

\$37,000,000
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(CLASSICAL ACADEMIES PROJECT)
EXECUTIVE SUMMARY

RESOLUTION 13-24

| | |
|--|---|
| Borrower: | Partnership with Parents LLC (Borrower) |
| Project User: | The Classical Academy, Incorporated (TCA) and Classical Academy High School, Inc. (CAHS) (Collectively referred to as Schools) |
| Loan Amount: | Not to exceed \$37,000,000 |
| Expected Issuance: | June 26, 2013 |
| Project: | The proceeds of the Bonds will be used to (i) finance certain costs of the acquisition, construction, improvement, equipping and furnishing of certain public charter school facilities, (ii) fund capitalized interest on a portion of the Bonds; (ii) fund a debt service reserve fund; and (iv) pay the costs of issuance for the Bonds. |
| Bond Type: | Charter School Revenue Bonds (Taxable and Tax Exempt Series) (the "Bonds") |
| Project Locations: | 207 E. Pennsylvania Avenue, Escondido, 2950 South Bear Valley Parkway, Escondido and 144 & 146 Woodward Avenue, Escondido |
| County: | San Diego |
| District in which Project is Located: | Escondido Union School District / Escondido Union High School District |
| Charter Authorizer: | Escondido Union School District (TCA) / Escondido Union High School (CAHS) |
| Est. Annual Payment: | Approximately \$2.28 Million |
| Expected Rating: | BB+ (S&P) |
| Structure: | Term Bonds maturing in 2043 |
| Sale Method: | Limited Public Offering |
| Underwriter: | RBC Capital Markets, LLC |
| Bond Counsel: | Stradling Yocca Carlson & Rauth |

I. Background

Partnership with Parents LLC (the "Borrower") is requesting conduit bond financing, not to exceed \$37 million, for purposes of (i) finance certain costs of the acquisition, construction, improvement, equipping and furnishing of certain public charter school facilities (as more fully described herein, the "Facilities"); (ii) fund capitalized interest on a portion of the Bonds; (iii) fund a debt service reserve fund; and (iv) pay the costs of issuance for the Bonds. The Borrower will lease the Facilities to The Classical Academy, Incorporated, and Classical Academy High School, Inc., each of which is a California nonprofit public benefit corporation and charter school, pursuant to the Lease Agreement between the Borrower and the Charter Schools (the "Lease"). The Classical Academy, Incorporated, is the sole member of the Borrower. The Lease will run for the term of the Bonds.

II. The Project User and the Borrower

The Classical Academies is a term used to describe a family of three schools: Classical Academy, Classical Academy High School and Coastal Academy. The three schools are overseen by an Executive Director and a team of 12 professionals who serve all three school sites. Each school or school site is managed by an on-site Principal. The Classical Academies is not a separate legal entity or corporation, but exists in name only. The Board of Directors for each of the three corporations is the same. However, Board meetings for each school are conducted separately, and concurrently, and are open to the public.

The Classical Academy, Incorporated is a K-8 elementary public charter school in Escondido, California, and opened in 1999 as the first charter school in the Classical Academies family. Classical Academy High School, Inc. is a 9-12 public charter high school in Escondido, California, and opened in 2006. Each of these two schools is a separate and distinct 501(c)(3) public benefit corporation, operating under a charter issued by a separate and distinct authorizing school district – Escondido Union School District and Escondido Union High School District, respectively. About 80% to 90% of the incoming 9th grade class at Classical Academy High School is composed of students from one of the two elementary campuses. Many students graduating from Coastal Academy Charter School in Oceanside go on to attend Classical Academy High School, Inc.

III. Financial Structure

The Authority will issue Tax Exempt and Taxable Charter School Revenue Bonds in one or more series (collectively the "Bonds"). The Authority will loan the proceeds of the Bonds to the Borrower to finance the project. The site will be used only by the Schools during the term of the lease by the Borrower to the Schools, but in any event may be used only by a public charter school.

The Bonds will be dated on the date of delivery, will be in authorized denominations of \$25,000 and any integral multiple \$5,000 in excess thereof, and currently are expected to mature on October 1, 2043, respectively with mandatory sinking fund payments prior to maturity. The Bonds are expected to bear interest payable semi-annually on July 1 and January 1 of each year, commencing on July 1, 2013, until maturity or earlier

redemption. Bond transfers will be restricted to Qualified Institutional Buyers and Accredited Investors. Annual debt service payments of approximately \$2.28 million will be made through intercept by the Controller of the Schools' revenues pursuant to Education Code section 17199.4, subdivision (a). However, the Borrower is, in any event, obligated to make sufficient loan repayments to cover the Bond payments if the intercepted funds are insufficient. The Borrower is expected to receive a corresponding amount in lease payments from the Schools.

IV. Security and Source of Payment

The Bonds are limited obligations payable through the intercept of the Borrower's revenue limit, block grant and categorical block grant apportionments pursuant to California Education Code, Section 17199.4(a) and a pledge of the gross revenues of the Schools. In addition, the property will be subject to a deed of trust for security on the bonds. No interest in separate facilities will be used to support the bonds.

V. Preliminary Sources and Uses

SOURCES AND USES OF FUNDS
California School Finance Authority
Charter School Revenue Bonds
(Classical Academy Project)
Series 2013A (Tax Exempt) & 2013B (Taxable)

| Sources: | Tax-Exempt | Taxable | Total |
|--|---------------|------------|---------------|
| Bond Proceeds: | | | |
| Par Amount | 33,745,000.00 | 385,000.00 | 34,130,000.00 |
| | 33,745,000.00 | 385,000.00 | 34,130,000.00 |
| Uses: | | | |
| Project Fund Deposits: | | | |
| Land/Building Costs | 17,897,000.00 | | 17,897,000.00 |
| Development Costs | 2,650,176.00 | | 2,650,176.00 |
| Jurisdictional Fees | 100,000.00 | | 100,000.00 |
| Insurance | 45,000.00 | | 45,000.00 |
| Soft Cost Contingency | 496,367.00 | | 496,367.00 |
| Hard Costs | 7,200,000.00 | | 7,200,000.00 |
| Hard Cost Contingency | 612,000.00 | | 612,000.00 |
| | 29,000,543.00 | | 29,000,543.00 |
| Other Fund Deposits: | | | |
| Debt Service Reserve Fund | 2,290,193.76 | | 2,290,193.76 |
| Capitalized Interest Fund (thru 6/26/2014) | 1,781,818.75 | | 1,781,818.75 |
| | 4,072,012.51 | | 4,072,012.51 |
| Delivery Date Expenses: | | | |
| Cost of Issuance | 184,923.59 | 186,176.41 | 371,100.00 |
| Underwriter's Discount | 486,601.90 | 195,998.10 | 682,600.00 |
| | 671,525.49 | 382,174.51 | 1,053,700.00 |
| Other Uses of Funds: | | | |
| Additional Proceeds | 919.00 | 2,825.49 | 3,744.49 |
| | 33,745,000.00 | 385,000.00 | 34,130,000.00 |

VI. Project Description

The Project will include financing the costs of (a) the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of certain educational facilities, including classroom and administrative spaces and related and appurtenant facilities, to be located at or adjacent to 207 E. Pennsylvania Avenue, Escondido, California 92025 (High School Facility), (b) the acquisition, rehabilitation, renovation, furnishing and equipping of certain educational facilities, including classroom and administrative spaces and related and appurtenant facilities, expected to be located at 2950 South Bear Valley Parkway, Escondido, California 92025 (Elementary School Facility), and (c) the acquisition of certain educational facilities, including classroom and administrative spaces and related and appurtenant facilities, located at 144 and 146 Woodward Avenue, Escondido, California 92025 (High School Facility).

The Borrower will purchase real property from The Classical Academy, Inc., the current owner, as part of the project.

VII. Borrower Financial Data

Attached at Exhibit A are schedules of the Schools' historic assets and liabilities, revenues and expenses, as well as enrollment history and projections.

VIII. Due Diligence Undertaken to Date

No information was disclosed to question the financial viability or legal integrity of the Borrower. Standard opinions of counsel (i.e., that the borrowing entity has been duly organized, is in good standing, has the full authority to enter into all documents which are valid and binding, etc.) will be delivered at closing.

IX. Staff Recommendation

Staff recommends CSFA approve Resolution Number 13-24 in an amount not to exceed \$37,000,000 for Partnership with Parents LLC, subject to final financing terms acceptable to CSFA.

Exhibit A
COMBINED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET)
The Classical Academy, Incorporated and Classical Academy High School, Inc.

| Fiscal Year Ending June 30 | 2009 | 2010 | 2011 | 2012 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 685,104 | \$ 671,005 | \$ 728,838 | \$ 329,669 |
| Accounts receivables | 1,046,067 | 1,639,935 | 1,983,810 | 2,609,970 |
| Prepaid expenses | 107,952 | 81,392 | 89,182 | 205,075 |
| Total current assets | <u>1,839,123</u> | <u>2,392,332</u> | <u>2,801,830</u> | <u>3,144,714</u> |
| Fixed assets; net of depreciation | 2,010,274 | 1,576,547 | 1,578,962 | 1,611,530 |
| Noncurrent assets: | | | | |
| Deposits | 54,460 | 45,275 | 45,275 | 45,275 |
| Organizational costs | - | 3,130 | 3,130 | 3,130 |
| Less: accumulated depreciation | - | (3,130) | (3,130) | (3,130) |
| Total noncurrent assets | <u>54,460</u> | <u>45,275</u> | <u>45,275</u> | <u>45,275</u> |
| Total assets | <u>\$ 3,903,857</u> | <u>\$ 4,014,154</u> | <u>\$ 4,426,067</u> | <u>\$ 4,801,519</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 100,473 | \$ 694,753 | \$ 411,050 | \$ 23,186 |
| Accrued expenses | 326,144 | 224,988 | 531,725 | 866,498 |
| Deferred revenues | - | - | 125,981 | - |
| Lines of credit/short-term loans | 477,190 | 707,000 | 800,000 | 800,000 |
| Other current liabilities | 450 | - | - | - |
| Current portion of long-term debt | 145,127 | 67,675 | 67,997 | 69,369 |
| Total current liabilities | <u>1,049,384</u> | <u>1,694,416</u> | <u>1,936,753</u> | <u>1,759,053</u> |
| Long term liabilities: | | | | |
| Note payable, net of current portion | 1,617,106 | 918,794 | 850,050 | 780,679 |
| Total long term liabilities: | <u>1,617,106</u> | <u>918,794</u> | <u>850,050</u> | <u>780,679</u> |
| Total liabilities | 2,666,490 | 2,613,210 | 2,786,803 | 2,539,732 |
| Net assets: | | | | |
| Temporary restricted | 409,106 | 29,522 | - | - |
| Unrestricted | 828,261 | 1,371,422 | 1,639,264 | 2,261,787 |
| Total net assets | <u>1,237,367</u> | <u>1,400,944</u> | <u>1,639,264</u> | <u>2,261,787</u> |
| Total liabilities and net assets | <u>\$ 3,903,857</u> | <u>\$ 4,014,154</u> | <u>\$ 4,426,067</u> | <u>\$ 4,801,519</u> |

Source: The Classical Academy, Inc. and The Classical Academy High School, Inc. *Audited Financial Statements*
Shown above in aggregate for both schools.

Exhibit A-1
STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET)
The Classical Academy, Incorporated

| Fiscal Year Ending June 30 | 2009 | 2010 | 2011 | 2012 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 606,987 | \$ 445,216 | \$ 398,443 | \$ 228,670 |
| Accounts receivables | 841,541 | 1,215,467 | 1,417,072 | 1,680,262 |
| Prepaid expenses | 99,802 | 49,186 | 75,137 | 118,534 |
| Total current assets | <u>1,548,330</u> | <u>1,709,869</u> | <u>1,890,652</u> | <u>2,027,466</u> |
| Fixed assets; net of depreciation | 2,001,778 | 1,484,824 | 1,472,584 | 1,482,701 |
| Noncurrent assets: | | | | |
| Deposits | 52,898 | 39,583 | 39,583 | 39,583 |
| Organizational costs | - | 3,130 | 3,130 | 3,130 |
| Less: accumulated depreciation | - | (3,130) | (3,130) | (3,130) |
| Total noncurrent assets | <u>52,898</u> | <u>39,583</u> | <u>39,583</u> | <u>39,583</u> |
| Total assets | <u>\$ 3,603,006</u> | <u>\$ 3,234,276</u> | <u>\$ 3,402,819</u> | <u>\$ 3,549,750</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 82,116 | \$ 520,985 | \$ 242,327 | \$ 11,431 |
| Accrued expenses | 254,011 | 150,965 | 440,287 | 552,242 |
| Deferred revenues | - | - | 92,145 | - |
| Lines of credit/short-term loans | 477,190 | 405,000 | 400,000 | 400,000 |
| Other current liabilities | - | - | - | - |
| Current portion of long-term debt | 28,460 | 17,675 | 17,997 | 19,369 |
| Total current liabilities | <u>841,777</u> | <u>1,094,625</u> | <u>1,192,756</u> | <u>983,042</u> |
| Long term liabilities: | | | | |
| Note payable, net of current portion | 1,533,773 | 818,794 | 800,050 | 780,679 |
| Total long term liabilities: | <u>1,533,773</u> | <u>818,794</u> | <u>800,050</u> | <u>780,679</u> |
| Total liabilities | 2,375,550 | 1,913,419 | 1,992,806 | 1,763,721 |
| Net assets: | | | | |
| Temporary restricted | 323,929 | 29,522 | - | - |
| Unrestricted | 903,527 | 1,291,335 | 1,410,013 | 1,786,029 |
| Total net assets | <u>1,227,456</u> | <u>1,320,857</u> | <u>1,410,013</u> | <u>1,786,029</u> |
| Total liabilities and net assets | <u>\$ 3,603,006</u> | <u>\$ 3,234,276</u> | <u>\$ 3,402,819</u> | <u>\$ 3,549,750</u> |

Source: The Classical Academy, Inc. *Audited Financial Statements*

Exhibit A-2
STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET)
Classical Academy High School, Inc.

| Fiscal Year Ending June 30 | 2009 | 2010 | 2011 | 2012 |
|---|--------------------------|--------------------------|----------------------------|----------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 78,117 | \$ 225,789 | \$ 330,395 | \$ 100,999 |
| Accounts receivables | 204,526 | 424,468 | 566,738 | 929,708 |
| Prepaid expenses | 8,150 | 32,206 | 14,045 | 86,541 |
| Total current assets | <u>290,793</u> | <u>682,463</u> | <u>911,178</u> | <u>1,117,248</u> |
| Fixed assets; net of depreciation | 8,496 | 91,723 | 106,378 | 128,829 |
| Noncurrent assets: | | | | |
| Deposits | 1,562 | 5,692 | 5,692 | 5,692 |
| Organizational costs | - | - | - | - |
| Less: accumulated depreciation | - | - | - | - |
| Total noncurrent assets | <u>1,562</u> | <u>5,692</u> | <u>5,692</u> | <u>5,692</u> |
| Total assets | <u>\$ 300,851</u> | <u>\$ 779,878</u> | <u>\$ 1,023,248</u> | <u>\$ 1,251,769</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 18,357 | \$ 173,768 | \$ 168,723 | \$ 11,755 |
| Accrued expenses | 72,133 | 74,023 | 91,438 | 314,256 |
| Deferred revenues | - | - | 33,836 | - |
| Lines of credit/short-term loans | - | 302,000 | 400,000 | 400,000 |
| Other current liabilities | 450 | - | - | - |
| Current portion of long-term debt | 116,667 | 50,000 | 50,000 | 50,000 |
| Total current liabilities | <u>207,607</u> | <u>599,791</u> | <u>743,997</u> | <u>776,011</u> |
| Long term liabilities: | | | | |
| Note payable, net of current portion | 83,333 | 100,000 | 50,000 | - |
| Total long term liabilities: | <u>83,333</u> | <u>100,000</u> | <u>50,000</u> | <u>-</u> |
| Total liabilities | 290,940 | 699,791 | 793,997 | 776,011 |
| Net assets: | | | | |
| Temporary restricted | 85,177 | - | - | - |
| Unrestricted | (75,266) | 80,087 | 229,251 | 475,758 |
| Total net assets | <u>9,911</u> | <u>80,087</u> | <u>229,251</u> | <u>475,758</u> |
| Total liabilities and net assets | <u>\$ 300,851</u> | <u>\$ 779,878</u> | <u>\$ 1,023,248</u> | <u>\$ 1,251,769</u> |

Source: The Classical Academy High School, Inc. *Audited Financial Statements.*

Exhibit B
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
The Classical Academy, Incorporated and Classical Academy High School, Inc.

| Fiscal Year Ending June 30 | 2009 | 2010 | 2011 | 2012 |
|---|--------------------|--------------------|--------------------|--------------------|
| <u>Revenue</u> | | | | |
| State apportionment | \$3,897,777 | \$3,992,825 | \$4,731,891 | \$5,033,033 |
| In-lieu of property taxes | 2,167,427 | 1,434,332 | 2,269,939 | 2,754,189 |
| Federal revenue | 0 | 0 | 134,267 | 181,157 |
| State revenue | 1,066,555 | 730,920 | 788,835 | 888,786 |
| Local revenue ⁽¹⁾ | 324,421 | 797,608 | 425,109 | 469,118 |
| Transfer from/(to) temporarily restricted net assets | (380,106) | 379,584 | 0 | 0 |
| Total Revenue | \$7,076,074 | \$7,335,269 | \$8,350,041 | \$9,326,283 |
| <u>Operating Expenses</u> | | | | |
| Certified salaries | \$2,462,465 | \$2,407,066 | \$3,053,865 | \$3,386,818 |
| Classified salaries | 1,142,445 | 1,030,035 | 1,215,071 | 1,114,145 |
| Employee benefits | 953,476 | 946,442 | 1,042,517 | 1,205,638 |
| Books and supplies | 766,746 | 477,081 | 600,372 | 476,804 |
| Travel and conferences | 26,254 | 45,779 | 30,482 | 30,522 |
| Dues and memberships | 24,759 | 25,329 | 33,814 | 36,908 |
| Insurance | 37,298 | 56,813 | 59,105 | 62,360 |
| Operation and housekeeping Services | 124,668 | 150,063 | 163,927 | 221,653 |
| Rental, leases, repairs and non-capitalized improvements | 650,149 | 779,234 | 960,723 | 1,178,133 |
| Professional/consulting services and operating expenditures | 721,926 | 595,736 | 699,279 | 705,081 |
| Communications | 120,351 | 106,455 | 106,362 | 121,300 |
| Depreciation | 108,274 | 80,936 | 73,441 | 79,857 |
| Debt service | 0 | 0 | 0 | 0 |
| Other | 124,246 | 91,139 | 72,763 | 84,541 |
| Total Operating Expenses | \$7,263,057 | \$6,792,108 | \$8,111,721 | \$8,703,760 |
| Change in Net Assets | (\$186,983) | \$543,161 | \$238,320 | \$622,523 |
| Net assets, beginning of year | 1,044,244 | 1,237,367 | 1,400,944 | 1,639,264 |
| Increase/(Decrease) in Temporarily Restricted Net Assets | 380,106 | (379,584) | 0 | 0 |
| Net assets, end of year | \$1,237,367 | \$1,400,944 | \$1,639,264 | \$2,261,787 |

Source: The Classical Academy, Inc. and The Classical Academy High School, Inc. *Audited Financial Statements*.
Shown above in aggregate for both schools.

Exhibit B-1
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
The Classical Academy, Incorporated

| Fiscal Year Ending June 30 | 2009 | 2010 | 2011 | 2012 |
|--|--------------------|--------------------|--------------------|--------------------|
| <u>Revenue</u> | | | | |
| State apportionment | \$3,111,993 | \$3,013,315 | \$3,449,200 | \$3,369,235 |
| In-lieu of property taxes | 1,510,823 | 884,541 | 1,364,730 | 1,513,005 |
| Federal revenue | 0 | 0 | 98,053 | 122,812 |
| State revenue | 840,878 | 549,328 | 575,083 | 608,640 |
| Local revenue ⁽²⁾ | 281,373 | 521,075 | 308,086 | 302,564 |
| Transfer from/(to) temporarily restricted net assets | (323,929) | 294,407 | 0 | 0 |
| Total Revenue | \$5,421,138 | \$5,262,666 | \$5,795,152 | \$5,916,256 |
| <u>Operating Expenses</u> | | | | |
| Certified salaries | \$1,722,524 | \$1,558,845 | \$1,986,927 | \$1,973,128 |
| Classified salaries | 982,567 | 777,672 | 974,154 | 869,584 |
| Employee benefits | 742,798 | 652,674 | 717,081 | 796,391 |
| Books and supplies | 381,924 | 319,083 | 341,363 | 223,420 |
| Travel and conferences | 21,912 | 37,295 | 24,169 | 20,007 |
| Dues and memberships | 18,027 | 19,137 | 26,682 | 28,495 |
| Insurance | 31,809 | 47,326 | 48,777 | 51,454 |
| Operation and housekeeping Services | 87,247 | 109,868 | 131,587 | 155,496 |
| Rental, leases, repairs and non-capitalized improvements | 626,532 | 648,048 | 708,942 | 831,467 |
| Professional/consulting services and operating expenditures ⁽²⁾ | 638,172 | 477,722 | 551,716 | 377,953 |
| Communications | 99,237 | 69,087 | 69,459 | 81,388 |
| Depreciation ⁽³⁾ | 102,474 | 74,797 | 62,887 | 65,707 |
| Debt service | 0 | 0 | 0 | 0 |
| Other | 103,912 | 83,304 | 62,252 | 65,750 |
| Total Operating Expenses | \$5,559,135 | \$4,874,858 | \$5,705,996 | \$5,540,240 |
| Change in Net Assets | (\$137,997) | \$387,808 | \$89,156 | \$376,016 |
| Net assets, beginning of year | 1,041,524 | 1,227,456 | 1,320,857 | 1,410,013 |
| Increase/(Decrease) in Temporarily Restricted Net Assets | 323,929 | (294,407) | 0 | 0 |
| Net assets, end of year | \$1,227,456 | \$1,320,857 | \$1,410,013 | \$1,786,029 |

Source: The Classical Academy, Inc. *Audited Financial Statements*

Exhibit B-2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Classical Academy High School, Inc.

| Fiscal Year Ending June 30 | 2009 | 2010 | 2011 | 2012 |
|--|--------------------|--------------------|--------------------|--------------------|
| <u>Revenue</u> | | | | |
| State apportionment | \$785,784 | \$979,510 | \$1,282,691 | \$1,663,798 |
| In-lieu of property taxes | 656,604 | 549,791 | 905,209 | 1,241,184 |
| Federal revenue | 0 | 0 | 36,214 | 58,345 |
| State revenue | 225,677 | 181,592 | 213,752 | 280,146 |
| Local revenue ⁽²⁾ | 43,048 | 276,533 | 117,023 | 166,554 |
| Transfer from/(to) temporarily restricted net assets | (56,177) | 85,177 | 0 | 0 |
| Total Revenue | \$1,654,936 | \$2,072,603 | \$2,554,889 | \$3,410,027 |
| <u>Operating Expenses</u> | | | | |
| Certified salaries | \$739,941 | \$848,221 | \$1,066,938 | \$1,413,690 |
| Classified salaries | 159,878 | 252,363 | 240,917 | 244,561 |
| Employee benefits | 210,678 | 293,768 | 325,436 | 409,247 |
| Books and supplies | 384,822 | 157,998 | 259,009 | 253,384 |
| Travel and conferences | 4,342 | 8,484 | 6,313 | 10,515 |
| Dues and memberships | 6,732 | 6,192 | 7,132 | 8,413 |
| Insurance | 5,489 | 9,487 | 10,328 | 10,906 |
| Operation and housekeeping Services | 37,421 | 40,195 | 32,340 | 66,157 |
| Rental, leases, repairs and non-capitalized improvements | 23,617 | 131,186 | 251,781 | 346,666 |
| Professional/consulting services and operating expenditures ⁽²⁾ | 83,754 | 118,014 | 147,563 | 327,128 |
| Communications | 21,114 | 37,368 | 36,903 | 39,912 |
| Depreciation ⁽³⁾ | 5,800 | 6,139 | 10,554 | 14,150 |
| Debt service | 0 | 0 | 0 | 0 |
| Other | 20,334 | 7,835 | 10,511 | 18,791 |
| Total Operating Expenses | \$1,703,922 | \$1,917,250 | \$2,405,725 | \$3,163,520 |
| Change in Net Assets | (\$48,986) | \$155,353 | \$149,164 | \$246,507 |
| Net assets, beginning of year | 2,720 | 9,911 | 80,087 | 229,251 |
| Increase/(Decrease) in Temporarily Restricted Net Assets | 56,177 | (85,177) | 0 | 0 |
| Net assets, end of year | \$9,911 | \$80,087 | \$229,251 | \$475,758 |

Source: The Classical Academy High School, Inc. *Audited Financial Statements*.

Exhibit C
HISTORICAL AND PROJECTED ENROLLMENT INFORMATION BY ACADEMIC YEAR (2010-2016)
The Classical Academy, Incorporated and Classical Academy High School, Inc.

| Grade / FY | Historical | | | Current Year | Projected | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| K | 93 | 117 | 102 | 119 | 125 | 156 | 172 |
| 1 | 96 | 104 | 114 | 110 | 124 | 134 | 172 |
| 2 | 92 | 114 | 93 | 129 | 120 | 133 | 145 |
| 3 | 94 | 101 | 113 | 113 | 134 | 128 | 144 |
| 4 | 87 | 102 | 102 | 118 | 113 | 145 | 138 |
| 5 | 94 | 106 | 107 | 112 | 123 | 120 | 158 |
| 6 | 97 | 95 | 101 | 123 | 112 | 132 | 128 |
| 7 | 97 | 110 | 100 | 109 | 147 | 146 | 156 |
| 8 | 69 | 91 | 107 | 110 | 122 | 147 | 157 |
| 9 | 75 | 101 | 153 | 183 | 195 | 205 | 230 |
| 10 | 71 | 93 | 103 | 173 | 195 | 215 | 227 |
| 11 | 67 | 91 | 114 | 123 | 195 | 215 | 237 |
| 12 | 44 | 75 | 104 | 118 | 165 | 210 | 236 |
| Total | 1,076 | 1,300 | 1,413 | 1,640 | 1,870 | 2,086 | 2,300 |