

**McGladrey & Pullen**

Certified Public Accountants

## **Explore Charter School and Affiliate**

Consolidated Financial Report

June 30, 2009

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Trustees  
Explore Charter School  
The Friends of Explore Charter School, Inc.  
New York, New York

We have audited the accompanying consolidated statement of financial position of Explore Charter School (the "School") and Affiliate ("Friends") (collectively referred to as the "Organization") as of June 30, 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Organization's 2008 financial statements and in our report, dated October 22, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 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 opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Explore Charter School and Affiliate as of June 30, 2009, and their changes in net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 27, 2009, on our consideration of the Organization's internal control over financial reporting and on our tests of their 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 on 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 audit.

*McGladrey & Pullen, LLP*

New York, New York  
October 27, 2009

Explore Charter School and Affiliate

Consolidated Statements of Financial Position  
June 30, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,219,383	\$ 905,603
Restricted Cash	70,000	-
Grants and Other Receivables	93,623	59,342
Prepaid Expenses	65,175	39,310
Note Receivable	19,143	-
Property and Equipment, net	<u>293,456</u>	<u>334,014</u>
<b>Total assets</b>	<b><u>\$ 1,760,780</u></b>	<b><u>\$ 1,338,269</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 866,547	\$ 663,624
Refundable advances	<u>10,505</u>	<u>42,381</u>
<b>Total liabilities</b>	<b><u>877,052</u></b>	<b><u>706,005</u></b>
Contingency		
Net Assets:		
Unrestricted	832,009	571,158
Temporarily restricted	<u>51,719</u>	<u>61,106</u>
<b>Total net assets</b>	<b><u>883,728</u></b>	<b><u>632,264</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 1,760,780</u></b>	<b><u>\$ 1,338,269</u></b>

See Notes to Consolidated Financial Statements.

## Explore Charter School and Affiliate

### Consolidated Statements of Activities (with summarized comparative financial information for the year ended June 30, 2008) Years Ended June 30, 2009 and 2008

	2009			2008
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Summarized Total</u>
Operating Revenue:				
State and local per pupil operating revenue	\$ 5,600,653	\$ -	\$ 5,600,653	\$ 4,782,340
Federal grants	378,712	-	378,712	322,826
State and local grants	31,352	-	31,352	57,141
Other revenue	25,688	-	25,688	17,775
<b>Total operating revenue</b>	<b>6,036,405</b>	<b>-</b>	<b>6,036,405</b>	<b>5,180,082</b>
Expenses:				
Program services - School operations	5,360,769	-	5,360,769	4,921,171
General and administrative	517,602	-	517,602	615,313
<b>Total operating expenses</b>	<b>5,878,371</b>	<b>-</b>	<b>5,878,371</b>	<b>5,536,484</b>
<b>Surplus (deficit) on school operations from Government funding</b>	<b>158,034</b>	<b>-</b>	<b>158,034</b>	<b>(356,402)</b>
Support and Other Revenue:				
Contributions:				
Foundations	3,315	-	3,315	5,166
Corporations	9,810	-	9,810	23,311
Individuals	67,673	-	67,673	59,355
Other contributions and grants	-	-	-	7,260
Interest income	20,616	-	20,616	40,230
Fund-raising expenses	(7,984)	-	(7,984)	(16,567)
Net assets released from restrictions	9,387	(9,387)	-	-
<b>Total support and other revenue</b>	<b>102,817</b>	<b>(9,387)</b>	<b>93,430</b>	<b>118,755</b>
<b>Change in net assets</b>	<b>260,851</b>	<b>(9,387)</b>	<b>251,464</b>	<b>(237,647)</b>
Net Assets:				
Beginning	571,158	61,106	632,264	869,911
Ending	\$ 832,009	\$ 51,719	\$ 883,728	\$ 632,264

See Notes to Consolidated Financial Statements.

## Explore Charter School and Affiliate

### Consolidated Statements of Functional Expenses

(with summarized comparative financial information for the year ended June 30, 2008)

Years Ended June 30, 2009 and 2008

	2009			2008	
	Program Services - School Operations	General and Administrative	Fund- raising	Total	Summarized Total
Salaries	\$ 3,765,903	\$ 245,597	\$ 2,696	<b>\$ 4,014,196</b>	\$ 3,617,475
Employee benefits and payroll taxes	773,887	50,591	617	<b>825,095</b>	752,955
Accounting fees	-	14,571	-	<b>14,571</b>	36,750
Advertising and recruiting	-	15,454	-	<b>15,454</b>	30,840
Outside services	208,012	33,726	-	<b>241,738</b>	286,449
Conferences and meetings	174,419	-	-	<b>174,419</b>	126,628
Curriculum and classroom	208,845	-	-	<b>208,845</b>	252,337
School fund-raising	-	-	4,671	<b>4,671</b>	10,333
Equipment rental	-	15,573	-	<b>15,573</b>	16,422
Food service	3,355	11,066	-	<b>14,421</b>	26,980
Student and family services	3,660	-	-	<b>3,660</b>	1,209
Insurance	42,792	7,552	-	<b>50,344</b>	50,356
Legal	-	9,810	-	<b>9,810</b>	23,311
Maintenance and repairs	13,854	2,445	-	<b>16,299</b>	8,081
Occupancy	1	-	-	<b>1</b>	1
Postage and shipping	-	6,834	-	<b>6,834</b>	8,669
Office supplies	-	80,821	-	<b>80,821</b>	65,019
Miscellaneous	18,178	3,965	-	<b>22,143</b>	16,677
Telephone and communications	34,131	6,023	-	<b>40,154</b>	45,601
Student transportation	36,818	-	-	<b>36,818</b>	82,283
Depreciation and amortization	76,914	13,574	-	<b>90,488</b>	94,675
	<u><u>\$ 5,360,769</u></u>	<u><u>\$ 517,602</u></u>	<u><u>\$ 7,984</u></u>	<u><u>\$ 5,886,355</u></u>	<u><u>\$ 5,553,051</u></u>

See Notes to Consolidated Financial Statements.

## Explore Charter School and Affiliate

### Consolidated Statements of Cash Flows Years Ended June 30, 2009 and 2008

	2009	2008
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 251,464	\$ (237,647)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	90,488	94,675
Donated property and equipment	-	(5,401)
Changes in operating assets and liabilities:		
(Increase) decrease in grants and other receivables	(34,281)	10,761
Increase in prepaid expenses	(25,865)	(1,531)
Increase in accounts payable and accrued expenses	202,923	133,557
(Decrease) increase in refundable advances	(31,876)	27,331
<b>Net cash provided by operating activities</b>	<b>452,853</b>	<b>21,745</b>
<b>Cash Flows From Investing Activities:</b>		
Increase in restricted cash	(70,000)	-
Purchase of property and equipment	(49,930)	(108,367)
Issuance of notes receivable, net	(19,143)	-
<b>Cash used in investing activities</b>	<b>(139,073)</b>	<b>(108,367)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>313,780</b>	<b>(86,622)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning	905,603	992,225
Ending	\$ 1,219,383	\$ 905,603
<b>Supplemental Schedule of Noncash Investing Activity:</b>		
Donated property and equipment	\$ -	\$ 5,401

See Notes to Consolidated Financial Statements.

## Explore Charter School and Affiliate

### Notes to Consolidated Financial Statements

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#### **Note 1. Description of Organization**

Explore Charter School (the "School") is an educational corporation that operates a charter school in the borough of Brooklyn, New York. The School was granted a provisional charter on June 12, 2001, valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. After a review process in April 2006, the charter was renewed for a full five-year term expiring on June 11, 2011. The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The School was established to provide its students with the academic skills and critical thinking abilities they need to succeed in a college preparatory high school.

The School operates classes for students in kindergarten and grades 1 through 8. Furthermore, the School was established to prepare such underserved students for higher education, civic involvement and lifelong success through a structured, caring environment of high academic expectations.

The Friends of Explore Charter School, Inc. ("Friends") was organized under the laws of the State of New York on November 10, 2000 as a not-for-profit corporation under subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law. Friends is exempt from federal income taxes under Section 501(c)(3) of the Code. Friends is a not-for-profit organization with a majority of the same trustees as the School. The School's board of trustees controls the appointment of trustees to Friends' board of trustees. Friends is currently involved in maintaining community relations and making contributions to the School.

#### **Note 2. Summary of Significant Accounting Policies**

The School and Friends are under common management, share the same executive director and a majority of the same board of trustees and share a common goal of improving the educational opportunities for school-aged children. Accordingly, the accompanying consolidated financial statements include the accounts of the School and Friends (collectively referred to as the "Organization"). All intercompany accounts and transactions between these entities have been eliminated. The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Accordingly, net assets are classified as unrestricted, temporarily restricted or permanently restricted based on the designation of donors.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of insured high yield savings.

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when the services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants are recorded by the School when expenditures are incurred. Cash received in excess of revenue recognized is recorded as refundable advances.

Contributions are recognized as revenue in the year the pledge promise is received and documented.

## Explore Charter School and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Contributions and unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, which increases those net asset classes. When the specified purpose of donor-restricted contributions is met, the net asset is released from restriction and transferred to unrestricted net assets. However, donor-restricted support whose restrictions are met in the same reporting period are reported as unrestricted support. Contributions of assets other than cash are recorded at their estimated fair value.

Contributed services are recorded at their fair value when such services are rendered. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization and (c) are measurable. Legal services were provided by individuals to the School only at no charge. The value of such contributed legal services for the years ended June 30, 2009 and 2008 amounted to \$9,810 and \$23,311, respectively.

A number of volunteers have made a contribution of their time to the Organization to develop its programs and to serve on the board of trustees. The value of this contributed time is not reflected in these financial statements since it does not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated statements of activities and functional expenses include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2008 from which the summarized information was derived.

Recently Issued Accounting Pronouncements: The Financial Accounting Standards Board (the "FASB") has issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken on a tax return including positions that the Organization is exempt from income taxes or not subject to income taxes on unrelated business income. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*.

## Explore Charter School and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

The Organization has elected to defer the application of FIN 48 in accordance with FASB Staff Position ("FSP") FIN 48-3. This FSP defers the effective date of FIN 48 for certain nonpublic enterprises included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. The Organization will be required to adopt FIN 48 in its June 30, 2010 annual financial statements. The provisions of FIN 48 are to be applied to all tax positions upon initial application of this standard. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption.

The cumulative effect, if any, of applying the provisions of FIN 48 will be reported as an adjustment to the opening balance of net assets for the fiscal year of adoption. Management has not assessed the impact of FIN 48 on its financial position, results of operations and change in net assets.

Subsequent Events: The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 27, 2009 for these financial statements.

#### Note 3. Grants and Other Receivables

Grants and other receivables is primarily comprised of balances due on grants with certain federal, state and local government agencies for services rendered and qualifying expenditures incurred in connection with the School's operation. The School expects to collect these receivables within one year.

#### Note 4. Property and Equipment, Net

Property and equipment, net, at cost or fair value at date of donation, consists of the following as of June 30:

	<u>2009</u>	<u>2008</u>	<u>Estimated Useful Life</u>
Furniture, fixtures and office equipment	\$ 221,643	\$ 204,006	5 to 7 years
Library fixtures, equipment and books	95,332	95,242	10 years
Computers and software	<u>363,184</u>	<u>330,981</u>	3 to 5 years
	680,159	630,229	
Less accumulated depreciation and amortization	<u>(386,703)</u>	<u>(296,215)</u>	
	<u>\$ 293,456</u>	<u>\$ 334,014</u>	

## Explore Charter School and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Library media center	\$ 6,735	\$ 6,735
Mentoring program	<u>44,984</u>	<u>54,371</u>
	<u>\$ 51,719</u>	<u>\$ 61,106</u>

During 2008, \$46,265 was reclassified as restricted to the mentoring program from the library media center in accordance with donor wishes. During 2009, net assets released from restrictions for expenditures incurred on the mentoring program amounted to \$9,387.

#### Note 6. Agreement for School Facility

The School has an agreement with the New York City Department of Education ("NYCDOE") to use public school open space at a cost of \$1 per year. The School's management does not anticipate this agreement will be terminated in the near future.

#### Note 7. Restricted Cash

The NYCDOE requires the School to maintain \$70,000 in a separate cash account to have funds available to ensure an orderly liquidation, dissolution or transition process if the School's charter were to be terminated or the School was closed for other reasons.

#### Note 8. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying consolidated financial statements. Accordingly, no amounts have been provided in the accompanying consolidated financial statements for such potential claims.

#### Note 9. Retirement Plan

The School maintains a defined contribution 403(b) plan covering all eligible employees. Under this plan, employer contributions are discretionary and are based on a percentage of employees' salaries as determined by the School's board of trustees. The School matched 100% of the employees' elective contributions, to a maximum of 5% of the respective employee's salary for the years ended June 30, 2009 and 2008, respectively. Pension expense incurred by the School for the years ended June 30, 2009 and 2008 amounted to \$100,699 and \$88,697, respectively.

## Explore Charter School and Affiliate

### Notes to Consolidated Financial Statements

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#### **Note 10. Related Party Transactions**

The Explore Schools, Inc. ("ESI") was established under the laws of the State of New York on July 31, 2008 as a not-for-profit corporation under subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law. ESI is a not-for-profit organization with certain common trustees as the School and Friends, established to provide strategic planning, board governance, financial oversight, human resources and other management services to the School. Friends advanced funds to ESI to assist with covering its start-up costs and has an outstanding note receivable amounting to \$19,143 due from ESI as of June 30, 2009.

# McGladrey & Pullen

Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees  
Explore Charter School  
The Friends of Explore Charter School, Inc.  
New York, New York

We have audited the consolidated financial statements of Explore Charter School (the "School") and Affiliate ("Friends") (collectively referred to as the "Organization") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 27, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting - In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to provide an opinion on the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A control deficiency* 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 misstatements on a timely basis. *A significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a material misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

*A material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters - As part of obtaining reasonable assurance about whether the Organization'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 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*.

We noted certain matters that we reported to the management of the Organization in a separate letter dated October 27, 2009.

This report is intended solely for the information and use of the audit committee, board of trustees, management, the New York State Department of Education and the Charter Schools Institute of the State University of New York and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

New York, New York  
October 27, 2009

## Explore Charter School and Affiliate

### Supplementary Information

#### Consolidating Statements of Financial Position June 30, 2009 and 2008

	2009			2008	
	Explore Charter School	The Friends of Explore Charter School, Inc.	Eliminations	Total	Summarized Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 930,596	\$ 288,787	\$ -	\$ 1,219,383	\$ 905,603
Restricted Cash	70,000	-	-	70,000	-
Grant and Other Receivable	79,047	14,576	-	93,623	59,342
Due from Affiliate	187,475	-	(187,475)	-	-
Prepaid Expenses	59,294	5,881	-	65,175	39,310
Note Receivable	-	19,143	-	19,143	-
Property and Equipment, net	293,456	-	-	293,456	334,014
<b>Total assets</b>	<b>\$ 1,619,868</b>	<b>\$ 328,387</b>	<b>\$ (187,475)</b>	<b>\$ 1,760,780</b>	<b>\$ 1,338,269</b>
<b>LIABILITIES AND NET ASSETS</b>					
Contingency					
Liabilities:					
Accounts payable and accrued expenses	\$ 861,470	\$ 5,077	\$ -	\$ 866,547	\$ 663,624
Refundable advances	10,505	-	-	10,505	42,381
Due to affiliate	-	187,475	(187,475)	-	-
<b>Total liabilities</b>	<b>871,975</b>	<b>192,552</b>	<b>(187,475)</b>	<b>877,052</b>	<b>706,005</b>
Net Assets:					
Unrestricted	747,893	84,116	-	832,009	571,158
Temporarily restricted	-	51,719	-	51,719	61,106
<b>Total net assets</b>	<b>747,893</b>	<b>135,835</b>	<b>-</b>	<b>883,728</b>	<b>632,264</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,619,868</b>	<b>\$ 328,387</b>	<b>\$ (187,475)</b>	<b>\$ 1,760,780</b>	<b>\$ 1,338,269</b>

## Explore Charter School and Affiliate

### Supplementary Information

#### Consolidating Statements of Activities (with summarized comparative financial information for the year ended June 30, 2008) Years Ended June 30, 2009 and 2008

	2009			2008	
	Explore Charter School	The Friends of Explore Charter School, Inc.	Eliminations	Total	Summarized Total
Operating Revenue:					
State and local per pupil operating revenue	\$ 5,600,653	\$ -	\$ -	\$ 5,600,653	\$ 4,782,340
Federal grants	378,712	-	-	378,712	322,826
State and local grants	31,352	-	-	31,352	57,141
Other revenue	25,688	-	-	25,688	17,775
<b>Total operating revenue</b>	<b>6,036,405</b>	<b>-</b>	<b>-</b>	<b>6,036,405</b>	<b>5,180,082</b>
Expenses:					
Program services - School operations	5,286,838	73,931	-	5,360,769	4,921,171
General and administrative	506,911	10,691	-	517,602	615,313
<b>Total operating expenses</b>	<b>5,793,749</b>	<b>84,622</b>	<b>-</b>	<b>5,878,371</b>	<b>5,536,484</b>
<b>Surplus (deficit) on school operations from Government funding</b>	<b>242,656</b>	<b>(84,622)</b>	<b>-</b>	<b>158,034</b>	<b>(356,402)</b>
Support and Other Revenue:					
Contributions:					
Foundations	1,255	2,060	-	3,315	5,166
Corporations	9,810	-	-	9,810	23,311
Individuals	-	67,673	-	67,673	59,355
Other contributions and grants	-	-	-	-	7,260
Interest income	17,024	3,592	-	20,616	40,230
Fund-raising expenses	-	(7,984)	-	(7,984)	(16,567)
<b>Total support and other revenue</b>	<b>28,089</b>	<b>65,341</b>	<b>-</b>	<b>93,430</b>	<b>118,755</b>
<b>Change in net assets</b>	<b>270,745</b>	<b>(19,281)</b>	<b>-</b>	<b>251,464</b>	<b>(237,647)</b>
Net Assets:					
Beginning	477,148	155,116	-	632,264	869,911
Ending	\$ 747,893	\$ 135,835	\$ -	\$ 883,728	\$ 632,264

## Explore Charter School and Affiliate

### Supplementary Information

#### Consolidating Statements of Functional Expenses - Explore Charter School (with summarized comparative financial information for the year ended June 30, 2008) Years Ended June 30, 2009 and 2008

	2009			2008	
	Program Services - School Operations	General and Administrative	Fund- raising	Total	Summarized Total
Salaries	\$ 3,763,207	\$ 240,205	\$ -	\$ 4,003,412	\$ 3,592,000
Employee benefits and payroll taxes	773,270	49,358	-	822,628	751,257
Accounting fees	-	14,571	-	14,571	24,937
Advertising and recruiting	-	14,786	-	14,786	30,531
Outside services	208,012	33,726	-	241,738	286,449
Conferences, meetings and staff development	165,853	-	-	165,853	113,870
Curriculum and classroom	151,012	-	-	151,012	179,595
Equipment rental	-	15,573	-	15,573	16,422
Food service	3,355	9,010	-	12,365	26,980
Insurance	42,792	7,552	-	50,344	50,356
Legal	-	9,810	-	9,810	23,311
Maintenance and repairs	13,854	2,445	-	16,299	8,081
Occupancy	1	-	-	1	1
Postage and shipping	-	6,348	-	6,348	7,928
Office supplies	-	80,821	-	80,821	65,019
Miscellaneous	18,178	3,208	-	21,386	14,156
Telephone, technology and communications	33,572	5,924	-	39,496	45,548
Student transportation	36,818	-	-	36,818	82,283
Depreciation and amortization	76,914	13,574	-	90,488	94,675
	<u>\$ 5,286,838</u>	<u>\$ 506,911</u>	<u>\$ -</u>	<u>\$ 5,793,749</u>	<u>\$ 5,413,399</u>

Explore Charter School and Affiliate

Supplementary Information

Consolidating Statements of Functional Expenses - The Friends of Explore Charter School, Inc.  
 (with summarized comparative financial information for the year ended June 30, 2008)  
 Years Ended June 30, 2009 and 2008

	2009			2008	
	<b>Program Services - School Operations</b>	<b>General and Administrative</b>	<b>Fund- raising</b>	<b>Total</b>	<b>Summarized Total</b>
Salaries	\$ 2,696	\$ 5,392	\$ 2,696	<b>\$ 10,784</b>	\$ 25,475
Employee benefits and payroll taxes	617	1,233	617	<b>2,467</b>	1,698
Accounting fees	-	-	-	-	11,813
Advertising and recruiting	-	668	-	<b>668</b>	309
Conferences, meetings and staff development	8,566	-	-	<b>8,566</b>	12,758
Curriculum and classroom	57,833	-	-	<b>57,833</b>	80,242
School fund-raising	-	-	4,671	<b>4,671</b>	10,333
Food service	-	2,056	-	<b>2,056</b>	-
Student and family services	3,660	-	-	<b>3,660</b>	1,209
Postage and shipping	-	486	-	<b>486</b>	741
Miscellaneous	-	757	-	<b>757</b>	2,521
Telephone, technology and communications	559	99	-	<b>658</b>	53
	<b><u>\$ 73,931</u></b>	<b><u>\$ 10,691</u></b>	<b><u>\$ 7,984</u></b>	<b><u>\$ 92,606</u></b>	<b><u>\$ 147,152</u></b>