

MONUMENT ACADEMY

FINANCIAL STATEMENTS

June 30, 2011

MONUMENT ACADEMY

ROSTER OF SCHOOL OFFICIALS

June 30, 2011

BOARD OF DIRECTORS

Tim Reiman, President

Jason Douglas, Vice President

Bob Linza, Secretary

Quentin Leighty, Treasurer

Holly Rollins

Brian Thomas

SCHOOL MANAGEMENT

Don Griffin, Executive Director

Lis Richard, Principal

Nancy Tive, Director of Finance

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Board of Directors
Monument Academy
Monument, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monument Academy, component unit of Lewis-Palmer School District #38, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of Monument Academy, as listed in the table of contents. These financial statements are the responsibility of Monument Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monument Academy as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Swanhorst & Company LLC

September 9, 2011

Management's Discussion and Analysis

As management of the Monument Academy Charter School (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2011.

Financial Highlights

The assets of the Academy exceeded its liabilities at the close of the most recent fiscal year by \$1,216,049 (net assets). The Monument Academy Building Corporation's (the Corporation) liabilities exceeded its assets by \$321,071 for a combined Net Asset balance of \$894,978.

At the close of fiscal year 2010-2011, its fifteenth year of operation, the Academy's governmental fund, the General Fund, reported an ending fund balance of \$1,202,475, an increase of \$423,920 over the prior year.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

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

The government-wide statement of activities distinguishes functions/programs of the Academy supported primarily by per pupil revenue (PPR) passed through from the District (Lewis-Palmer School District 38). The governmental activities of the Academy include instruction and supporting services expense.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other

governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Academy consist of a governmental fund, a proprietary fund and a fiduciary fund.

Governmental fund

The Governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The Academy maintains one governmental fund, the general fund. The Academy adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Proprietary fund

The Academy also maintains a proprietary fund for the Corporation. Information is presented in the statement of net assets, statement of revenues, expenses and change in net assets, and the statement of cash flows.

Fiduciary fund

The Fiduciary fund is used to account for resources held for the benefit of parties outside the School. The Fiduciary fund is not reflected in the government-wide financial statement because the resources of those funds are not available to support the School's own programs.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 9-17.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets exceeded liabilities for both Governmental Activities and Business-Type activities by \$894,978 at the close of the fiscal year.

**Monument Academy Charter School's Net Assets
For the Years Ended June 30, 2011 & 2010**

	Governmental Activities <u>June 30, 2011</u>	Governmental Activities <u>June 30, 2010</u>	Business Type Activities <u>June 30, 2011</u>	Business Type Activities <u>June 30, 2010</u>
Cash and Investments	\$ 1,592,928	\$ 1,090,153	\$ -	\$ -
Restricted Cash & Investments	-	-	1,514,032	1,653,731
Accounts Receivable	12,067	12,566	-	-
Debt Issue Costs, Net	-	-	353,291	366,544
Capital Assets, Net	45,098	37,283	11,531,392	11,745,865
Total Assets	<u>1,650,093</u>	<u>1,140,002</u>	<u>13,398,715</u>	<u>13,766,140</u>
Current liabilities	411,714	338,001	409,786	402,549
Noncurrent liabilities	22,330	29,701	13,310,000	13,515,000
Total Liabilities	<u>434,044</u>	<u>367,702</u>	<u>13,719,786</u>	<u>13,917,549</u>
Net assets				
Invested in Capital Assets	45,098	37,283	(1,630,317)	(1,597,591)
Restricted for:				
Debt Service	-	-	1,302,804	1,383,833
Repair & Replacement	-	-	6,442	62,349
Emergencies	162,356	143,682	-	-
Instructional Supplies	-	27,796	-	-
Unrestricted	<u>1,008,595</u>	<u>563,539</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ 1,216,049</u>	<u>\$ 772,300</u>	<u>\$ (321,071)</u>	<u>\$ (151,409)</u>

Governmental Fund

The largest portion of the Academy's Governmental Activities assets is cash and investments (96.5%). The Academy's cash and investments increased \$502,775 and its total net assets increased \$443,749 during the fiscal year. These increases were due to increased enrollment and a conservative approach to fiscal management. Grades 1-5 increased to capacity and the middle school enrollment jumped 35%. In addition, the Academy received a one-time escrow refund from the Corporation of \$108,830, explained further in the General Fund Budgetary Highlights. The Academy's accounts receivable were .7 % and capital assets were 2.7% of the Academy's total assets. The increase in Capital Assets, Net consists of two Promethean "smart boards" purchased during the fiscal year, net of depreciation.

Liabilities for Monument Academy increased 18% to \$434,044. This \$66,342 increase was largely the result of an increase in the year end salary and benefits accrual due to additional staff hired during the 2010/2011 school year. This additional staff was necessary to accommodate the increase in students.

Building Corporation

The Total Net Assets of the Building Corporation decreased \$169,662. Cash and investments decreased largely due to a one-time escrow refund to the General Fund of \$108,830, explained further in the General Fund Budgetary Highlights. The decreases in Debt Issue Costs, Net and Capital Assets, Net were due to amortization and depreciation. There was a bond principal payment of \$195,000 during the fiscal year ended June 30, 2011 resulting in a decrease in Total Liabilities.

Monument Academy Charter School's Change in Net Assets For the Years Ended June 30, 2011 & 2010

	Governmental Activities <u>June 30, 2011</u>	Governmental Activities <u>June 30, 2010</u>	Bus. Type Activities <u>June 30, 2011</u>	Bus. Type Activities <u>June 30, 2010</u>
Program Revenue:				
Charges for Services	\$ 405,993	\$ 236,215	\$ -	\$ -
Operating Grants and Contr.	10,339	12,122	-	-
Total Program Revenue	<u>416,332</u>	<u>248,337</u>	<u>-</u>	<u>-</u>
General Revenue and Transfers				
Per Pupil Revenue	4,821,053	4,374,395	-	-
Capital Construction	67,100	63,565	-	-
Investment Earnings	10,438	9,224	20,394	120,993
Contribut. Program not Restr.	46,689	55,215	-	-
Other	50,245	38,679	-	-
Total General Revenue	<u>4,995,525</u>	<u>4,541,078</u>	<u>20,394</u>	<u>120,993</u>
Transfers	<u>(935,576)</u>	<u>(1,012,456)</u>	<u>935,576</u>	<u>1,012,456</u>
Total Revenue	<u>4,476,281</u>	<u>3,776,959</u>	<u>955,570</u>	<u>1,133,449</u>
Expenses:				
Current:				
Instruction	2,845,161	2,500,236	-	-
Supporting Services	1,187,371	933,665	1,125,632	1,134,958
Total Expenses	<u>4,032,532</u>	<u>3,433,901</u>	<u>1,125,632</u>	<u>1,134,958</u>
Increase (Decrease) Net Assets	443,749	343,058	(169,662)	(1,509)
Beginning Net Assets, July 1	<u>772,300</u>	<u>429,242</u>	<u>(151,409)</u>	<u>(149,900)</u>
Ending Net Assets, June 30	<u>\$ 1,216,049</u>	<u>\$ 772,300</u>	<u>\$ (321,071)</u>	<u>\$ (151,409)</u>

Financial Analysis of the Government's Funds

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

Governmental Fund

Total revenues increased 13% primarily because of increased enrollment in grades 1-8 which directly affects total Per Pupil Revenue. Grades 1-5 increased to capacity and the middle school enrollment increased 35%. Charges for Services increased \$169,778 due to an increase in preschool enrollment from the prior fiscal year. The preschool program underwent a change in management and developed its overall program. The increase in total expenses can be attributed to the increase in overall student enrollment and additional hires. This was partially offset by a one-time escrow refund of \$108,830 from the Corporation. This refund is explained further in the General Fund Budgetary Highlights.

Building Corporation

The 2010/2011 school year represented the Academy's third year in the current facility. The Academy is obligated under a lease agreement to make monthly payments to the Corporation for the use of the educational facility. In turn, the Corporation makes payments to the Trustee to cover the bond debt service payments. The Corporation's Total Revenue is primarily a result of the lease payments received from the Academy recorded in the preceding report's "Transfers" line. The decrease in Transfers is due to a one-time escrow refund to the General Fund, explained further in the General Fund Budgetary Highlights.

General Fund Budgetary Highlights

The School approved a preliminary budget of \$5,029,240 in February 2010 based on enrollment projections for the 2010/2011 school year. Monument Academy had originally projected 745 student FTEs and had a final October FTE count of 745.08 FTEs for FY 2010/2011. A revised budget of \$5,176,872 was approved in November 2010. The budget was increased in the areas of instructional supplies and instructional staff. A computer lab was added also. An independent consulting firm concluded that a school with the growth that the Academy was undergoing needed the leadership of an Executive Director and that position was added to the revised budget. There were variances between budgeted and actual revenues and expenditures as shown in the budget to actual comparison on page 18. Total revenue was higher than budgeted revenue by \$138,542. This is mainly because Per Pupil Revenue was budgeted lower than actual due to uncertainty at the state level. "Other" revenue was higher than the budgeted amount for several miscellaneous receipts, including an insurance "dividend" and Federal Impact Aid monies. Actual expenditures were lower than budgeted expenditures by \$188,935. As mentioned earlier in this report, the Academy makes monthly rental payments to the Building Corporation. Over time the Corporation's cash became greater than the amount needed to make the debt service payments for 2010/2011. Per the bond documents, this overage can either remain in the Corporation's cash or be remitted to the Academy. This resulted in a one-time escrow refund of \$108,830 to the General Fund which was netted against building rent. The remainder of the favorable variance can be attributed to an overall conservative approach to budgeting.

Capital Assets/Debt

The fiscal year 2010/2011 was the Academy's third school year in its facility. The initial amount of debt issued to construct the facility and purchase the land was \$12,270,000 plus construction completion bonds in the amount of \$1,610,000. The total costs related to construction and land acquisition at June 30, 2011 were \$12,337,462, net of \$806,070 of accumulated depreciation, on the Corporation's Statement of Net Assets. Depreciation expense of \$290,473 was recorded for fiscal year 2010/2011. In the General fund, two "smart boards" were added to capital assets during FY 2010/2011.

Economic Factors and Next Year's Budget/Student Count

Monument Academy is funded by the State of Colorado based on number of students enrolled. The Academy's funded pupil count increased from 651.58 in 2009/2010 to 745.08 in 2010/2011. This represents a 14.3% increase. In addition, the preliminary funded pupil count for the 2011/2012 school year is 800 students, a 7.4% increase from 2010/2011. In 2011/2012 per pupil funding has been cut at the State level. 2011/2012's funding is approximately \$325 lower per pupil than in 2010/2011. The 2010/2011 PPR was approximately \$6,462 and the 2011/2012 PPR is currently \$6,137. To be conservative, and in case the State has a further reduction of PPR, the Academy has prepared its 2011/2012 budget with PPR of \$5,975. The FY 2011/2012 budget projects the Academy's general fund ending fund balance to increase \$22,727 or 1.9%. The budget for 2011/2012 includes the addition of two modular buildings in 2011/2012. After approving the budget in March 2011, the Academy made the decision to purchase the modulars as opposed to leasing them. The Academy plans to revise its budget for the 2011/2012 year after the official student count on September 30, 2011.

Requests for Information

This financial report is designed to provide a general overview of Monument Academy Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Nancy Tive, Director of Finance, Monument Academy Charter School, 1150 Village Ridge Point, Monument, CO 80132.

BASIC FINANCIAL STATEMENTS

MONUMENT ACADEMY

STATEMENT OF NET ASSETS

June 30, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTALS</u>
ASSETS			
Cash and Investments	\$ 1,592,928	\$ -	\$ 1,592,928
Restricted Cash and Investments	-	1,514,032	1,514,032
Accounts Receivable	12,067	-	12,067
Debt Issuance Costs, Net of Accumulated Amortization	-	353,291	353,291
Capital Assets, Not Being Depreciated	-	718,527	718,527
Capital Assets, Net of Accumulated Depreciation	<u>45,098</u>	<u>10,812,865</u>	<u>10,857,963</u>
TOTAL ASSETS	<u>1,650,093</u>	<u>13,398,715</u>	<u>15,048,808</u>
LIABILITIES			
Accounts Payable	13,034	-	13,034
Accrued Salaries and Benefits	319,241	-	319,241
Deferred Revenues	70,245	-	70,245
Accrued Interest Payable	-	204,786	204,786
Noncurrent Liabilities			
Due Within One Year	9,194	205,000	214,194
Due in More Than One Year	<u>22,330</u>	<u>13,310,000</u>	<u>13,332,330</u>
TOTAL LIABILITIES	<u>434,044</u>	<u>13,719,786</u>	<u>14,153,830</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	45,098	(1,630,317)	(1,585,219)
Restricted for Debt Service	-	1,302,804	1,302,804
Restricted for Repairs and Replacement	-	6,442	6,442
Restricted for Emergencies	162,356	-	162,356
Unrestricted	<u>1,008,595</u>	<u>-</u>	<u>1,008,595</u>
TOTAL NET ASSETS	<u>\$ 1,216,049</u>	<u>\$ (321,071)</u>	<u>\$ 894,978</u>

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

MONUMENT ACADEMY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	\$ 2,845,161	\$ 405,238	\$ 1,330
Supporting Services	<u>1,187,371</u>	<u>755</u>	<u>9,009</u>
Total Governmental Activities	<u>4,032,532</u>	<u>405,993</u>	<u>10,339</u>
Business-Type Activities			
Building Corporation	<u>1,125,632</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,158,164</u>	<u>\$ 405,993</u>	<u>\$ 10,339</u>

GENERAL REVENUES

Per Pupil Revenue
 Capital Construction
 Grants and Contributions not Restricted to
 Specific Programs
 Investment Income
 Other

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTALS</u>
\$ (2,438,593)	\$ -	\$ (2,438,593)
<u>(1,177,607)</u>	<u>-</u>	<u>(1,177,607)</u>
(3,616,200)	-	(3,616,200)
-	(1,125,632)	(1,125,632)
<u>(3,616,200)</u>	<u>(1,125,632)</u>	<u>(4,741,832)</u>
4,821,053	-	4,821,053
67,100	-	67,100
46,689	-	46,689
10,438	20,394	30,832
50,245	-	50,245
<u>(935,576)</u>	<u>935,576</u>	<u>-</u>
4,059,949	955,970	5,015,919
443,749	(169,662)	274,087
<u>772,300</u>	<u>(151,409)</u>	<u>620,891</u>
\$ <u><u>1,216,049</u></u>	\$ <u><u>(321,071)</u></u>	\$ <u><u>894,978</u></u>

MONUMENT ACADEMY

BALANCE SHEET
GOVERNMENTAL FUND

June 30, 2011

	<u>GENERAL</u>
ASSETS	
Cash and Investments	\$ 1,592,928
Accounts Receivable	<u>12,067</u>
TOTAL ASSETS	\$ <u>1,604,995</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 13,034
Accrued Salaries and Benefits	319,241
Deferred Revenues	<u>70,245</u>
TOTAL LIABILITIES	<u>402,520</u>
FUND BALANCE	
Restricted for Emergencies	162,356
Unrestricted, Unassigned	<u>1,040,119</u>
TOTAL FUND BALANCE	<u>1,202,475</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,604,995</u>

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

Total Fund Balance of the Governmental Fund	\$ 1,202,475
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	45,098
Long-term liabilities, including accrued compensated absences (\$13,136) and capital leases (\$18,388), are not due and payable in the current year and, therefore, are not reported in governmental funds.	<u>(31,524)</u>
Total Net Assets of Governmental Activities	\$ <u>1,216,049</u>

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

MONUMENT ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
 Year Ended June 30, 2011

	<u>GENERAL</u>
REVENUES	
Local Sources	\$ 5,334,418
State Sources	68,430
Federal Sources	<u>9,009</u>
TOTAL REVENUES	<u>5,411,857</u>
EXPENDITURES	
Instruction	2,852,372
Supporting Services	<u>2,135,565</u>
TOTAL EXPENDITURES	<u>4,987,937</u>
NET CHANGE IN FUND BALANCE	423,920
FUND BALANCE, Beginning	<u>778,555</u>
FUND BALANCE, Ending	<u>\$ 1,202,475</u>

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

Net Change in Fund Balance of the Governmental Fund	\$ 423,920
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are capitalized in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$13,286 exceeded depreciation expense (\$5,471) in the current year.

7,815

Repayments of long-term debt are expenditures in governmental funds, but reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.

4,803

Some expenses reported in the statement of activities do not require the use of the current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in accrued compensated absences.

7,211

Change in Net Assets of Governmental Activities

\$ 443,749

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

MONUMENT ACADEMY

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2011

	<u>BUILDING CORPORATION</u>
ASSETS	
CURRENT ASSETS	
Restricted Cash and Cash Equivalents	\$ 485,777
Restricted Investments	<u>1,028,255</u>
TOTAL CURRENT ASSETS	<u>1,514,032</u>
NONCURRENT ASSETS	
Debt Issuance Costs, Net of Accumulated Amortization	353,291
Capital Assets, Not Being Depreciated	718,527
Capital Assets, Net of Accumulated Depreciation	<u>10,812,865</u>
TOTAL NONCURRENT ASSETS	<u>11,884,683</u>
TOTAL ASSETS	<u>13,398,715</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued Interest Payable	204,786
Loan Payable, Current Portion	<u>205,000</u>
TOTAL CURRENT LIABILITIES	409,786
NONCURRENT LIABILITIES	
Loan Payable	<u>13,310,000</u>
TOTAL LIABILITIES	<u>13,719,786</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	(1,630,317)
Restricted for Debt Service	1,302,804
Restricted for Repairs and Replacement	<u>6,442</u>
TOTAL NET ASSETS	<u>\$ (321,071)</u>

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

MONUMENT ACADEMY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND
 Year Ended June 30, 2011

	<u>BUILDING CORPORATION</u>
OPERATING REVENUE	
Charges for Services	
Lease Revenue	\$ <u>935,576</u>
OPERATING EXPENSES	
Depreciation	290,473
Amortization	13,253
Interest and Fiscal Charges	<u>821,906</u>
TOTAL OPERATING EXPENSES	<u>1,125,632</u>
NET OPERATING LOSS	(190,056)
NONOPERATING REVENUES	
Investment Income	<u>20,394</u>
CHANGE IN NET ASSETS	(169,662)
NET ASSETS, Beginning	<u>(151,409)</u>
NET ASSETS, Ending	\$ <u><u>(321,071)</u></u>

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

MONUMENT ACADEMY

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended June 30, 2011

Increase (Decrease) in Cash and Cash Equivalents

	<u>BUILDING CORPORATION</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Lease Payments Received	\$ 935,576
Loan Interest and Fiscal Charges Paid	(824,669)
Loan Principal Payments	<u>(195,000)</u>
Net Cash Provided (Used) by Operating Activities	<u>(84,093)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	<u>(76,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income Received	<u>61,139</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(98,954)
CASH AND CASH EQUIVALENTS, Beginning	<u>584,731</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 485,777</u></u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Loss	\$ (190,056)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) by Operating Activities	
Depreciation	290,473
Amortization of Debt Issuance Costs	13,253
Changes in Assets and Liabilities	
Accrued Interest Payable	(2,763)
Loan Payable	<u>(195,000)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (84,093)</u></u>

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

MONUMENT ACADEMY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

June 30, 2011

	<u>STUDENT ACTIVITY</u>
ASSETS	
Cash and Investments	\$ <u>92,659</u>
LIABILITIES	
Due to Student Groups	\$ <u>92,659</u>

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

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Monument Academy (the “Academy”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Lewis-Palmer School District #38 (the “District”). The Academy began operations in 1996.

The financial statements of the Academy 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. The more significant of the Academy’s accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy 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 Academy.

The Academy includes the Monument Academy Building Corporation (the “Corporation”) within its reporting entity. The Corporation was formed to hold title to property and facilitate the operations of the Academy and support other organizations, projects and initiatives that are organized and operated for similar purposes. The Corporation is blended into the Academy’s financial statements as an enterprise fund. The Corporation does not issue separate financial statements.

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

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

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for the governmental fund, the proprietary fund, and the fiduciary fund, even though the latter is excluded from the Academy's government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year, 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 Academy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

The Academy reports the following major governmental fund:

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

The Academy reports one major proprietary fund, as follows:

Building Corporation - This fund is used to account for the capital and debt service activities of the Corporation.

Additionally, the Academy reports the following fund type:

Agency Fund - This fund accounts for various student activities. The Academy holds all resources in a purely custodial capacity.

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Assets

Cash and Investments - Investments are reported at fair value. For purposes of the statement of cash flows, cash equivalents are defined as investments with an original maturity of ninety days or less.

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, which include land, buildings and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Buildings and Improvements	40 years
Equipment	10 years

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

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

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Compensated Absences - The Academy's policy allows employees to accumulate up to sixty unused leave days. If an employee leaves the Academy after ten or fifteen years of service, the Academy will compensate the employee for accumulated leave days up to thirty or sixty days, respectively, at the rate of \$50 per day for exempt employees or 25% of the hourly rate for nonexempt employees. A long-term liability has been reported in the government-wide financial statements for these accrued compensated absences.

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets/Fund Balance - In the government-wide and fund financial statements, net assets and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Academy has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both restricted and unrestricted fund balances are available, the Academy uses restricted fund balance first.

Risk Management

The Academy 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 Academy purchases commercial insurance for these risks of loss.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2011, the Building Corporation had negative net assets of \$321,071, primarily because capital assets are being depreciated at a faster rate than the associated debt is being retired. Management expects the negative balance to be eliminated as the debt is paid.

NOTE 3: CASH AND INVESTMENTS

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

Petty Cash	\$ 500
Deposits	1,685,087
Investments	<u>1,514,032</u>
Total	<u>\$ 3,199,619</u>

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

Cash and Investments	\$ 1,592,928
Restricted Cash and Investments	1,514,032
Agency Fund Cash and Investments	<u>92,659</u>
Total	<u>\$ 3,199,619</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2011, the Academy had bank deposits of \$1,327,022 collateralized with securities held by the financial institutions' agents but not in the Academy's name.

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

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

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

At June 30, 2011, the Corporation had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment Maturities (in Years)</u>		<u>Fair Value</u>
		<u>Less than 1</u>	<u>More than 10</u>	
Local Government Investment Pools	AAAm	\$ 485,777	\$ -	\$ 485,777
Federal Farm Credit Bank	AAA	-	1,028,255	1,028,255
Total		<u>\$ 485,777</u>	<u>\$ 1,028,255</u>	<u>\$ 1,514,032</u>

Interest Rate Risk - State statutes generally limit investment securities to an original maturity of five years, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in U.S. Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk - State statutes do not limit the amount the Academy may invest in one issuer. At June 30, 2011, the Corporation's investment in the Federal Farm Credit Bank was 68% of total investments.

At June 30, 2011, the Corporation had \$485,777 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. CSAFE is rated AAAM by Standard and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

At June 30, 2011, the Corporation had cash and investments of \$1,514,032 restricted for future debt service and building repairs and replacement.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, is summarized below.

	Balances <u>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/11</u>
Governmental Activities				
Capital Assets, Being Depreciated				
Equipment	\$ 41,426	\$ 13,286	\$ -	\$ 54,712
Accumulated Depreciation	<u>(4,143)</u>	<u>(5,471)</u>	<u>-</u>	<u>(9,614)</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,283</u>	<u>\$ 7,815</u>	<u>\$ -</u>	<u>\$ 45,098</u>

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

	Balances <u>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/11</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 718,527	\$ -	\$ -	\$ 718,527
Total Capital Assets, Not Being Depreciated	<u>718,527</u>	<u>-</u>	<u>-</u>	<u>718,527</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	11,542,935	76,000	-	11,618,935
Accumulated Depreciation	<u>(515,597)</u>	<u>(290,473)</u>	<u>-</u>	<u>(806,070)</u>
Total Capital Assets, Being Depreciated	<u>11,027,338</u>	<u>(214,473)</u>	<u>-</u>	<u>10,812,865</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,745,865</u>	<u>\$ (214,473)</u>	<u>\$ -</u>	<u>\$ 11,531,392</u>

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 5: LONG-TERM DEBT

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

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/11</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated Absences	\$ 20,347	\$ -	\$ 7,211	\$ 13,136	\$ 3,941
Capital Lease	<u>23,191</u>	<u>-</u>	<u>4,803</u>	<u>18,388</u>	<u>5,253</u>
Total	<u>\$ 43,538</u>	<u>\$ -</u>	<u>\$ 12,014</u>	<u>\$ 31,524</u>	<u>\$ 9,194</u>
Business-Type Activities					
Building Loan	<u>\$ 13,710,000</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 13,515,000</u>	<u>\$ 205,000</u>

Compensated absences are expected to be liquidated with revenues of the General Fund.

Capital Lease

In July 2009, the School entered into a lease agreement to purchase a loader and snow plow. The agreement requires monthly payments of \$558, through August, 2014. Assets of \$26,877 have been capitalized under this lease. Minimum lease payments, to maturity, are as follows:

Year Ended June 30,

2012	\$ 6,695
2013	6,695
2014	6,695
2015	<u>1,116</u>
Future Minimum Lease Payments	21,201
Less: Interest Portion	<u>(2,813)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 18,388</u>

Building Loan

In September, 2007, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$12,270,000 Charter School Revenue Bonds. In September, 2008, CECFA issued \$1,610,000 Charter School Revenue Bonds. Proceeds of the bonds were loaned to the Corporation to construct the education facilities used by the Academy. The Academy is obligated under a lease agreement to make monthly payments to the Corporation for the use of the facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 5.5% to 8.75% per annum. Interest payments are due semi-annually on April 1 and October 1. Principal payments are due annually on October 1, through 2039.

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 5: LONG-TERM DEBT (Continued)

Building Loan (Continued)

Future debt service requirements for the bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 205,000	\$ 813,343	\$ 1,018,343
2013	215,000	801,468	1,016,468
2014	230,000	788,824	1,018,824
2015	245,000	775,193	1,020,193
2016	240,000	761,530	1,001,530
2017 - 2021	1,405,000	3,585,390	4,990,390
2022 - 2026	1,880,000	3,207,803	5,087,803
2027 - 2031	2,505,000	2,465,550	4,970,550
2032 - 2036	3,360,000	1,593,560	4,953,560
2037 - 2040	<u>3,230,000</u>	<u>329,668</u>	<u>3,559,668</u>
Total	<u>\$ 13,515,000</u>	<u>\$ 15,122,329</u>	<u>\$ 28,637,329</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

Plan Description - The Academy contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the Academy are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy - The contribution requirements of members and the Academy are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8% of covered salaries. The Academy's contribution rate for calendar years 2009, 2010 and 2011 was 12.95%, 13.85% and 14.75% of covered salaries, respectively. A portion of the Academy's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). The Academy's contributions to the SDTF for the years ended June 30, 2011, 2010 and 2009 were \$308,898, \$251,915 and \$227,024, respectively, equal to the required contributions for each year.

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - The Academy 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.

MONUMENT ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy - The Academy is required to contribute at a rate of 1.02% of covered salaries for all PERA members as set by State statute. No member contributions are required. The contribution requirements for the Academy 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 Academy's apportionment to the HCTF for the years ended June 30, 2011, 2010 and 2009 was \$21,995, \$19,145 and \$18,359, respectively, equal to the required amounts for each year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Academy 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 Academy may be required to reimburse the grantor government. At June 30, 2011, significant amounts of grant expenditures have not been audited but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Academy believes it is in compliance with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2011, the reserve, of \$162,356, was reported as restricted fund balance in the General Fund.

NOTE 9: SUBSEQUENT EVENTS

In July, 2011, the Academy paid its capital lease in full.

REQUIRED SUPPLEMENTARY INFORMATION

MONUMENT ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2011

	<u>ORIGNIAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 4,656,250	\$ 4,731,258	\$ 4,821,053	\$ 89,795
Tuition	283,200	289,150	296,979	7,829
Student Fees	95,440	107,000	109,014	2,014
Contributions	36,388	36,388	35,889	(499)
Grants	9,000	14,000	10,800	(3,200)
Investment Income	6,000	6,000	10,438	4,438
Other	36,000	15,500	50,245	34,745
Total Local Sources	<u>5,122,278</u>	<u>5,199,296</u>	<u>5,334,418</u>	<u>135,122</u>
State Sources				
Capital Construction	-	64,000	67,100	3,100
Gifted and Talented Grants	1,200	1,010	1,330	320
Total State Sources	<u>1,200</u>	<u>65,010</u>	<u>68,430</u>	<u>3,420</u>
Federal Sources				
Improving Teacher Quality Grants	8,887	9,009	9,009	-
TOTAL REVENUES	<u>5,132,365</u>	<u>5,273,315</u>	<u>5,411,857</u>	<u>138,542</u>
EXPENDITURES				
Instruction	2,875,595	2,932,287	2,852,372	79,915
Supporting Services	2,153,645	2,244,585	2,135,565	109,020
TOTAL EXPENDITURES	<u>5,029,240</u>	<u>5,176,872</u>	<u>4,987,937</u>	<u>188,935</u>
NET CHANGE IN FUND BALANCE	103,125	96,443	423,920	327,477
FUND BALANCE, Beginning	<u>626,759</u>	<u>778,555</u>	<u>778,555</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 729,884</u>	<u>\$ 874,998</u>	<u>\$ 1,202,475</u>	<u>\$ 327,477</u>

See the accompanying Independent Auditors' Report.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are legally adopted for the General Fund of the Academy on a basis consistent with generally accepted accounting principles (GAAP).

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

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

SUPPLEMENTARY INFORMATION

MONUMENT ACADEMY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT ACTIVITY FUND
Year Ended June 30, 2011

	<u>BALANCE</u> <u>6/30/10</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/11</u>
ASSETS				
Cash and Investments	\$ <u>70,370</u>	\$ <u>217,340</u>	\$ <u>195,051</u>	\$ <u>92,659</u>
LIABILITIES				
Due to Student Groups	\$ <u>70,370</u>	\$ <u>217,340</u>	\$ <u>195,051</u>	\$ <u>92,659</u>

See the accompanying Independent Auditors' Report.