

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

ICAHN CHARTER SCHOOL 1

June 30, 2012 and 2011

ICAHN CHARTER SCHOOL 1

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountants	1 - 2
Financial Statements:	
Statements of Financial Position as of June 30, 2012 and 2011	3
Statements of Activities for the Years Ended June 30, 2012 and 2011	4
Statements of Cash Flows for the Years Ended June 30, 2012 and 2011	5
Notes to Financial Statements	6 - 11
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters	12 - 13
Supplementary Information:	
Schedule of Functional Expenses for the Year Ended June 30, 2012, with comparative totals for 2011	15

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of the
Icahn Charter School 1

We have audited the accompanying statements of financial position of the Icahn Charter School 1 (the “Charter School”) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Charter School’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Icahn Charter School 1 as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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 audit 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 established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

New York, New York

November 9, 2012

ICAHN CHARTER SCHOOL 1
Statements of Financial Position
As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 2,438,462	\$ 2,254,449
Grants and contracts receivable	212,830	216,305
Due from school district	3,359	17,879
Prepaid expenses	82,183	67,228
Contributions and other receivables	40,020	38,500
Other Assets	3,965	-
Capital assets, net	<u>12,982,947</u>	<u>13,451,731</u>
Total assets	<u>\$ 15,763,766</u>	<u>\$ 16,046,092</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 98,663	\$ 165,470
Accrued payroll and benefits	835,096	700,721
Due to school district	85,051	126,031
Deferred revenue	203,135	217,535
Obligation under capital leases	<u>37,834</u>	<u>58,419</u>
Total liabilities	<u>1,259,779</u>	<u>1,268,176</u>
Commitments and contingencies		
NET ASSETS		
Unrestricted	1,776,573	1,560,986
Temporarily restricted	<u>12,727,414</u>	<u>13,216,930</u>
Total net assets	<u>14,503,987</u>	<u>14,777,916</u>
Total liabilities and net assets	<u>\$ 15,763,766</u>	<u>\$ 16,046,092</u>

The accompanying notes are an integral part of these statements.

ICAHN CHARTER SCHOOL 1
Statements of Activities
For the years ended June 30, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT						
Public School District:						
Resident student enrollment	\$ 4,499,546	\$ -	\$ 4,499,546	\$ 4,504,494	\$ -	\$ 4,504,494
Student with disabilities	17,125	-	17,125	1,738	-	1,738
Grants and contracts:						
State and local	57,146	-	57,146	54,092	-	54,092
Federal - Title and IDEA	297,623	-	297,623	342,145	-	342,145
Other grants	68,872	-	68,872	67,892	-	67,892
Net assets released from restrictions	489,516	(489,516)	-	489,516	(489,516)	-
Total revenues, gains and other support	5,429,828	(489,516)	4,940,312	5,459,877	(489,516)	4,970,361
EXPENSES						
Program services:						
Regular education	4,352,821	-	4,352,821	4,002,275	-	4,002,275
Special education	79,176	-	79,176	35,300	-	35,300
Total program services	4,431,997	-	4,431,997	4,037,575	-	4,037,575
Supporting services:						
Management and general	902,283	-	902,283	1,044,323	-	1,044,323
Total operating expenses	5,334,280	-	5,334,280	5,081,898	-	5,081,898
Surplus (deficit) from school operations	95,548	(489,516)	(393,968)	377,979	(489,516)	(111,537)
OTHER REVENUE						
Contributions:						
Corporation	13,050	-	13,050	-	-	-
Foundation	99,849	-	99,849	77,658	-	77,658
Interest income	317	-	317	1,203	-	1,203
Miscellaneous income	6,823	-	6,823	997	-	997
Total other revenue	120,039	-	120,039	79,858	-	79,858
Increase (decrease) in net assets	215,587	(489,516)	(273,929)	457,837	(489,516)	(31,679)
Net assets, beginning of year	1,560,986	13,216,930	14,777,916	1,103,149	13,706,446	14,809,595
Net assets, end of year	\$ 1,776,573	\$ 12,727,414	\$ 14,503,987	\$ 1,560,986	\$ 13,216,930	\$ 14,777,916

The accompanying notes are an integral part of these statements.

ICAHN CHARTER SCHOOL 1
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (273,929)	\$ (31,679)
Adjustment to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	599,970	598,140
Loss on disposal of equipment	-	11,359
Changes in assets and liabilities:		
Decrease in grants and contracts receivable	3,475	50,157
Decrease (increase) in due from school district	14,520	(11,161)
(Increase) decrease in prepaid expenses	(14,955)	45,498
Increase in contributions and other receivables	(1,520)	(134,220)
Increase in other assets	(3,965)	-
(Decrease) increase in accounts payable and accrued expenses	(66,807)	22,333
Increase in accrued payroll and benefits	134,375	141
(Decrease) increase in due to school district	(40,980)	126,031
(Decrease) increase in deferred revenue	<u>(14,400)</u>	<u>4,427</u>
Net cash provided by operating activities	<u>335,784</u>	<u>681,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, fixtures and equipment	<u>(131,186)</u>	<u>(160,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital lease payments	<u>(20,585)</u>	<u>(19,577)</u>
Net increase in cash and cash equivalents	184,013	501,299
Cash and cash equivalents, beginning of year	<u>2,254,449</u>	<u>1,753,150</u>
Cash and cash equivalents, end of year	<u>\$ 2,438,462</u>	<u>\$ 2,254,449</u>

The accompanying notes are an integral part of these statements.

ICAHN CHARTER SCHOOL 1

Notes to Financial Statements

June 30, 2012 and 2011

1. NATURE OF OPERATIONS

The Icahn Charter School 1 (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 20, 2001, 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 renewed in 2005 for five years ending on July 31, 2011, and renewed in 2010 for another five years ending on July 31, 2016.

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 4, 2001.

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 U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) and standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Those standards require 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 stipulation 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.

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, 2012 and 2011, 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 based on student enrollment, contributions and grants.

ICAHN CHARTER SCHOOL 1

Notes to Financial Statements

June 30, 2012 and 2011

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.

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. All contributions receivable are expected to be collected within one year.

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. 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 outstanding longer than the payment terms are considered past due. 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.

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, 2012 and 2011 is a reserve fund of \$75,000 to cover debts in the event of the Charter School's dissolution, and a reserve fund of \$24,000 and \$18,000 at June 30, 2012 and 2011, respectively, for the maintenance of the building.

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 1
Notes to Financial Statements
June 30, 2012 and 2011

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 \$500 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
Building	30 years
Equipment	3 - 5 years
Library, software and textbooks	3 years

Taxes

The Charter School recognizes or derecognizes a tax position based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The Charter School evaluated its tax positions and concluded that there are no uncertain tax positions within its financial statements. The Charter School is no longer subject to audits for periods 2008 and prior.

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.

3. CAPITAL ASSETS, NET

At June 30, 2012 and 2011, capital assets consisted of the following:

	<u>2012</u>	<u>2011</u>
Library, software and textbooks	\$ 283,117	\$ 293,499
Building	14,685,478	14,685,478
Equipment	567,268	573,957
Furniture and fixtures	<u>130,125</u>	<u>80,507</u>
	15,665,988	15,633,441
Less: Accumulated depreciation	<u>(2,683,040)</u>	<u>(2,181,710)</u>
	<u><u>\$ 12,982,947</u></u>	<u><u>\$ 13,451,731</u></u>

Included in equipment as of June 30, 2012 and 2011 are assets acquired under capital leases at a cost of approximately \$101,000, with accumulated depreciation of approximately \$65,000 and \$45,000, respectively.

ICAHN CHARTER SCHOOL 1

Notes to Financial Statements

June 30, 2012 and 2011

Depreciation expense totaled approximately \$600,000 and \$598,000 for the years ended June 30, 2012 and 2011, respectively.

4. RELATED PARTY TRANSACTIONS

Administrative Support

Certain payroll and legal services are provided at no cost by the Icahn Associates Corp. (the “Company”), a company affiliate with 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.

Facilities

During 2001, the Foundation for a Greater Opportunity (the “Foundation”) (an affiliated entity) entered into a 99 year ground lease for land located at 1525 Brook Avenue, Bronx, NY with the Children’s Rescue Fund (the “Fund”). Subsequent to entering into the ground lease, the Foundation constructed a building on this land and has an operating lease with the Charter School for its use which commenced in September 2001. The original lease provided for rental payments of \$50,000 for each year of occupancy and expired on September 1, 2011. Subsequent to the lease expiration, the Charter School has been occupying the space on a month-to-month basis. Total rent expense for the years ended June 30, 2012 and 2011 was approximately \$50,000.

During 2006, the Foundation entered into another 99 year ground lease for land located at 1520 Brook Avenue, Bronx, NY with the Fund. Subsequent to entering into the ground lease, the Foundation subleased the land to the New York City School Construction Authority (“SCA”) in connection with the construction of a charter public middle school.

On October 24, 2006, the Foundation entered into an agreement with the SCA to construct a charter public middle school in the Bronx, NY. Upon completion of construction and issuance of the certificate of occupancy, title to the middle school building was transferred to the New York City Department of Education and leased back to the Foundation. Although the lease is between the Foundation and the SCA, the lease agreement designates the Charter School as the initial user of the premises. The lease will have a 30-year term and the Foundation is obligated to pay rent of \$1 per year. In accordance with the lease agreement, the Foundation concurrently entered into a use agreement with the Charter School for the use of the leased land and building for a corresponding 30-year term.

The Foundation accounted for this arrangement as an agency transaction on behalf of the Charter School as the Charter School is the ultimate beneficiary of the imputed fair value of the 30 year lease agreement. During the year ended June 30, 2009, upon receiving the building to use, the Charter School has recorded the imputed fair value of the building of approximately \$14,700,000, within capital assets and recognized temporarily restricted contributions revenue which will be amortized over the 30-year term and released from the restrictions accordingly.

ICAHN CHARTER SCHOOL 1
Notes to Financial Statements
June 30, 2012 and 2011

Other Receivables

At June 30, 2012, other receivables included shared expenses of prorated salaries, based on student enrollment, for eight administrators who serve in management capacity at other Icahn Charter Schools. Other receivables for these prorated salaries totaled approximately \$36,000 and \$35,000 for the years ended June 30, 2012 and 2011, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2012 and 2011, temporarily restricted net assets consisted of the following:

	<u>2012</u>	<u>2011</u>
Restricted as to purpose:		
Middle School	<u>\$ 12,727,414</u>	<u>\$ 13,216,930</u>

During the years ended June 30, 2012 and 2011, net assets were released from donor restrictions by incurring expenses satisfying purpose or time restrictions as follows:

	<u>2012</u>	<u>2011</u>
Middle School	<u>\$ 489,516</u>	<u>\$ 489,516</u>

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 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 New York City Department of Education totaled approximately \$4,500,000 and \$4,504,000 for the years ended June 30, 2012 and 2011, respectively. The Charter School is dependent upon this level of funding in order to continue its operations.

7. OBLIGATION UNDER CAPITAL LEASES

Certain long-term leases covering equipment are classified as capital leases. 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 leases represents the present value of the rental payments discounted by interest rates implicit in the lease agreements.

ICAHN CHARTER SCHOOL 1
Notes to Financial Statements
June 30, 2012 and 2011

Annual payments subsequent to June 30, 2012 follow:

Year ending June 30,

2013	22,074
2014	12,789
2015	<u>4,773</u>
Total	39,636
Less: interest	<u>(1,802)</u>
	<u><u>\$ 37,834</u></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 \$102,000 and \$110,000 for the years ended June 30, 2012 and 2011, 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 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 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.

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, 2012 financial statements for subsequent events through November 9, 2012, the date the financial statements were available to be issued. The Charter School is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS**

To the Board of Directors of the
Icahn Charter School 1

We have audited the financial statements of the Icahn Charter School 1 (the “Charter School”) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated November 9, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Charter School’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control over financial reporting. Accordingly, we express no such opinion.

A deficiency in internal control over financial reporting 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the Charter School’s financial statements will not be prevented, detected and corrected on a timely basis.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Charter School’s internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of 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 audits, 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*.

This report is intended solely for the information and use of the Charter School's Board of Directors and management, and the State of New York awarding agencies providing funding to the Charter School. It is not intended for, and should not be used by anyone other than these specified parties.

Grant Thornton LLP

New York, New York
November 9, 2012

SUPPLEMENTARY INFORMATION

ICAHN CHARTER SCHOOL 1**Schedule of Functional Expenses****For the year ended June 30, 2012, with comparative totals for 2011**

	Program Services			Management and General	2012 Total	2011 Total
	Regular Education	Special Education	Total			
PERSONNEL SERVICE COST						
Administrative staff personnel	\$ 180,985	\$ -	\$ 180,985	\$ 294,919	\$ 475,904	\$ 804,157
Instructional personnel	2,200,179	2,520	2,202,699	-	2,202,699	2,054,655
Non-instructional personnel	-	-	-	345,360	345,360	40,559
Total personnel service cost	2,381,164	2,520	2,383,684	640,279	3,023,963	2,899,371
Employee benefits and payroll taxes	415,669	6,278	421,947	105,921	527,868	480,653
Retirement	82,706	-	82,706	19,237	101,943	110,375
Legal service	556	-	556	139	695	5,372
Accounting/audit services	18,426	1,246	19,672	4,918	24,590	23,300
Other purchasing/professional consulting service	30,175	17,125	47,300	1,899	49,199	48,632
Building and land rent/lease	37,466	2,534	40,000	10,000	50,000	50,001
Repairs and maintenance	73,553	1,667	75,220	11,702	86,922	33,199
Insurance	58,170	-	58,170	14,542	72,712	81,354
Utilities	71,881	4,861	76,742	19,186	95,928	118,474
Supplies/material	90,810	4,628	95,438	-	95,438	78,370
Equipment/furnishing	10,718	-	10,718	601	11,319	3,729
Staff development	205,775	-	205,775	-	205,775	171,191
Marketing/recruitment	4,049	-	4,049	1,012	5,061	-
Technology	76,252	1,499	77,751	19,438	97,189	97,983
Telephone	29,820	2,017	31,837	7,959	39,796	37,107
Food service	1,381	-	1,381	-	1,381	399
Student service	121,393	2,680	124,073	-	124,073	141,160
Office expense	51,242	1,599	52,841	13,042	65,883	48,903
Depreciation	548,522	30,405	578,927	21,043	599,970	598,140
Other	43,093	117	43,210	11,365	54,575	54,188
Total expenses	<u>\$ 4,352,821</u>	<u>\$ 79,176</u>	<u>\$ 4,431,997</u>	<u>\$ 902,283</u>	<u>\$ 5,334,280</u>	<u>\$ 5,081,898</u>

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