

Financial Statements and Supplementary Schedule  
Together with Reports of Independent  
Certified Public Accountants

**ICAHN CHARTER SCHOOL 3**

June 30, 2018 and 2017

# ICAHN CHARTER SCHOOL 3

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of the  
**Icahn Charter School 3**

### **Report on the financial statements**

We have audited the accompanying financial statements of Icahn Charter School 3 (the “Charter School”), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management’s responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charter School’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charter School as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other matters**

#### *Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 31, 2018, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

*Grant Thornton LLP*

New York, New York  
October 31, 2018

**ICAHN CHARTER SCHOOL 3**  
**Statements of Financial Position**  
**As of June 30, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,199,602	\$ 2,710,600
Grants and contracts receivable	172,549	162,098
Due from school district	118,895	143,791
Prepaid expenses	86,138	77,016
Contributions and other receivables	262,585	274,578
Other assets	-	16,525
Capital assets, net	<u>287,003</u>	<u>307,848</u>
Total assets	<u>\$ 4,126,772</u>	<u>\$ 3,692,456</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 318,667	\$ 187,936
Accrued payroll and benefits	639,468	565,647
Due to school districts	11,915	10,136
Deferred revenue	104,983	99,734
Obligation under capital lease	<u>10,853</u>	<u>13,531</u>
Total liabilities	<u>1,085,886</u>	<u>876,984</u>
Commitments and contingencies		
NET ASSETS - unrestricted	<u>3,040,886</u>	<u>2,815,472</u>
Total liabilities and net assets	<u>\$ 4,126,772</u>	<u>\$ 3,692,456</u>

*The accompanying notes are an integral part of these financial statements.*

**ICAHN CHARTER SCHOOL 3**  
**Statements of Activities**  
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUE, GAINS AND OTHER SUPPORT		
Public School District:		
Resident student enrollment	\$ 4,763,215	\$ 4,685,420
Students with disabilities	24,791	66,535
Grants and contracts:		
State and local	920,831	814,696
Federal - Title and IDEA	243,908	166,160
Other grants	<u>8,357</u>	<u>47,489</u>
Total revenue, gains and other support	<u>5,961,102</u>	<u>5,780,300</u>
EXPENSES		
Program services:		
Regular education	4,661,640	4,349,531
Special education	<u>247,478</u>	<u>299,588</u>
Total program services	4,909,118	4,649,119
Supporting services:		
Management and general	<u>880,177</u>	<u>913,939</u>
Total operating expenses	<u>5,789,295</u>	<u>5,563,058</u>
Surplus from school operations	<u>171,807</u>	<u>217,242</u>
OTHER REVENUE		
Other income	<u>53,607</u>	<u>14,962</u>
Total other revenue	<u>53,607</u>	<u>14,962</u>
Change in net assets	225,414	232,204
Net assets, beginning of year	<u>2,815,472</u>	<u>2,583,268</u>
Net assets, end of year	<u>\$ 3,040,886</u>	<u>\$ 2,815,472</u>

*The accompanying notes are an integral part of these financial statements.*

**ICAHN CHARTER SCHOOL 3**  
**Statements of Cash Flows**  
**For the years ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from:		
Public school district	\$ 4,768,464	\$ 4,577,083
Grants and contracts	1,224,326	988,130
Other income	53,607	14,962
Cash payments for:		
Vendors	(1,973,269)	(2,015,361)
Employee salaries and benefits	(3,393,377)	(3,230,659)
Net cash provided by operating activities	<u>679,751</u>	<u>334,155</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	<u>(188,070)</u>	<u>(220,241)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital lease payments	<u>(2,679)</u>	<u>(7,388)</u>
Net increase in cash and cash equivalents	489,002	106,526
Cash and cash equivalents at beginning of year	<u>2,710,600</u>	<u>2,604,074</u>
Cash and cash equivalents at end of year	<u>\$ 3,199,602</u>	<u>\$ 2,710,600</u>
<b>Supplemental disclosure of cash flow information:</b>		
Equipment acquired under capital leases	<u>\$ -</u>	<u>\$ 14,399</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	\$ 225,414	\$ 232,204
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	208,915	224,616
Change in assets and liabilities:		
Grants and contracts receivable	(10,451)	(96,182)
Due from school district	24,896	(66,887)
Prepaid expenses	(9,121)	13,719
Contributions and other receivables	11,993	56,320
Other assets	16,525	(12,157)
Accounts payable and accrued expenses	130,731	(53,188)
Accrued payroll and benefits	73,821	133,912
Due to school districts	1,780	10,135
Deferred revenue	<u>5,248</u>	<u>(108,337)</u>
Net cash provided by operating activities	<u>\$ 679,751</u>	<u>\$ 334,155</u>

*The accompanying notes are an integral part of these financial statements.*

# ICAHN CHARTER SCHOOL 3

## Notes to Financial Statements

June 30, 2018 and 2017

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### 1. NATURE OF OPERATIONS

The Icahn Charter School 3 (the “Charter School”) is an educational corporation formed to operate a charter school located in the City of New York, County of the Bronx. On March 11, 2008, the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department, granted a provisional charter valid for a term of five years, incorporating the Charter School. The charter was last renewed in 2018 for a term up through and including July 31, 2023.

The central mission of the Charter School, using the Core Knowledge curriculum developed by E.D. Hirsch, is to provide students with a rigorous academic program offered in an extended day/year setting. Students are expected to graduate armed with the skills and knowledge to participate successfully in the most rigorous academic environments and have a sense of personal and community responsibility. The Charter School is coeducational and nonsectarian and commenced instruction on September 8, 2008.

The Charter School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code and is classified as an organization described in Section 501(c)(3).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The Charter School prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The financial statement presentation conforms with U.S. GAAP for non-profit organization, which requires the classification of activities and net assets based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations and, therefore, may be expended for any purpose in performing the primary objective of the Charter School.

Temporarily Restricted - Net assets subject to donor-imposed restrictions that will be satisfied either by actions of the Charter School or the passage of time. At June 30, 2018 and 2017, the Charter School did not have any temporarily restricted net assets.

Permanently Restricted - Net assets subject to donor-imposed restrictions stipulating that the corpus be maintained in perpetuity by the Charter School, but permit the Charter School to expend all or part of the income derived there from. At June 30, 2018 and 2017, the Charter School did not have any permanently restricted net assets.

#### Revenue

Revenue is recorded on the accrual basis of accounting. The Charter School derives its revenue primarily from state and local capitation from the public school districts based on student enrollment, contributions and grants.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by explicit donor-imposed restrictions. Public school district revenues (state and local capitation) received from the New York City Department of Education Office of Charter Schools are recognized over the period earned. Amounts received in advance are reported as deferred revenue.



# **ICAHN CHARTER SCHOOL 3**

## **Notes to Financial Statements**

### **June 30, 2018 and 2017**

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Revenue from grants and contracts is recognized as the related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance are reported as deferred revenues.

The Charter School records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair market value of the assets received and are classified as either unrestricted, temporarily restricted or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

The Charter School reports gifts of cash or other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions not expected to be received within one year are recognized as temporarily restricted support and are discounted using a credit adjusted discount rate assigned in the year the pledge originates. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted revenues.

#### **Receivables**

Receivables contain some level of uncertainty surrounding timing and amount of collection. As such, the carrying value of the related receivables is reduced by an appropriate allowance for uncollectible accounts. The Charter School determines its allowance by considering a number of factors, including the length of time receivables are past due, the Charter School's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. As of June 30, 2018 and 2017, there was no allowance for uncollectible receivables. Contributions and other receivables as of June 30, 2018 and 2017 are expected to be collected within one year.

The Charter School writes off receivables when they are deemed to be uncollectible, and payments subsequently received on such receivables are recorded as income in the period received.

#### **Cash and Cash Equivalents**

Cash and cash equivalents are recorded at fair value, and are comprised of highly liquid financial instruments with original maturities of three months or less at the time of purchase. Included in cash and cash equivalents at June 30, 2018 and 2017 is a reserve fund of \$75,000 to cover debts in the event of the Charter School's dissolution, and a reserve fund of \$80,000 and \$53,000 for the years ended June 30, 2018 and 2017, respectively, for the maintenance of the school facilities.

#### **Concentration of Credit Risk**

Certain financial instruments potentially subject the Charter School to concentration of credit risk. These financial instruments consist primarily of cash and cash equivalents. The Charter School maintains its cash in various bank accounts, which may exceed federally insured limits at times. The Charter School has not experienced, nor does it anticipate, any losses with respect to these bank accounts.

# ICAHN CHARTER SCHOOL 3

## Notes to Financial Statements

### June 30, 2018 and 2017

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#### Capital Assets

Furniture, fixtures, equipment, library and textbooks are stated at cost net of depreciation, or fair value at date of contribution, if donated. The Charter School capitalizes all property and equipment with a cost of at least \$1,000 and an estimated useful life of more than one year. Depreciation of furniture, fixtures, equipment, library, software and textbooks is computed in the month in which the assets are acquired, utilizing the straight-line basis, over their estimated useful lives, as follows:

	<u>Useful Lives</u>
Furniture and fixtures	3 years
Equipment	3-5 years
Library, software and textbooks	3 years

#### Taxes

The Charter School follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Charter School is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Charter School has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The Charter School has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, the Charter School has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ICAHN CHARTER SCHOOL 3**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**3. CAPITAL ASSETS, NET**

At June 30, 2018 and 2017, capital assets consisted of the following:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Library, software and textbooks	\$ 121,624	\$ 109,485
Equipment	1,215,319	1,087,907
Furniture and fixtures	<u>240,343</u>	<u>200,310</u>
	1,577,286	1,397,702
Less: Accumulated depreciation	<u>(1,290,283)</u>	<u>(1,089,854)</u>
	<u><u>\$ 287,003</u></u>	<u><u>\$ 307,848</u></u>

Included in equipment as of June 30, 2018 and 2017 are assets acquired under capital leases at a cost of approximately \$14,000 with accumulated depreciation of approximately \$4,000 and \$1,000, respectively.

Depreciation expense totaled approximately \$209,000 and \$225,000 for the years ended June 30, 2018 and 2017, respectively.

**4. RELATED PARTY TRANSACTIONS**

Legal services are provided by the Inwood Opportunity LLC, a foundation for which Carl C. Icahn serves as a trustee, at no cost to the Charter School. These amounts have not been reflected as in-kind contributions in the accompanying financial statements, as neither the Charter School nor the Company has a readily measurable or objective basis for determining such amounts.

The Charter School utilizes certain facilities provided by Inwood Opportunity, an organization affiliated with the Company, at no cost. The estimated fair value of cost savings associated with such arrangement totaled approximately \$896,000 and \$789,000 for the years ended June 30, 2018 and 2017, respectively, and is recognized as revenue within state and local grants, and also included within expenses in the statement of activities.

Certain expenses are shared amongst the seven Icahn Charter Schools (affiliated entities) and amounts may also be received on behalf of another Icahn Charter School. Shared expenses primarily related to prorated salaries, based on student enrollment, for administrators at Icahn Charter School 1 who serve in a management capacity at the Charter School. Icahn Charter School 3 is also located in a building shared with Icahn Charter School 4 and Icahn Charter School 5. The three schools share certain resources that generate expenses that are prorated between the schools. At June 30, 2018 and 2017, accounts payable and accrued expenses included approximately \$141,000 and \$52,000, respectively, and other receivables included approximately \$255,000 and \$265,000, respectively, pertaining to these related party transactions.

**5. CONTRIBUTED SERVICES**

The Charter School utilizes certain transportation and food services provided by the New York City public school system at no cost. The Charter School is unable to determine the fair value for these services, and as such this is not reflected on the accompanying financial statements.

**ICAHN CHARTER SCHOOL 3**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**6. CONCENTRATION OF REVENUES**

The Charter School receives a majority of its revenues from the New York State Education Department through the New York City Department of Education Office of Charter Schools. The New York City Department of Education (“DOE”) provides general operating support to the Charter School based upon the location and the number of students enrolled. Operating support provided to the Charter School by the DOE totaled approximately \$4,788,000 and \$4,752,000 for the years ended June 30, 2018 and 2017, respectively. The Charter School is dependent upon this level of funding in order to continue its operations.

**7. OBLIGATION UNDER CAPITAL LEASE**

A long-term lease covering equipment is classified as a capital lease. Accordingly, equipment is capitalized as leased property and amortized on a straight-line basis over the term of the lease. The corresponding obligation under the capital lease represents the present value of the rental payments discounted by an interest rate implicit in the lease agreement.

Annual payments due subsequent to June 30, 2018 follow:

**Year Ending June 30,**

2019	\$ 3,202
2020	3,202
2021	3,202
2022	<u>2,133</u>
Total	11,739
Less: interest	<u>(886)</u>
	<u>\$ 10,853</u>

**8. PENSION PLAN**

The Charter School has a defined contribution plan (the “Plan”), administered by T. Rowe Price, for all full-time personnel. Contributions by the Charter School to the Plan totaled approximately \$83,000 and \$74,000 for the years ended June 30, 2018 and 2017, respectively.

**9. COMMITMENTS AND CONTINGENCIES**

**Government Agency Audits**

The Charter School participates in a number of federal and state programs. These programs require that the Charter School comply with certain requirements of laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government contracts by government agencies is presently not determinable, it should not, in the opinion of management, have a material effect on the Charter School’s financial position or change in net assets. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

**ICAHN CHARTER SCHOOL 3**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**Litigation**

The Charter School may be involved in various legal actions from time to time arising in the normal course of business. In the opinion of management, there are no matters outstanding that would have a material adverse effect on the financial statements of the Charter School.

**10. SUBSEQUENT EVENTS**

The Charter School evaluated its June 30, 2018 financial statements for subsequent events through October 31, 2018, the date the financial statements were available to be issued. Other than the following, the Charter School is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

In August of 2018, the Charter School entered into a long term sublease agreement with Inwood Opportunity LLC, ("Inwood") (an affiliated entity) for the use of certain facilities at no cost to the Charter School. The cost basis of the facilities, for which construction was completed by Inwood in 2016, was approximately \$48 million, however the facilities will be allocated and utilized by Icahn Charter School 3, Icahn Charter School 4 and Icahn Charter School 5, and as such the sublease agreement with the Charter School pertains to one third of the space. Upon execution of the sublease agreement in fiscal 2019, the Charter School will record the current imputed fair value of their leased facilities within capital assets and recognize temporarily restricted contribution revenue which will be amortized over the shorter of the estimated useful life of the facilities or the lease term, and released from the restrictions accordingly.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS AS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the  
**Icahn Charter School 3**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Icahn Charter School 3 (the “Charter School”), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2018.

**Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the Charter School’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Charter School’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Charter School’s internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Intended purpose**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Grant Thornton LLP".

New York, New York  
October 31, 2018

## **SUPPLEMENTARY INFORMATION**



# ICAHN CHARTER SCHOOL 3

## Schedule of Functional Expenses

For the year ended June 30, 2018 with comparative totals for 2017

	Program Services			Management and General	2018 Total	2017 Total
	Regular Education	Special Education	Total			
PERSONNEL SERVICE COSTS						
Administrative staff personnel	\$ 206,153	\$ -	\$ 206,153	\$ 257,427	\$ 463,580	\$ 453,754
Instructional personnel	2,092,499	66,064	2,158,563	-	2,158,563	2,063,781
Non-instructional personnel	-	-	-	229,417	229,417	242,400
Total personnel service costs	2,298,652	66,064	2,364,716	486,844	2,851,560	2,759,935
Fringe benefits and payroll taxes	436,163	16,754	452,917	79,296	532,213	531,111
Retirement	67,698	3,303	71,001	12,424	83,425	73,525
Legal	1,838	-	1,838	293	2,131	3,771
Accounting/audit services	23,751	2,895	26,646	4,247	30,893	27,744
Other purchased/professional/consulting services	17,364	24,792	42,156	1,189	43,345	72,588
Building and land rent/lease	688,542	83,928	772,470	123,131	895,601	788,607
Repairs and maintenance	114,920	1,656	116,576	18,582	135,158	175,789
Insurance	63,186	-	63,186	10,072	73,258	61,099
Utilities	78,968	8,737	87,705	13,980	101,685	108,149
Supplies/materials	126,313	10,540	136,853	-	136,853	153,953
Equipment/furnishings	4,630	-	4,630	3,470	8,100	11,182
Staff development	215,576	-	215,576	-	215,576	165,690
Marketing/recruitment	3,672	-	3,672	585	4,257	2,555
Technology	91,744	1,226	92,970	14,819	107,789	111,414
Telephone	4,764	581	5,345	852	6,197	6,953
Food service	-	-	-	-	-	5,991
Student services	218,792	5,390	224,182	-	224,182	171,723
Office expense	16,865	1,999	18,864	74,846	93,710	64,796
Depreciation	164,407	19,564	183,971	24,943	208,914	224,616
Other	23,795	49	23,844	10,604	34,448	41,867
Total expenses	<u>\$ 4,661,640</u>	<u>\$ 247,478</u>	<u>\$ 4,909,118</u>	<u>\$ 880,177</u>	<u>\$ 5,789,295</u>	<u>\$ 5,563,058</u>

*This schedule should be read in conjunction with the report of independent certified public accountants.*