

WEST DENVER PREPARATORY CHARTER SCHOOL

FINANCIAL STATEMENTS

June 30, 2009

**WEST DENVER PREPARATORY CHARTER SCHOOL
FEDERAL CAMPUS**

ROSTER OF SCHOOL OFFICIALS

June 30, 2009

BOARD OF TRUSTEES

Board Chair	Jerry Lassos
Treasurer	Michael Barkin
Secretary	Shelley Gomez
Member	Chris Watney
Member	Chris Henderson
Member	Kim Knous-Dolan
Member	Alexander Ooms
Member	Tommy Rivera, Parent Representative

SCHOOL MANAGEMENT

Chris Gibbons, Head of School

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis	i - v
Basic Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Notes to Financial Statements	5 - 11
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	12
Budgetary Comparison Schedule - Capital Reserve Fund	13
Notes to Required Supplementary Information	14



Board of Trustees
West Denver Preparatory Charter School
Denver, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Denver Preparatory Charter School, component unit of Denver School District, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the West Denver Preparatory Charter School, as listed in the table of contents. These financial statements are the responsibility of the West Denver Preparatory Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Denver Preparatory Charter School as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

September 10, 2009

West Denver Preparatory Charter School

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2009

As management of West Denver Preparatory Charter School (WDP), we offer readers of WDP's basic financial statements this narrative and analysis of the financial activities of WDP for the year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The year ending June 30, 2009 was the third year of operations for WDP. The general fund balance increased from \$142,639 to \$281,775 in the year ending June 30, 2009.

The operations of WDP for the year ending June 30, 2009 were funded mainly by tax revenue received under the State School Finance Act (the Act). Tax revenue for the year from Per Pupil Revenue was \$2,323,706. However, individual gifts and foundation grants supplemented the tax revenue received in order to finance both the school's general operations and capital expenses incurred from classroom renovations and facility expansion.

The assets of WDP exceeded its liabilities at the close of the most recent fiscal year by \$1,717,348 (net assets).

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how WDP's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. WDP keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

WDP maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, changes in fund balances for the general fund and capital reserve fund because these are considered to be major funds.

WDP adopts separate annual budgets for its General Fund and Capital Reserve Fund. A budgetary comparison has been provided for both funds to demonstrate compliance with these budgets. The school allocated tax revenues to the Capital Reserve Fund in accordance with State statutes.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-Wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of WDP's financial position. For the year ending June 30, 2009, WDP's assets exceeded liabilities by \$1,717,348. Approximately \$96,800 of these funds is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy general operating expenses of WDP. Also, \$1,435,573 of these funds represents investment in capital assets (net of related debt). The remaining \$184,975 is unrestricted and available to meet ongoing financial obligations.

Statement of Net Assets			
		2009	2008
Assets			
	Cash and Investments	\$161,914	\$126,118
	Grants Receivable	\$44,967	\$56,782
	Prepaid Expenses	\$42,729	--
	Emergency Reserve (TABOR)	\$62,947	\$39,039
	Capital Assets, Net	\$3,876,192	\$3,357,425
Total Assets		\$4,188,749	\$3,579,334
Liabilities			
	Accounts Payable	\$8,430	\$24,833
	Deferred Revenues	\$22,352	\$54,437
	Noncurrent Liabilities		
	Due Within One Year	\$82,908	\$478,421
	Due in More Than One Year	\$2,357,711	\$2,229,733
Total Liabilities		\$2,471,401	\$2,787,464
Net Assets			
	Invested in Capital Assets, Net	\$1,435,573	\$649,231
	Restricted for Emergencies	\$96,800	\$63,000
	Unrestricted	\$184,975	\$79,639
	Total Net Assets	\$1,717,348	\$791,870
Statement of Activities			
Governmental Activities			
Revenues			
	Grants & Contributions (Restricted)	\$126,630	\$102,051
	Per Pupil Operating Revenue	\$2,323,706	\$1,426,966
	Mill Levy	\$30,091	\$20,752
	Capital Construction	\$33,422	\$22,923
	General Revenue (Grants Unrestricted)	\$1,150,579	\$834,838
	Investment Earnings	\$1,721	\$2,393
	Other Revenues		--
	Total Revenue	\$3,666,149	\$2,409,923
Expenses			
	Instruction	\$1,601,052	\$1,153,448
	Support Services	\$1,139,619	\$819,222
	Total Expenses	\$2,740,671	\$1,972,670
Change in Net Assets		\$925,478	\$437,253
Net Assets, Beginning of Year		\$791,870	\$354,617
Net Assets, End of Year		\$1,717,348	\$791,870

Significant increases in revenue and expenditures between 2008 and 2009 are primarily related to the addition of 8th grade at WDP in the 2009 fiscal year. The school has grown incrementally since beginning operations in August 2006 such that one grade-level is added per year to reach our capacity of 300 students in grades 6-8. Thus, federal funding based on pupil counts increased in proportion to the growth of our student body from 200 to 300 students. Additionally, the school requested capital funding from individuals and local foundations and secured a loan from the Raza Development Fund to support a facility renovation and expansion project to accommodate a total of 300 students and a larger faculty.

Financial Analysis of WDP's Funds

Governmental funds. The focus of WDP's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing WDP's financing requirements. In particular, unreserved fund balance may serve as a useful measure of WDP's net resources available for spending at the end of the fiscal year.

As of the end of the school's third fiscal year, WDP reported a governmental fund balance of \$281,775, which represents an increase of \$139,136 over the previous fiscal year. The difference is due in part to the timing of expenses budgeted in the 2009 fiscal year that were not incurred until after the start of the 2010 fiscal year. An amendment has been passed by the WDP Board of Trustees to carry the expenses and related fund balance forward to the 2009-2010 budget. The remainder of the fund balance will be reserved for contingency expenses through a Board amendment for the 2010 fiscal year.

The school allocated per pupil tax revenues to a separate Capital Reserve Fund in accordance with State statutes. The funds were allocated toward expenses related to facility renovations and expansion of the existing school building. The Capital Reserve fund balance was \$0.

General Fund Budgetary Highlights

WDP budgeted for expenditures of \$3,504,134 for the year ended June 30, 2009. Actual expenditures were \$3,403,291. The difference between budgeted versus actual expenditures in the general fund is due primarily to budgeted expenditures which will be spent early in the 2010 fiscal year. The ending fund balance as of June 30, 2009 was \$281,775.

Capital Asset and Debt Administration

Capital assets. WDP's investment in capital assets as of June 30, 2009, amounts to \$3,876,192 (net of accumulated depreciation). This investment in capital assets includes building space. Capital assets were added in the amount of \$735,787 in the 2009 fiscal year related to the construction of five new classrooms, faculty workspace, and a multi-purpose room to accommodate the growth of the student body to a capacity of 300 students.

Long-term debt. As of June 30, 2009 WDP had outstanding debt of \$2,440,619. This amount includes debt to purchase, renovate, and expand the school facilities. The payments associated with four loans financing this capital debt are based on 15 year amortizations with balloon payments due no earlier than October 1, 2013. Two loans were secured in the 2008 fiscal year to finance the second and third phases of renovations and construction occurring in the summer of 2007 and summer of 2008, respectively. A loan dated August 6, 2007 has payments due monthly with a balloon payment due in 2014. A loan dated April 28, 2008 will amortize after November 16, 2008 at the end of the construction period. Long-term debt is detailed in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

The primary factor driving the budget for WDP is student enrollment. Enrollment for the 2008-2009 school year was 311. The enrollment for the 2009-2010 school year is projected to be 320 students. This factor was considered in preparing WDP's budget for 2009-10.

Requests for Information

The financial report is designed to provide a general overview of WDP's finances for all those with an interest in WDP. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

West Denver Preparatory Charter School
1825 S. Federal Boulevard
Denver, CO 80219

BASIC FINANCIAL STATEMENTS

WEST DENVER PREPARATORY CHARTER SCHOOL

STATEMENT OF NET ASSETS

June 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ 161,914	\$ 126,118
Emergency Reserve Held by Denver School District	62,947	39,039
Grants Receivable	44,967	56,752
Prepaid Expenses	42,729	-
Capital Assets, Net of Accumulated Depreciation	<u>3,876,192</u>	<u>3,357,425</u>
TOTAL ASSETS	<u>4,188,749</u>	<u>3,579,334</u>
LIABILITIES		
Accounts Payable	8,430	24,833
Deferred Revenues	22,352	54,437
Noncurrent Liabilities		
Due Within One Year	82,908	478,421
Due in More Than One Year	<u>2,357,711</u>	<u>2,229,773</u>
TOTAL LIABILITIES	<u>2,471,401</u>	<u>2,787,464</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,435,573	649,231
Restricted for Emergencies	96,800	63,000
Unrestricted	<u>184,975</u>	<u>79,639</u>
TOTAL NET ASSETS	<u>\$ 1,717,348</u>	<u>\$ 791,870</u>

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

WEST DENVER PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
			GOVERNMENTAL ACTIVITIES	
			2009	2008
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	\$ 1,601,052	\$ 106,554	\$ (1,494,498)	\$ (1,066,547)
Supporting Services	1,139,619	20,076	(1,119,543)	(804,072)
Total Governmental Activities	<u>\$ 2,740,671</u>	<u>\$ 126,630</u>	<u>(2,614,041)</u>	<u>(1,870,619)</u>
GENERAL REVENUES				
Per Pupil Operating Revenue			2,323,706	1,426,966
Mill Levy			30,091	20,752
Capital Construction			33,422	22,923
Grants and Contributions Not Restricted to Specific Programs			1,150,579	834,838
Investment Earnings			1,721	2,393
TOTAL GENERAL REVENUES			<u>3,539,519</u>	<u>2,307,872</u>
CHANGE IN NET ASSETS			925,478	437,253
NET ASSETS, Beginning			<u>791,870</u>	<u>354,617</u>
NET ASSETS, Ending			<u>\$ 1,717,348</u>	<u>\$ 791,870</u>

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

WEST DENVER PREPARATORY CHARTER SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	GENERAL	CAPITAL RESERVE	TOTALS	
			2009	2008
ASSETS				
Cash and Investments	\$ 161,914	\$ -	\$ 161,914	\$ 126,118
Emergency Reserve Held by Denver School District	62,947	-	62,947	39,039
Grants Receivable	44,967	-	44,967	56,752
Prepaid Items	42,729	-	42,729	-
TOTAL ASSETS	\$ 312,557	\$ -	\$ 312,557	\$ 221,909
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,430	\$ -	\$ 8,430	\$ 24,833
Deferred Revenues	22,352	-	22,352	54,437
TOTAL LIABILITIES	30,782	-	30,782	79,270
FUND BALANCES				
Reserved for Prepaid Items	42,729	-	42,729	-
Reserved for Emergencies	96,800	-	96,800	63,000
Unreserved, Reported in General Fund	142,246	-	142,246	79,639
TOTAL FUND BALANCES	281,775	-	281,775	142,639
TOTAL LIABILITIES AND FUND BALANCES	\$ 312,557	\$ -	\$ 312,557	\$ 221,909

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

Total Fund Balances of Governmental Funds	\$ 281,775	\$ 142,639
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,876,192	3,357,425
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	(2,440,619)	(2,708,194)
Net Assets of Governmental Activities	\$ 1,717,348	\$ 791,870

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

WEST DENVER PREPARATORY CHARTER SCHOOL

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	GENERAL	CAPITAL RESERVE	<u>TOTALS</u>	
			2009	2008
REVENUES				
Local Sources	\$ 3,415,797	\$ 90,300	\$ 3,506,097	\$ 2,084,949
State Sources	7,083	33,422	40,505	24,910
Federal Sources	119,547	-	119,547	300,064
 TOTAL REVENUES	 <u>3,542,427</u>	 <u>123,722</u>	 <u>3,666,149</u>	 <u>2,409,923</u>
EXPENDITURES				
Current				
Instruction	1,601,052	-	1,601,052	1,153,448
Supporting Services	756,668	-	756,668	546,899
Capital Outlay	735,787	-	735,787	1,103,902
Debt Service				
Principal	200,000	67,575	267,575	60,100
Interest	109,784	56,147	165,931	171,426
 TOTAL EXPENDITURES	 <u>3,403,291</u>	 <u>123,722</u>	 <u>3,527,013</u>	 <u>3,035,775</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 139,136	 -	 139,136	 (625,852)
OTHER FINANCING SOURCES				
Loan Proceeds	-	-	-	711,272
 NET CHANGE IN FUND BALANCES	 139,136	 -	 139,136	 85,420
FUND BALANCES, Beginning	<u>142,639</u>	<u>-</u>	<u>142,639</u>	<u>57,219</u>
FUND BALANCES, Ending	<u>\$ 281,775</u>	<u>\$ -</u>	<u>\$ 281,775</u>	<u>\$ 142,639</u>

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

Net Change in Fund Balances of Governmental Funds	\$ 139,136	\$ 85,420
---	------------	-----------

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$735,787 exceeded depreciation expense (\$217,020) in the current year.

	518,767	1,003,005
--	---------	-----------

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the government funds, but reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. This amount represents loan payments.

	<u>267,575</u>	<u>(651,172)</u>
--	----------------	------------------

Change in Net Assets of Governmental Activities	\$ <u>925,478</u>	\$ <u>437,253</u>
---	-------------------	-------------------

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

WEST DENVER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Denver Preparatory Charter School (the “School”) was formed in November, 2005, pursuant to the Colorado Charter Schools Act to form and operate a charter school, serving grades six through eight, within the Denver School District (the “District”). The School began classes in the Fall of 2006.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the School.

Based on the application of this criteria, the School does not include additional organizations within its reporting entity.

The School is a component unit of the District. The majority of the School’s funding is provided by the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

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

Major individual governmental funds are reported in separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

The School reports the following major governmental funds:

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

Capital Reserve - This fund is used to account for specific revenue sources that are restricted to capital purposes and the related expenditures.

Assets, Liabilities and Fund Balances/Net Assets

Cash and Investments - Investments are reported at fair value.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid expenses.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Buildings and Building Improvements 20 years

Deferred Revenues - Deferred revenues include grants that have been collected but the corresponding expenditures have not been incurred.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

Net Assets/Fund Balances - In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for these risks of loss.

Comparative Information

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

WEST DENVER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at June 30, 2009, follows:

Deposits	\$ (16,256)
Investments	<u>178,170</u>
Total	<u>\$ 161,914</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local governments deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Investments

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

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

Local Government Investment Pool - At June 30, 2009, the School had \$178,170 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

WEST DENVER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 3: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2009, are summarized below.

	<u>Balances</u> <u>6/30/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/09</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 1,126,891	\$ -	\$ 1,126,891	\$ -
Capital Assets, Being Depreciated				
Buildings and Improvements	2,477,722	1,862,678	-	4,340,400
Less Accumulated Depreciation				
Buildings and Improvements	(247,188)	(217,020)	-	(464,208)
Total Capital Assets, Being Depreciated, Net	<u>2,230,534</u>	<u>1,645,658</u>	<u>-</u>	<u>3,876,192</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,357,425</u>	<u>\$ 1,645,658</u>	<u>\$ 1,126,891</u>	<u>\$ 3,876,192</u>

Depreciation expense was charged to the supporting services program of the School.

NOTE 4: LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2009, were as follows.

	<u>Balances</u> <u>6/30/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/09</u>	<u>Due Within</u> <u>One Year</u>
Loans Payable	<u>\$ 2,708,194</u>	<u>\$ -</u>	<u>\$ 267,575</u>	<u>\$ 2,440,619</u>	<u>\$ 82,908</u>

On March 31, 2006, the School obtained two loans from Raza Development Fund, Inc., in the total amount of \$2,094,000, to purchase and remodel an educational facility. Loan principal of \$1,888,000 accrues interest at 7.07% per annum, and loan principal of \$206,000 accrues interest at 6.5% per annum. Principal and interest payments of \$14,717 and \$1,536, respectively, are due monthly, beginning November 1, 2006, with balloon payments due in 2014.

On August 6, 2007, the School obtained a loan from Raza Development Fund, Inc., in the amount of \$300,000, to expand and remodel the existing educational facility. Interest accrues on the loan at 7.35% per annum. Principal and interest payments of \$2,756 are due monthly beginning September 1, 2007, with a balloon payment due in 2014.

On April 28, 2008, the School obtained a second loan from Raza Development Fund, Inc., in the amount of \$411,272, to continue the expansion and remodeling of the existing educational facility. Interest accrues on the loan balance at the rate of 6%. Interest payments were due monthly beginning April 28, 2008. On November 16, 2008, the School paid \$200,000 on the loan and converted the remaining balance of \$411,272 to monthly payments of \$1,603, with a balloon payment of \$159,900 due in November, 2014.

WEST DENVER PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 4: LONG-TERM DEBT (Continued)

Loan payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 82,908	\$ 164,123	\$ 247,031
2011	88,707	158,625	247,332
2012	94,917	152,415	247,332
2013	87,954	131,822	219,776
2014	<u>2,086,133</u>	<u>41,690</u>	<u>2,127,823</u>
Total	<u>\$ 2,440,619</u>	<u>\$ 648,675</u>	<u>\$ 3,089,294</u>

NOTE 5: PENSION PLAN

Denver Public Schools Retirement System

Plan Description - The School contributes to the Denver Public Schools Retirement System (the “System”), a cost-sharing multiple-employer defined benefit pension plan (the “Plan”), to provide defined retirement, death, and disability benefits to Plan members and beneficiaries. The System issues a publicly available financial report that includes financial statements and required supplementary information. A copy of the report may be obtained at the System’s office at 3700 East Alameda Avenue, Suite 400, Denver, CO 80209.

Funding Policy - The actuary of the System issues an annual report as of January 1 of each year which establishes the annual required contribution rate of the Plan. The School adopts changes in the contribution rates based on the funding policy approved by the District’s Board of Education. The contribution rate for members was 8% of covered payroll. The contribution rate for the School for the years ended June 30, 2009, 2008 and 2007 was 7.58%, 12.83% and 11.14%, respectively, of covered payroll. During the years ended June 30, 2009, 2008 and 2007, the School contributed \$85,319, \$65,476 and \$48,600, respectively, to the Plan, equal to the required contributions for each year.

Taxable Pension Certificates of Participation (PCOPs)

The District has issued Taxable Pension Certificates of Participation (the “PCOPs”) to fully fund the unfunded actuarial accrued liability (the “UAAL”) of the Plan. Full funding of the UAAL reduced the employer contribution rate. For the years ended June 30, 2009, 2008 and 2007, the School contributed 13.72%, 12.13% and 11.89% of covered payroll, respectively, to the District to cover its obligation relating to the PCOPs.

During the years ended June 30, 2009, 2008 and 2007, the School contributed \$139,670, \$101,619, and \$51,877, respectively, to the District towards its PCOPs obligation.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 6: COMMITMENTS AND CONTINGENCIES

Claims and Judgements

The School participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If these expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. At June 30, 2009, significant amounts of grant expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the Amendment. The Amendment requires state and local governments to establish an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2009, the District held \$62,947 on behalf of the School for this reserve. In addition, the School has reported restricted net assets and a reservation of fund balance in the General Fund for this reserve.

REQUIRED SUPPLEMENTARY INFORMATION

WEST DENVER PREPARATORY CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Per Pupil Operating Revenue	\$ 2,108,454	\$ 2,233,406	\$ 2,233,406	\$ -
Mill Levy	30,091	30,091	30,091	-
Grants and Contributions	104,503	1,130,037	1,150,579	20,542
Investment Earnings	-	-	1,721	1,721
Total Local Sources	<u>2,243,048</u>	<u>3,393,534</u>	<u>3,415,797</u>	<u>22,263</u>
State Sources				
Grants	-	-	7,083	7,083
Federal Sources				
Grants	<u>121,787</u>	<u>121,787</u>	<u>119,547</u>	<u>(2,240)</u>
TOTAL REVENUES	<u>2,364,835</u>	<u>3,515,321</u>	<u>3,542,427</u>	<u>27,106</u>
EXPENDITURES				
Current				
Salaries	1,161,236	1,165,986	1,262,402	(96,416)
Employee Benefits	416,465	419,354	336,556	82,798
Purchased Services	458,409	573,653	519,523	54,130
Supplies and Materials	143,753	149,753	162,893	(13,140)
Property	6,500	76,550	66,774	9,776
Other	1,000	46,709	9,572	37,137
Capital Outlay	-	743,662	735,787	7,875
Debt Service				
Principal	39,928	200,000	200,000	-
Interest	<u>104,209</u>	<u>128,467</u>	<u>109,784</u>	<u>18,683</u>
TOTAL EXPENDITURES	<u>2,331,500</u>	<u>3,504,134</u>	<u>3,403,291</u>	<u>100,843</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,335	11,187	139,136	127,949
FUND BALANCE, Beginning	<u>52,838</u>	<u>126,119</u>	<u>142,639</u>	<u>16,520</u>
FUND BALANCE, Ending	<u>\$ 86,173</u>	<u>\$ 137,306</u>	<u>\$ 281,775</u>	<u>\$ 144,469</u>

See the accompanying Independent Auditors' Report.

WEST DENVER PREPARATORY CHARTER SCHOOL

BUDGETARY COMPARISON SCHEDULE

CAPITAL RESERVE FUND

Year Ended June 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources				
Per Pupil Operating Revenue	\$ 90,300	\$ 90,300	\$ 90,300	\$ -
State Sources				
Capital Construction	<u>27,000</u>	<u>33,422</u>	<u>33,422</u>	<u>-</u>
TOTAL REVENUES	<u>117,300</u>	<u>123,722</u>	<u>123,722</u>	<u>-</u>
EXPENDITURES				
Debt Service				
Principal	66,928	77,592	67,575	10,017
Interest	<u>50,372</u>	<u>46,130</u>	<u>56,147</u>	<u>(10,017)</u>
TOTAL EXPENDITURES	<u>117,300</u>	<u>123,722</u>	<u>123,722</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the all funds of the School on a basis consistent with generally accepted accounting principles.

A proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year end.

As stipulated in State statutes, expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.