

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

Audited Financial Statements

For the Years Ended June 30, 2011 and 2010

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

Audited Financial Statements

For the Years Ended June 30, 2011 and 2010

HAYDEN & ROSS, P.A.
Certified Public Accountants
Moscow, Idaho

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

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FINANCIAL SECTION

HAYDEN & ROSS, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Palouse Prairie Educational Organization, Inc.
Moscow, Idaho 83843

We have audited the accompanying statement of financial position of the Palouse Prairie Educational Organization, Inc. (an Idaho non-profit corporation) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Palouse Prairie Educational Organization, Inc. as of June 30, 2011 and 2010, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Hayden & Ross, P.A.

Moscow, Idaho
September 28, 2011

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash	240,021	92,857
Prepaid expenses	48,832	5,934
State and federal support receivable	33,393	102,496
Other receivables	1,689	4,439
Total Current Assets	<u>323,935</u>	<u>205,726</u>
Fixed Assets		
Equipment	8,720	
Building and land improvements	278,113	264,568
Less accumulated depreciation	(10,895)	(2,810)
Net Fixed Assets	<u>275,938</u>	<u>261,758</u>
Other Assets		
Loan fees, net of accumulated amortization	1,687	
Net Other Assets	<u>1,687</u>	<u>0</u>
Total Assets	<u>\$ 601,560</u>	<u>467,484</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	1,224	45,375
Salaries and benefits payable	58,615	44,631
Current portion of long-term debt	9,718	8,704
Total Current Liabilities	<u>69,557</u>	<u>98,710</u>
Long-term liabilities, less current portion	<u>111,158</u>	<u>103,500</u>
Net Assets		
Unrestricted	<u>420,845</u>	<u>265,274</u>
Total Liabilities and Net Assets	<u>\$ 601,560</u>	<u>467,484</u>

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

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue, Grants, and Other Support		
Contributions	122,157	10,340
Federal support	292,077	320,044
State support	479,445	327,788
Interest	1,120	840
Other	52,371	34,776
Total Revenue, Grants and Other Support	<u>947,170</u>	<u>693,788</u>
Expense		
Program (instructional)	494,245	388,961
Administrative (support)	271,164	204,365
Non-instruction	17,917	13,722
Depreciation and amortization	8,273	2,810
Total Expense	<u>791,599</u>	<u>609,858</u>
Change in net assets - unrestricted	155,571	83,930
Net assets - beginning of year	<u>265,274</u>	<u>181,344</u>
Net assets - end of year	<u>\$ 420,845</u>	<u>265,274</u>

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

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Cash received from contributors	122,157	10,340
Cash received from state support	548,548	319,502
Cash received from federal support	294,827	225,798
Cash received from interest	1,120	840
Other cash received	52,371	34,776
Cash paid for interest	(8,127)	(8,272)
Cash paid to suppliers and employees	(848,264)	(531,398)
Net Cash Provided By Operating Activities	<u>162,632</u>	<u>51,586</u>
Cash Flows from Investing Activities		
Cash paid for capital outlay	(22,265)	(50,404)
Cash paid for construction in progress		(199,665)
Net Cash Used In Investing Activities	<u>(22,265)</u>	<u>(250,069)</u>
Cash Flows from Financing Activities		
Proceeds from long term debt	125,000	120,000
Payment on long-term debt and fees	(118,203)	(7,795)
Net Cash Provided By Financing Activities	<u>6,797</u>	<u>112,205</u>
Net Increase (Decrease) In Cash	147,164	(86,278)
Cash - Beginning of Year	<u>92,857</u>	<u>179,135</u>
Cash - End of Year	<u>\$ 240,021</u>	<u>92,857</u>
Reconciliation of Change in Net Assets to Net		
Cash Provided By Operating Activities:		
Change in net assets	155,571	83,930
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation and amortization	8,273	2,810
Decrease (increase) in prepaid expenses	(42,898)	1,011
Decrease (increase) in state support receivable	69,103	(102,496)
Decrease (increase) in other receivables	2,750	(1,040)
Increase (decrease) in accounts payable	(44,151)	31,815
Increase (decrease) in salaries and benefits payable	13,984	35,556
Net Cash Provided by Operating Activities	<u>\$ 162,632</u>	<u>51,586</u>

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

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION

The Palouse Prairie Educational Organization, Inc. (the School) is a nonprofit and nonsectarian public educational organization dedicated to the cultivation of student knowledge, skills, awareness and understanding necessary for success in the 21st century. Our vision is to develop students who can acquire, analyze, apply information, think creatively and solve problems. In accordance with our mission, the key goal of the educational program at the School is to academically challenge each child commensurate with his or her abilities and to prepare each child for success in today's and tomorrow's world. The charter serves school aged children (K-8th) in the Latah County area. The School was approved in 2008 by the Idaho Charter School Commission. Expansion to serve grades 7 and 8 was approved in 2011. The School is a center for Expeditionary Learning (EL): Expeditionary Learning is a comprehensive school reform and school development model for elementary, middle and high schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted Support - The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The School reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Basis of Accounting - The School uses the accrual basis of accounting. Revenue from grants is recognized as it is earned, and expense is recognized when incurred.

Accounts Receivable - No allowance for uncollectible accounts was calculated by the School, all receivables were deemed to be collectible.

Income Tax Status - The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business.

Fixed Assets - The cost of fixed assets is depreciated over the estimated useful lives of the assets. Depreciation is computed on the straight-line method for financial reporting purposes. The capitalization amount for fixed assets is \$3,000. Depreciation expense for the years ending June 30, 2011 and 2010 was \$8,085 and \$2,810.

Use of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses, and actual results may differ from estimated amounts.

Statement of Cash Flows - For purposes of the Statement of Cash Flows, the School considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Reports Required by the State - The income statements required by the State included in the supplemental information breaks out the unrestricted activity. The General fund accounts for activities for general operations. The Special revenue fund account for the activities from the grant the School received.

Subsequent Events – Subsequent events have been evaluated through September 28, 2011. This is the date the financial statements were available to be issued. The Organization has concluded that no subsequent events have occurred.

NOTE 3 -EMPLOYEE'S RETIREMENT SYSTEM

Public Employee Retirement System of Idaho (PERSI), The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the years ended June 30, 2011 and 2010, the required contribution rate as a percentage of covered payroll for members was 6.23%. The employer rate as a percentage of covered payroll was 10.39%. The School's contributions required and paid were \$30,000 and \$21,084 for the years ended June 30, 2011 and 2010.

NOTE 4 – BUILDING LEASE

The School entered into a lease agreement with Timothy W. Brown on March 2, 2009. The lease commences on July 1, 2009 and ends June 30, 2012. The lease was revised and extended for the period July 1, 2012 through June 30, 2016. The annual rent from July 1, 2011 to June 30, 2012 is \$56,400 paid in monthly installments of \$4,700 on the first day of each month. In addition, the School will be required to pay taxes and assessments during the lease term. For the lease period July 1, 2012 through June 30, 2016, the annual rent increases to \$60,000 with monthly installments of \$5,000.

NOTE 5 – LONG-TERM DEBT

Long-term debt for the School as of June 30, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Building improvements loan with Tim Brown, payable at \$1,460.67 per month including interest at 8% until August 1, 2012 and will then be adjusted to a rate specified in the loan documents. Loan was paid off in January 2011.	-0-	112,204
Building improvements loan with US Bank payable at \$1,368.79 per month including interest of 5.6% until January 5, 2016. Final payment equal to all unpaid principal and accrued interest on maturity date of January 5, 2016.	<u>120,876</u>	<u>-0-</u>
Total Long-term Debt	120,876	112,204
Less Current Portion	<u>(9,718)</u>	<u>(8,704)</u>
Net Long-term Debt	<u>\$111,158</u>	<u>\$103,500</u>

Future debt service is as follow:

Fiscal Year-end June 30,	
2012	9,718
2013	10,467
2014	11,068
2015	11,704
2016 and thereafter	<u>77,919</u>
Total	<u>\$ 120,876</u>

SUPPLEMENTARY INFORMATION

HAYDEN & ROSS, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Palouse Prairie Educational Organization, Inc.
Moscow, Idaho 83843

Our report on our audit of the basic financial statements of the Palouse Prairie Educational Organization, Inc. for the year ended June 30, 2011 appears on Page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other additional information presented on pages 9 through 19 are presented for purposes of additional analysis and are 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.

Hayden & Ross, P.A.

Moscow, Idaho
September 28, 2011

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENT OF FUNCTIONAL EXPENSE
For the Year Ended June 30, 2011

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instruction</u>	<u>Total</u>
Salaries	199,492	119,179	1,806	320,477
Benefits	58,031	35,173	876	94,080
Purchased services	114,084	104,943	14,846	233,873
Supply-materials	114,511	11,869	389	126,769
Interest	8,127			8,127
Depreciation and amortization	8,273			8,273
Total Expense	<u>\$ 502,518</u>	<u>271,164</u>	<u>17,917</u>	<u>791,599</u>

See accountant's report.

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

STATEMENT OF FUNCTIONAL EXPENSE
For the Year Ended June 30, 2010

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instruction</u>	<u>Total</u>
Salaries	146,466	87,998	1,457	235,921
Benefits	44,785	24,219	111	69,115
Purchased services	83,978	87,759	9,486	181,223
Supply-materials	105,460	4,389	2,668	112,517
Interest	8,272			8,272
Depreciation and amortization	<u>2,810</u>			<u>2,810</u>
Total Expense	<u>\$ 391,771</u>	<u>204,365</u>	<u>13,722</u>	<u>609,858</u>

See accountant's report.

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS
June 30, 2011

	<u>General</u>	<u>Child Nutrition</u>	<u>Title I-A</u>	<u>Charter School Grant</u>	<u>Totals</u>
ASSETS					
Assets:					
Cash	240,021				240,021
State and federal support receivable	33,393				33,393
Other receivables	46	1,186	457		1,689
Prepaid expenses	3,832			45,000	48,832
Due from other funds	1,643				1,643
Total assets	<u>\$ 278,935</u>	<u>1,186</u>	<u>457</u>	<u>45,000</u>	<u>325,578</u>
LIABILITIES					
Accounts payable	1,224				1,224
Accrued payroll and benefits	58,615				58,615
Due to other funds		1,186	457		1,643
Total liabilities	<u>59,839</u>	<u>1,186</u>	<u>457</u>	<u>0</u>	<u>61,482</u>
NET ASSETS					
Net Assets:					
Unreserved-undesignated	219,096	0	0	45,000	264,096
Total net assets	<u>219,096</u>	<u>0</u>	<u>0</u>	<u>45,000</u>	<u>264,096</u>
Total liabilities and net assets	<u>\$ 278,935</u>	<u>1,186</u>	<u>457</u>	<u>45,000</u>	<u>325,578</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
 Moscow, Idaho

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET
 ASSETS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Local:			
Interest	1,120	1,100	20
Other	164,937	164,600	337
Total local	<u>166,057</u>	<u>165,700</u>	<u>357</u>
State:			
Base support	398,067	397,503	564
Benefit support	49,007	48,590	417
Other state support	32,371	6,500	25,871
Total state	<u>479,445</u>	<u>452,593</u>	<u>26,852</u>
Federal:			
Other indirect	13,986	13,986	0
Total Federal	<u>13,986</u>	<u>13,986</u>	<u>0</u>
Total revenues	<u>659,488</u>	<u>632,279</u>	<u>27,209</u>
EXPENDITURES			
Instruction:			
Salaries	164,634	159,262	(5,372)
Benefits	52,565	54,143	1,578
Purchased services	55,828	56,670	842
Supply-materials	6,825	6,834	9
Total instruction	<u>279,852</u>	<u>276,909</u>	<u>(2,943)</u>
Support:			
Salaries	108,335	106,896	(1,439)
Benefits	30,895	31,188	293
Purchased services	104,943	105,134	191
Supply-materials	11,869	12,535	666
Total support	<u>256,042</u>	<u>255,753</u>	<u>(289)</u>
Non-instruction:			
Benefits	138		(138)
Total non-instruction	<u>138</u>	<u>0</u>	<u>(138)</u>
Capital outlay	15,420	14,000	1,420
Debt service	124,455	17,000	107,455
Contingency		26,390	(26,390)
Total expenditures	<u>675,907</u>	<u>590,052</u>	<u>(3,370)</u>
Excess (deficiency) of revenues over expenditures	<u>(16,419)</u>	<u>42,227</u>	<u>(58,646)</u>
Other financing sources (uses):			
Proceeds from loan	125,000		125,000
Operating transfer in	1,297		1,297
Total other financing sources (uses)	<u>126,297</u>	<u>0</u>	<u>126,297</u>
Excess (deficiency) of revenues and other sources over expenditures	109,878	<u>42,227</u>	<u>67,651</u>
Net Assets - Beginning of year	<u>109,218</u>		
Net Assets - End of year (Budget Basis)		219,096	
Adjustments to conform with GAAP:			
Capitalize capital objects	173,887		
Capitalize loan fees	1,875		
Amortization expense	(188)		
Depreciation expense	(6,673)		
Proceeds from loan	(245,000)		
Principal payments	124,123		
Net Assets - End of year (GAAP)	<u>\$ 267,120</u>		

See accountant's report.

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
 Moscow, Idaho

GENERAL FUND
 SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION:			
Kindergarten/elementary			
Salaries	147,415	142,264	(5,151)
Benefits	42,821	44,190	1,369
Purchased services	24,250	24,945	695
Supply-materials	6,825	6,834	9
Total kindergarten/elementary	<u>221,311</u>	<u>218,233</u>	<u>(3,078)</u>
Exceptional child			
Salaries	17,219	16,998	(221)
Benefits	9,744	9,953	209
Purchased services	17,460	17,000	(460)
Total exceptional child	<u>44,423</u>	<u>43,951</u>	<u>(472)</u>
School activity			
Purchased services	14,118	14,725	(607)
Total school activity	<u>14,118</u>	<u>14,725</u>	<u>(607)</u>
TOTAL INSTRUCTION:			
Salaries	164,634	159,262	(5,372)
Benefits	52,565	54,143	1,578
Purchased services	55,828	56,670	695
Supply-materials	6,825	6,834	9
Total Instruction	<u>\$ 279,852</u>	<u>276,909</u>	<u>(3,090)</u>
SUPPORT:			
Board of Education			
Purchased services	130	130	0
Total Board of Education	<u>130</u>	<u>130</u>	<u>0</u>
School administration			
Salaries	75,442	74,142	(1,300)
Benefits	16,863	17,159	296
Total school administration	<u>92,305</u>	<u>91,301</u>	<u>(1,004)</u>
Business operation			
Salaries	23,350	23,000	(350)
Benefits	9,674	8,106	(1,568)
Purchased services	73,438	72,664	(774)
Supply-materials	7,793	8,385	592
Total business operation	<u>114,255</u>	<u>112,155</u>	<u>(2,100)</u>
Custodial			
Salaries	9,543	9,754	211
Benefits	4,358	5,923	1,565
Purchased services	1,076	1,100	24
Supply-materials	2,814	2,850	36
Total custodial	<u>17,791</u>	<u>19,627</u>	<u>1,836</u>
Maintenance - student occupied			
Purchased services	20,446	21,040	594
Total maintenance - bldgs and equipment	<u>20,446</u>	<u>21,040</u>	<u>594</u>
Maintenance - Grounds			
Purchased services	1,195	1,200	5
Supply-materials	1,262	1,300	38
Total maintenance - grounds	<u>2,457</u>	<u>2,500</u>	<u>43</u>
Pupil Transportation			
Purchased services	8,658	9,000	342
Total pupil transportation	<u>8,658</u>	<u>9,000</u>	<u>342</u>
TOTAL SUPPORT:			
Salaries	108,335	106,896	(1,439)
Benefits	30,895	31,188	293
Purchased services	104,943	105,134	191
Supply-materials	11,869	12,535	666
Total Support	<u>\$ 256,042</u>	<u>255,753</u>	<u>(289)</u>
NON-INSTRUCTION			
Benefits	138		(138)
Total non-instruction	<u>\$ 138</u>	<u>0</u>	<u>(138)</u>
CAPITAL ASSET PROGRAM			
Capital outlay	15,420	14,000	(1,420)
Total capital asset program	<u>\$ 15,420</u>	<u>14,000</u>	<u>(1,420)</u>
OTHER SERVICES			
Principal	116,328	8,000	(108,328)
Interest	8,127	9,000	873
Total other services	<u>\$ 124,455</u>	<u>17,000</u>	<u>(107,455)</u>

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET
ASSETS - ALL SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011**

	<u>Child Nutrition</u>	<u>Title VI-B School Age</u>	<u>Charter School Grant</u>	<u>Title I-A, ESEA Improving Basic Programs</u>	<u>Title II-A, ESEA Improving Teacher Quality</u>	<u>Total</u>
REVENUES						
Local:						
Lunch sales	9,591					9,591
Total local	<u>9,591</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,591</u>
Federal:						
Restricted	9,168	15,002	230,481	18,692	4,748	278,091
Total revenues	<u>18,759</u>	<u>15,002</u>	<u>230,481</u>	<u>18,692</u>	<u>4,748</u>	<u>287,682</u>
EXPENDITURES						
Instruction:						
Salaries		14,781	1,953	13,376	4,748	34,858
Benefits			150	5,316		5,466
Purchased services		221	58,035			58,256
Supply-materials			116,406			116,406
Total instruction	<u>0</u>	<u>15,002</u>	<u>176,544</u>	<u>18,692</u>	<u>4,748</u>	<u>214,986</u>
Support:						
Purchased services			10,844			10,844
Supply-materials			4,278			4,278
Total support	<u>0</u>	<u>0</u>	<u>15,122</u>	<u>0</u>	<u>0</u>	<u>15,122</u>
Non-instruction:						
Purchased services	1,806					1,806
Benefits	738					738
Purchased services	14,846					14,846
Supply-materials	72		317			389
Total non-instruction	<u>17,462</u>	<u>0</u>	<u>317</u>	<u>0</u>	<u>0</u>	<u>17,779</u>
Total expenditures	<u>17,462</u>	<u>15,002</u>	<u>191,983</u>	<u>18,692</u>	<u>4,748</u>	<u>247,887</u>
Excess (deficiency) of revenues over expenditures	<u>1,297</u>	<u>0</u>	<u>38,498</u>	<u>0</u>	<u>0</u>	<u>39,795</u>
Other financing sources (uses):						
Operating transfer out	(1,297)					(1,297)
Total other financing sources (uses)	<u>(1,297)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,297)</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>0</u>	<u>0</u>	<u>38,498</u>	<u>0</u>	<u>0</u>	<u>38,498</u>
Net Assets-Beginning of year	<u>0</u>	<u>0</u>	<u>6,502</u>	<u>0</u>	<u>0</u>	<u>6,502</u>
Net Assets-End of year	<u>0</u>	<u>0</u>	<u>45,000</u>	<u>0</u>	<u>0</u>	<u>45,000</u>
Adjustments to conform with GAAP:						
Capitalize capital objects			112,947			112,947
Depreciation expense			(4,222)			(4,222)
Net Assets - End of year (GAAP)	<u>\$ 0</u>	<u>0</u>	<u>153,725</u>	<u>0</u>	<u>0</u>	<u>153,725</u>

See accountant's report.

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

CHILD NUTRITION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET
ASSETS - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Other	9,591	9,500	91
Total local	<u>9,591</u>	<u>9,500</u>	<u>91</u>
Federal:			
Restricted	9,168	8,900	268
Total federal	<u>9,168</u>	<u>8,900</u>	<u>268</u>
Total revenues	<u>18,759</u>	<u>18,400</u>	<u>359</u>
EXPENDITURES			
Non-instruction:			
Salaries	1,806	1,806	0
Benefits	738	437	(301)
Purchased services	14,846	15,907	(1,061)
Supply-materials	72	250	(178)
Total non-instruction	<u>17,462</u>	<u>18,400</u>	<u>(1,540)</u>
Total expenditures	<u>17,462</u>	<u>18,400</u>	<u>(1,540)</u>
Excess (deficiency) of revenues over expenditures	<u>1,297</u>	<u>0</u>	<u>1,297</u>
Other financing sources (uses):			
Operating transfer out	(1,297)		(1,297)
Total other financing sources (uses)	<u>(1,297)</u>	<u>0</u>	<u>(1,297)</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets - Beginning of year	<u>0</u>		
Net Assets - End of year	<u>\$ 0</u>		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

TITLE VI-B, IDEA - SCHOOL-AGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET
ASSETS - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	15,002	15,002	0
Total revenues	<u>15,002</u>	<u>15,002</u>	<u>0</u>
EXPENDITURES			
Instruction:			
Salaries	14,781	15,002	221
Purchased services	221		(221)
Total instruction	<u>15,002</u>	<u>15,002</u>	<u>0</u>
Total expenditures	<u>15,002</u>	<u>15,002</u>	<u>0</u>
Excess of revenues over expenditures	0	<u>0</u>	<u>0</u>
Net Assets - Beginning of year	<u>0</u>		
Net Assets - End of year	<u>\$ 0</u>		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

FEDERAL CHARTER SCHOOL GRANT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET
ASSETS - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	230,481	230,481	0
Total revenues	<u>230,481</u>	<u>230,481</u>	<u>0</u>
EXPENDITURES			
Instruction:			
Salaries	1,953	1,953	0
Benefits	150	150	0
Purchased services	58,035	58,035	0
Supply-materials	116,406	116,406	0
Total instruction	<u>176,544</u>	<u>176,544</u>	<u>0</u>
Support:			
Purchased services	10,844	10,844	0
Supply-materials	4,278	4,278	0
Total support	<u>15,122</u>	<u>15,122</u>	<u>0</u>
Non-instruction:			
Supply-materials	317	317	0
Total non-instruction	<u>317</u>	<u>317</u>	<u>0</u>
Total expenditures	<u>191,983</u>	<u>191,983</u>	<u>0</u>
Excess of revenues over expenditures	38,498	<u>38,498</u>	<u>0</u>
Net Assets - Beginning of year	<u>6,502</u>		
Net Assets - End of year (Budget Basis)	45,000		
Adjustments to conform with GAAP:			
Capitalize capital objects	112,947		
Depreciation expense	<u>(4,222)</u>		
Net Assets - End of year (GAAP)	<u>\$ 153,725</u>		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

TITLE I-A, ESEA - IMPROVING BASIC PROGRAMS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET
ASSETS - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	18,692	18,692	0
Total revenues	<u>18,692</u>	<u>18,692</u>	<u>0</u>
EXPENDITURES			
Instruction:			
Salaries	13,376	14,050	674
Benefits	5,316	4,642	(674)
Total instruction	<u>18,692</u>	<u>18,692</u>	<u>0</u>
Total expenditures	<u>18,692</u>	<u>18,692</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	<u>0</u>	<u>0</u>
Net Assets - Beginning of year	<u>0</u>		
Net Assets - End of year	<u>\$ 0</u>		

PALOUSE PRAIRIE EDUCATIONAL ORGANIZATION, INC.
Moscow, Idaho

TITLE II-A, ESEA - IMPROVING TEACHER QUALITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET
ASSETS - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	4,748	4,748	0
Total revenues	<u>4,748</u>	<u>4,748</u>	<u>0</u>
EXPENDITURES			
Instruction:			
Salaries	4,748	4,748	0
Total instruction	<u>4,748</u>	<u>4,748</u>	<u>0</u>
Total expenditures	<u>4,748</u>	<u>4,748</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	<u>0</u>	<u>0</u>
Net Assets - Beginning of year	<u>0</u>		
Net Assets - End of year	<u>\$ 0</u>		