

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

FINANCIAL STATEMENTS

June 30, 2009

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

ROSTER OF SCHOOL OFFICIALS

June 30, 2009

BOARD OF DIRECTORS

President	Kim McClelland
Vice President	Kathi Williams
Secretary	Laurisa Murrow
Treasurer	Robin Pantusa
Board Member	Mike Leone

SCHOOL MANAGEMENT

Tina Leone, Principal

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Board of Directors
The Imagine Classical Academy at Indigo Ranch
Colorado Springs, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Imagine Classical Academy at Indigo Ranch as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of The Imagine Classical Academy at Indigo Ranch, as listed in the table of contents. These financial statements are the responsibility of The Imagine Classical Academy at Indigo Ranch's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The Imagine Classical Academy at Indigo Ranch as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Imagine Classical Academy at Indigo Ranch'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

February 22, 2010

BASIC FINANCIAL STATEMENTS

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

STATEMENT OF NET ASSETS

June 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$ 200,536
Accounts Receivable	<u>43,204</u>
TOTAL ASSETS	<u>243,740</u>
LIABILITIES	
Accounts Payable	30,852
Accounts Payable - Related Party	75,393
Accrued Liabilities	13,082
Noncurrent Liabilities	
Due Within One Year	57,421
Due in More Than One Year	<u>600,910</u>
TOTAL LIABILITIES	<u>777,658</u>
NET ASSETS	
Restricted for Instructional Supplies	18,028
Restricted for Emergencies	39,000
Unrestricted	<u>(590,946)</u>
TOTAL NET ASSETS	<u>\$ (533,918)</u>

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

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 440,508	\$ 42,790	\$ 2,370	\$ (395,348)
Supporting Services	<u>1,630,577</u>	<u>-</u>	<u>-</u>	<u>(1,630,577)</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>2,071,085</u>	\$ <u>42,790</u>	\$ <u>2,370</u>	<u>(2,025,925)</u>
 GENERAL REVENUES				
Per Pupil Revenue				1,145,030
Capital Construction				18,871
Grants and Contributions not Restricted to Specific Programs				325,066
Other				<u>3,040</u>
TOTAL GENERAL REVENUES				<u>1,492,007</u>
CHANGE IN NET ASSETS				(533,918)
NET ASSETS, Beginning				<u>-</u>
NET ASSETS, Ending				\$ <u>(533,918)</u>

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

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	GENERAL	CAPITAL RESERVE	TOTAL
ASSETS			
Cash	\$ 200,536	\$ -	\$ 200,536
Accounts Receivable	43,204	-	43,204
TOTAL ASSETS	\$ 243,740	\$ -	\$ 243,740
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 30,852	\$ -	\$ 30,852
Accounts Payable - Related Party	75,393	-	75,393
Accrued Liabilities	13,082	-	13,082
Deferred Revenues	18,064	-	18,064
TOTAL LIABILITIES	137,391	-	137,391
FUND BALANCES			
Reserved for Instructional Supplies	18,028	-	18,028
Reserved for Emergencies	39,000	-	39,000
Unreserved	49,321	-	49,321
TOTAL FUND BALANCES	106,349	-	106,349
TOTAL LIABILITIES AND FUND BALANCES	\$ 243,740	\$ -	\$ 243,740

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

Total Fund Balances of Governmental Funds	\$ 106,349
Long-term receivables are not available to pay current year expenditures and, therefore, are deferred in the funds.	18,064
Long-term liabilities, including development loan (\$575,000) and equipment leases (\$83,331), are not due and payable in the current year and, therefore, are not reported in the funds.	(658,331)
Total Net Assets of Governmental Activities	\$ (533,918)

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

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	<u>GENERAL</u>	<u>CAPITAL RESERVE</u>	<u>TOTAL</u>
REVENUES			
Local Sources	\$ 1,191,286	\$ -	\$ 1,191,286
State Sources	-	18,871	18,871
Federal Sources	<u>308,946</u>	<u>-</u>	<u>308,946</u>
 TOTAL REVENUES	 <u>1,500,232</u>	 <u>18,871</u>	 <u>1,519,103</u>
EXPENDITURES			
Instruction	440,508	-	440,508
Supporting Services	1,516,632	113,945	1,630,577
Debt Service			
Principal	<u>36,447</u>	<u>-</u>	<u>36,447</u>
 TOTAL EXPENDITURES	 <u>1,993,587</u>	 <u>113,945</u>	 <u>2,107,532</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(493,355)</u>	 <u>(95,074)</u>	 <u>(588,429)</u>
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	600,000	-	600,000
Lease Proceeds	94,778	-	94,778
Transfers In	-	95,074	95,074
Transfers Out	<u>(95,074)</u>	<u>-</u>	<u>(95,074)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>599,704</u>	 <u>95,074</u>	 <u>694,778</u>
 NET CHANGE IN FUND BALANCES	 106,349	 -	 106,349
FUND BALANCES, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, Ending	\$ <u><u>106,349</u></u>	\$ <u><u>-</u></u>	\$ <u><u>106,349</u></u>

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

Net Change in Fund Balances of Governmental Funds	\$ 106,349
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements.	18,064
Repayments of development loan \$25,000 and equipment leases \$11,447 are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.	36,447
Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets.	<u>(694,778)</u>
Change in Net Assets of Governmental Activities	\$ <u><u>(533,918)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Imagine Classical Academy at Indigo Ranch (the “School”) was organized in 2008 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Falcon School District No. 49 (the “District”) in the State of Colorado. The School began operations in the Fall of 2008.

The financial statements of the School have been prepared in conformity with 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 principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. 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. Based on the application of this criteria, the School does not include additional organizations in its reporting entity.

The School is a component unit of the District. The School’s charter agreement is approved and may be terminated by the District. In addition, 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. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported in a single column.

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

Separate financial statements are provided for governmental funds. Major individual funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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*. 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, not to exceed 60 days. Intergovernmental revenues, grants, and interest 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.

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

The School reports the following major governmental fund:

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

In addition, the School reports the following nonmajor governmental fund:

Capital Reserve Fund - This fund is used to account for specific revenue sources restricted by State statute for capital purposes.

Assets, Liabilities and Net Assets/Fund Balances

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.

Capital Assets - Capital assets are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 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. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized. Capital assets acquired by the School will be depreciated using the straight-line method over the estimated useful lives.

Deferred Revenues - Deferred revenues arise when resources are received by the School before it has a legal claim to them or when assets are not available as current financial resources in the governmental funds.

Compensated Absences - The School's policy allows certain contracted personnel to accumulate unused vacation time. The School will compensate the contracted personnel for up to 120 hours of unused vacation time upon termination of employment. At June 30, 2009, the School had no accrued compensated absences.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

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

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.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

At June 30, 2009, the School's governmental activities in the government-wide financial statements had deficit net assets of \$533,918, primarily because of long-term loans from the management company, Imagine Schools, Inc. ("Imagine"), for development and start-up costs. Management expects this deficit balance to decrease as the loans are paid.

NOTE 3: CASH AND INVESTMENTS

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. 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.

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- 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

The School had no investments at June 30, 2009.

NOTE 4: LONG-TERM DEBT

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

	Balances <u>6/30/08</u>	Additions	Payments	Balances <u>6/30/09</u>	Due Within <u>One Year</u>
Governmental Activities					
Development Loan	\$ -	\$ 600,000	\$ 25,000	\$ 575,000	\$ 30,000
Equipment Leases	-	94,778	11,447	83,331	27,421
Total	<u>\$ -</u>	<u>\$ 694,778</u>	<u>\$ 36,447</u>	<u>\$ 658,331</u>	<u>\$ 57,421</u>

Development Loan

In July, 2008, the School entered into an interest-free loan agreement for \$600,000 with Imagine for development and start-up costs. Under the agreement, the School is obligated to make monthly payments of \$2,500, through August 1, 2028. If the School's operating agreement with Imagine (See Note 8) is terminated, the remaining balance of the loan becomes due and payable, discounted at a rate of 10.5%. Future debt service requirements are as follows:

Year Ended June 30,

2010	\$ 30,000
2011	30,000
2012	30,000
2013	30,000
2014	30,000
2015 - 2019	150,000
2020 - 2024	150,000
2025 - 2029	<u>125,000</u>
Total	<u>\$ 575,000</u>

Equipment Leases

On January 1, 2009, the School entered into an interest-free equipment lease agreement with Imagine to use and purchase furniture and equipment. The School is obligated under the agreement to make monthly payments ranging from \$1,908 to \$2,662, through March 31, 2012. No assets purchased with lease proceeds were capitalized.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 4: LONG-TERM DEBT (Continued)

Equipment Leases (Continued)

Future debt service requirements for the lease obligations are as follows:

Year Ended June 30,

2010	\$ 27,421
2011	31,949
2012	<u>23,961</u>
Total	<u><u>\$ 83,331</u></u>

NOTE 5: INTERFUND TRANSFERS

The School is required by State statute to allocate a minimum of \$298 per funded pupil for capital purposes, or use this amount for insurance costs. For the year ended June 30, 2009, the General Fund transferred \$95,074 to the Capital Reserve Fund to comply with this statute.

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 contracted personnel 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).

Funding Policy - Plan members and the School are required to contribute at a rate set by State 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 2008 and 2009 were 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 first year of operations ended June 30, 2009, were \$52,160, equal to the required contributions.

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 by contacting PERA as described previously.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy - The School is required to contribute at a rate of 1.02% of covered salary for all Plan members as set by State statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The School's contributions to the HCTF for the first year of operations ended June 30, 2009, were \$4,231, equal to the required contributions.

NOTE 8: OPERATING AGREEMENT

The School entered into an operating agreement with Imagine Schools, Inc. ("Imagine"), to provide educational and administrative services to the School through June 30, 2013, with automatic renewals upon extension of the charter contract with the District. Imagine provides the teachers and staff necessary to operate the School, although the personnel are employees of Imagine. The School is required to pay an administrative fee to Imagine for these services. If the agreement is terminated, the School has agreed to purchase all equipment in use at the School, and pay all loan obligations with Imagine in full. The administrative fees earned by Imagine for the year ended June 30, 2009, were \$159,195. At June 30, 2009, the School owed \$75,393 to Imagine.

NOTE 9: 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 management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it is in compliance with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2009, the reserve, of \$39,000, was reported as a reservation of fund balance in the General Fund.

Facility Lease

On June 15, 2008, the School, through Imagine, entered into a lease agreement with Williams Scotsman, Inc., to use modular buildings as classrooms and office space. Beginning on September 1, 2008, the School was required to make monthly payments of \$11,341, through July, 2009. The School paid \$113,945 under this agreement for the year ended June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 10: SUBSEQUENT EVENTS

Building Lease

On July 1, 2009, the School entered into a lease agreement with Schoolhouse Finance, LLC, an affiliate of Imagine, to utilize a building for classrooms and office space. The School is required to make monthly lease payments of \$93,841 beginning on September 1, 2009, and through the effective date of the School's charter contract with the District, currently June 30, 2013. The lease payments increase each July 1 at a rate equal to the lesser of 1.5% over the consumer price index or the maximum amount allowed by law.

Future minimum lease payments through the end of the existing charter contract are as follows:

Year Ended June 30,

2010	\$ 938,410
2011	1,126,092
2012	1,126,092
2013	<u>1,126,092</u>
Total	<u>\$ 4,316,686</u>

Equipment Loan

In January 2010, the School approved a loan agreement with Imagine in the amount of \$153,060 to purchase furniture and equipment. The School is required under the agreement to make monthly payments of \$4,744, plus interest at 7.25% per annum, with final payment due on November 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Per Pupil Revenue	\$ 1,143,975	\$ 1,145,030	\$ 1,055
Tuition	45,000	42,790	(2,210)
Contributions	-	426	426
Other	-	3,040	3,040
Federal Sources			
Grants	299,500	308,946	9,446
TOTAL REVENUES	<u>1,488,475</u>	<u>1,500,232</u>	<u>11,757</u>
EXPENDITURES			
Instruction			
Salaries	356,900	306,719	50,181
Employee Benefits	92,984	116,961	(23,977)
Purchased Professional Services	3,630	630	3,000
Other Purchased Services	-	389	(389)
Supplies and Materials	3,280	14,283	(11,003)
Other	57	1,526	(1,469)
Total Instruction	<u>456,851</u>	<u>440,508</u>	<u>16,343</u>
Supporting Services			
Salaries	121,816	110,284	11,532
Employee Benefits	21,444	11,242	10,202
Purchased Professional Services	1,330	135,178	(133,848)
Purchased Property Services	373,046	143,395	229,651
Other Purchased Services	31,127	1,076,559	(1,045,432)
Supplies and Materials	1,545	16,539	(14,994)
Property	388,602	47,000	341,602
Other	-	12,882	(12,882)
Total Supporting Services	<u>938,910</u>	<u>1,553,079</u>	<u>(614,169)</u>
Reserves	40,114	-	40,114
TOTAL EXPENDITURES	<u>1,435,875</u>	<u>1,993,587</u>	<u>(557,712)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>52,600</u>	<u>(493,355)</u>	<u>(545,955)</u>
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	-	600,000	600,000
Lease Proceeds	-	94,778	94,778
Transfers Out	(52,600)	(95,074)	(42,474)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(52,600)</u>	<u>599,704</u>	<u>652,304</u>
NET CHANGE IN FUND BALANCE	-	106,349	106,349
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 106,349</u>	<u>\$ 106,349</u>

See the accompanying Independent Auditors' Report.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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.

Legal Compliance

For the year ended June 30, 2009, the General and Capital Reserve Fund expenditures and transfers out exceeded the amounts budgeted by \$600,186 and \$61,345, respectively. In addition, the Board of Directors did not approve an original budget. These may be violations of State statute.

SUPPLEMENTARY INFORMATION

THE IMAGINE CLASSICAL ACADEMY AT INDIGO RANCH

BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
 Year Ended June 30, 2009

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
State Sources			
Capital Construction	\$ -	\$ 18,871	\$ 18,871
TOTAL REVENUES	<u>-</u>	<u>18,871</u>	<u>18,871</u>
EXPENDITURES			
Supporting Services			
Purchased Property Services	<u>52,600</u>	<u>113,945</u>	<u>(61,345)</u>
TOTAL EXPENDITURES	<u>52,600</u>	<u>113,945</u>	<u>(61,345)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,600)	(95,074)	(42,474)
OTHER FINANCING SOURCES			
Transfers In	<u>52,600</u>	<u>95,074</u>	<u>42,474</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.