



Aspire Public Schools

Organizational Update

and

Quarterly Financial Report¹

**For the three months and six months ending
December 31, 2014 and 2013**

February 13, 2015

¹ Financials unaudited.

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Aspire Public Schools CEO Message

I'm pleased to report on the second quarter of Aspire's 16th year delivering a College for Certain education:

- As a testament to its national impact and effectiveness, the Aspire Teacher Residency program was featured on the front page of *The New York Times* in October. K-12 education reporter Motoko Rich followed three Aspire residents for a year, tracking their progression through the program, culminating in their hiring as full-time teachers. This is a huge recognition of the program's results.
- Aspire was awarded a U.S. Department of Education Charter School Program (CSP) replication and expansion grant in the amount of nearly \$8.2M. This grant will provide start-up capital for our current expansion plans in Tennessee, which include opening a total of 10 schools in Memphis. This is Aspire's second CSP award, both of which were the result of a highly competitive application process.
- We published a book that highlights the successes and lessons learned from Aspire's process of transforming schools to blended learning (<http://aspirepublicschools.org/sharing-practices/blended-learning/go-blended/>). Aspire's Director of Innovative Learning wrote "*Go Blended! A Handbook for Blending Technology in Schools*," as another example of our commitment to sharing our best practices with other schools and educators. We hope this book will serve as a resource for teachers nationwide seeking to use blended learning to help their students learn.
- A study of the Aspire Teacher Residency (ATR) was published in November by Urban Teacher Residency United (UTRU), an Aspire partner and national leader in teacher residencies. The UTRU study highlights the distinguishing features of the ATR that have made it successful, and the data showing that Aspire teachers who've completed the ATR are evaluated as more effective at higher rates than other first-year teachers.
- The charters for two new Aspire schools in Richmond, California, were approved by the West Contra Costa Unified School District. These elementary and secondary schools will open in fall 2015 and serve a total of 700 students by FY18, giving Richmond families unprecedented high-quality public school options and creating a complete K-12 feeder pattern for the community. Although we serve many students in our Bay Area schools who live in Richmond, these will be the first Aspire schools to open in this high-need community.
- The L.A. Unified School District approved the charter renewals for Aspire Pacific Academy, Aspire Firestone Academy, and Aspire Gateway Academy. Pacific was our first high school in L.A. County, and recently graduated our first students from Los Angeles and sent them off to college. Pacific's charter renewal marks an important milestone for our 10 years of work in LA -- and the beginning of the next chapter as we work to build a K-12 pathway for all Aspire students. Firestone and Gateway were also historic renewals as part of the first charter schools selected to be part of the district's Public School Choice program. Their renewal is a vote of confidence by the district in Aspire's performance as a key district partner in this nationally unique partnership between a large urban district and high performing charter organizations.

Finally, after what will be over eight years at Aspire, and six as CEO, I will turn over leadership of Aspire to the next CEO at the end of October. The Aspire Board has begun a nationwide search for my successor. Until this transition is complete, I will continue to be completely engaged in moving our College for Certain mission forward. I've had the privilege of working with the incredible team inside of Aspire, and a deep support team of investors and other supporters outside the organization. I'm honored to have had the opportunity to work tirelessly with all of you on behalf of students everywhere. The quality of our team and the depth of your support and commitment to our mission will ensure that Aspire will continue to grow its national impact for years to come.

Thank you as always for your continued support. College for Certain!

James Willcox
Chief Executive Officer

Organizational Update – Q2, FY15
Strategies, Priorities and Key Initiatives

In FY13, Aspire adopted a five-year plan governing its programming and operations, with longer-term (5-year) Strategies and shorter-term (2-5 year) Priorities (formerly known as Must Achieves). Aspire's strategies and priorities tie directly to Aspire's mission and guide its efforts to deliver on its mission and vision. Strategies are the organization's long-term approach to furthering our mission, and priorities outline where the organization will focus and direct resources over the shorter term. Aspire sets annual metrics within each priority area.

Aspire leadership revisits its Strategies and Priorities each year to ensure that they continue to capture the initiatives essential to making each student college-ready. In FY14, Aspire revised its Strategies and **Priorities for FY15 and those are detailed below, along with highlights from Q2 of FY15 on key initiatives within each strategy and priority area.**

Strategy #1: <u>College Readiness</u>. Increase the number of college-ready Aspire graduates.
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Priorities:

- Achieve meaningful gains in Aspire students' **college readiness** levels by **aligning Aspire instruction** with the **Common Core State Standards (CCSS)** and **Next Generation Science Standards (NGSS)**.
- Increase the percentage of **9th grade cohort** that graduates from Aspire schools.
- Use an **equity** lens to examine Aspire policies, practices, and systems at Aspire to strive for all groups to increase access and benefit from Aspire's work.

Update on Key Initiatives:

Gains in College Readiness by Aligning Instruction with CCSS and NGSS.

CCSS. In order to prepare students for college, Aspire has been developing its students' writing skills in alignment with the CCSS. Teachers will receive more than 20 hours of professional development on the teaching of writing throughout this school year. Two different Aspire-wide writing assessments will be used to measure student progress.

NGSS. As reported for Q1, Aspire is participating in a 4-year California NGSS K-8 Early Implementation Initiative developed by the K-12 Alliance at WestEd. In Q2, Aspire's Core NGSS Leadership Team, consisting of science teachers, instructional coaches, and two principals attended a training hosted by the Alliance, focused on how best to prepare teachers organization-wide to teach the NGSS.

Blended Learning's Role.

- Aspire's California elementary school students are preparing to take the state CCSS-aligned Smarter Balanced Assessment Consortium (SBAC) tests this spring, which will be administered 100 percent online. Aspire believes that the additional exposure to computers that blended learning conversion has given Aspire students (as well as more differentiated instruction throughout the school day) will have a very positive effect on

their ability to successfully navigate the shift to a test that is given completely online state assessment.

Blended Learning School Openings and Conversions.

- Aspire completed its implementation of blended learning at Aspire Firestone Academy in South Gate in the fall, with all classrooms now completely converted to blended learning.
- Aspire is planning for the opening of a new school facility for Aspire Antonio Maria Lugo in Huntington Park (L.A. County) this fall as a blended learning school. In addition, Aspire is opening a new elementary school in Richmond, California, in the fall as a blended learning school, and is preparing that facility as well. By the fall, Aspire will have a total of 13 blended learning schools.

Increasing 9th Grade Cohort Retention. Aspire continues to successfully retain more of its 9th grade students through additional supports and a close examination of grading policies and data. Fewer and fewer students are receiving D's and F's, and as this trend continues it has a positive impact on retaining more and more 9th graders at Aspire schools until they graduate.

Equity.

- The organization has aligned on five leading-for-equity competencies designed by the National Equity Project – Equity Consciousness, Socio-Emotional Leadership, Facilitative Leadership, Design Leadership and Instructional Leadership. Learning and professional development sessions will develop these competencies.
- The Aspire Senior Leadership Team, Principals, Home Office Directors, and Coaches received a series of equity learning and professional development sessions, co-created by members of Aspire and the National Equity Project.
- Equity Advisory Committees for both Principals and Home Office Directors have been formed to provide guidance and leadership on the roll-out of equity learning sessions and efforts related to the work.
- Regions, led by the California Area Superintendents and Memphis Executive Director, have started discussions about “safe to learn” cycles, where regions identify and tackle an equity issue as a region, and prototype possible solutions to further the organization’s learning on how to address specific equity issues.
- Individual school teams continue to identify and tackle equity issues related to their students and school communities.

Strategy #2: People. Develop highly effective educators in every classroom. Ensure Aspire is a destination for top talent.

Priorities:

- Recruit, retain and promote a **high-caliber workforce** that is more reflective of the communities that we serve.
- Support and challenge all teammates with **evaluation and career pathway systems**.
- Build and maintain a leadership pipeline at all levels of the organization.
- Achieve high levels of affiliation.

Update on Key Initiatives:

High-Caliber Workforce.

- The Talent Team spent much of October and November leading teacher and principal focus groups with its HR Managers for the Employee Value Proposition project. Aspire worked with consultants from Achieve Mission to work with employees in small anonymous groups for information about why they came to work at Aspire, what keeps them at Aspire, and what would cause them to leave. This work will ultimately contribute to the formation of Aspire’s Employee Value Proposition, contributing strongly to how Aspire recruits, retains and achieves a high level of cultural affiliation in the organization.
- In addition to this work, December marks the first of two seasonal deadlines for applicants to the Aspire Teacher Residency program. The number of applicants was up by 50% over the same time last year, and the quality of applicants was outstanding. HR and ATR staff selected 90 candidates for interviews.

Evaluation and Career Pathway Systems.

1. **All-Staff Evaluation.** Aspire drafted its Employee Value Proposition and Compensation Philosophy and began to draft salary bands that correspond to career pathways and evaluations.
2. **The College-Ready Promise (TCRP) – Evaluation and Development of Teachers to Improve Their Effectiveness**
 - In September, Aspire launched the third year of its Teacher Leadership program. This program provides teachers with the opportunity to apply for a variety of leadership opportunities based on their effectiveness data. For example, effective teachers are eligible to serve as a Common Core Driver. In this role, teachers receive additional training from Instructional Coaches on how best to implement the Common Core State Standards within their content area.
 - In November, all Aspire teachers received their teacher effectiveness data based on the 2013-2014 school year and were placed on the newly-created effectiveness-based salary schedule.

3. Aspire Teacher Residency

- As a testament to its national impact and effectiveness, the Aspire Teacher Residency program was featured on the front page of *The New York Times* in October 2014. K-12 education reporter Motoko Rich followed three Aspire residents for a year, tracking their progression through the program, culminating in their hiring as full-time teachers. This is a huge recognition of the strong results of the program.
- 25 residents from the 2013-14 residency cohort are currently teaching in 15 Aspire schools throughout California and in Memphis. Fifty percent of residents represent the communities Aspire serves, helping Aspire to continue building a diverse workforce.
- This year, the program has expanded to 37 residents, including 33 residents training in California, seven of whom will go on to teach in Memphis, plus four residents training in Memphis. Aspire is currently interviewing candidates for 55 residency positions for the 2015-2016 residency cohort and has begun selecting residents, who will serve across Aspire four regions in California and Memphis.
- Aspire has developed a multi-year plan to expand ATR into a fully self-sustainable entity called Aspire University, designed to lead ATR and eventually provide masters degrees and credentialing. Aspire recently hired a Chancellor of Operations and Compliance to lead this initiative, alongside Aspire's Chief People Officer.

4. Aspire Principal Residency

- This year's Resident Cohort attended several seminar and webinar professional development trainings, and completed instructional rounds alongside with Aspire principals through in various classrooms at the December Principal Meeting in the Los Angeles region.
- During the months of October and December, both Memphis and California regions hosted the first round of Principal Resident interviews for next year. Aspire plans to hire 10-12 residents for the 2015-16 school year.

Leadership Pipeline. Aspire leaders participated in exceptional leadership training opportunities with Deloitte, a top management consulting firm, and the National Equity Project (NEP).

- Aspire principals participated in Deloitte's *From Insight to Action*, a professional development program consisting of Deloitte's robust leadership development curriculum with a focus on relationship-building, communication, and influence.
- Aspire has adopted leading-for-equity competencies designed by the NEP. Future professional development sessions will develop these competencies. In addition, the Senior Leadership Team, Principals, Home Office Directors, and Coaches received a series of equity learning and professional development sessions, co-created by members of Aspire and the NEP.

Team Affiliation. Affiliation remains high, with over 90% of teammates responding positively to affiliation questions in the mid-year survey. Aspire rolled out a new vacation policy in late fall, and is working to better understand issues and options of work/life balance for all teammates.

Strategy #3: Financial Stewardship. Secure and manage reliable and renewable financial resources to achieve our strategies.

Priorities:

- Ensure that every school has a **balanced, multi-year budget**.
- Meet the **Annual Fund milestones** to ensure multi-year grant commitments.
- Reduce the **Home Office** deficit and evolve Home Office into a national support system.

Update on Key Initiatives:

School Budgets.

- Schools are meeting their enrollment and attendance rate targets, including Aspire’s new and expanding schools in Tennessee. All schools are spending at or below their budgeted expenses to date.
- In California, Aspire schools are receiving additional revenue of \$900 per student in FY15 as a result of the Local Control Funding Formula. Schools are using these funds to address longstanding needs at the school level, and rebuild school site programs cut during the California budget crisis.
- A new campus and charter for Aspire California College Preparatory Academy will allow the school to increase enrollment and achieve financial sustainability.
- The finance team continues to work with principals on 3 to 5-year budgets to sustain the teacher effectiveness work currently funded by federal grants and private philanthropy.

Annual Fund Milestones.

- To ensure its continued financial sustainability, Aspire plans to increase its Annual Fund goal to \$5.5 million from a diversified group of funders by FY18. This year, Aspire’s target is \$3.9 million.
- In Q2 FY15, Aspire raised \$1.6 million, approximately 41% of its target.
- Aspire is in the process of hiring a new Director of Individual Giving/Major Gifts Officer to manage its ever-growing base of individual donors and prospects, currently 292 individuals. The Director of Individual Giving/Major Gifts Officer will direct strategy for cultivating potential funders and manage relationships with existing supporters.

- Aspire released its first annual *School Year In Review* for 2013-14 in November. The report details Aspire’s significant accomplishments in academic achievement, college preparation, teacher development and effectiveness, and fiscal responsibility.
- Aspire has scheduled its second annual fundraising event for Wednesday, May 20th, 2015 in San Francisco. The Advancement team is planning event details, pursuing options for sponsorship and financial support, and identifying outstanding students and key supporters for recognition at the event.

Home Office. The following 3-prong decision was made to start evolving the national support structure and reduce the Home Office deficit:

- Realize high-impact cost-saving changes in the Home Office budget.
- Gradually increase the Home Office fee from 7% to 8% over the next two years and better define baseline supports provided to all school sites and regions.
- Implement a 5% regional fee that would allow California Area Superintendents and the Memphis Executive Director, with significant input from principals, to determine what differentiated support is needed, above baseline support, based on regional needs. This fee will be phased in over the next three years. With this fee, regions will gain more decision-making authority about the supports needed for and provided to the region.

Strategy #4: Catalyze Change. Further our impact by opening new schools where the opportunity for catalytic impact is greatest. Support scalable opportunities to share successful practices.

Priorities:

- Grow the Memphis region in partnership with the city.
- Develop and support strategic partnerships to more widely share practices, processes and systems.

Update on Key Initiatives:

Memphis Region.

- The Memphis region’s current enrollment is 1,120 students, up from approximately 700 students last year. Aspire anticipates adding approximately 125 students next year, by adding 6th grade at Aspire Coleman and 7th grade at Aspire Hanley 1 and 2.
- Although Aspire was approved for a Shelby County Schools (SCS) charter, it does not plan to open a school with the district at this time because there is currently no acceptable, and financially feasible, facilities solution. Without publicly or privately purchased facilities, , Aspire plans to grow its current schools and ensure that it is investing in quality, instead of diverting funds for programs into the purchase and development of school facilities.

Strategic Partnerships.

- Aspire successfully incubated and launched Schoolzilla in 2013, as an independent Education Tech data analysis company. Schoolzilla is a comprehensive data warehousing and visualization platform that connects and optimizes data from disparate data sources, and transforms it into timely, accurate, and easily accessible dashboards for educators and administrators. Schoolzilla now helps increase student achievement for over 1 million students, and reflects Aspire's commitment to sharing successful practices with school systems nationwide.
- Aspire continued its partnership with charter operators Achievement First and YES Prep to lead a cohort of 12 public charter school networks for the Charter Network Accelerator. Aspire's CEO and Chief People Officer dedicated several days to working with several networks in Minneapolis and Philadelphia along with Achievement First and YES Prep.
- Aspire is a member of the Lumicore Group, an affiliation of high-performing charter operators receiving support from the Bill & Melinda Gates Foundation. With Lumicore Group grant funding, Aspire began a pilot of a professional development digital badging project that will build teachers' skills and knowledge of best instructional practices to help English learners master the rigorous English Language Arts standards of the Common Core, hiring a Project Manager and curating content for the first three badges.
- Aspire is a member of 100Kin10, a multi-sector network of partners committed to training and retaining 100,000 excellent science, technology, engineering and math teachers by 2021. Aspire continued to partner with 100Kin10 through collaborative problem-solving and analysis, and promotion of events.
- Aspire is a member of a residency network helmed by Urban Teacher Residency United (also a 100Kin10 partner). As a member, Aspire problem-solves with peer organizations, participates in symposia, and attends and hosts instructional rounds. As noted above, a study of the Aspire Teacher Residency (ATR) was published in November by Urban Teacher Residency United (UTRU), an Aspire partner and national leader in teacher residencies. The UTRU study highlights the distinguishing features of the ATR that have made it successful, and the data showing that Aspire teachers who've completed the ATR are evaluated as more effective at higher rates than other first-year teachers.

Financial Discussion

I. Overview

- For the six months ending December 31, 2014, Earnings before Interest, Depreciation and Amortization (EBIDA) were \$15.4 million versus \$11.0 million for December 31, 2013.
- Enrollment grew this year by approximately 1,100 students, and we have met our budgeted enrollment targets. Enrollment at December 31, 2014 was 14,683, which is 9% higher than the same period one year ago.
- Our state per pupil revenues increased by \$900 per student since last year due to the continued roll-out of California's Local Control Funding Formula. This year's surplus is being used on direct school programs, and salary (COLA) and benefit increases across the organization.
- Expenses are on track with budget. Overall expenses are \$8.9 million higher than a year ago due to enrollment growth in our California and Tennessee schools. We also used one-time grant funds to invest in our professional development for teachers and school leaders (~\$1 million of the \$8.9 million increase).
- Aspire ended the quarter with \$43.1 million in cash. Cash is greater because there have been no state funding deferrals and the organization's cash reserves have increased over the last two years.
- During the second quarter, Aspire received \$1.4 million in debt forgiveness and paid down \$0.7 million of debt and ended the quarter with \$115.5 million in debt. Over the next year, through December 31, 2015, the organization is scheduled to make \$2 million in principal payments and \$5.7 million in interest payments. Aspire has sufficient funds to meet these obligations.
- Aspire closed an annual line of credit facility with Umpqua Bank for up to \$10 million. This line of credit will increase the organization's flexibility in managing its cash resources should state revenue deferrals begin again in the future, and provide possible bridge financing for capital projects.

II. Enrollment and Average Daily Attendance

- Enrollment at December 31, 2014 was 14,683 compared to 13,569 at December 31, 2013, a growth of approximately 600 students in Memphis and 500 students in California. We added one new school in Memphis serving Pre-K to 5th grade. In California, the growth in enrollment came from our existing secondary schools, not from the opening of a new school.
- Attendance percentages are ahead of expectations in California. Budgeted ADA is 96.1% for the year. Actual ADA is 96.5% for the second quarter. (In Tennessee, state funding is calculated based on enrollment and not attendance).

III. Revenues

- Actual YTD revenues at December 31, 2014 are \$79.8 million, which is 20% higher than the comparable amount one year ago. The majority of the increase is from higher per-ADA revenues from LCFF and Prop 30 revenues and a significant increase in enrollment. In addition:
 - Federal program funding is higher by \$0.8 million after the second quarter as compared to a year ago. This increased funding came from the TIF grant (Teacher Incentive Fund) and was used to pay for targeted professional development for our school leaders over the summer.
 - Federal and state nutrition funding increased by \$0.58 million this year, because of the addition of five new school sites to Aspire's breakfast and lunch program.
- Donations and Grants are \$2 million higher after the second quarter as compared to a year ago. Several grants were received in October 2014. Aspire anticipates meeting its budgeted revenue for donations and grants.

IV. Expenses

- Actual YTD expenses at the schools are \$57.6 million. This is 13% higher than one year ago and on-budget. The growth in school expense is driven by the increased enrollment (new staff, furniture, supplies, technology) and COLA adjustments for existing staff. The growth in total expenses is less than the growth in total revenues.
- Home office expenses after the second quarter are \$10.5 million, which is \$2.6 million higher than a year ago. The increase is due to one-time expenditures paid for with grant funds (Teacher Incentive Fund) as explained above.

V. Balance Sheet

- Aspire ended the quarter with \$43.1 million of cash, an increase of \$10 million from last year. This increase is driven by the fact that there have been no state deferrals this year to date, and Aspire has increased its operating cash reserves over the last two years. Approximately \$14 million of the \$43.1 million is restricted funds for construction and improvement projects on our facilities.
- During the quarter, Aspire did not add any new debt. Aspire received \$1.4 million in principal debt forgiveness. Debt pay downs of \$0.7 million were also made.
- Accounts receivable is \$23.2 million at December 31, 2014. \$20 million of this balance is collectible within 30-60 days; the balance is as per Aspire's internal expectations, knowing the cyclical nature of state and federal funding.

- Restricted cash of \$3.3 million is set aside to make debt and interest payments on Aspire's 2010 Bond issue. On January 1, 2015 an interest payment of \$2.8 million was made.
- The organization had \$12.9 million in current liabilities at December 31, 2014 versus \$15.2 million at September 30, 2014. The decrease is from a payoff of accounts payable of \$1.5 million and the reduction of \$0.6 million in current debt due to payments made in the quarter.

VI. Other Charter Updates

- Five charter renewals have been completed this year thus far, including:
 1. Aspire Gateway Academy
 2. Aspire Firestone Academy
 3. Aspire Pacific Academy
 4. Aspire Rosa Parks Academy
 5. Aspire Berkley Maynard Academy
- Aspire has been awarded charters for two new schools in West Contra Costa Unified School District.
- Aspire received a charter approval from Shelby County Office of Education in Tennessee. Shelby County serves as an additional charter authorizer for Aspire in Tennessee, in addition to the Achievement School District.

Quarterly Financial Statements
Unaudited Consolidated Balance Sheet

	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Assets		
Cash & Equivalents	\$ 43,052,743	\$ 39,390,319
Restricted Cash	3,285,457	3,695,292
Accounts Receivable	23,201,645	24,481,110
Pledges Receivable	3,812,789	6,014,287
Prepaid Expenses	676,614	257,053
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Total Current Assets	74,029,248	73,838,060
 Non-Current Assets		
Restricted Cash	7,675,967	7,757,821
Pledges Receivable	830,512	830,512
Property & Equipment (net)	135,082,672	136,490,660
Other Assets (net)	4,353,918	4,470,487
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Total Non-Current Assets	147,943,069	149,549,481
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Total Assets	\$ 221,972,317	\$ 223,387,541
	=====	=====
Liabilities & Net Assets		
Accounts Payable	3,665,650	6,581,608
Accrued Expenses	6,618,675	8,040,736
Deferred Revenue	500,000	-
Capital Leases	645,000	635,000
Debt	1,447,920	2,070,896
	-----	-----
Total Current Liabilities	12,877,245	17,328,240
 Non-Current		
Deferred Rent Due	724,155	695,531
Capital Leases	15,662,500	15,990,000
Debt	114,135,921	116,745,506
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Total Liabilities	143,399,821	150,759,278
 Net Assets		
Beginning Net Assets	72,628,263	54,427,024
Change in net assets	5,944,232	18,201,240
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Ending Net Assets	78,572,496	72,628,264
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Total Liabilities & Net Assets	\$ 221,972,317	\$ 223,387,541
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Note: Certain items have been reclassified to conform with current period presentation.

Unaudited Consolidated Statement of Activities

	Six Months Ended December 31		Three Months Ended December 31	
	2014	2013	2014	2013
Active Schools	38	37	38	37
Enrollment	14,683	13,569	14,683	13,569
Average Daily Attendance %	96.5%	96.7%	96.5%	96.7%
ADA	14,174	13,120	14,174	13,120
Revenues				
State ADA-Based	\$ 55,740,041	\$ 45,594,378	\$27,988,907	\$22,740,213
<i>Per ADA (Annualized)</i>	7,865	6,951	7,899	6,933
Other State	4,353,489	4,887,838	2,029,948	3,461,251
Total State Revenues	60,093,530	50,482,217	30,018,855	26,201,464
Federal Programs	7,785,556	6,978,171	3,839,658	3,764,135
Special Education	4,220,224	3,966,285	2,136,889	1,952,524
Food Programs	2,240,870	1,664,122	1,313,708	981,599
Local	673,082	611,006	400,365	328,970
Donations & Grants	4,722,087	2,764,450	4,186,332	1,292,848
Other Income	78,652	107,928	64,058	47,080
Total Revenues	79,814,001	66,574,179	41,959,865	34,568,621
Expenses				
<i>Schools</i>				
Payroll & Benefits	43,372,238	39,689,147	22,948,700	21,684,725
Operating	14,260,360	11,466,872	7,013,725	5,702,217
Total School Expenses	57,632,598	51,156,019	29,962,425	27,386,942
<i>Home Office</i>				
Payroll & Benefits	7,133,880	6,165,909	3,414,340	3,173,747
Operating	3,399,886	1,776,118	1,423,086	760,266
Total Home Office Expenses	10,533,766	7,942,027	4,837,426	3,934,013
Total Expenses	68,166,364	59,098,045	34,799,851	31,320,955
CY Expenses with PY Revenues	(3,737,051)	(3,524,591)	(1,378,141)	(2,322,216)
Total Expenses for EBIDA	64,429,314	55,573,455	33,421,710	28,998,739
Earnings Before Interest & Depreciation	15,384,688	11,000,725	8,538,155	5,569,882
Other (Income) Expense				
Depreciation & Amortization	2,682,209	2,203,397	1,334,416	1,125,465
Interest	3,371,195	3,327,632	1,682,635	1,663,712
Other (Income) Expense	-	(68)	-	(83)
CY Expenses with PY Revenues	3,737,051	3,524,591	1,378,141	2,322,216
Net Other	9,790,455	9,055,551	4,395,192	5,111,309
Net Funds Provided (Used)	5,594,232	1,945,173	4,142,963	458,573
Special Multi-Year Revenues	350,000	8,753,050	350,000	3,094,817
Total Funds Provided	\$5,944,232	\$10,698,223	\$4,492,963	\$3,553,390

Note: Certain items have been reclassified to conform with current period presentation.

Unaudited Consolidated Statement Of Changes In Cash

	<u>Six Months Ended December 31</u>		<u>Three Months Ended December 31</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Operating Activities				
Total Funds Provided	\$ 5,944,232	\$ 10,698,223	\$ 4,492,963	\$ 3,553,390
Depreciation & Amortization	2,682,209	2,203,397	1,334,416	1,125,465
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Provided By Operating Activities	8,626,441	12,901,620	5,827,379	4,678,855
Current Balance Sheet Accounts				
Restricted Cash	409,835	(480,401)	(1,642,771)	(1,641,449)
Accounts Receivable	1,279,465	13,824,932	1,285,319	2,380,118
Pledges Receivable	2,201,498	(2,767,500)	(184,500)	2,888,160
Prepaid Expenses	(419,561)	368,302	(225,720)	34,490
Accounts Payable	(2,915,958)	(4,030,336)	(1,526,086)	(1,201,296)
Accrued Expenses	(1,422,061)	88,504	(147,718)	1,517,178
Deferred Revenue	500,000	535,000	(100,000)	535,000
Capital Leases	10,000	12,500	5,000	6,250
Debt	(622,976)	(2,496,240)	(575,894)	(162,428)
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Net Current Changes	(979,759)	5,054,760	(3,112,370)	4,356,023
Non-Current Balance Sheet Accounts				
Restricted Cash	81,855	1,495	(369)	(2,932)
Pledges Receivable	-	-	-	-
Property & Equipment (net)	1,407,988	(4,011,963)	882,131	(784,149)
Other Assets (net)	116,569	189,722	58,285	47,014
Depreciation & Amortization	(2,682,209)	(2,203,397)	(1,334,416)	(1,125,465)
Deferred Rent Due	28,624	33,446	14,312	33,447
Capital Leases	(327,500)	(317,500)	(163,750)	(158,750)
Debt	(2,609,585)	(83,103)	(1,554,168)	1,408,517
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Net Non-Current Changes	(3,984,258)	(6,391,300)	(2,097,975)	(582,318)
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Net Change In Cash	3,662,424	11,565,081	617,034	8,452,560
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Beginning Cash	39,390,319	21,600,698	42,435,709	24,713,218
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Ending Cash	\$ 43,052,743	\$ 33,165,779	\$ 43,052,743	\$ 33,165,779
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Note: Certain items have been reclassified to conform with current period presentation.