

**TRUE NORTH ROCHESTER PREPARATORY
CHARTER SCHOOL**

ROCHESTER, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2012

(With Comparative Totals for 2011)

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MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
True North Rochester Preparatory Charter School

We have audited the accompanying statement of financial position of True North Rochester Preparatory Charter School (the "Charter School") as of June 30, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of True North Rochester Preparatory Charter School as of and for the year ended June 30, 2011 and, in our report dated October 26, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of True North Rochester Preparatory Charter School as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012, on our consideration of True North Rochester Preparatory Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 15, 2012

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TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(With Comparative Totals for 2011)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,104,306	\$ 557,321
State and local per pupil receivable	28,650	48,214
Grants and other receivables	306,938	264,669
Pledge receivable	-	29,317
Prepaid expenses and other current assets	<u>11,180</u>	<u>142,489</u>
TOTAL CURRENT ASSETS	1,451,074	1,042,010
 <u>PROPERTY AND EQUIPMENT</u> , net of accumulated depreciation of \$800,113 and \$505,028, respectively		
	<u>1,081,418</u>	<u>1,022,563</u>
TOTAL ASSETS	<u>\$ 2,532,492</u>	<u>\$ 2,064,573</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 375,972	\$ 479,124
Deferred revenue	<u>-</u>	<u>100,000</u>
TOTAL CURRENT LIABILITIES	375,972	579,124
 <u>NET ASSETS</u> , unrestricted	 <u>2,156,520</u>	 <u>1,485,449</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,532,492</u>	<u>\$ 2,064,573</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	<u>Year ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Operating revenue and support:		
State and local per pupil operating revenue	\$ 6,792,315	\$ 5,534,029
Federal grants	1,229,142	1,056,296
Contributions	113,684	236,210
Other income	3,013	4,846
TOTAL OPERATING REVENUE AND SUPPORT	<u>8,138,154</u>	<u>6,831,381</u>
Expenses:		
Program services - education	6,572,805	5,464,404
General and administrative	894,278	1,004,349
TOTAL EXPENSES	<u>7,467,083</u>	<u>6,468,753</u>
CHANGE IN NET ASSETS	671,071	362,628
Unrestricted net assets at beginning of year	<u>1,485,449</u>	<u>1,122,821</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 2,156,520</u>	<u>\$ 1,485,449</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	Year ended June 30,			2011
	2012	2011	2010	
	Program services - education	General and administrative	Total	Total
Salaries	\$ 3,345,189	\$ 304,204	\$ 3,649,393	\$ 2,873,067
Payroll taxes and employee benefits	629,572	59,004	688,576	551,599
Occupancy	276,936	-	276,936	272,414
Grant pass-through	5,500	-	5,500	16,850
Repairs and maintenance	215,885	18,220	234,105	261,552
Textbooks	35,622	-	35,622	46,733
Instructional supplies and assessments	122,355	-	122,355	146,057
Computer and technology support	280,808	-	280,808	158,917
Student enrichment and services	545,144	-	545,144	597,736
Professional development	243,666	-	243,666	168,911
Professional services	-	21,880	21,880	27,545
Telephone	-	82,458	82,458	49,825
Insurance	-	73,380	73,380	61,230
Management fees	513,541	90,625	604,166	527,538
Office expense	66,023	164,845	230,868	177,719
Depreciation and amortization	292,564	2,521	295,085	210,012
Bad debt expense	-	8,239	8,239	289,598
Other	-	68,902	68,902	31,450
	<u>\$ 6,572,805</u>	<u>\$ 894,278</u>	<u>\$ 7,467,083</u>	<u>\$ 6,468,753</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	<u>Year ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 671,071	\$ 362,628
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	295,085	210,012
Bad debt expense	8,239	289,598
Changes in certain assets and liabilities affecting operations:		
State and local per pupil receivable	11,325	(48,214)
Grants and other receivables	(42,269)	399,781
Pledge receivable	29,317	28,649
Prepaid expenses and other current assets	131,309	(137,695)
Accounts payable and accrued expenses	(103,152)	(14,797)
Deferred revenue	(100,000)	100,000
NET CASH PROVIDED FROM OPERATING ACTIVITIES	900,925	1,189,962
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(353,940)	(481,392)
NET CASH USED FOR INVESTING ACTIVITIES	(353,940)	(481,392)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Repayment of note payable to related party	-	(350,000)
NET CASH USED FOR FINANCING ACTIVITIES	-	(350,000)
NET INCREASE IN CASH	546,985	358,570
Cash at beginning of year	557,321	198,751
CASH AT END OF YEAR	<u>\$ 1,104,306</u>	<u>\$ 557,321</u>

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

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

True North Rochester Preparatory Charter School (the “Charter School”), is an educational corporation operating as a charter school in Rochester, New York. On June 27, 2006, the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. On January 10, 2011, the Charter School was granted a five year charter renewal good through June 27, 2016.

The Charter School’s mission is to prepare all students to enter and succeed in college through effort, achievement and the content of their character.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

These classes of net assets are defined as follows:

Permanently restricted – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Charter School. The Charter School had no permanently restricted net assets at June 30, 2012 or 2011.

Temporarily restricted – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Charter School pursuant to those stipulations. The Charter School had no temporarily restricted net assets at June 30, 2012 or 2011.

Unrestricted – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment.

Revenue and support recognition

Revenue from state and local governments resulting from the Charter School’s charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Contributions

Contributions received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as unrestricted revenue.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 and changes in net assets as net assets released from restrictions.

Cash

The Charter School maintains its cash balances at a financial institution located in New York. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at the institution. In addition, certain non-interest bearing transaction accounts at the financial institution are 100% insured through December 31, 2012. In the normal course of business, the interest bearing account balance at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to any significant risk in cash.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2012 or 2011.

Pledge receivable

Pledge receivable represents an unconditional promise to give of \$30,000 per year over 4 years, through June 30, 2012. The amount to be collected in future years was recorded at the present value of estimated future collections. A discount of \$683 at June 30, 2011 on those amounts is computed using an interest rate applicable to the year in which the promise is received (2.33%). Discount amortization is included in contribution revenue. The balance of the pledge was received during the year ended June 30, 2012.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to ten years.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Charter School has filed for and received income tax exemptions in the jurisdictions where it is required to do so. The Charter School files Form 990 in the U.S. federal jurisdiction. With few exceptions, as of June 30, 2012, the Charter School is no longer subject to U.S. federal income tax examinations by tax authorities for the years ended prior to June 30, 2009. The tax returns for the years ended June 30, 2009 through June 30, 2012 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed.

Use of estimates in the preparation of financial statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 15, 2012, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

Comparatives for the year ended from June 30, 2011

The financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE B: RELATED PARTY TRANSACTIONS

Uncommon Schools, Inc. ("USI"), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Charter School. The Charter School entered into a five year agreement with USI, dated September 26, 2006 which was renewed for an additional five years effective July 1, 2011, under which the Charter School pays USI a service fee of a set percentage of the average number of students enrolled at the Charter School during the school year multiplied by the approved per pupil operating expense for the school year, and a percentage of all other public entitlement funding receivable during the fiscal year, excluding in-kind contributions and funds from competitive public grants. This percentage is fixed at 9% for the fiscal year 2011, 8.5% for 2012, and 8% for years 2013 through 2016. The fee incurred for the years ended June 30, 2012 and 2011 was \$604,166 and \$527,538, respectively.

The Charter School leases its Middle School facilities from True North Rochester Real Estate LLC, a wholly-owned subsidiary of USI. The lease agreement expired in July 2011 and is renewable in four successive periods of five years. Rent for this lease is calculated based on a formula of certain expenses of the landlord. The Charter School is currently in the process of renewing the lease.

The Charter School leases its Elementary School facilities from True North Rochester Real Estate Ames Street, LLC, a wholly-owned subsidiary of USI. The lease agreement expires in March 2025, but will terminate if the Charter School's charter is not renewed. Rent for this lease is approximately \$10,600 per month and will increase annually until it reaches approximately \$11,300 per month in February 2017, at which point the monthly rental payment will be reset as defined in the lease. The Charter School is also responsible for all other expenses relating to the property. At June 30, 2012 and 2011, the Charter School was in compliance with its financial covenant.

Rent expense incurred for the years ended June 30, 2012 and 2011 was \$204,695 and \$195,958, respectively.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE B: RELATED PARTY TRANSACTIONS, Cont'd

The future minimum lease payments for the Elementary School are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2013	\$ 129,000
2014	131,000
2015	132,000
2016	133,000
2017	101,000
	<u>\$ 626,000</u>

At June 30, 2012 and 2011 approximately \$11,900 and \$5,300, respectively, are included in accounts receivable relating to USI, primarily from grants passed through USI. At June 30, 2012 and 2011, approximately \$75,400 and \$61,800, respectively, are included in accounts payable relating to USI.

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 118,162	\$ 116,121
Computer equipment and software	642,014	420,114
Leasehold improvements	<u>1,121,355</u>	<u>991,356</u>
	1,881,531	1,527,591
Less accumulated depreciation and amortization	<u>800,113</u>	<u>505,028</u>
	<u>\$ 1,081,418</u>	<u>\$ 1,022,563</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE D: COMMITMENTS

The Charter School leases office equipment under non-cancelable lease agreements expiring at various dates through January 2017. The approximate future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2013	\$ 40,000
2014	28,000
2015	18,000
2016	10,000
2017	<u>6,000</u>
	<u>\$ 102,000</u>

On June 26, 2012, the Charter School's Board of Trustees approved the merger of True North Rochester Preparatory Charter School and True North Rochester Preparatory Charter School – West Campus. They will be applying to the New York State Board of Regents for approval of the merger. The merger is expected to take effect July 1, 2013.

NOTE E: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering most employees. The Charter School matches employees' contributions up to 3% of gross payroll, not to exceed \$3,500. The Charter School's total contribution to the Plan for the years ended June 30, 2012 and 2011 approximated \$76,500 and \$53,600, respectively.

NOTE F: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE G: CONCENTRATIONS

At June 30, 2012 and 2011, approximately 14% and 36% of accounts receivable are due from New York State, respectively. At June 30, 2012, approximately 35% and 46% of accounts receivable are due from the Rochester City School District and a grantor, respectively.

During the years ended June 30, 2012 and 2011, 83% and 81%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the state based on the school district in which the Charter School's students are located.

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

OTHER FINANCIAL INFORMATION



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
True North Rochester Preparatory Charter School

We have audited the financial statements of True North Rochester Preparatory Charter School as of and for the year ended June 30, 2012, and our report thereon dated October 15, 2012, which expressed an unqualified opinion on those financial statements, appears on page 3. Our audit was conducted for the purpose of forming an opinion on the 2012 financial statements as a whole. The 2012 financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2012 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 2012 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 financial statements or to the 2012 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 for the year ended June 30, 2012, as a whole.

We have also audited the financial statements of True North Rochester Preparatory Charter School as of and for the year ended June 30, 2011, and our report thereon dated October 26, 2011, expressed an unqualified opinion on those financial statements. Our report as of the same date, on the 2011 other financial information stated that, in our opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2011, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 15, 2012

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

SCHEDULE OF MIDDLE SCHOOL AND ELEMENTARY SCHOOL ACTIVITIES

YEAR ENDED JUNE 30, 2012

	<u>Middle School</u>	<u>Elementary School</u>	<u>Total</u>
State and local per pupil operating revenue	\$ 3,725,621	\$ 3,066,694	\$ 6,792,315
Federal grants	542,766	686,376	1,229,142
Contributions	13,684	100,000	113,684
Other income	<u>1,627</u>	<u>1,386</u>	<u>3,013</u>
TOTAL OPERATING REVENUE AND SUPPORT	4,283,698	3,854,456	8,138,154
Salaries	2,107,615	1,541,778	3,649,393
Payroll taxes and employee benefits	404,791	283,785	688,576
Occupancy	91,925	185,011	276,936
Grant pass-through	5,500	-	5,500
Repairs and maintenance	112,782	121,323	234,105
Textbooks	1,935	33,687	35,622
Instructional supplies and assessments	64,327	58,028	122,355
Computer and technology supplies	102,573	178,235	280,808
Student enrichment and services	286,269	258,875	545,144
Professional development	104,102	139,564	243,666
Professional services	10,821	11,059	21,880
Telephone	32,824	49,634	82,458
Insurance	39,767	33,613	73,380
Management fees	335,842	268,324	604,166
Office expense	119,707	111,161	230,868
Depreciation and amortization	201,779	93,306	295,085
Bad debt expense	8,239	-	8,239
Other	<u>22,531</u>	<u>46,371</u>	<u>68,902</u>
TOTAL EXPENSES	<u>4,053,329</u>	<u>3,413,754</u>	<u>7,467,083</u>
CHANGE IN NET ASSETS	<u>\$ 230,369</u>	<u>\$ 440,702</u>	<u>\$ 671,071</u>

TRUE NORTH ROCHESTER PREPARATORY CHARTER SCHOOL

SCHEDULE OF MIDDLE SCHOOL AND ELEMENTARY SCHOOL ACTIVITIES

YEAR ENDED JUNE 30, 2011

	<u>Middle School</u>	<u>Elementary School</u>	<u>Total</u>
State and local per pupil operating revenue	\$ 3,503,739	\$ 2,030,290	\$ 5,534,029
Federal grants	582,771	473,525	1,056,296
Contributions	42,440	193,770	236,210
Other income	<u>3,639</u>	<u>1,207</u>	<u>4,846</u>
TOTAL OPERATING REVENUE AND SUPPORT	4,132,589	2,698,792	6,831,381
Salaries	1,799,430	1,073,637	2,873,067
Payroll taxes and employee benefits	376,911	174,688	551,599
Occupancy	96,520	175,894	272,414
Grant pass-through	-	16,850	16,850
Repairs and maintenance	104,620	156,932	261,552
Textbooks	2,645	44,088	46,733
Instructional supplies and assessments	68,119	77,938	146,057
Computer and technology supplies	72,666	86,251	158,917
Student enrichment and services	377,969	219,767	597,736
Professional development	84,234	84,677	168,911
Professional services	19,495	8,050	27,545
Telephone	28,180	21,645	49,825
Insurance	44,615	16,615	61,230
Management fees	334,952	192,586	527,538
Office expense	121,891	55,828	177,719
Depreciation and amortization	181,584	28,428	210,012
Bad debt expense	289,598	-	289,598
Other	<u>14,869</u>	<u>16,581</u>	<u>31,450</u>
TOTAL EXPENSES	<u>4,018,298</u>	<u>2,450,455</u>	<u>6,468,753</u>
CHANGE IN NET ASSETS	<u>\$ 114,291</u>	<u>\$ 248,337</u>	<u>\$ 362,628</u>