

COMMUNITY LEADERSHIP ACADEMY

FINANCIAL STATEMENTS

June 30, 2009

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Board of Directors
Community Leadership Academy
Commerce City, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Community Leadership Academy, component unit of Adams County School District 14, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Community Leadership Academy, as listed in the table of contents. These financial statements are the responsibility of the Community Leadership Academy'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Community Leadership Academy as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Community Leadership Academy's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Swanhorst & Company LLC

October 1, 2009

COMMUNITY LEADERSHIP ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Community Leadership Academy, we offer readers of the Community Leadership Academy financial statements this narrative overview and analysis of the financial activities of the Community Leadership Academy for the fiscal year ended June 30, 2009.

FINANCIAL HIGHLIGHTS

The assets from governmental activities of the Community Leadership Academy (also referred to as the "Academy") exceeded its liabilities at the close of the most recent fiscal year by \$556,970 (net assets) compared to \$385,381 the prior year, an increase of \$171,589.

The Community Leadership Academy Building Corporation was formed for the specific purpose to hold title to real and/or personal property for the Academy, to make the same available for use by the school, and to otherwise provide a public building, facilities, and equipment to the school. The Corporation is blended into the Academy's financial statements as an enterprise fund (proprietary fund type). The ending net assets increased to \$232,344 from \$206,330 the prior year, which is an increase of \$26,014.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Community Leadership Academy's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Academy's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Community Leadership Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the Community Leadership Academy supported primarily by per pupil revenue (PPR) or property taxes and state equalization passed through from the District (Adams County School District 14). The governmental activities of the Academy include instruction and supporting services expense. The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Community Leadership Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Community Leadership Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Academy's near-term financing decisions. When applicable, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. There were no reconciling items for 2008-09.

The Community Leadership Academy maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, grants fund and capital reserve fund.

Community Leadership Academy adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

Proprietary Fund: The Community Leadership Academy Building Corporation, considered a component unit of the charter school, has one fund, the Building Enterprise Fund and is represented on the statements of net assets, changes in net assets and statement of cash flows.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 8 through 14.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Community Leadership Academy, assets exceeded liabilities by \$789,314 as of the close of the most recent fiscal year compared to \$591,711 the prior year, an increase of \$197,603.

Statement of Net Assets Governmental and Business Type Activities

	30-Jun-09	30-Jun-08	Net Change
Current and other assets	\$ 2,247,973	\$ 8,103,183	\$ (5,855,210)
Capital assets	<u>\$ 7,905,114</u>	<u>\$ 2,759,912</u>	<u>\$ 5,145,202</u>
Total Assets	<u>\$ 10,153,087</u>	<u>\$ 10,863,095</u>	<u>\$ (710,008)</u>
Current liabilities	\$ 648,289	\$ 1,502,263	\$ (853,974)
Other liabilities	<u>\$ 8,715,484</u>	<u>\$ 8,769,121</u>	<u>\$ (53,637)</u>
Total Liabilities	<u>\$ 9,363,773</u>	<u>\$ 10,271,384</u>	<u>\$ (907,611)</u>
Net assets			
Invested in capital assets, (Net of related debt)	\$ (562,535)	\$ (816,916)	\$ 254,381
Restricted for Debt Repayment	\$ 738,733	\$ 967,789	\$ (229,056)
Restricted for Repairs & Replacement	\$ 56,146	\$ 55,457	\$ 689
Restricted for Emergencies Tabor	\$ 97,000	\$ 93,500	\$ 3,500
Unrestricted	<u>\$ 459,970</u>	<u>\$ 291,881</u>	<u>\$ 168,089</u>
Total Net Assets	<u>\$ 789,314</u>	<u>\$ 591,711</u>	<u>\$ 197,603</u>

Cash and investments make up 19% of the Community Leadership Academy's total assets of which 57% is restricted in the Building Corporation for acquisition of capital assets and reserved to repay debt. Capital assets, which reflect the Academy's investment in real and personal property and equipment, currently make up 78% of total assets compared to 25% the previous year. The shift to Capital Assets is the result of completion of the new school facility. The remaining assets make up 3% of total assets. Liabilities decreased \$907,611 due to completion of the construction project and elimination of payables related to construction in progress.

Community Leadership Academy
Statement of Activities
For the Years Ended June 30, 2009 and June 30, 2008

	<u>30-Jun-09</u>	<u>30-Jun-08</u>	<u>Net Change</u>
Program Revenue:			
Charges for Services	\$ 468	\$ 7,153	\$ (6,685)
Operating Grants & Contributions	\$ 50,324	\$ 39,100	\$ 11,224
Total Program Revenue	<u>\$ 50,792</u>	<u>\$ 46,253</u>	<u>\$ 4,539</u>
General Revenue:			
Per Pupil Operating Revenue	\$ 3,134,349	\$ 2,939,573	\$ 194,776
Capital Construction Grant	\$ 46,050	\$ 47,351	\$ (1,301)
Other Unrestricted Grants	\$ 0	\$ 94,542	\$ (94,542)
Interest Income	\$ 17,030	\$ 19,564	\$ (2,534)
Miscellaneous	\$ 5,331	\$ 5,734	\$ (403)
Total General Revenue	<u>\$ 3,202,760</u>	<u>\$ 3,106,764</u>	<u>\$ 95,996</u>
Total Revenue	<u>\$ 3,253,552</u>	<u>\$ 3,153,017</u>	<u>\$ 100,535</u>
Expenses:			
Current:			
Instruction	\$ 1,618,869	\$ 1,616,596	\$ 2,273
Supporting Services	\$ 1,093,557	\$ 1,269,633	\$ (176,076)
Interest Expense	\$ -	\$ -	\$ -
Building Corporation	\$ 343,523	\$ 67,922	\$ 275,601
Total Expenses	<u>\$ 3,055,949</u>	<u>\$ 2,954,151</u>	<u>\$ 101,798</u>
Increase (Decrease) in Net Assets	\$ 197,603	\$ 198,866	\$ (1,263)
Beginning Net Assets	<u>\$ 591,711</u>	<u>\$ 392,845</u>	<u>\$ 198,866</u>
Ending Net Assets	<u>\$ 789,314</u>	<u>\$ 591,711</u>	<u>\$ 197,603</u>

Revenue from grants increased \$11,224 due to increased enrollment and eligibility for funding under the State English Language Proficiency Act. Per pupil operating revenue increased \$194,776 due to increased enrollment and the funding increase granted to school districts under Amendment #23. Capital Construction grant funds continue to decrease as limited funding is being allocated over an increasing number of students enrolled in charter schools. Overall expenditures increased \$101,798 as needed to serve the higher number of students and meet debt requirements. Support services decreased \$176,076 primarily from elimination of rent payments when the modular facilities were removed upon completion of the new building. Building Corporation expenditures increased accordingly from interest expense on debt incurred to build the new facility.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

As noted earlier, the Community Leadership Academy uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of the Community Leadership Academy's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Community Leadership Academy's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Academy's net resources available for spending at the end of the fiscal year.

This is the fourth full year of operations for the Community Leadership Academy. General Fund revenue for FY 2008/2009 was \$3,141,733 compared to \$2,945,789 the prior year. Per pupil revenue, which makes up 96.6% of the Academy's total revenue, increased 6.6% due to the increase in funded pupil count from 409 for 2007-08 to 428.5 for 2008-09 and the inflationary increase in per pupil funding provided by the state. The Capital Reserve Fund, which is used to account for the capital portion of the statutory per pupil allocation for capital and/or insurance reserve, decreased to \$68,726 from \$89,035 the prior year.

As of the end of the current fiscal year, the Academy reported \$556,970 as the combined ending fund balance in its governmental funds, an increase of \$171,589 over the prior year balance of \$385,381. Capital Reserve and Grants Funds maintain a \$0 fund balance; therefore, the entire fund balance is attributable to the General Fund.

Proprietary Fund: Net assets of the Building Corporation as of June 30, 2009 are \$232,344 compared to \$206,330 the prior year. The increase of \$26,014 is primarily due to the \$28,010 transfer from the General Fund for its contribution toward site improvements from prepaid expense for removal of the modular facilities. There was a net decrease from other operations of \$1,996.

BUDGETARY HIGHLIGHTS

The Academy approves a budget in June based on enrollment projections for the following school year. In December, after enrollment is finalized, the budget is amended.

For fiscal year 2008-09, the state requirement for instructional supplies and materials spending in the general fund was \$184 per funded pupil count (FPC). The Academy spent \$230 per student meeting that requirement. Also required by statute is \$298 per FPC for insurance and/or capital reserve, which the Academy also met.

The majority of Academy spending in the General Fund is for salaries and benefits (58.7%). Purchased services, excluding rental and lease fees paid to the Building Corporation, make up 23% of total expenditures. Rental and lease fees are 11.3% of total General Fund Expenditures. The primary source of spending under purchased services is transportation and special education services purchased from the District.

Other Budgetary Highlights: Expenditures in all funds were within the approved budgets for fiscal year 2008-09.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The Community Leadership Academy Building Corporation owns land with a carrying value of \$820,000 and a new building capitalized at \$6,864,763 at June 30, 2009. Equipment totaled \$265,874. The net carrying value of capital assets after subtracting accumulated depreciation is \$7,905,114.

Long-term debt: In February 2008, the Building Corporation issued \$8,810,000 in bonds under an agreement with the Colorado Educational and Cultural Facilities Authority (CECFA) at a net interest cost of 6.5%. The proceeds were used, in part to create a debt service reserve of \$671,913 and pay debt issuance costs of \$300,644. The remaining proceeds were used to acquire capital assets described above. The Academy will make lease payments to the Building Corporation for use of the facility, which the corporation will use to make the required principal and interest payments on the bonds. These transactions will flow through the State intercept program where the State withholds a portion of the per pupil funding and transfers the funds to a designated trustee that in turn makes the principal and interest payments when due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The increased lease payments to the Corporation for principal and interest due on the 2008 bond issue will present a challenge for the Academy. The impact for the 2009-10 fiscal year is \$608,107 and increases 10% the following year. The Academy is already making plans to address this increased demand on its resources.

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. As a result of this provision the single most important factor in projecting revenues is estimated future inflation. There was a significant recession during the 2008-09 fiscal year. In an effort to balance its budget, the State has created a fiscal emergency contingency equal to 1.9% of the funding approved for public schools. The final decision on release of these funds will be made by the end of January 2010. The charter school could lose nearly \$70,000 if this contingency is not released by the State. It is impossible to predict the impact of the recession on funding for 2010-11 and future years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Community Leadership Academy's finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be submitted in writing and addressed to Christina Jajdelski, Executive Director, Community Leadership Academy, 6880 Holly Court, Commerce City, CO 80022.

BASIC FINANCIAL STATEMENTS

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF NET ASSETS

June 30, 2009

	GOVERNMENTAL	BUSINESS-TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2009	2008
ASSETS				
Cash and Investments	\$ 827,743	\$ -	\$ 827,743	\$ 588,762
Restricted Cash and Investments	-	1,100,702	1,100,702	7,088,905
Accounts Receivable	22,935	-	22,935	59,327
Accrued Interest Receivable	-	-	-	14,940
Prepaid Expenses	5,970	-	5,970	50,605
Loan Issuance Costs, Net of Accumulated Amortization	-	290,623	290,623	300,644
Capital Assets, Not Being Depreciated	-	820,000	820,000	2,759,912
Capital Assets, Net of Accumulated Depreciation	-	7,085,114	7,085,114	-
TOTAL ASSETS	856,648	9,296,439	10,153,087	10,863,095
LIABILITIES				
Accounts Payable	184,985	16,267	201,252	1,051,873
Retainage Payable	-	-	-	128,244
Accrued Salaries and Benefits	114,693	-	114,693	120,301
Accrued Interest Payable	-	277,344	277,344	201,845
Noncurrent Liabilities				
Due Within One Year	-	55,000	55,000	-
Due in More Than One Year	-	8,715,484	8,715,484	8,769,121
TOTAL LIABILITIES	299,678	9,064,095	9,363,773	10,271,384
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	-	(562,535)	(562,535)	(816,916)
Restricted for Debt Service	-	738,733	738,733	967,789
Restricted for Repair and Replacement	-	56,146	56,146	55,457
Restricted for Emergencies	97,000	-	97,000	93,500
Unrestricted	459,970	-	459,970	291,881
TOTAL NET ASSETS	\$ 556,970	\$ 232,344	\$ 789,314	\$ 591,711

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

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	\$ 1,618,869	\$ 468	\$ 50,324
Supporting Services	1,093,557	-	-
Total Governmental Activities	<u>2,712,426</u>	<u>468</u>	<u>50,324</u>
Business-Type Activities			
Building Corporation	343,523	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,055,949</u>	<u>\$ 468</u>	<u>\$ 50,324</u>

GENERAL REVENUES

Per Pupil Revenue
 Grants not Restricted to Specific Programs
 Capital Construction
 Investment Income
 Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2009	2008
\$ (1,568,077)	\$ -	\$ (1,568,077)	\$ (1,570,343)
<u>(1,093,557)</u>	<u>-</u>	<u>(1,093,557)</u>	<u>(1,269,633)</u>
<u>(2,661,634)</u>	<u>-</u>	<u>(2,661,634)</u>	<u>(2,839,976)</u>
<u>-</u>	<u>(343,523)</u>	<u>(343,523)</u>	<u>(67,922)</u>
<u>(2,661,634)</u>	<u>(343,523)</u>	<u>(3,005,157)</u>	<u>(2,907,898)</u>
3,134,349	-	3,134,349	2,939,573
-	-	-	94,542
46,050	-	46,050	47,351
7,847	9,183	17,030	19,564
5,331	-	5,331	5,734
<u>(360,354)</u>	<u>360,354</u>	<u>-</u>	<u>-</u>
<u>2,833,223</u>	<u>369,537</u>	<u>3,202,760</u>	<u>3,106,764</u>
171,589	26,014	197,603	198,866
<u>385,381</u>	<u>206,330</u>	<u>591,711</u>	<u>392,845</u>
<u>\$ 556,970</u>	<u>\$ 232,344</u>	<u>\$ 789,314</u>	<u>\$ 591,711</u>

COMMUNITY LEADERSHIP ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2009

	GENERAL	CAPITAL RESERVE	GRANTS	TOTALS	
				2009	2008
ASSETS					
Cash and Investments	\$ 827,743	\$ -	\$ -	\$ 827,743	\$ 588,762
Accounts Receivable	22,885	-	50	22,935	59,327
Prepaid Expenditures	5,970	-	-	5,970	50,605
Due from Other Funds	50	-	-	50	35,948
TOTAL ASSETS	\$ 856,648	\$ -	\$ 50	\$ 856,698	\$ 734,642
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 184,985	\$ -	\$ -	\$ 184,985	\$ 193,012
Accrued Salaries and Benefits	114,693	-	-	114,693	120,301
Due to Other Funds	-	-	50	50	35,948
TOTAL LIABILITIES	299,678	-	50	299,728	349,261
FUND BALANCES					
Reserved for Prepaid Expenditures	5,970	-	-	5,970	50,605
Reserved for Emergencies	97,000	-	-	97,000	93,500
Unrestricted, Reported In General Fund	454,000	-	-	454,000	241,276
TOTAL FUND BALANCES	556,970	-	-	556,970	385,381
TOTAL LIABILITIES AND FUND BALANCES	\$ 856,648	\$ -	\$ 50	\$ 856,698	\$ 734,642

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

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	GENERAL	CAPITAL RESERVE	GRANTS	TOTALS	
				2009	2008
REVENUES					
Local Sources	\$ 3,079,269	\$ 68,726	\$ -	\$ 3,147,995	\$ 2,966,101
State Sources	62,464	-	-	62,464	68,723
Federal Sources	-	-	33,910	33,910	112,270
TOTAL REVENUES	<u>3,141,733</u>	<u>68,726</u>	<u>33,910</u>	<u>3,244,369</u>	<u>3,147,094</u>
EXPENDITURES					
Instruction	1,616,450	-	2,419	1,618,869	1,616,596
Supporting Services	<u>1,325,684</u>	<u>68,726</u>	<u>31,491</u>	<u>1,425,901</u>	<u>1,308,382</u>
TOTAL EXPENDITURES	<u>2,942,134</u>	<u>68,726</u>	<u>33,910</u>	<u>3,044,770</u>	<u>2,924,978</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	199,599	-	-	199,599	222,116
OTHER FINANCING SOURCES (USES)					
Transfers Out	<u>(28,010)</u>	<u>-</u>	<u>-</u>	<u>(28,010)</u>	<u>(55,000)</u>
NET CHANGE IN FUND BALANCES	171,589	-	-	171,589	167,116
FUND BALANCES, Beginning	<u>385,381</u>	<u>-</u>	<u>-</u>	<u>385,381</u>	<u>218,265</u>
FUND BALANCES, Ending	<u>\$ 556,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,970</u>	<u>\$ 385,381</u>

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

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2009

	<u>BUILDING CORPORATION</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Restricted Cash and Investments	\$ 1,100,702	\$ 7,088,905
Accrued Interest Receivable	-	14,940
TOTAL CURRENT ASSETS	<u>1,100,702</u>	<u>7,103,845</u>
NONCURRENT ASSETS		
Loan Issuance Costs, Net of Accumulated Amortization	290,623	300,644
Capital Assets, Not Being Depreciated	820,000	2,759,912
Capital Assets, Net of Accumulated Depreciation	7,085,114	-
TOTAL NONCURRENT ASSETS	<u>8,195,737</u>	<u>3,060,556</u>
TOTAL ASSETS	<u>9,296,439</u>	<u>10,164,401</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	16,267	858,861
Retainage Payable	-	128,244
Accrued Interest Payable	277,344	201,845
Loan Payable, Current Portion	55,000	-
TOTAL CURRENT LIABILITIES	<u>348,611</u>	<u>1,188,950</u>
NONCURRENT LIABILITIES		
Loan Payable	8,715,484	8,769,121
TOTAL LIABILITIES	<u>9,064,095</u>	<u>9,958,071</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	(562,535)	(816,916)
Restricted for Debt Service	738,733	967,789
Restricted for Repair and Replacement	56,146	55,457
TOTAL NET ASSETS	<u>\$ 232,344</u>	<u>\$ 206,330</u>

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

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND
 Year Ended June 30, 2009

	<u>BUILDING CORPORATION</u>	
	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Lease Revenue	\$ 332,344	\$ 38,749
OPERATING EXPENSES		
Depreciation	45,523	-
Amortization	10,021	10,580
Other	4,272	-
Debt Service		
Interest	278,707	53,849
Fees	5,000	3,493
TOTAL OPERATING EXPENSES	<u>343,523</u>	<u>67,922</u>
OPERATING INCOME (LOSS)	(11,179)	(29,173)
NONOPERATING INCOME		
Investment Income	<u>9,183</u>	<u>5,923</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(1,996)	(23,250)
TRANSFERS		
Transfers In	<u>28,010</u>	<u>55,000</u>
CHANGE IN NET ASSETS	26,014	31,750
NET ASSETS, Beginning	<u>206,330</u>	<u>174,580</u>
NET ASSETS, Ending	<u>\$ 232,344</u>	<u>\$ 206,330</u>

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

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended June 30, 2009

Increase (Decrease) in Cash and Cash Equivalents

	<u>BUILDING CORPORATION</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Lease Payments Received	\$ 332,344	\$ 38,749
Interest and Fees Paid	<u>(9,272)</u>	<u>(42,242)</u>
Net Cash Provided (Used) by Operating Activities	<u>323,072</u>	<u>(3,493)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(5,882,856)	(839,312)
Loan Proceeds	-	8,769,121
Loan Issuance Costs Paid	-	(300,644)
Loan Principal Paid	-	(656,000)
Loan Interest Paid	(480,552)	-
Interest Income Received	14,940	58,310
Transfers From Other Funds	<u>28,010</u>	<u>55,000</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,320,458)</u>	<u>7,086,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received	<u>9,183</u>	<u>5,923</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,988,203)	7,088,905
CASH AND CASH EQUIVALENTS, Beginning	<u>7,088,905</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,100,702</u>	<u>\$ 7,088,905</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (11,179)	\$ (29,173)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	45,523	-
Amortization of Issuance Costs	10,021	10,580
Amortization of Discount	1,363	-
Changes in Assets and Liabilities Related to Operations Accrued Interest Payable	<u>277,344</u>	<u>15,100</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 323,072</u>	<u>\$ (3,493)</u>

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

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Community Leadership Academy (the “School”) was organized in 2004 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Adams County School District 14 of the State of Colorado.

The accounting policies of the School conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting policies. The more significant of the School’s accounting policies are described below.

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.

The School includes the Community Leadership Academy Building Corporation (the “Corporation”) within its reporting entity. The Corporation was specifically formed to hold title to real and/or personal property for, and to make the same available for use by, the School, and to otherwise provide a public building, facilities, and equipment to the School. The Corporation is blended into the School’s financial statements as an enterprise fund.

The School is a component unit of the Adams County School District 14 (the “District”). The majority of the School’s funding is provided by 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 activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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*.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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* as are the proprietary fund financial statements. 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues and grants associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The School has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

In the fund financial statements, the School reports the following major governmental funds:

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.

Capital Reserve - This fund is used to account for specific revenue sources restricted for capital purposes and the related expenditures.

The School reports one major proprietary fund, as follows:

Building Corporation - This fund is used to account for the financial activities of the Corporation that are restricted primarily for capital purposes and debt service.

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balances/Net Assets

Cash and Investments - Cash equivalents include investments with original maturities of 90 days or less. Investments are stated 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.

Prepaid Expenses - Payments to vendors for services that will benefit periods beyond the current year are recorded as prepaid expenses. A current asset for the prepaid amount is recorded at the time of payment, and an expense is reported in the year in which the products or services are consumed.

Capital Assets - Capital assets are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide and proprietary fund financial statements. Depreciation is provided over the estimated useful lives of the capital assets using the straight-line method, as follows.

Buildings and Improvements	25 - 100 years
Equipment	5 - 20 years

Interest incurred during construction is included in the capitalized value of capital assets in the business-type activities and the proprietary fund.

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenditures.

Net Assets/Fund Balances - In the government-wide financial statements and the proprietary fund in the fund 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.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for these risks of loss.

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2009, consisted of the following.

Deposits	\$ 155,849
Investments	<u>1,772,596</u>
Total	<u>\$ 1,928,445</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 827,743
Restricted Cash and Investments	<u>1,100,702</u>
Total	<u>\$ 1,928,445</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool - At June 30, 2009, the School had \$671,894 invested in the Colorado Surplus Asset Fund Trust (CSAFE), and the Corporation had \$1,100,702 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE and Colotrust. CSAFE and Colotrust operate similarly to a money market fund with each share equal in value to \$1.00. CSAFE and Colotrust are rated AAAM by Standard and Poor's. Investments of CSAFE and Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Cash and investments of \$1,100,702 have been restricted by the Corporation for building construction, future debt service, and building repair and replacement.

NOTE 3: INTERFUND BALANCES AND TRANSACTIONS

At June 30, 2009, the General Fund had temporarily covered the negative cash balance of the Grants Fund, in the amount of \$50. This balance will be repaid when grant receivables are collected.

During the year ended June 30, 2009, the General Fund transferred \$28,010 to the Corporation as reimbursement for costs to dismantle and return modular buildings.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balances 6/30/08	Additions	Deletions	Balances 6/30/09
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 820,000	\$ -	\$ -	\$ 820,000
Construction in Progress	<u>1,939,912</u>	<u>4,924,851</u>	<u>6,864,763</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>2,759,912</u>	<u>4,924,851</u>	<u>6,864,763</u>	<u>820,000</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	-	6,864,763	-	6,864,763
Equipment	<u>-</u>	<u>265,874</u>	<u>-</u>	<u>265,874</u>
Total Capital Assets, Being Depreciated	<u>-</u>	<u>7,130,637</u>	<u>-</u>	<u>7,130,637</u>
Less Accumulated Depreciation				
Buildings and Improvements	-	(35,484)	-	(35,484)
Equipment	<u>-</u>	<u>(10,039)</u>	<u>-</u>	<u>(10,039)</u>
Total Accumulated Depreciation	<u>-</u>	<u>(45,523)</u>	<u>-</u>	<u>(45,523)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>7,085,114</u>	<u>-</u>	<u>7,085,114</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,759,912</u>	<u>\$ 12,009,965</u>	<u>\$ 6,864,763</u>	<u>\$ 7,905,114</u>

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2009:

	<u>Balance</u> <u>6/30/08</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/09</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities					
Building Loan	\$ 8,810,000	\$ -	\$ -	\$ 8,810,000	\$ 55,000
Discount	<u>(40,879)</u>	<u>-</u>	<u>(1,363)</u>	<u>(39,516)</u>	<u>-</u>
Total	<u>\$ 8,769,121</u>	<u>\$ -</u>	<u>\$ (1,363)</u>	<u>\$ 8,770,484</u>	<u>\$ 55,000</u>

Building Loan

In February, 2008, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$8,810,000 Charter School Revenue Bonds, Series 2008. Proceeds of the bonds were loaned to the Corporation under a mortgage and loan agreement to construct the School's building and pay the existing loan in full. The School is obligated under a lease agreement to make monthly lease payments to the Corporation for use of the building. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 5.75% to 6.5%. Interest payments are due semi-annually on January 1 and July 1. Principal payments are due annually on July 1, through 2038.

Future debt service obligations are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 55,000	\$ 553,107	\$ 608,107
2011	120,000	548,076	668,076
2012	125,000	541,032	666,032
2013	130,000	533,700	663,700
2014	140,000	525,937	665,937
2015 - 2019	830,000	2,495,428	3,325,428
2020 - 2024	1,105,000	2,211,420	3,316,420
2025 - 2029	1,490,000	1,808,626	3,298,626
2030 - 2034	2,030,000	1,251,903	3,281,903
2035 - 2039	<u>2,785,000</u>	<u>475,315</u>	<u>3,260,315</u>
Total	<u>\$ 8,810,000</u>	<u>\$ 10,944,544</u>	<u>\$ 19,754,544</u>

NOTE 6: 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, 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 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).

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - Plan members and the School are required to contribute 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 was 8%. The School's contribution rate for calendar years 2007, 2008 and 2009 was 11.15%, 12.05% and 12.95% of covered salary, respectively. A portion of the School's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note 7). The School's contributions to the SDTF for the years ended June 30, 2009, 2008 and 2007 were \$167,502, \$158,602 and \$120,823, respectively, equal to the required contributions for each year.

NOTE 7: 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 the 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 as described previously.

Funding Policy - The School was 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 contributions of the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The School's contributions to the HCTF for the years ended June 30, 2009, 2008 and 2007 were \$13,669, \$13,933 and \$11,300, respectively, equal to the required contributions for each year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

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 entities. 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. At June 30, 2009, 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

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the Amendment. The Amendment requires state and local governments to establish an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2009, the School's emergency reserve, of \$97,000, was reported as a reservation of fund balance in the General Fund.

Operating Leases

During July 2008, the School entered into a month-to-month lease for modular buildings. For the year ended June 30, 2009, the School made lease payments of \$127,427.

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY LEADERSHIP ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 3,043,000	\$ 3,072,500	\$ 3,065,623	\$ (6,877)
Pupil Activities	7,000	12,000	468	(11,532)
Investment Income	15,000	7,500	7,847	347
Miscellaneous	4,000	-	5,331	5,331
Total Local Sources	<u>3,069,000</u>	<u>3,092,000</u>	<u>3,079,269</u>	<u>(12,731)</u>
State Sources				
English Language Proficiency Act	21,200	21,200	16,414	(4,786)
Capital Construction	42,000	42,000	46,050	4,050
Other	-	27,000	-	(27,000)
Total State Sources	<u>63,200</u>	<u>90,200</u>	<u>62,464</u>	<u>(27,736)</u>
TOTAL REVENUES	<u>3,132,200</u>	<u>3,182,200</u>	<u>3,141,733</u>	<u>(40,467)</u>
EXPENDITURES				
Instruction				
Salaries	1,091,820	1,075,500	1,024,204	51,296
Employee Benefits	280,180	301,100	277,121	23,979
Purchased Services	241,500	267,400	215,729	51,671
Supplies and Materials	95,500	112,510	99,396	13,114
Total Instruction	<u>1,709,000</u>	<u>1,756,510</u>	<u>1,616,450</u>	<u>140,060</u>
Supporting Services				
Salaries	323,320	339,800	336,253	3,547
Employee Benefits	87,780	95,400	88,972	6,428
Purchased Services	554,990	515,790	472,844	42,946
Supplies and Materials	105,000	103,800	92,651	11,149
Property and Equipment	264,110	347,100	334,964	12,136
Total Supporting Services	<u>1,335,200</u>	<u>1,401,890</u>	<u>1,325,684</u>	<u>76,206</u>
TOTAL EXPENDITURES	<u>3,044,200</u>	<u>3,158,400</u>	<u>2,942,134</u>	<u>216,266</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	88,000	23,800	199,599	175,799
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(28,010)	(28,010)
NET CHANGE IN FUND BALANCE	88,000	23,800	171,589	147,789
FUND BALANCE, Beginning	<u>512,000</u>	<u>385,380</u>	<u>385,381</u>	<u>1</u>
FUND BALANCE, Ending	<u>\$ 600,000</u>	<u>\$ 409,180</u>	<u>\$ 556,970</u>	<u>\$ 147,790</u>

See the accompanying Independent Auditors' Report.

COMMUNITY LEADERSHIP ACADEMY

BUDGETARY COMPARISON SCHEDULE

CAPITAL RESERVE FUND

Year Ended June 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 126,650	\$ 128,200	\$ 68,726	\$ (59,474)
TOTAL REVENUES	<u>126,650</u>	<u>128,200</u>	<u>68,726</u>	<u>(59,474)</u>
EXPENDITURES				
Supporting Services				
Purchased Services	126,650	128,200	65,597	62,603
Property and Equipment	<u>-</u>	<u>-</u>	<u>3,129</u>	<u>(3,129)</u>
TOTAL EXPENDITURES	<u>126,650</u>	<u>128,200</u>	<u>68,726</u>	<u>59,474</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are legally adopted all funds of the School on a basis consistent with generally accepted accounting principles.

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

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

SUPPLEMENTARY INFORMATION

COMMUNITY LEADERSHIP ACADEMY

BUDGETARY COMPARISON SCHEDULE

GRANTS FUND

Year Ended June 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Federal Sources				
Grants	\$ 61,500	\$ 33,910	\$ 33,910	\$ -
TOTAL REVENUES	<u>61,500</u>	<u>33,910</u>	<u>33,910</u>	<u>-</u>
EXPENDITURES				
Instruction	31,200	2,400	2,419	(19)
Supporting Services	<u>30,300</u>	<u>31,510</u>	<u>31,491</u>	<u>19</u>
TOTAL EXPENDITURES	<u>61,500</u>	<u>33,910</u>	<u>33,910</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.