

**COMMUNITY LEADERSHIP ACADEMY**

**FINANCIAL STATEMENTS**

**June 30, 2011**

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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, 2011, 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, 2011, 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 required 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 17, 2011

# **COMMUNITY LEADERSHIP ACADEMY**

## **MANAGEMENT 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, 2011.

### **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 \$656,162 (net assets) compared to \$605,981 the prior year, an increase of \$50,181.

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). Ending net assets at June 30, 2011 increased \$6,947 to \$246,891 compared to \$239,944 at the end of the previous fiscal year.

### **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.

The Community Leadership Academy maintains two 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 and the grants 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 15.

### **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 \$903,053 as of the close of the most recent fiscal year compared to \$845,925 the prior year, an increase of \$57,128.

#### **Statement of Net Assets Governmental and Business Type Activities**

	30-Jun-11	30-Jun-10	Net Change
Current and other assets	\$ 2,320,343	\$ 2,348,794	\$ (28,451)
Capital assets	<u>\$ 7,770,039</u>	<u>\$ 7,817,123</u>	<u>\$ (47,084)</u>
Total Assets	<u>\$ 10,090,382</u>	<u>\$ 10,165,917</u>	<u>\$ (75,535)</u>
Current liabilities	\$ 714,119	\$ 723,145	\$ ( 9,026)
Other liabilities	<u>\$ 8,473,210</u>	<u>\$ 8,596,847</u>	<u>\$ (123,637)</u>
Total Liabilities	<u>\$ 9,187,329</u>	<u>\$ 9,319,992</u>	<u>\$ (132,663)</u>
 Net assets			
Invested in capital assets, (Net of related debt)	\$ (557,590)	\$ (619,122)	\$ 61,532
Restricted for Debt Service	\$ 809,559	\$ 802,817	\$ 6,742
Restricted for Repairs & Replacement	\$ 38,475	\$ 56,249	\$ (17,774)
Restricted for Emergencies	\$ 108,500	\$ 104,500	\$ 4,000
Unrestricted	<u>\$ 504,109</u>	<u>\$ 501,481</u>	<u>\$ 2,628</u>
Total Net Assets	<u>\$ 903,053</u>	<u>\$ 845,925</u>	<u>\$ 57,128</u>

Cash and investments make up 20% of the Community Leadership Academy's total assets of which 55.6% is restricted in the Building Corporation for maintenance of capital assets and to repay debt. Capital assets, which reflect the Academy's investment in real and personal property and equipment, currently make up 77% of total assets. The remaining assets make up 3% of total assets. Liabilities decreased \$132,663 primarily due to principal payments to reduce debt associated with the school building.

**Community Leadership Academy**  
**Statement of Activities**  
**For the Years Ended June 30, 2011 and June 30, 2010**

	<u>30-Jun-11</u>	<u>30-Jun-10</u>	<u>Net Change</u>
Program Revenue:			
Charges for Services	\$ 25,598	\$ 17,975	\$ 7,623
Grants & Contributions	\$ 184,976	\$ 122,998	\$ 61,978
Total Program Revenue	<u>\$ 210,574</u>	<u>\$ 140,973</u>	<u>\$ 69,601</u>
General Revenue:			
Per Pupil Operating Revenue	\$ 3,442,596	\$ 3,367,398	\$ 75,198
Capital Construction Grant	\$ 42,623	\$ 43,710	\$ (1,087)
Interest Income	\$ 1,622	\$ 3,181	\$ (1,559)
Miscellaneous	\$ 20,082	\$ 11,534	\$ 8,548
Total General Revenue	<u>\$ 3,506,923</u>	<u>\$ 3,425,823</u>	<u>\$ 81,100</u>
Total Revenue	<u>\$ 3,717,497</u>	<u>\$ 3,566,796</u>	<u>\$ 150,701</u>
Expenses:			
Current:			
Instruction	\$ 1,982,476	\$ 1,829,392	\$ 153,084
Supporting Services	\$ 1,011,101	\$ 1,015,101	\$ (4,000)
Building Corporation	\$ 666,792	\$ 665,692	\$ 1,100
Total Expenses	<u>\$ 3,660,369</u>	<u>\$ 3,510,185</u>	<u>\$ 150,184</u>
Increase (Decrease) in Net Assets	\$ 57,128	\$ 56,611	\$ 517
Beginning Net Assets	<u>\$ 845,925</u>	<u>\$ 789,314</u>	<u>\$ 56,611</u>
Ending Net Assets	<u>\$ 903,053</u>	<u>\$ 845,925</u>	<u>\$ 57,128</u>

Revenue from grants increased \$61,978 due to carryover funding from ARRA Title I and a new grant for the purchase of playground equipment. Per pupil operating revenue increased \$75,198 due to increased enrollment offset by a decrease in state funding. 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 \$150,184 almost entirely under instruction. Teachers were added to address the increased enrollment. In addition, new reading textbooks were purchased for the following school years.

## 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, unrestricted, unassigned 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 sixth full year of operations for the Community Leadership Academy. General Fund revenue for FY 2010-11 was \$3,559,278 compared to \$3,469,791 the prior year. Per pupil revenue, which makes up 96.7% of the Academy's total revenue, increased 2.23% due to increased funded pupil count from 443.5 for 2009-10 to 473.3 for 2010-11 offset by a decrease in per pupil funding from the State.

As of the end of the current fiscal year, the Academy reported \$612,609 as the combined ending fund balance in its governmental funds, an increase of \$6,628 over the prior year balance of \$605,981. 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, 2011 are \$246,891 compared to \$239,944 the prior year. The increase of \$6,947 is primarily due to the decrease in interest expense.

## 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.

The majority of Academy spending in the General Fund is for salaries and benefits (49.2%). Purchased services, excluding rental and lease fees paid to the Building Corporation, make up 21.8% of total expenditures. Rental and lease fees are 18.9% 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:** Revenue in the General Fund exceeded expected revenue by \$51,878 while expenditures exceeded planned spending by \$14,050 due to early purchase of new reading textbooks for the following school year. Expenditures did not exceed the amount appropriated for fiscal year 2010-11 and is therefore in compliance with State statute.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets:** The Community Leadership Academy Building Corporation owns land with a carrying value of \$820,000 and a building and improvements capitalized at



\$6,867,919 at June 30, 2011. Equipment totaled \$284,093. The net carrying value of capital assets after subtracting accumulated depreciation is \$7,726,486. Near the end of the year, the Academy purchased playground equipment at a cost of \$43,898 funded by a grant. This capital asset is reported as a governmental activity in the Statement of Activities and is being depreciated over ten years. The carrying value after subtracting depreciation is \$43,553 as of June 30, 2011.

**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 makes lease payments to the Building Corporation for use of the facility, which the corporation uses to make the required principal and interest payments on the bonds. These transactions flow through the State intercept program where the State withholds a portion of the school finance act funding and transfers the funds to the designated trustee that in turn makes the principal and interest payments when due.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The lease payments to the Corporation for principal and interest due on the 2008 bond issue have stabilized and have no increased impact on future fiscal years. Beginning with the 2011-12 fiscal year, the Academy will operate under the Colorado Charter School Institute as its authorizer. Though there will be some added administrative costs assessed by the Institute and the State, the Academy will share in new sources of revenue which will offset the impact of these added costs. The economy continues to be a challenge with the State reducing per pupil funding for schools to help balance its budget.

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 that continued through the 2009-10 fiscal year resulting in deflation (negative growth). In an effort to balance its budget, the State rescinded 2.2% of the funding approved for public schools. Per pupil funding continued to decline in 2010-11 and again in 2011-12.

## **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 Ron 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, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 895,430	\$ -	\$ 895,430
Restricted Cash and Investments	-	1,120,347	1,120,347
Grants Receivable	33,985	-	33,985
Loan Issuance Costs, Net of Accumulated Amortization	-	270,581	270,581
Capital Assets, Not Being Depreciated	-	820,000	820,000
Capital Assets, Net of Accumulated Depreciation	<u>43,553</u>	<u>6,906,486</u>	<u>6,950,039</u>
<b>TOTAL ASSETS</b>	<u>972,968</u>	<u>9,117,414</u>	<u>10,090,382</u>
<b>LIABILITIES</b>			
Accounts Payable	208,319	-	208,319
Accrued Liabilities	1,930	-	1,930
Accrued Salaries and Benefits	104,155	-	104,155
Deferred Revenues	2,402	-	2,402
Accrued Interest Payable	-	272,313	272,313
Noncurrent Liabilities			
Due Within One Year	-	125,000	125,000
Due in More Than One Year	<u>-</u>	<u>8,473,210</u>	<u>8,473,210</u>
<b>TOTAL LIABILITIES</b>	<u>316,806</u>	<u>8,870,523</u>	<u>9,187,329</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	43,553	(601,143)	(557,590)
Restricted for Debt Service	-	809,559	809,559
Restricted for Repair and Replacement	-	38,475	38,475
Restricted for Emergencies	108,500	-	108,500
Unrestricted	<u>504,109</u>	<u>-</u>	<u>504,109</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 656,162</u>	<u>\$ 246,891</u>	<u>\$ 903,053</u>

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

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
Instruction	\$ 1,982,476	\$ 25,598	\$ 103,693	\$ 5,000
Supporting Services	1,011,101	-	31,685	44,598
Total Governmental Activities	2,993,577	25,598	135,378	49,598
<b>Business-Type Activities</b>				
Building Corporation	666,792	-	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,660,369</b>	<b>\$ 25,598</b>	<b>\$ 135,378</b>	<b>\$ 49,598</b>

GENERAL REVENUES

Per Pupil Revenue  
 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 CHANGE IN NET ASSETS

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (1,848,185)	\$ -	\$ (1,848,185)
<u>(934,818)</u>	<u>-</u>	<u>(934,818)</u>
(2,783,003)	-	(2,783,003)
-	(666,792)	(666,792)
<u>(2,783,003)</u>	<u>(666,792)</u>	<u>(3,449,795)</u>
3,442,596	-	3,442,596
42,623	-	42,623
1,108	514	1,622
20,082	-	20,082
<u>(673,225)</u>	<u>673,225</u>	<u>-</u>
<u>2,833,184</u>	<u>673,739</u>	<u>3,506,923</u>
50,181	6,947	57,128
<u>605,981</u>	<u>239,944</u>	<u>845,925</u>
\$ <u><u>656,162</u></u>	\$ <u><u>246,891</u></u>	\$ <u><u>903,053</u></u>

COMMUNITY LEADERSHIP ACADEMY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

	<u>GENERAL</u>	<u>GRANTS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Investments	\$ 895,430	\$ -	\$ 895,430
Grants Receivable	-	33,985	33,985
Interfund Receivables	<u>31,583</u>	<u>-</u>	<u>31,583</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>927,013</u></b>	<b>\$ <u>33,985</u></b>	<b>\$ <u>960,998</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 208,319	\$ -	\$ 208,319
Accrued Liabilities	1,930	-	1,930
Accrued Salaries and Benefits	104,155	-	104,155
Deferred Revenues	-	2,402	2,402
Interfund Payables	<u>-</u>	<u>31,583</u>	<u>31,583</u>
<b>TOTAL LIABILITIES</b>	<b><u>314,404</u></b>	<b><u>33,985</u></b>	<b><u>348,389</u></b>
<b>FUND BALANCES</b>			
Restricted for Emergencies	108,500	-	108,500
Unrestricted, Unassigned	<u>504,109</u>	<u>-</u>	<u>504,109</u>
<b>TOTAL FUND BALANCES</b>	<b><u>612,609</u></b>	<b><u>-</u></b>	<b><u>612,609</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>927,013</u></b>	<b>\$ <u>33,985</u></b>	<b>\$ <u>960,998</u></b>

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Total Fund Balances of Governmental Funds	\$ 612,609
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	<u>43,553</u>
Total Net Assets of Governmental Activities	<b>\$ <u>656,162</u></b>

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, 2011

	<u>GENERAL</u>	<u>GRANTS</u>	<u>TOTAL</u>
REVENUES			
Local Sources	\$ 3,489,384	\$ 49,598	\$ 3,538,982
State Sources	69,894	-	69,894
Federal Sources	-	108,107	108,107
	<u>3,559,278</u>	<u>157,705</u>	<u>3,716,983</u>
TOTAL REVENUES			
EXPENDITURES			
Instruction	1,901,540	124,834	2,026,374
Supporting Services	1,647,510	32,871	1,680,381
	<u>3,549,050</u>	<u>157,705</u>	<u>3,706,755</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,228	-	10,228
OTHER FINANCING SOURCES (USES)			
Transfers Out	(3,600)	-	(3,600)
	<u>6,628</u>	<u>-</u>	<u>6,628</u>
NET CHANGE IN FUND BALANCES			
FUND BALANCES, Beginning	605,981	-	605,981
FUND BALANCES, Ending	\$ <u>612,609</u>	\$ <u>-</u>	\$ <u>612,609</u>

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$ 6,628
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$43,898 exceeded depreciation expense (\$345) in the current year.	<u>43,553</u>
Change in Net Assets of Governmental Activities	\$ <u>50,181</u>

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

COMMUNITY LEADERSHIP ACADEMY

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2011

	<u>BUILDING CORPORATION</u>
ASSETS	
CURRENT ASSETS	
Restricted Cash and Investments	\$ <u>1,120,347</u>
TOTAL CURRENT ASSETS	<u>1,120,347</u>
NONCURRENT ASSETS	
Loan Issuance Costs, Net of Accumulated Amortization	270,581
Capital Assets, Not Being Depreciated	820,000
Capital Assets, Net of Accumulated Depreciation	<u>6,906,486</u>
TOTAL NONCURRENT ASSETS	<u>7,997,067</u>
TOTAL ASSETS	<u>9,117,414</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued Interest Payable	272,313
Loan Payable, Current Portion	<u>125,000</u>
TOTAL CURRENT LIABILITIES	<u>397,313</u>
NONCURRENT LIABILITIES	
Loan Payable	<u>8,473,210</u>
TOTAL LIABILITIES	<u>8,870,523</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	(601,143)
Restricted for Debt Service	809,559
Restricted for Repair and Replacement	<u>38,475</u>
TOTAL NET ASSETS	<u>\$ <u>246,891</u></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, 2011

	<u>BUILDING CORPORATION</u>
OPERATING REVENUES	
Lease Revenue	\$ <u>669,625</u>
OPERATING EXPENSES	
Depreciation	100,454
Amortization	10,021
Other	11,692
Debt Service	
Interest	<u>544,625</u>
TOTAL OPERATING EXPENSES	<u>666,792</u>
NET OPERATING INCOME	2,833
NONOPERATING REVENUES	
Investment Income	<u>514</u>
NET INCOME BEFORE TRANSFERS	3,347
Transfers In	<u>3,600</u>
CHANGE IN NET ASSETS	6,947
NET ASSETS, Beginning	<u>239,944</u>
NET ASSETS, Ending	\$ <u><u>246,891</u></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, 2011

Increase (Decrease) in Cash and Cash Equivalents

	<u>BUILDING CORPORATION</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Lease Payments Received	\$ 669,625
Cash Payments to Vendors	(11,692)
Interest and Fees Paid	(546,712)
Loan Principal Paid	<u>(120,000)</u>
Net Cash Provided (Used) by Operating Activities	<u>(8,779)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Transfers from Other Funds	3,600
Acquisition of Capital Assets	<u>(9,817)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,217)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income Received	<u>514</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(14,482)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>1,134,829</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 1,120,347</u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Net Operating Income	\$ 2,833
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	100,454
Amortization of Issuance Costs	10,021
Amortization of Discount	1,363
Changes in Assets and Liabilities Related to Operations	
Accrued Interest Payable	(3,450)
Loan Payable	<u>(120,000)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (8,779)</u>

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

**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 in 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, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. 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 School’s charter was granted by the District and 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 revenues not properly included among program revenues are reported instead as *general revenues*.

Major individual funds are reported as 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, grants and interest income 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.

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 funds:

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

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

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

*Cash and Investments* - Cash equivalents include investments with original maturities of ninety days or less. Investments are stated at fair value.

*Receivables* - 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 grants collected before the corresponding expenditures have been incurred.

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

**Assets, Liabilities and Fund Balances/Net Assets (Continued)**

*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 \$5,000 or more, 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 in 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.

*Compensated Absences* - Employees of the School are allowed to accumulate unused vacation and paid time off (PTO) up to 14 days. Upon termination of employment from the School, an employee will be compensated for all accrued vacation time and PTO at the rate of \$100 per day. A liability for compensated absences is not reported in the financial statements because the amount is insignificant.

*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 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 and fund financial statements, net assets and fund balances are restricted when constraints placed on the use of resources are externally imposed. The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available, the School uses restricted fund balance first.

**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, 2011

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments at June 30, 2011, consisted of the following.

Petty Cash	\$	50
Deposits		230,514
Investments		<u>1,785,213</u>
Total	\$	<u><b>2,015,777</b></u>

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

Cash and Investments	\$	895,430
Restricted Cash and Investments		<u>1,120,347</u>
Total	\$	<u><b>2,015,777</b></u>

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to 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. The 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 generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. 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, 2011

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

*Local Government Investment Pool* - At June 30, 2011, the School had \$664,866 invested in the Colorado Surplus Asset Fund Trust (CSAFE), and the Corporation had \$1,120,347 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 in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. 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 \$1,120,347 have been restricted by the Corporation for future debt service and building repair and replacement.

**NOTE 3: INTERFUND BALANCES AND TRANSACTIONS**

At June 30, 2011, the General Fund had temporarily covered the negative cash balance of the Grants Fund, in the amount of \$31,583. This interfund balance will be paid when grant receivables are collected.

During the year ended June 30, 2011, the General Fund transferred \$3,600 to the Corporation for the HVAC replacement project.

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balances <u>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/11</u>
<b>Governmental Activities</b>				
Capital Assets, Being Depreciated				
Equipment	\$ -	\$ 43,898	\$ -	\$ 43,898
Less Accumulated Depreciation				
Equipment	<u>-</u>	<u>(345)</u>	<u>-</u>	<u>(345)</u>
Governmental Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 43,553</u>	<u>\$ -</u>	<u>\$ 43,553</u>

Depreciation expense of the governmental activities was charged to the supporting services program of the School.

COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 4: CAPITAL ASSETS (Continued)**

	<u>Balances</u> <u>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/11</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 820,000	\$ -	\$ -	\$ 820,000
Capital Assets, Being Depreciated				
Buildings and Improvements	6,867,919	-	-	6,867,919
Equipment	<u>274,276</u>	<u>9,817</u>	<u>-</u>	<u>284,093</u>
Total Capital Assets, Being Depreciated	<u>7,142,195</u>	<u>9,817</u>	<u>-</u>	<u>7,152,012</u>
Less Accumulated Depreciation				
Buildings and Improvements	(114,047)	(78,563)	-	(192,610)
Equipment	<u>(31,025)</u>	<u>(21,891)</u>	<u>-</u>	<u>(52,916)</u>
Total Accumulated Depreciation	<u>(145,072)</u>	<u>(100,454)</u>	<u>-</u>	<u>(245,526)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,997,123</u>	<u>(90,637)</u>	<u>-</u>	<u>6,906,486</u>
Business-Type Activities Capital Assets, Net	<u>\$ 7,817,123</u>	<u>\$ (90,637)</u>	<u>\$ -</u>	<u>\$ 7,726,486</u>

**NOTE 5: LONG-TERM DEBT**

Following is a summary of long-term debt transactions for the year ended June 30, 2011:

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/11</u>	<u>Due Within</u> <u>One Year</u>
<b>Business-Type Activities</b>					
Building Loan	\$ 8,755,000	\$ -	\$ 120,000	\$ 8,635,000	\$ 125,000
Discount	<u>(38,153)</u>	<u>-</u>	<u>(1,363)</u>	<u>(36,790)</u>	<u>-</u>
Total	<u>\$ 8,716,847</u>	<u>\$ -</u>	<u>\$ 118,637</u>	<u>\$ 8,598,210</u>	<u>\$ 125,000</u>

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.



COMMUNITY LEADERSHIP ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 5: LONG-TERM DEBT (Continued)**

Future debt service obligations are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 125,000	\$ 541,032	\$ 666,032
2013	130,000	533,700	663,700
2014	140,000	525,937	665,937
2015	150,000	517,600	667,600
2016	155,000	508,832	663,832
2017 - 2021	925,000	2,394,147	3,319,147
2022 - 2026	1,250,000	2,064,876	3,314,876
2027 - 2031	1,680,000	1,609,007	3,289,007
2032 - 2036	2,305,000	970,292	3,275,292
2037 - 2039	1,775,000	177,939	1,952,939
Total	<b><u>\$ 8,635,000</u></b>	<b><u>\$ 9,843,362</u></b>	<b><u>\$ 18,478,362</u></b>

**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, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

*Funding Policy* - The contribution requirements of the SDTF 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% of covered salaries. The School's contribution rate for calendar years 2009, 2010 and 2011 was 12.95%, 13.85% and 14.75% of covered salaries, respectively. A portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). The School's contributions to the SDTF for the years ended June 30, 2011, 2010 and 2009 were \$203,264, \$183,544 and \$167,502, 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

*Funding Policy* - The School is required to contribute at a rate of 1.02% of covered salaries 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 apportionment to the HCTF for the years ended June 30, 2011, 2010 and 2009 was \$14,508, \$13,970 and \$13,669, respectively.

**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, 2011, 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 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, 2011, the School's emergency reserve, of \$108,500, was reported as restricted 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, 2011, the School made lease payments of \$1,619. The lease was terminated on July 14, 2010.

**Litigation**

The School is involved in various litigation. Management believes the outcome of any litigation will not have a significant impact on the School's financial position.

**NOTE 9: SUBSEQUENT EVENTS**

Effective July 1, 2011, the School entered into a contract with the Colorado Charter School Institute to charter the School pursuant to the Colorado Charter School Institute Act, for an initial term of five years, to June 30, 2016.

**REQUIRED SUPPLEMENTARY INFORMATION**

COMMUNITY LEADERSHIP ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Per Pupil Revenue	\$ 3,412,200	\$ 3,427,600	\$ 3,442,596	\$ 14,996
Pupil Activities	6,000	13,300	25,598	12,298
Investment Income	1,500	1,500	1,108	(392)
Miscellaneous	5,300	-	20,082	20,082
Total Local Sources	<u>3,425,000</u>	<u>3,442,400</u>	<u>3,489,384</u>	<u>46,984</u>
State Sources				
English Language Proficiency Act	25,000	25,000	27,271	2,271
Capital Construction	40,000	40,000	42,623	2,623
Total State Sources	<u>65,000</u>	<u>65,000</u>	<u>69,894</u>	<u>4,894</u>
<b>TOTAL REVENUES</b>	<u>3,490,000</u>	<u>3,507,400</u>	<u>3,559,278</u>	<u>51,878</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries	1,152,300	1,089,600	1,080,648	8,952
Employee Benefits	367,400	363,810	356,021	7,789
Purchased Services	190,700	209,300	215,512	(6,212)
Supplies and Materials	125,500	215,200	249,359	(34,159)
Total Instruction	<u>1,835,900</u>	<u>1,877,910</u>	<u>1,901,540</u>	<u>(23,630)</u>
Supporting Services				
Salaries	237,700	229,200	235,149	(5,949)
Employee Benefits	87,700	85,690	74,111	11,579
Purchased Services	532,300	563,000	558,217	4,783
Supplies and Materials	108,400	105,400	97,601	7,799
Property and Equipment	688,000	673,800	682,432	(8,632)
Total Supporting Services	<u>1,654,100</u>	<u>1,657,090</u>	<u>1,647,510</u>	<u>9,580</u>
Contingency	<u>528,000</u>	<u>565,181</u>	<u>-</u>	<u>565,181</u>
<b>TOTAL EXPENDITURES</b>	<u>4,018,000</u>	<u>4,100,181</u>	<u>3,549,050</u>	<u>551,131</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(528,000)</u>	<u>(592,781)</u>	<u>10,228</u>	<u>603,009</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>-</u>	<u>(13,200)</u>	<u>(3,600)</u>	<u>9,600</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(528,000)</u>	<u>(605,981)</u>	<u>6,628</u>	<u>612,609</u>
FUND BALANCE, Beginning	<u>528,000</u>	<u>605,981</u>	<u>605,981</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,609</u>	<u>\$ 612,609</u>

See the accompanying Independent Auditors' Report.

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Budgets are legally adopted for 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.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed budget appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All appropriations lapse at fiscal year end.

**SUPPLEMENTARY INFORMATION**

COMMUNITY LEADERSHIP ACADEMY

BUDGETARY COMPARISON SCHEDULE

GRANTS FUND

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Grants	\$ -	\$ 52,000	\$ 49,598	\$ (2,402)
Federal Sources				
Grants	<u>30,000</u>	<u>108,082</u>	<u>108,107</u>	<u>25</u>
TOTAL REVENUES	<u>30,000</u>	<u>160,082</u>	<u>157,705</u>	<u>(2,377)</u>
EXPENDITURES				
Instruction	-	126,895	124,834	2,061
Supporting Services	<u>30,000</u>	<u>33,187</u>	<u>32,871</u>	<u>316</u>
TOTAL EXPENDITURES	<u>30,000</u>	<u>160,082</u>	<u>157,705</u>	<u>2,377</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.