

**FRESNO CHRISTIAN SCHOOLS
ENTITIES**

Fresno, California

**COMBINED FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

For the fiscal year ended August 31, 2007

FRESNO CHRISTIAN SCHOOLS ENTITIES
COMBINED FINANCIAL STATEMENTS
For the year ended August 31, 2007

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Kenneth W. Savage, CPA

INDEPENDENT AUDITOR'S REPORT

November 7, 2007

To the Boards of Directors
Fresno Christian Schools and
Fresno Christian Educational Foundation
Fresno, California

I have audited the accompanying combined statements of financial position of Fresno Christian Schools Entities as of August 31, 2007, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I have conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Fresno Christian Schools Entities as of August 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the combined financial statements referred to in the first paragraph taken as a whole. The accompanying information on pages 15 to 20 is presented for purposes of additional analysis and is not a required part of the above combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements referred to above; and, in my opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Savage & Company

Savage & Company
Certified Public Accountant

FRESNO CHRISTIAN SCHOOLS ENTITIES

Combined Statement of Financial Position

August 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 835,910	\$ 155,643	\$	\$ 991,553
Accounts receivable	22,591			22,591
Current portion of charitable trust receivable (discounted)	20,433			20,433
Prepaid/Deferred expenses	84,025			84,025
Deposits	5,978			5,978
TOTAL CURRENT ASSETS	<u>968,937</u>	<u>155,643</u>		<u>1,124,580</u>
NONCURRENT RESTRICTED ASSETS				
Cash restricted for tuition assistance and building		719,071		719,071
Investments restricted for tuition assistance		48,826		48,826
Charitable trust receivable, less current portion (discounted)	212,277			212,277
Investments restricted for scholarship and teacher endowment			82,200	82,200
TOTAL NONCURRENT RESTR. ASSETS	<u>212,277</u>	<u>767,897</u>	<u>82,200</u>	<u>1,062,374</u>
PROPERTY AND EQUIPMENT				
Land and improvements	516,307			516,307
Buildings	2,615,004			2,615,004
Portable structures	0			0
Equipment	219,606			219,606
Site improvements	361,869			361,869
Furniture and fixtures	2,492			2,492
Textbooks	170,802			170,802
Library books	33,182			33,182
Vehicles	12,126			12,126
Software	50,643			50,643
Construction in progress	78,855			78,855
	4,060,886			4,060,886
Less: Accumulated depreciation	(1,164,743)			(1,164,743)
TOTAL PROPERTY AND EQUIPMENT	<u>2,896,143</u>			<u>2,896,143</u>
OTHER ASSETS				
Debt issuance costs, net of accumulated amortization of \$34,532	124,848			124,848
Investment in Cornerstone Company	18,433			18,433
Cash surrender value of life insurance		3,045		3,045
TOTAL OTHER ASSETS	<u>143,281</u>	<u>3,045</u>		<u>146,326</u>
TOTAL ASSETS	<u>\$ 4,220,638</u>	<u>\$ 926,585</u>	<u>\$ 82,200</u>	<u>\$ 5,229,423</u>

<u>LIABILITIES AND NET ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CURRENT LIABILITIES				
Current maturities of long-term debt	\$ 81,000	\$	\$	\$ 81,000
Accounts payable	38,247	7,960		46,207
Accrued interest payable	47,918			47,918
Deferred income	1,492,532			1,492,532
TOTAL CURRENT LIABILITIES	1,659,697	7,960		1,667,657
LONG-TERM DEBT, LESS CURRENT MATURITIES	2,072,000			2,072,000
TOTAL LIABILITIES	3,731,697	7,960		3,739,657
NET ASSETS				
Permanently restricted:			82,200	82,200
Temporarily restricted:		918,625		918,625
Unrestricted:				
Net investment in property and equipment	695,225			695,225
Undesignated	(206,284)			(206,284)
TOTAL NET ASSETS	488,941	918,625	82,200	1,489,766
TOTAL LIABILITIES & NET ASSETS	<u>\$ 4,220,638</u>	<u>\$ 926,585</u>	<u>\$ 82,200</u>	<u>\$ 5,229,423</u>

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

FRESNO CHRISTIAN SCHOOLS ENTITIES

Combined Statement of Activities

Fiscal year ended August 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:				
Tuition and Fees	\$ 4,846,790	\$	\$	\$ 4,846,790
Less : Institutional Aid & Discounts	(444,443)			(444,443)
Net Tuition and Fees	4,402,347			4,402,347
Contributions - unrestricted	21,683			21,683
Contributions – temporarily restricted		181,113		181,113
Contributions – permanently restricted			0	0
Fundraising revenue	127,123	0		127,123
Program Revenue		724,456		724,456
Sponsor Church Subsidy	44,300			44,300
Bus and Food Service	13,353			13,353
Athletic Fees and Income	30,686			30,686
Other income	47,719			47,719
Investment Income – unrestricted	14,076			14,076
Investment Income – temporarily restricted		38,431		38,431
Change in value of trust	10,413	0		10,413
Net asset reclassifications	93,138	(93,138)		
Net assets released from restrictions:				
Satisfaction of purpose restrictions	674,530	(674,530)		
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>5,479,368</u>	<u>176,332</u>	<u>0</u>	<u>5,655,700</u>
EXPENSES:				
<i>Program Services</i>				
Schoolwide	3,702,283			3,702,283
Student Funds	674,530			674,530
				<u>4,376,813</u>
<i>Support services</i>				
Management and General	1,283,982			1,283,982
<i>Fundraising</i>				
Fundraising expenses	63,757			63,757
TOTAL EXPENSES	<u>5,724,552</u>			<u>5,724,552</u>
CHANGE IN NET ASSETS	(245,184)	176,332	0	(68,852)
NET ASSETS, BEGINNING OF YEAR	<u>734,125</u>	<u>742,293</u>	<u>82,200</u>	<u>1,558,618</u>
NET ASSETS, END OF YEAR	<u>\$ 488,941</u>	<u>\$ 918,625</u>	<u>\$ 82,200</u>	<u>\$ 1,489,766</u>

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

FRESNO CHRISTIAN SCHOOLS ENTITIES
Combined Statement of Functional Expenses
 Fiscal year ended August 31, 2007

	Schoolwide Programs	Student Funds	Management and		Totals
			General	Fundraising	
Teacher salaries & wages	\$ 1,768,986	\$ 0	\$ 0	\$ 0	\$ 1,768,986
Non-teacher salaries & wages	627,904	0	415,969	0	1,043,873
Payroll taxes	173,306	0	29,798	0	203,104
Fringe benefits	449,114	0	77,218	0	526,332
Advertising	0	0	15,621	0	15,621
Amortization	0	0	7,969	0	7,969
Athletics	166,233	0	0	0	166,233
Bad debt	0	0	72,986	0	72,986
Books & instructional materials	158,112	0	0	0	158,112
Bus & food services	51,064	0	0	0	51,064
Consultants	0	0	1,628	0	1,628
Depreciation	0	0	244,792	0	244,792
Equipment – small	0	0	1,589	0	1,589
Fundraising	0	0	0	54,370	54,370
Insurance	6,380	0	25,684	0	32,064
Interest	0	0	149,293	0	149,293
Music	32,730	0	0	0	32,730
Office & administration	735	0	86,403	1,252	88,390
Other expense	0	0	2,652	480	3,132
Postage	0	0	6,123	375	6,498
Printing	0	0	24,662	0	24,662
Professional expense	0	0	18,341	5,270	23,611
Program expense	0	674,530	0	0	674,530
Rent – equipment	0	0	11,345	0	11,345
Rent – facilities	163,500	0	6,531	0	170,031
Repairs & maintenance	35,850	0	58,264	0	94,114
Software	0	0	7,263	0	7,263
Special events	9,776	0	0	0	9,776
Staff development	0	0	7,941	0	7,941
Taxes & assessments	0	0	4,331	2,010	6,341
Telephone	0	0	7,579	0	7,579
Utilities	58,593	0	0	0	58,593
	<u>\$ 3,702,283</u>	<u>\$ 674,530</u>	<u>\$ 1,283,982</u>	<u>\$ 63,757</u>	<u>\$ 5,724,552</u>

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

FRESNO CHRISTIAN SCHOOLS ENTITIES

Combined Statement of Cash Flows

Fiscal year ended August 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (68,852)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Amortization	7,969
Depreciation	244,792
Allowance for doubtful accounts	72,985
Cash surrender value of life insurance	(434)
Change in value of trust	(10,413)
Decrease (increase) in:	
Accounts receivable	(60,580)
Deferred expenses	122,057
Deposits	(4,341)
Other receivables	4,000
Increase (decrease) in:	
Accounts payable	(21,105)
Accrued interest payable	(1,284)
Deferred income	<u>2,949</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>287,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(150,961)
Cash restricted for tuition assistance and building	(111,685)
Investments restricted for tuition assistance	(14,287)
Cash collected from charitable trust	<u>30,000</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(246,933)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Cash received from line of credit	50,000
Payments on line of credit	(50,000)
Payments on long-term debt	<u>(77,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(77,000)</u>
DECREASE IN CASH	(36,190)
CASH AT BEGINNING OF YEAR	<u>1,027,743</u>
CASH AT END OF YEAR	<u>\$ 991,553</u>
Supplemental data:	
Cash paid for interest	<u>\$ 150,577</u>

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

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

1 - PRINCIPLES OF COMBINATION

The accompanying combined financial statements include Fresno Christian Schools and Fresno Christian Educational Foundation. Although these entities are not under common control and do not meet the requirements for consolidation, they have been combined to enable the reader to evaluate the organizations as a whole. All material intercompany profits, transactions and balances have been eliminated in the combined financial statements.

2 - DESCRIPTION OF ORGANIZATION

Fresno Christian Schools (hereafter “the School”) is a nonprofit corporation dedicated to excellence in academic achievement and quality instruction through the operation of a kindergarten through twelfth grade school. The School is supported primarily through tuition and fees.

Fresno Christian Schools Educational Foundation (“the Foundation”) is a nonprofit corporation (charitable support organization) dedicated to the promotion and support of Fresno Christian Schools (“the School”). The Foundation conducts such fundraising activities on behalf of the School as solicitation of charitable contributions, an annual auction, and provides tuition assistance to qualified families experiencing financial hardship. A significant portion of the funds raised are contributed to the School or used in support of the School. A fund has been endowed, the earnings of which, are available to provide financial aid to students.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fresno Christian Schools Entities have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

Fresno Christian Schools Entities has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

- ❖ Unrestricted net assets, consisting of unrestricted net resources, represent the portion of resources that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- ❖ Temporarily restricted net assets, represent the part of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Financial Statement Presentation (cont)

- ❖ Permanently restricted net assets, represent the part of the net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Restricted Support

The organization 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, that is, when a stipulated time restriction ends or 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 organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and Equipment and Depreciation

Property and equipment are carried at cost, if purchased, or fair value at the time of contribution, if donated. Depreciation, including amortization of capitalized leases, is computed using the straight-line method with lives for buildings of 30 years, site improvements from 5 to 10 years and other property and equipment from 3 to 5 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Acquisition of property and equipment in excess of \$1,000 are capitalized. Contributed equipment and vehicles are depreciated over their remaining useful lives. Contributed materials are charged to expense as they are consumed. Interest cost is capitalized for construction in progress during the assets' construction period.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Tax Status

The School and the Foundation are exempt from income tax under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Regulation Section 23701 (d), and contributions to them are tax deductible within the limitations prescribed by the Code. Both organizations have been classified as publicly supported organizations which are not private foundations under Section 509(a) of the Code.

Donated Services

The organization receives a substantial amount of services donated by their supporters in carrying out the organizations' mission. No amounts have been reflected in the financial statements for donated services since they do not meet the criteria for recognition under SFAS No. 116.

Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition

The organization's billing cycle for tuition and fees begins July 1 for the coming school year. Payment arrangements may be made over a ten or twelve month period. A charge to income is recorded to provide for doubtful collection of accounts receivable based on the age of the account, recent payment history, and other factors. Tuition and related fees are accrued and receivable each month based on the payment plan selected. Billed revenue is deferred until the beginning of the school year. Deferred revenue is recognized ratably over the course of the school year.

Investment Securities

Investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at the fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Allocation of Expenses

The costs of providing the various program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities, however, school management has determined that some costs will be considered general & administrative expense and will not be allocated to program services. These costs include: depreciation, general insurance, office & administration (office supplies, dues, computer maintenance, etc), printing, equipment rent, and staff development. All fund-raising expenses are conducted by the Foundation.

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Receivable from Trust

The organization is a beneficiary of a charitable lead trust. The organization does not act as trustee, and as such has recorded an asset at the present value of the estimated revenue to be received from the trust using a 4.25% discount rate.

4 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

Tuition and fees	\$ 27,435
Other receivables	-
Less: allowance for doubtful accounts	<u>(4,844)</u>
	<u>\$ 22,591</u>

5 - CHARITABLE TRUST RECEIVABLE

Charitable trust receivable consists of the following:

Charitable lead trust; \$7,500 receivable quarterly for 15 years; based on fair market value	\$ 283,850
Less: Valuation allowance (discounted at applicable federal rate of 4.2%)	<u>(51,140)</u>
	<u>\$ 232,710</u>

Total change in the value of the split-interest agreement recognized in the fiscal year ended August 31, 2007 is \$10,413.

6 - INVESTMENTS

Investments consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Noncurrent Investments		
<i>Expendable for tuition assistance</i>		
Mutual funds	<u>\$ 48,826</u>	<u>\$ 48,826</u>
<i>Nonexpendable – assets held in trust for scholarship & teacher endowment</i>		
Mutual funds	<u>\$ 82,200</u>	<u>\$ 82,200</u>

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

7 - PROPERTY AND EQUIPMENT

Depreciation charged to income was \$244,792 in 2007.

8 - LINE OF CREDIT

The organization has an unsecured revolving line of credit available in the amount of \$100,000. The initial interest rate is 9.25%. The line of credit matures July 3, 2008. No amount was due on the line of credit at August 31, 2007.

9 - LONG TERM DEBT

First Mortgage Bonds, 2003 Series, mortgage

Bonds on property, payable in increasing amounts
varying from \$81,000 to \$212,000 per annum,
interest payable semi-annually at rates ranging from
5.25 to 7.00%; due in semi-annual installments
beginning November, 2003; secured by property. \$2,153,000

Less: Current maturities of long term debt (81,000)

\$2,072,000

Maturities of long term debt in each of the next five years are as follows:

<u>Year ended</u> <u>August 31</u>	<u>Total</u>
2008	\$ 81,000
2009	85,000
2010	90,000
2011	95,000
2012	102,000
Thereafter	<u>1,700,000</u>
	<u>\$ 2,153,000</u>

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Student Funds	\$ 147,683
Construction	720,044
Tuition assistance & Teacher Endowment	<u>50,898</u>
	<u>\$ 918,625</u>

11 - PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes:

Financial aid to students & teacher endowment	<u>\$82,200</u>
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12 - DONOR RESTRICTIONS RELEASED

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

<u>Purpose restrictions Accomplished:</u>	
Student-related activities	\$404,320
Music- related activities	32,251
Athletic- related activities	<u>237,959</u>
Total restrictions released	<u>\$674,530</u>

13 - LEASES

The organization leases certain school facilities, storage space, and equipment under short and long-term lease agreements. The lease of the primary school facility for Administration and Grades 3 through 12 is classified as an operating lease and expires in 2010. Four consecutive 10-year options are available to extend the term of the lease. Leases of storage space and school facility for Grades K through 2 are classified as operating leases and are on a month-to-month tenancy. The facility leases generally require the School to pay all executory costs (such as property taxes, maintenance, and insurance). The lease of equipment is classified as an operating lease.

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

13 - LEASES (cont)

The following is a schedule of future minimum lease payments for the operating lease (with initial or remaining term in excess of one year) as of August 31, 2007:

<u>Year ended</u> <u>August 31</u>	<u>Total</u>
2008	\$ 159,768
2009	151,573
2010	<u>150,000</u>
Total minimum lease payments	<u>\$ 461,341</u>

Rental expense for the operating lease amounted to \$181,376 for 2007.

14- RETIREMENT PLAN

The organization has a salary reduction plan (Tax Sheltered Annuity) in place, which is available to all employees. The organization matches the contribution of the employee up to 4% of eligible compensation. The amount of the salary reduction is paid directly to an independent administrator and applied to the purchase of a non-forfeitable annuity contract for the employee. During 2007, 48 employees participated in the plan and no administrative costs were incurred by the organization. The contribution paid by the organization amounted to \$85,804 for the fiscal year ended August 31, 2007.

15- CREDIT RISK

The organization maintains a debt sinking fund in trust with an investment manager. Operating funds are maintained in a local financial institution. Operating funds are secured by FDIC up to \$100,000 and accounts under management are secured by SPIC up to \$ 500,000. Uninsured bank balances aggregate to approximately \$638,500 at August 31, 2007.

16- RELATED PARTY TRANSACTIONS

The organization had certain transactions in the ordinary course of business with related parties. The organization leases its educational facilities from several sponsoring churches that are managed by members of the Board of Directors. Rental expenses paid to these churches amounted to \$170,031 for 2007.

FRESNO CHRISTIAN SCHOOLS ENTITIES

Notes to Combined Financial Statements

Fiscal year ended August 31, 2007

17- INSTITUTIONAL AID AND DISCOUNTS

The School provides a variety of institutional aid and discounts against tuition and fees as follows:

Multi-child	\$ 99,108
Church	23,544
Tuition assistance	234,311
Staff	<u>87,480</u>
	<u>\$ 444,443</u>

18- RECASTED, UNRESTRICTED CHANGE IN NET ASSETS

The School's change in net assets (unrestricted) recasted without the effect of depreciation expense, a noncash charge, is as follows:

Change in net assets (unrestricted) – School only	\$ (252,569)
Amortization expense	7,969
Depreciation expense	<u>244,792</u>
Change in net assets (unrestricted), recasted	<u>\$ 192</u>

19- ENROLLMENT

Average enrollment for elementary, junior high and high school is as follows:

Elementary	325
Junior high	136
High School	<u>289</u>
Average enrollment	<u>750</u>

ACCOMPANYING INFORMATION

FRESNO CHRISTIAN SCHOOLS ENTITIES

Combining Statement of Financial Position

August 31, 2007

<u>ASSETS</u>	Fresno Christian Schools	Fresno Christian Educational Foundation	Combinations and Eliminations	Combined
CURRENT ASSETS				
Cash and cash equivalents	\$ 926,903	\$ 64,650	\$	\$ 991,553
Accounts receivable	22,591			22,591
Current portion of charitable trust receivable (discounted)		20,433		20,433
Prepaid/Deferred expenses	84,025			84,025
Deposits	5,978			5,978
TOTAL CURRENT ASSETS	1,039,497	85,083		1,124,580
NONCURRENT RESTRICTED ASSETS				
Cash restricted for tuition assistance and building		719,071		719,071
Investments restricted for tuition assistance		48,826		48,826
Charitable trust receivable, less current portion		212,277		212,277
Investments restricted for scholarship and teacher endowment		82,200		82,200
TOTAL NONCURRENT RESTRICTED ASSETS		1,062,374		1,062,374
PROPERTY AND EQUIPMENT				
Land and improvements	516,307			516,307
Buildings	2,615,004			2,615,004
Portable structures	0			0
Equipment	219,606			219,606
Site improvements	361,869			361,869
Furniture and fixtures	2,492			2,492
Textbooks	170,802			170,802
Library books	33,182			33,182
Vehicles	12,126			12,126
Software	50,643			50,643
Construction in progress	78,855			78,855
	4,060,886			4,060,886
Less: Accumulated depreciation	(1,164,743)			(1,164,743)
TOTAL PROPERTY & EQUIP.	2,896,143			2,896,143
OTHER ASSETS				
Debt issuance costs, net of accumulated amortization of \$34,532	124,848			124,848
Investment in Cornerstone Company	18,433			18,433
Cash surrender value of life insurance		3,045		3,045
TOTAL OTHER ASSETS	143,281	3,045		146,326
TOTAL ASSETS	\$ 4,078,921	\$1,150,502	\$	\$5,229,423

<u>LIABILITIES AND NET ASSETS</u>	Fresno Christian Schools	Fresno Christian Educational Foundation	Combinations and Eliminations	Combined
CURRENT LIABILITIES				
Current maturities of long-term debt	\$ 81,000	\$	\$	\$ 81,000
Accounts payable	46,207			46,207
Accrued interest payable	47,918			47,918
Deferred income	1,492,532			1,492,532
TOTAL CURRENT LIABILITIES	1,667,657			1,667,657
LONG-TERM DEBT, LESS CURRENT MATURITIES	<u>2,072,000</u>			<u>2,072,000</u>
TOTAL LIABILITIES	<u>3,739,657</u>			<u>3,739,657</u>
NET ASSETS				
Permanently restricted:		82,200		82,200
Temporarily restricted:	147,683	770,942		918,625
Unrestricted:				
Net investment in property and equipment	695,225			695,225
Undesignated	(503,644)	297,360		(206,284)
TOTAL NET ASSETS	<u>339,264</u>	<u>1,150,502</u>		<u>1,489,766</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 4,078,921</u>	<u>\$ 1,150,502</u>	<u>\$</u>	<u>\$5,229,423</u>

FRESNO CHRISTIAN SCHOOLS ENTITIES

Combining Statement of Activities

Fiscal year ended August 31, 2007

	Fresno Christian Schools	Fresno Christian Educational Foundation	Combinations and Eliminations	Combined
REVENUES, GAINS AND OTHER SUPPORT:				
Tuition and Fees	\$ 4,853,365	\$	\$ (6,575)	\$ 4,846,790
Less: Institutional Aid & Discounts	(444,443)			(444,443)
Net Tuition and Fees	4,408,922		(6,575)	4,402,347
Contributions – unrestricted	176,640	13,445	(168,402)	21,683
Contributions – temporarily restricted		181,113		181,113
Contributions – permanently restricted		0		0
Fundraising Revenue		127,123		127,123
Program Revenue	724,456			724,456
Sponsor Church Subsidy	42,300	2,000		44,300
Bus and Food Service	13,353			13,353
Athletic Fees and Income	30,686			30,686
Other income	47,719	-		47,719
Investment Income – unrestricted	14,076	-		14,076
Investment Income – temporarily restricted		38,431		38,431
Change in value of trust		10,413		10,413
Net assets released from restrictions:				
Satisfaction of purpose restrictions				
TOTAL REVENUES, GAINS AND OTHER SUPPORT	5,458,152	372,525	(174,977)	5,655,700
EXPENSES:				
<i>Program Services</i>				
Schoolwide	3,702,283			3,702,283
Student Funds	674,530			674,530
Total Program Services	4,376,813			4,376,813
<i>Support services</i>				
Management and General	1,283,982			1,283,982
Contributions in support of FCS		174,977	(174,977)	
Total Support Services	1,283,982	174,977	(174,977)	1,283,982
<i>Fundraising</i>				
Fundraising expenses		63,757		63,757
TOTAL EXPENSES	5,660,795	238,734	(174,977)	5,724,552
CHANGE IN NET ASSETS	(202,643)	133,791		(68,852)
NET ASSETS, BEGINNING OF YEAR	541,907	1,016,711		1,558,618
NET ASSETS, END OF YEAR	\$ 339,264	\$1,150,502	\$	\$ 1,489,766

FRESNO CHRISTIAN SCHOOLS

Statement of Financial Position

August 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 771,260	\$ 155,643	\$	\$ 926,903
Accounts receivable	22,591			22,591
Prepaid/Deferred expenses	84,025			84,025
Deposits	5,978			5,978
TOTAL CURRENT ASSETS	<u>883,854</u>	<u>155,643</u>		<u>1,039,497</u>
PROPERTY AND EQUIPMENT				
Land and improvements	516,307			516,307
Buildings	2,615,004			2,615,004
Portable structures	0			0
Equipment	219,606			219,606
Site improvements	361,869			361,869
Furniture and fixtures	2,492			2,492
Textbooks	170,802			170,802
Library books	33,182			33,182
Vehicles	12,126			12,126
Software	50,643			50,643
Construction in progress	78,855			78,855
	4,060,886			4,060,886
Less: Accumulated depreciation	<u>(1,164,743)</u>			<u>(1,164,743)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>2,896,143</u>			<u>2,896,143</u>
OTHER ASSETS				
Debt issuance costs, net of accumulated amortization of \$34,532	124,848			124,848
Investment in Cornerstone Company	18,433			18,433
TOTAL OTHER ASSETS	<u>143,281</u>			<u>143,281</u>
TOTAL ASSETS	<u>\$ 3,923,278</u>	<u>\$ 155,643</u>	<u>\$</u>	<u>\$ 4,078,921</u>

<u>LIABILITIES AND NET ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CURRENT LIABILITIES				
Current maturities of long-term debt	\$ 81,000	\$	\$	\$ 81,000
Accounts payable	38,247	7,960		46,207
Accrued interest payable	47,918			47,918
Deferred income	<u>1,492,532</u>			<u>1,492,532</u>
TOTAL CURRENT LIABILITIES	1,659,697	7,960		1,667,657
LONG-TERM DEBT, LESS CURRENT MATURITIES	<u>2,072,000</u>			<u>2,072,000</u>
TOTAL LIABILITIES	<u>3,731,697</u>	<u>7,960</u>		<u>3,739,657</u>
NET ASSETS				
Temporarily restricted:		147,683		147,683
Unrestricted:				
Net investment in property and equipment	695,225			695,225
Undesignated	<u>(503,644)</u>			<u>(503,644)</u>
TOTAL NET ASSETS	<u>191,581</u>	<u>147,683</u>		<u>339,264</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 3,923,278</u>	<u>\$ 155,643</u>	<u>\$</u>	<u>\$ 4,078,921</u>

FRESNO CHRISTIAN SCHOOLS

Statement of Activities

Fiscal year ended August 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Tuition and Fees	\$ 4,853,365	\$	\$	\$ 4,853,365
Less: Institutional aid & Discounts	(444,443)			(444,443)
 Net Tuition and Fees	 4,408,922			 4,408,922
 Contributions - unrestricted	 176,640			 176,640
Program Revenue		724,456		724,456
Sponsor Church Subsidy	42,300			42,300
Bus and Food Service	13,353			13,353
Athletic Fees and Income	30,686			30,686
Other income	47,719			47,719
Investment Income – unrestricted	14,076			14,076
Net assets released from restrictions:				
Satisfaction of purpose restrictions	674,530	(674,530)		
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 5,408,226	 49,926		 5,458,152
 EXPENSES:				
<i>Program Services</i>				
Schoolwide	3,702,283			3,702,283
Student Funds	674,530			674,530
 Total Program Services	 4,376,813			 4,376,813
 <i>Support services</i>				
Management and General	1,283,982			1,283,982
 TOTAL EXPENSES	 5,660,795			 5,660,795
 CHANGE IN NET ASSETS	 (252,569)	 49,926		 (202,643)
 NET ASSETS, BEGINNING OF YEAR	 444,150	 97,757		 541,907
 NET ASSETS, END OF YEAR	 \$ 191,581	 \$ 147,683	 \$	 \$ 339,264

FRESNO CHRISTIAN EDUCATIONAL FOUNDATION
Statement of Financial Position
August 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 64,650	\$	\$	\$ 64,650
Current portion of charitable trust receivable (discounted)	20,433			20,433
TOTAL CURRENT ASSETS	85,083			85,083
NONCURRENT RESTRICTED ASSETS				
Cash restricted for tuition assistance and building		719,071		719,071
Investments restricted for tuition assistance		48,826		48,826
Charitable trust receivable, less current portion (discounted)	212,277			212,277
Investments restr. for scholarship/teacher endow.			82,200	82,200
TOTAL NONCURRENT RESTR. ASSETS	212,277	767,897	82,200	1,062,374
OTHER ASSETS				
Cash surrender value of life insurance		3,045		3,045
TOTAL ASSETS	\$ 297,360	\$ 770,942	\$ 82,200	\$ 1,150,502
 <u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$	\$	\$	\$
TOTAL CURRENT LIABILITIES				
NET ASSETS				
Permanently restricted:			82,200	82,200
Temporarily restricted:		770,942		770,942
Unrestricted, Undesignated	297,360			297,360
TOTAL NET ASSETS	297,360	770,942	82,200	1,150,502
TOTAL LIABILITIES & NET ASSETS	\$ 297,360	\$ 770,942	\$ 82,200	\$ 1,150,502

FRESNO CHRISTIAN EDUCATIONAL FOUNDATION

Statement of Activities

Fiscal year ended August 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions - unrestricted	\$ 13,445	\$	\$	\$ 13,445
Contributions – temporarily restricted		181,113		181,113
Contributions – permanently restricted			0	0
Fundraising revenue	127,123	-		127,123
Sponsor Church Subsidy	2,000			2,000
Other income	-			-
Investment income – unrestricted	-			-
Investment income – temporarily restricted		38,431		38,431
Change in value of trust	10,413	0		10,413
Net asset reclassifications	93,138	(93,138)		
Net assets released from restrictions:				
Satisfaction of purpose restrictions	-	-		
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>246,119</u>	<u>126,406</u>	<u>0</u>	<u>372,525</u>
 EXPENSES				
<i>Support Services</i>				
Management and General	-			-
Contributions in support of FCS	<u>174,977</u>			<u>174,977</u>
Total Support Services	174,977			174,977
 <i>Fundraising</i>				
Fundraising expenses	<u>63,757</u>			<u>63,757</u>
TOTAL EXPENSES	<u>238,734</u>			<u>238,734</u>
 CHANGE IN NET ASSETS	7,385	126,406	0	133,791
NET ASSETS, BEGINNING OF YEAR	<u>289,975</u>	<u>644,536</u>	<u>82,200</u>	<u>1,016,711</u>
NET ASSETS, END OF YEAR	<u>\$ 297,360</u>	<u>\$ 770,942</u>	<u>\$ 82,200</u>	<u>\$ 1,150,502</u>