

McGladrey & Pullen
Certified Public Accountants

Explore Charter School and Affiliate

Consolidated Financial Statements

June 30, 2008

Contents

Independent Auditor's Report	1 - 2
Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 10
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11 - 12
Supplementary Information:	
Consolidating Statements of Financial Position	13
Consolidating Statements of Activities	14
Consolidating Statements of Functional Expenses - Explore Charter School	15
Consolidating Statements of Functional Expenses - The Friends of Explore Charter School, Inc.	16

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, 2008, 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 consolidated financial statements of the Organization for the year ended June 30, 2007 were audited by Goldstein Golub Kessler LLP ("GGK"), independent accountants, certain of whose partners became partners of McGladrey & Pullen, LLP effective October 3, 2007. The prior-year summarized comparative information has been derived from the June 30, 2007 consolidated financial statements of the Organization issued by GGK and, in their report dated October 22, 2007, GGK expressed an unqualified opinion on those 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 2008 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, 2008, 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 conducted for the purpose of forming an opinion on the basic 2008 consolidated financial statements taken as a whole. The supplementary information contained on pages 13 through 16 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such 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 22, 2008, 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 22, 2008

Explore Charter School and Affiliate

Consolidated Statements of Financial Position
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash and Cash Equivalents	\$ 905,603	\$ 992,225
Grants and Other Receivables	59,342	70,103
Prepaid Expenses	39,310	37,779
Property and Equipment, net	<u>334,014</u>	<u>314,921</u>
Total assets	<u><u>\$ 1,338,269</u></u>	<u><u>\$ 1,415,028</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 663,624	\$ 530,067
Refundable advances	<u>42,381</u>	<u>15,050</u>
Total liabilities	<u>706,005</u>	<u>545,117</u>
Commitments and Contingency		
Net Assets:		
Unrestricted	571,158	794,976
Temporarily restricted	<u>61,106</u>	<u>74,935</u>
Total net assets	<u>632,264</u>	<u>869,911</u>
Total liabilities and net assets	<u><u>\$ 1,338,269</u></u>	<u><u>\$ 1,415,028</u></u>

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, 2007)

Years Ended June 30, 2008 and 2007

	2008		2007	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Summarized Total</u>
Operating revenue:				
State and local per pupil operating revenue	\$ 4,782,340	\$ -	\$ 4,782,340	\$ 3,843,715
Federal grants	322,826	-	322,826	332,895
State and local grants	57,141	-	57,141	68,739
Other revenue	17,775	-	17,775	7,210
Total operating revenue	<u>5,180,082</u>	<u>-</u>	<u>5,180,082</u>	<u>4,252,559</u>
Expenses:				
Program services - School operations	4,921,171	-	4,921,171	3,815,711
General and administrative	615,313	-	615,313	618,319
Total operating expenses	<u>5,536,484</u>	<u>-</u>	<u>5,536,484</u>	<u>4,434,030</u>
Deficit on School operations from government funding	<u>(356,402)</u>	<u>-</u>	<u>(356,402)</u>	<u>(181,471)</u>
Support and other revenue:				
Contributions:				
Foundations	5,166	-	5,166	85,436
Corporations	23,311	-	23,311	20,303
Individuals	44,252	15,103	59,355	36,355
Other contributions and grants	7,260	-	7,260	122,857
Interest income	40,230	-	40,230	39,594
Fund-raising expenses	(16,567)	-	(16,567)	(17,031)
Net assets released from restrictions	28,932	(28,932)	-	-
Total support and other revenue	<u>132,584</u>	<u>(13,829)</u>	<u>118,755</u>	<u>287,514</u>
Change in net assets	<u>(223,818)</u>	<u>(13,829)</u>	<u>(237,647)</u>	<u>106,043</u>
Net assets:				
Beginning	<u>794,976</u>	<u>74,935</u>	<u>869,911</u>	<u>763,868</u>
Ending	<u>\$ 571,158</u>	<u>\$ 61,106</u>	<u>\$ 632,264</u>	<u>\$ 869,911</u>

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, 2007)

Years Ended June 30, 2008 and 2007

	2008			2007	
	Program Services - School Operations	General and Administrative	Fund- raising	Total	Summarized Total
Salaries	\$ 3,363,157	\$ 249,168	\$ 5,150	\$ 3,617,475	\$ 2,721,744
Employee benefits and payroll taxes	701,966	50,646	343	752,955	510,578
Accounting fees	-	36,750		36,750	47,829
Advertising and recruiting	-	30,840		30,840	18,623
Outside services	206,560	79,889	-	286,449	420,217
Conferences and meetings	113,870	12,758		126,628	126,784
Curriculum and classroom	252,337	-	-	252,337	228,517
School fund-raising	-	-	10,333	10,333	1,263
Equipment rental	-	16,422	-	16,422	13,612
Food service	18,893	8,087	-	26,980	30,623
Student and family services	1,209	-	-	1,209	3,994
Insurance	42,803	7,553	-	50,356	39,283
Legal	-	23,311	-	23,311	20,183
Maintenance and repairs	6,869	1,212	-	8,081	3,032
Occupancy	1	-	-	1	1
Postage and shipping	-	7,928	741	8,669	3,741
Office supplies	-	65,019	-	65,019	48,544
Miscellaneous	12,033	4,644	-	16,677	8,941
Telephone and communications	38,716	6,885	-	45,601	58,761
Student transportation	82,283	-	-	82,283	69,005
Depreciation and amortization	80,474	14,201	-	94,675	75,786
	<u>\$ 4,921,171</u>	<u>\$ 615,313</u>	<u>\$ 16,567</u>	<u>\$ 5,553,051</u>	<u>\$ 4,451,061</u>

See Notes to Consolidated Financial Statements.

Explore Charter School and Affiliate

**Consolidated Statements of Cash Flows
Years Ended June 30, 2008 and 2007**

	2008	2007
Cash Flows From Operating Activities:		
Change in net assets	\$ (237,647)	\$ 106,043
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	94,675	75,786
Donated property and equipment	(5,401)	(143,859)
Changes in operating assets and liabilities:		
Decrease in grants and other receivables	10,761	180,972
Increase in prepaid expenses	(1,531)	(20,496)
Increase in accounts payable and accrued expenses	133,557	18,403
Increase in refundable advances	27,331	15,050
	<u>21,745</u>	<u>231,899</u>
Net cash provided by operating activities	21,745	231,899
Cash Used In Investing Activity - purchase of property and equipment	<u>(108,367)</u>	<u>(65,851)</u>
Net (decrease) increase in cash and cash equivalents	(86,622)	166,048
Cash and Cash Equivalents:		
Beginning	<u>992,225</u>	<u>826,177</u>
Ending	<u>\$ 905,603</u>	<u>\$ 992,225</u>
Supplemental Schedule of Noncash Investing Activity:		
Donated property and equipment	<u>\$ 5,401</u>	<u>\$ 143,859</u>

See Notes to Consolidated Financial Statements.

Explore Charter School and Affiliate

Notes to Consolidated Financial Statements

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 money market accounts.

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. During fiscal year 2007, the Organization acquired computer hardware, software, fixtures and books for the School's new library amounting to \$35,705 with funding from a government grant and was not placed in service. As a result, no depreciation was taken on these assets during fiscal year 2007. In fiscal year 2008, these assets were placed into service and depreciation was taken.

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.

Explore Charter School and Affiliate

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

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.

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, 2008 and 2007 amounted to \$23,311 and \$20,183, 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, 2007 from which the summarized information was derived.

Certain 2007 accounts have been reclassified to conform with the 2008 consolidated financial statement presentation. The reclassification had no effect on the 2007 total change in net assets and net assets.

Explore Charter School and Affiliate

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

In May 2008, the Financial Accounting Standards Board (the "FASB") has issued a FASB Staff Position ("FSP") No. SOP 94-3-1 and AAG HCO-1, *Omnibus Changes to Consolidation and Equity Method Guidance for Not-for-Profit Organizations*, which makes several changes to the current guidance on consolidation and the equity method of accounting in AICPA Statement of Position ("SOP") 94-3, *Reporting of Related Entities by Not-for-Profit Organizations* and the *AICPA Audit and Accounting Guide, Health Care Organizations* (the "Guide"). The purpose of the changes is to make the guidance more consistent between the two pronouncements and with other authoritative standards, where appropriate. This Statement is effective for fiscal years beginning after June 15, 2008. The adoption of FSP No. SOP 94-3-1 is not expected to have a material impact on the Organization's consolidated financial position, change in net assets or cash flows.

In July 2006, the FASB issued 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 comprehensive model for recognizing, measuring, presenting, and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. If there are changes in net assets as a result of the application of FIN 48, these will be accounted for as an adjustment to the opening balance of net assets for the fiscal year of adoption. Additional disclosure about the amount of such liabilities will also be required. In February 2008, the FASB delayed the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2007. In October 2008, the FASB further delayed the effective date for an additional year for certain nonpublic enterprises. The Organization will be required to adopt FIN 48 in its June 30, 2010 financial statements. The adoption of FIN 48 is not expected to have a material impact on the Organization's consolidated financial position, change in net assets or cash flows.

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>2008</u>	<u>2007</u>	<u>Estimated Useful Life</u>
Furniture, fixtures and office equipment	\$ 204,006	\$ 149,933	5 to 7 years
Library fixtures, equipment and books	95,242	89,357	10 years
Computers and software	<u>330,981</u>	<u>277,171</u>	3 to 5 years
	630,229	516,461	
Less accumulated depreciation and amortization	<u>(296,215)</u>	<u>(201,540)</u>	
	<u>\$ 334,014</u>	<u>\$ 314,921</u>	

Explore Charter School and Affiliate

Notes to Consolidated Financial Statements

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Library media center	\$ 6,735	\$ 64,430
Mentoring program	54,371	8,115
International club	<u>-</u>	<u>2,390</u>
	<u>\$ 61,106</u>	<u>\$ 74,935</u>

During 2008, \$46,265 was reclassified as restricted to the mentoring program from the library media center in accordance with donor wishes.

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. Contingencies

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 8. Retirement Plan

Effective July 1, 2007, the School established a defined contribution 403(b) plan covering all eligible employees and transferred to it the accounts of all participants in the School's previously established 401(k) plan. 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% and 25% of the employees' elective contributions, to a maximum of 5% of the respective employee's salary for the years ended June 30, 2008 and 2007, respectively. Pension expense incurred by the School for the years ended June 30, 2008 and 2007 amounted to \$88,697 and \$13,218, respectively.

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, 2008, and have issued our report thereon dated October 22, 2008. 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 22, 2008.

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 22, 2008

Explore Charter School and Affiliate

Supplementary Information

Consolidating Statements of Financial Position

(with summarized comparative financial information as of June 30, 2007)

June 30, 2008 and 2007

	2008			2007	
	<u>Explore Charter School</u>	<u>The Friends of Explore Charter School, Inc.</u>	<u>Eliminations</u>	<u>Total</u>	<u>Summarized Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 677,809	\$ 227,794	\$ -	\$ 905,603	\$ 992,225
Grant and Other Receivable	47,548	11,794	-	59,342	70,103
Due from Affiliate	63,134	-	(63,134)	-	-
Prepaid Expenses	39,310	-	-	39,310	37,779
Property and Equipment, net	<u>334,014</u>	<u>-</u>	<u>-</u>	<u>334,014</u>	<u>314,921</u>
Total assets	<u>\$ 1,161,815</u>	<u>\$ 239,588</u>	<u>\$ (63,134)</u>	<u>\$ 1,338,269</u>	<u>\$ 1,415,028</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses	\$ 642,286	\$ 21,338	\$ -	\$ 663,624	\$ 530,067
Refundable advances	42,381	-	-	42,381	15,050
Due to affiliate	<u>-</u>	<u>63,134</u>	<u>(63,134)</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>684,667</u>	<u>84,472</u>	<u>(63,134)</u>	<u>706,005</u>	<u>545,117</u>
Net Assets:					
Unrestricted	477,148	94,010	-	571,158	794,976
Temporarily restricted	<u>-</u>	<u>61,106</u>	<u>-</u>	<u>61,106</u>	<u>74,935</u>
Total net assets	<u>477,148</u>	<u>155,116</u>	<u>-</u>	<u>632,264</u>	<u>869,911</u>
Total liabilities and net assets	<u>\$ 1,161,815</u>	<u>\$ 239,588</u>	<u>\$ (63,134)</u>	<u>\$ 1,338,269</u>	<u>\$ 1,415,028</u>

Explore Charter School and Affiliate

Supplementary Information

Consolidating Statements of Activities

(with summarized comparative financial information for the year ended June 30, 2007)

Years Ended June 30, 2008 and 2007

	2008			2007	
	Explore Charter School	The Friends of Explore Charter School, Inc.	Eliminations	Total	Summarized Total
Operating revenue:					
State and local per pupil operating revenue	\$ 4,782,340	\$ -	\$ -	\$ 4,782,340	\$ 3,843,715
Federal grants	322,826	-	-	322,826	332,895
State and local grants	57,141	-	-	57,141	68,739
Other revenue	17,775	-	-	17,775	7,210
Total operating revenue	5,180,082	-	-	5,180,082	4,252,559
Expenses:					
Program services - School operations	4,836,527	92,144	(7,500)	4,921,171	3,815,711
General and administrative	576,872	38,441	-	615,313	618,319
Total operating expenses	5,413,399	130,585	(7,500)	5,536,484	4,434,030
Deficit on School operations from government funding	(233,317)	(130,585)	7,500	(356,402)	(181,471)
Support and other revenue:					
Contributions:					
Foundations	66	5,100		5,166	85,436
Corporations	23,311		-	23,311	20,303
Individuals	700	58,655	-	59,355	36,355
Other contributions and grants	14,760		(7,500)	7,260	122,857
Interest income	33,392	6,838	-	40,230	39,594
Fund-raising expenses	-	(16,567)	-	(16,567)	(17,031)
Total support and other revenue	72,229	54,026	(7,500)	118,755	287,514
Change in net assets	(161,088)	(76,559)	-	(237,647)	106,043
Net Assets:					
Beginning	638,236	231,675	-	869,911	763,868
Ending	\$ 477,148	\$ 155,116	\$ -	\$ 632,264	\$ 869,911

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, 2007)

Years Ended June 30, 2008 and 2007

	2008			2007	
	Program Services - School Operations	General and Administrative	Fund- raising	Total	Summarized Total
Salaries	\$ 3,353,132	\$ 238,868	\$ -	\$ 3,592,000	\$ 2,715,744
Employee benefits and payroll taxes	701,298	49,959	-	751,257	509,927
Accounting fees	-	24,937	-	24,937	29,499
Advertising and recruiting	-	30,531	-	30,531	16,595
Outside services	206,560	79,889	-	286,449	420,217
Conferences, meetings and staff development	113,870	-	-	113,870	119,278
Curriculum and classroom	179,595	-	-	179,595	186,568
School fund-raising	-	-	-	-	244
Equipment rental	-	16,422	-	16,422	13,612
Food service	18,893	8,087	-	26,980	30,623
Insurance	42,803	7,553	-	50,356	39,283
Legal	-	23,311	-	23,311	20,183
Maintenance and repairs	6,869	1,212	-	8,081	3,032
Occupancy	1	-	-	1	1
Postage and shipping	-	7,928	-	7,928	3,396
Office supplies	-	65,019	-	65,019	48,544
Miscellaneous	12,033	2,123	-	14,156	7,321
Telephone, technology and communications	38,716	6,832	-	45,548	58,680
Student transportation	82,283	-	-	82,283	69,005
Depreciation and amortization	80,474	14,201	-	94,675	75,786
	<u>\$ 4,836,527</u>	<u>\$ 576,872</u>	<u>\$ -</u>	<u>\$ 5,413,399</u>	<u>\$ 4,367,538</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, 2007)

Years Ended June 30, 2008 and 2007

	2008			2007	
	Program Services - School Operations	General and Administrative	Fund- raising	Total	Summarized Total
Salaries	\$ 10,025	\$ 10,300	\$ 5,150	\$ 25,475	\$ 6,000
Employee benefits and payroll taxes	668	687	343	1,698	651
Accounting fees	-	11,813	-	11,813	18,330
Advertising and recruiting	-	309	-	309	2,028
Conferences, meetings and staff development	-	12,758	-	12,758	7,506
Curriculum and classroom	80,242	-	-	80,242	101,641
School fund-raising	-	-	10,333	10,333	1,019
Student and family services	1,209	-	-	1,209	3,994
Postage and shipping	-	-	741	741	345
Miscellaneous	-	2,521	-	2,521	1,620
Telephone, technology and communications	-	53	-	53	81
	<u>\$ 92,144</u>	<u>\$ 38,441</u>	<u>\$ 16,567</u>	<u>\$ 147,152</u>	<u>\$ 143,215</u>