Country Gardens Charter Schools Financial Performance Response

Country Gardens Charter School was rated two "Does Not Meet" categories based on the 2012 audit.

According to our newly completed 2013 Audit we now "Meet" all 6 Indicators.

In explanation for why we did not "Meet" on two indicators for the 2012 Audit, I offer the following explanation:

Indicator: Cash Flow- A negative cash flow of ($44,201) for the 2011-2012 school year was due to the fact that leases totaling $55,326 were paid on June 30, 2012, rather than July 1, 2012. Also, Country Gardens paid off a loan early which could have been amortized over many more years ($20,855). Together these two items totaled $76,181.00 which would have produced a positive cash flow of $31,980. Also, if we had taken the measures listed below a year earlier, we would have had an even larger positive cash flow.

Indicator: Unrestricted Days Liquidity-Our 2012 Audit showed 15.78 days of cash liquidity.

In taking direction from our Accounting Firm, we were advised to begin putting into place some cost-saving measures to be able to acquire the goal of a minimum of 30 days liquidity.

Our 2013 Audit now shows cash liquidity of 33.43 days.

Measures that were taken to increase our cash liquidity included: 1. The position of Transportation Director was eliminated. The duties that this position carried out were dispersed among five current administrative positions. 2. To draw new enrollees, we began advertising in areas closer to the school. This enabled us to curtail our bus routes significantly, thus eliminating one bus driver position and a significant amount of bus maintenance charges, insurance and diesel. 3. Our Barnyard animals and herd of horses had grown quite large and these were reduced significantly which lowered our hay, water, vet, farrier, maintenance and feed bills. (We also no longer have any breeding stallions, which will keep our low number of horses stabilized.) 4. Our driving teams of Draft horses and the program that accompanied them was eliminated. Again curtailing our hay, water, vet, farrier, maintenance and feed bills significantly. (Note: If necessary, two corporate board members have the capability to loan CGCS funds in amounts over the 30 unrestricted days liquidity as well.)

Altogether the savings from all of these measures was more than enough to reach the 30 days unrestricted cash liquidity.

In summary, as soon as the new Financial Performance Indicators were approved, we analyzed our financial position and took measures to increase our financial strength. The changes we have made are permanent and are working in our favor to increase our financial position to be very positive. We will continue to review our programs and expenses annually to see where we can most effectively curtail expenses and yet not sacrifice any programs crucial to our Academic success and growth.