is required to pay a Development Allocation fee of \$2,500 per month for 20 years. Current year management fees charged under this agreement totaled \$453,318.

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**NOTE 8**      **COMMITMENTS AND CONTINGENCIES** (Continued)

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2010, the reserve of \$116,000 was recorded as a reservation of fund balance in the General Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

IMAGINE CHARTER SCHOOL AT INDIGO RANCH

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Per Pupil Revenue	\$ 3,481,856	\$ 3,598,204	\$ 3,655,901	\$ 57,697
Tuition and Fees	156,100	158,752	143,474	(15,278)
Grants and Donations	-	-	12,703	12,703
Other	-	789	208	(581)
State Sources				
Grants and Donations	-	76,403	53,135	(23,268)
Federal Sources				
Grants and Donations	187,430	187,430	392,623	205,193
<b>TOTAL REVENUES</b>	<u>3,825,386</u>	<u>4,021,578</u>	<u>4,258,044</u>	<u>236,466</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries	779,241	935,493	941,633	(6,140)
Employee Benefits	225,508	227,430	294,293	(66,863)
Purchased Services	344,521	332,235	366,574	(34,339)
Supplies and Materials	85,600	72,343	421,911	(349,568)
Other	-	-	3,569	(3,569)
<b>Total Instruction</b>	<u>1,434,870</u>	<u>1,567,501</u>	<u>2,027,980</u>	<u>(460,479)</u>
Supporting Services				
School Administration				
Salaries	220,250	219,690	258,733	(39,043)
Employee Benefits	37,622	37,663	52,910	(15,247)
Purchased Services	1,750,375	1,895,494	1,617,129	278,365
Supplies and Materials	187,430	187,430	56,609	130,821
Property	-	-	154,905	(154,905)
Other	120,839	112,329	94,706	17,623
Debt Service				
Principal	44,000	-	84,642	(84,642)
Interest	30,000	-	6,075	(6,075)
<b>Total Supporting Services</b>	<u>2,390,516</u>	<u>2,452,606</u>	<u>2,325,709</u>	<u>126,897</u>
<b>TOTAL EXPENDITURES</b>	<u>3,825,386</u>	<u>4,020,107</u>	<u>4,353,689</u>	<u>(333,582)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>1,471</u>	<u>(95,645)</u>	<u>(97,116)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Capital Lease	-	-	153,060	153,060
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>1,471</u>	<u>57,415</u>	<u>55,944</u>
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>106,349</u>	<u>106,349</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 1,471</u>	<u>\$ 163,764</u>	<u>\$ 162,293</u>

See the accompanying independent auditors' report.