2a. Net Income

***The net loss was from non-recurring events that will not occur in future periods:** During FY 2013, the school built a new building to replace the much smaller classroom used for its kindergarten program and to accommodate increased KG enrollment. This building became available for use on August 1, 2013 (see note 12 in the audited financial statements). The net loss was from this non-recurring one-time only event. No other major construction and associated additional expenditures are anticipated in the foreseeable future.

***The charter holder has reduced expenses to meet the minimum requirement in future periods:**

1. Certain expenses related to the enlargement of the facility during the last two years will no longer be present in the next school year and thereafter. This fact by itself will reduce the school expenditures substantially.
2. The increased student enrollment will bring certain economies of scale, which will reduce the per-pupil expenses.
3. Those two factors will lead to substantial reduction of the expenses, resulting in meeting the minimum requirement in any future period.
4. As a contingency plan, the related party, holding the lease on the land, if necessary, is ready to defer 50% of the monthly payment (or $12,000/year) of lease payments to the school (see note 6 in the audited financial statements), which will result in reduction of expenditures.

***Student counts for the charter holder will increase in future periods to result in positive change in net assets:** During FY 2013, the school built a new building to replace the much smaller classroom used for its kindergarten/first grade program. In the interim, the enrollment had to be kept at a level adequate for the space available for instruction. The current year total enrollment is 49 students for the reasons stated above. The school expects increased enrollment in SY 2015 and thereafter, as a result of having the new facility available. At the present time the school is pursuing an active enrollment campaign, and as of March 2014, there are already 10 applications for KG-1 for SY 2015. Applications for enrollment at Highland are expected to more than double by the start of the school year. Highland is well established in the community – it is an indispensable part of the Tucson Empowerment Zone and has been serving the needs of its community for more than 44 years, of which 14 years operating as a charter school. Over the years, word of mouth has been the major recruiting effort, in addition to a small advertising budget (see note 10 in the audited financial statements) to sustain the public image of the school. In an attempt to increase its outreach in the community, the school has re-evaluated its advertising and marketing strategy and increased the marketing effort. Currently, the school holds many open houses, as well as participates in community events, such as the Tucson Festival of Books, and numerous fundraising events to promote the school and its educational model. More than 250 families visited the school's booth at the last book fair.

2b. Cash Flow

* **The charter holder meets the other financial requirements and had positive cash flow for the most recent year:** As of March, 2014, Highland Free School has a positive cash flow and meets the other financial requirements (see Budget).

***The charter holder has sufficient cash to fund cash deficiencies for the foreseeable future:**

1. As of February 28, 2014 Highland Free School has a cash reserve in the amount of $ 50,151.66 as reflected in the most recent Bank Statement (as of end of February, 2014).
2. The school also has credit available to meets its cash obligation - a Bank of America credit card with a credit limit of $35,000, guaranteed by the Director of the school (see note 5 of audited financial statements).
3. Additionally, the related party, holding the lease on the land, if necessary, is ready to defer 50% of the monthly payment (or $12,000/year) of lease payments to the school (see note 6 in the audited financial statements).
4. The founder of the school (est. 1970) and the charter holder (as of 2000) is prepared to back any financial needs that may arise in the foreseeable future (see personal Bank Statement of charter founder as of end of February, 2014, showing $97,556.05 in personal assets – savings and checking). By evidence, he also holds the only debt the organization has at this time, which has been structured to be forgiven (see note 11 in the audited financial statements and board meeting minutes from July 20, 2007).

***The charter holder has increased revenue or reduced expenses that will result in positive cash flow in the next fiscal year.:** The increased number of students enrolled in the coming school will increase the revenues. There will be no need to make additional facility-related expenditures, which will increase the positive cash flow in FY 2015 and thereafter. Those two factors will increase the positive cash flow in the fiscal year and thereafter.

2c. Fixed Charge Coverage Ratio

*** The charter holder has sufficient cash to augment cash flow to fund fixed charges for the foreseeable future.**

1. As of February 28, 2014 Highland Free School has a cash reserve in the amount of $ 50,151.66 as reflected in the most recent Bank Statement (as of end of February, 2014).
2. The school also has credit available to meets its cash obligation - a Bank of America credit card with a credit limit of $35,000, guaranteed by the Director of the school (see note 5 in the audited financial statements).
3. The founder of the school (est. 1970) and the charter holder (as of 2000) is prepared to back any financial needs that may arise in the foreseeable future (see personal Bank Statement of charter founder as of end of February, 2014, showing $97,556.05 in personal assets – savings and checking). By evidence, he also holds the only debt the organization has at this time, which has been structured to be forgiven (see note 11 in the audited financial statements and board meeting minutes from July 20, 2007).
4. Additionally, the related party, holding the lease on the land, if necessary, is ready to defer 50% of the monthly payment (or $12,000/year) of lease payments to the school (see note 6 of audited financial statements).

***The charter holder's income is expected to improve which will result in "Meets" for the Fixed Charge Coverage Ratio in the next fiscal year:** As discussed in item 2a, the charter holder's income is expected to improve due to the new building classroom space, and increased enrollment, thus resulting in "Meets" for the Fixed Charge Coverage Ratio in the next fiscal year.

*** The charter holder's fixed charges are expected to decline which will result in a "Meets" for the Fixed Charge Coverage Ratio:** The fixed charges are expected to reduce substantially, because all facility related improvements are completed and there is no need for additional facility expenditures. Additionally, the increased enrollment will bring certain economy of scale to reduce the per pupil expenses, thus improving the fixed-charge coverage ratio.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit and Market Risk

Throughout the year, the Charter School may maintain cash deposits in excess of federally insured limits of $250,000. It is management's opinion that the bank accounts are maintained at high quality financial institutions and therefore do not constitute significant risk.

Program Funds Receivable

All receivables are due from government agencies. Accordingly, management believes receivables are 100% collectible and has recorded no allowance for uncollectible amounts.

Donated Services

The Charter School receives donated services throughout the year from unpaid volunteers. The donated services are recognized as contributions if the donated services received create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. No amounts have been reflected in the financial statements for donated services since they do not meet the criteria for recognition.

Property and Equipment

All acquisitions of land, buildings and improvements with a cost in excess of $3,000 or vehicles, furniture and equipment with a cost in excess of $300 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets.

Income Tax Status

The Charter School has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Arizona Revised Statutes §43-1201. In addition, the Charter School has been determined by the Internal Revenue Service not to be a private foundation with the meaning of Section 509(a) of the code. Accordingly, there are no income taxes reflected on the Statements of Financial Position or the Statement of Activities.

NOTE 2 - PREPAID EXPENSES

At June 30, 2013 and 2012, prepaid expenses consisted of the following:

	2013	2012
Audit and tax services	$ 4,750	$ -
Interest expense	1,250	906
Land lease expense	-	2,000
Total prepaid expenses	$ 6,000	$ 2,906

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which range from five to fifteen years. Inasmuch as the real estate is leased from a closely related entity, it is being depreciated over the estimated useful life of the improvements instead of over the period of the lease.

At June 30, 2013 and 2012, property and equipment consisted of the following:

	2013	2012
Furniture, equipment and textbooks	$ 156,284	$ 152,934
Building and improvements	644,323	566,324
Total cost of equipment and property	800,607	719,258
Less accumulated depreciation	(461,251)	(408,796)
	$ 339,356	$ 310,462

Depreciation expense for the years ended June 30, 2013 and 2012, was $52,455 and $50,535, respectively.

NOTE 4 - LONG-TERM DEBT

At June 30, 2013 and 2012, the Charter School was liable for the following note:

	2013	2012
Unsecured note payable to related party payable interest only at 7.5% per annum (See Note 11)	$ 200,000	$ 145,000
Less principal due within one year	-	-
Principal due after one year	$ 200,000	$ 145,000

Principal payments for each of the following five years are as follows:

Year Ended June 30,	
2014	$ -
2015	-
2016	-
2017	-
2018	-
Thereafter	200,000
	$ 200,000

NOTE 5 - CREDIT CARD PAYABLE

The Charter School has a Bank of America credit card with a credit limit of $35,000 and an annual interest rate of 13.24%. The credit card is guaranteed by a Director of the Charter School. The balance due on the credit card was $1,022 at June 30, 2013 and $2,865 at June 30, 2012. Minimum monthly payments are equal to the interest charged.

NOTE 6 - COMMITMENTS

The Charter School leases the land upon which its classrooms and administrative offices are located from Experimental Schools, Inc., a related party (See Note 11). The lease payments are $2,000 per month until the expiration of the lease on June 30, 2017. Land lease expense totaled $24,000 and $18,400 for the years ended June 30, 2013 and 2012, respectively. The future minimum lease payments required are as follows:

Year Ended June 30,	
2014	$ 24,000
2015	24,000
2016	24,000
2017	24,000
2018	-

NOTE 7 - COMPLIANCE

The Charter School's compliance with certain laws and regulations is subject to review by the State of Arizona, Office of the Auditor General. Although such reviews could result in a reduction of state equalization assistance, in the opinion of the Charter School's management, any required reductions are not expected to be significant.

NOTE 8 - STATEMENT OF CASH FLOWS DISCLOSURES

Interest and Taxes

The Charter School paid interest of $11,909 and $11,781 (See Note 11), and no income taxes for the years ended June 30, 2013 and 2012, respectively.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Arizona Revised Statutes §15-977 requires Classroom Site Project receipts to be allocated as follows: (1) 20% to teacher base salary increases; (2) 40% to teacher performance pay; and (3) 40% for class size reduction, AIMS intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums. Any unused funds in any of these categories are treated as temporarily restricted net assets until utilized accordingly.

Arizona Revised Statutes §15-979 requires Instructional Improvement Fund receipts to be expended as follows: (1) up to 50% for teacher compensation increases and class size reduction as defined by ARS §15-977; and (2) the remainder shall be expended for dropout prevention programs and instructional improvement programs including programs to develop minimum reading skills for students by the end of the third grade. Any unused funds in any of these categories are treated as temporarily restricted net assets until utilized accordingly.

Arizona Revised Statutes §43-1089.01 allows individuals a tax credit for contributions to public and charter schools for the support of extracurricular activities or character education programs of the school. Contributions are treated as temporarily restricted net assets until utilized in these activities.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets at June 30, 2013 and 2012, consists of the following:

	2013	2012
Unexpended teacher base salary funds	$ 253	$ -
Unexpended teacher performance pay funds	-	225
Unexpended classroom size reduction funds	-	-
Unexpended instructional improvement fund	-	-
Unutilized extracurricular tax credit donations	-	-
Total	$ 253	$ 225

NOTE 10 - ADVERTISING

The Charter School uses advertising to promote its programs in the area it serves. The costs of advertising are charged to expense as incurred. During the years ended June 30, 2013 and 2012, advertising costs totaled $1,300 and $1,562, respectively.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Charter School land at 510 S. Highland, Tucson, Arizona is owned and leased to the Charter School by Experimental Schools, Inc., a related non-profit entity. The monthly lease payment is at fair market value, as if an arm's length transaction.

On July 20, 2007, the Governing Board of the Charter School approved an agreement with the Executive Director of the School wherein he agreed to lend the School $200,000 to payoff the bank mortgage loan. The Executive Director may recall the loan with 6 months advance notice in order to give the School time to find a lender and arrange for refinancing. The loan was paid down to a balance of $145,000 as of June 30, 2012 and increased to $200,000 as of June 30, 2013. The increase provided cash needed for the construction of classroom improvements. The terms of the unsecured promissory note require monthly interest only payments at 7.5%. Interest payment totaled $11,909 and $11,781 for the years ended June 30, 2013 and 2012, respectively.

NOTE 12 - SUBSEQUENT EVENTS

In 2013, the Charter School made classroom improvements to provide room for approximately 40 additional students. These improvements were available for use on August 1, 2013.

Subsequent events were evaluated through October 25, 2013, the date the financial statements were available to be issued.

NOTE 13 - FINANCIAL STATEMENT PRESENTATION

Certain amounts in the June 30, 2012 financial statements have been reclassified to conform to the June 30, 2013 presentation.

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03/28/14
Accrual Basis

Highland Free School Fund, Inc. dba Highland Free Charter
Current Year Budget
July 2013 through June 2014

	Jul '13 - Jun...	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
GENERAL FUND INCOME				
FEDERAL FUNDS				
1120 - E-Rate	2,964.38	4,000.00	-1,035.62	74.1%
1121 - IDEA Basic	0.00	4,147.00	-4,147.00	0.0%
1130 - Title I LEA	1,977.08	13,496.00	-11,518.92	14.6%
1140 - Title II Imp. Teachers Q	380.00	1,675.00	-1,295.00	22.7%
Total FEDERAL FUNDS	5,321.46	23,318.00	-17,996.54	22.8%
STATE FUNDS				
1000 - State Equalization				
1000 - State Equalization - Other	196,987.19	297,356.00	-100,368.81	66.2%
Total 1000 - State Equalization	196,987.19	297,356.00	-100,368.81	66.2%
1011 - Prop 301 Base	2,255.91	4,950.00	-2,694.09	45.6%
1012 - Prop 301 Merit	4,511.81	9,901.00	-5,389.19	45.6%
1013 - Prop 301 Menu	4,511.81	9,901.00	-5,389.19	45.6%
1020 -Instructional Improvement	1,762.36	1,500.00	262.36	117.5%
Total STATE FUNDS	210,029.08	323,608.00	-113,578.92	64.9%
1790 · MISCELLANEOUS INCOME				
1520 - Carryforward Balance	0.00	40,000.00	-40,000.00	0.0%
1532 - General Donations	2,025.00	2,100.00	-75.00	96.4%
1533 - Scrip Rebates	4.71	10.00	-5.29	47.1%
1791 - AZ Tax Extra Curr Act.	5,950.00	6,000.00	-50.00	99.2%
1961 - Refunds	74.11	75.00	-0.89	98.8%
1970 - Interest Income	33.38	50.00	-16.62	66.8%
Total 1790 · MISCELLANEOUS INCOME	8,087.20	48,235.00	-40,147.80	16.8%
Total GENERAL FUND INCOME	223,437.74	395,161.00	-171,723.26	56.5%
Total Income	223,437.74	395,161.00	-171,723.26	56.5%
Expense				
GENERAL FUND EXPENSES				
1000 - INSTRUCTION				
6100 · Salaries				
6150 - Teachers	112,924.41	144,000.00	-31,075.59	78.4%
6281 - Prop 301 Base	2,862.72	4,050.00	-1,187.28	70.7%
6282 - Prop 301 Merit	0.00	9,901.00	-9,901.00	0.0%
6283 - Prop 301 Menu	5,724.60	9,901.00	-4,176.40	57.8%
Total 6100 · Salaries	121,511.73	167,852.00	-46,340.27	72.4%
6200 · Benefits				
6221 - FICA Withholding Match	12,284.91			
6250 - Unemployment Insurance	53.90			
6260 · Worker's Comp	1,513.00			
6200 · Benefits - Other	25.00	16,000.00	-15,975.00	0.2%
Total 6200 · Benefits	13,876.81	16,000.00	-2,123.19	86.7%
6300 · Purchased Services				
6413 - Animal Care	1,807.18	1,000.00	807.18	180.7%
6414 - Film Dev	262.63	200.00	62.63	131.3%
6365 - Professional Development	0.00	500.00	-500.00	0.0%
6366 - Copier Maintenance	0.00	500.00	-500.00	0.0%
Total 6300 · Purchased Services	2,069.81	2,200.00	-130.19	94.1%

Highland Free School Fund, Inc. dba Highland Free Charter
Current Year Budget
July 2013 through June 2014

	Jul '13 - Jun...	Budget	$ Over Budget	% of Budget
6600 · Supplies				
6610 - General Supplies				
6611 - Sales Taxes	11.92			
6613 - Copier Supplies	492.04	450.00	42.04	109.3%
6614 - Animal Supplies	1,088.56	1,000.00	88.56	108.9%
6615 - Remembrances	33.46	50.00	-16.54	66.9%
6616 - Non Asset	15.49			
6617 - Medical Supplies	111.55	150.00	-38.45	74.4%
6610 - General Supplies - Other	1,850.55	6,000.00	-4,149.45	30.8%
Total 6610 - General Supplies	3,603.57	7,650.00	-4,046.43	47.1%
6640 · Books/Periodicals/Instr.Aides				
6641 - Subscriptions	598.76	600.00	-1.24	99.8%
6642 - Resource Books/Aids	716.62	300.00	416.62	238.9%
6646 · Software	768.86			
6647 · Textbooks	0.00	1,300.00	-1,300.00	0.0%
6649 - Assessment Materials	0.00	250.00	-250.00	0.0%
Total 6640 · Books/Periodicals/Instr.Aides	2,084.24	2,450.00	-365.76	85.1%
Total 6600 · Supplies	5,687.81	10,100.00	-4,412.19	56.3%
6800 · Other Expense				
6801.1.10 AZ Tax Credit				
6802 · - Character ED	0.00	3,500.00	-3,500.00	0.0%
6803 - Field Trips	192.00	1,500.00	-1,308.00	12.8%
Total 6801.1.10 AZ Tax Credit	192.00	5,000.00	-4,808.00	3.8%
6801 - Fixed Assets	668.69	10,000.00	-9,331.31	6.7%
Total 6800 · Other Expense	860.69	15,000.00	-14,139.31	5.7%
Total 1000 - INSTRUCTION	144,006.85	211,152.00	-67,145.15	68.2%
2400 - SCHOOL ADMINISTRATION				
6100 - Salaries				
6113 - Admin Stipend	1,500.00	4,500.00	-3,000.00	33.3%
6111 · Principal	19,444.09	26,000.00	-6,555.91	74.8%
Total 6100 - Salaries	20,944.09	30,500.00	-9,555.91	68.7%
6200 - Benefits	0.00	2,600.00	-2,600.00	0.0%
6300 - Purchased Services				
6650 · Attendance software	0.00	700.00	-700.00	0.0%
Total 6300 - Purchased Services	0.00	700.00	-700.00	0.0%
6600 - Supplies				
6601 - Office Supplies	457.04	700.00	-242.96	65.3%
Total 6600 - Supplies	457.04	700.00	-242.96	65.3%
6800 - Other Expense				
6810- · Travel Expense	403.48	350.00	53.48	115.3%
Total 6800 - Other Expense	403.48	350.00	53.48	115.3%
Total 2400 - SCHOOL ADMINISTRATION	21,804.61	34,850.00	-13,045.39	62.6%
2500 - BUSINESS ADMINISTRATION				
6300 - Purchased Services				
6310 - Audit	9,500.00	10,000.00	-500.00	95.0%
6312 - Tax Services	340.00	50.00	290.00	680.0%
6320 - Financial Services	8,700.00	10,500.00	-1,800.00	82.9%
6330 - Grant Writers				
6330 - Grant Writers - Other	0.00	1,000.00	-1,000.00	0.0%
Total 6330 - Grant Writers	0.00	1,000.00	-1,000.00	0.0%

Highland Free School Fund, Inc. dba Highland Free Charter
Current Year Budget
July 2013 through June 2014

	Jul '13 - Jun...	Budget	$ Over Budget	% of Budget
6350 - Insurance				
6356 · General Liability	6,082.40			
6350 - Insurance - Other	0.00	8,000.00	-8,000.00	0.0%
Total 6350 - Insurance	6,082.40	8,000.00	-1,917.60	76.0%
6350 - Printing & Binding	0.00	200.00	-200.00	0.0%
6351 - Advertising	450.00	200.00	250.00	225.0%
6311 · - Administrative Services				
E-Rate Project	0.00	5,500.00	-5,500.00	0.0%
Total 6311 · - Administrative Services	0.00	5,500.00	-5,500.00	0.0%
6535 · Postage & Delivery				
6535 · Postage & Delivery - Other	588.61	1,000.00	-411.39	58.9%
Total 6535 · Postage & Delivery	588.61	1,000.00	-411.39	58.9%
Total 6300 - Purchased Services	25,661.01	36,450.00	-10,788.99	70.4%
6600 - Supplies				
6610 - Check Stock	0.00	250.00	-250.00	0.0%
Total 6600 - Supplies	0.00	250.00	-250.00	0.0%
6800 - Other Expense				
6801 - Dues & Fees	368.64	500.00	-131.36	73.7%
Total 6800 - Other Expense	368.64	500.00	-131.36	73.7%
Total 2500 - BUSINESS ADMINISTRATION	26,029.65	37,200.00	-11,170.35	70.0%
2600 - OPERATION				
6300 - Purchased Services				
6500 · Energy				
6622 · Electricity	3,082.00	4,500.00	-1,418.00	68.5%
6410 · Water/Sewer	3,389.29	4,500.00	-1,110.71	75.3%
6500 · Energy - Other	639.12	1,000.00	-360.88	63.9%
Total 6500 · Energy	7,110.41	10,000.00	-2,889.59	71.1%
6390 - Facility Lease	22,000.00	26,000.00	-4,000.00	84.6%
6421 - Security	159.14			
6536 - Communications				
6537 - Cable	1,164.22	1,200.00	-35.78	97.0%
6540 - Internet	7,134.24	8,100.00	-965.76	88.1%
6542 - E-Rate Internet	110.01			
6536 - Telephones	1,924.25	3,200.00	-1,275.75	60.1%
6538 · FAX Lines	150.31			
6536 - Communications - Other	79.44			
Total 6536 - Communications	10,562.47	12,500.00	-1,937.53	84.5%
6430 · Repair & Maintenance Services				
6436 - Bldg Repair/Maint	0.00	2,000.00	-2,000.00	0.0%
6433 - Appliances	29.14			
6435 - Inspections	0.00	200.00	-200.00	0.0%
6433 - Landscape Maintenance	212.00	200.00	12.00	106.0%
Total 6430 · Repair & Maintenance Services	241.14	2,400.00	-2,158.86	10.0%
6440 · Rentals				
6447 - Stage	0.00	400.00	-400.00	0.0%
Total 6440 · Rentals	0.00	400.00	-400.00	0.0%
Total 6300 - Purchased Services	40,073.16	51,300.00	-11,226.84	78.1%
6600 - Supplies				
6612 General Supplies	1,875.90	2,500.00	-624.10	75.0%
6259 · Bottled Water	0.00	100.00	-100.00	0.0%
6626 · Gasoline	1,054.03	1,500.00	-445.97	70.3%
Total 6600 - Supplies	2,929.93	4,100.00	-1,170.07	71.5%

Highland Free School Fund, Inc. dba Highland Free Charter
Current Year Budget
July 2013 through June 2014

	Jul '13 - Jun...	Budget	$ Over Budget	% of Budget
6800 - 0ther Expense				
6801 - Bond/Building Program				
6850 - Mortgage Interest	13,750.00	13,750.00	0.00	100.0%
Total 6801 - Bond/Building Program	13,750.00	13,750.00	0.00	100.0%
6828 - Licenses and Permits				
6828 - Licenses and Permits - Other	17.42	50.00	-32.58	34.8%
Total 6828 - Licenses and Permits	17.42	50.00	-32.58	34.8%
Total 6800 - 0ther Expense	13,767.42	13,800.00	-32.58	99.8%
Total 2600 - OPERATION	56,770.51	69,200.00	-12,429.49	82.0%
3000 - Food service operations				
6600 - Supplies				
6630 · Food	40.85	350.00	-309.15	11.7%
6631 - Disposable Supplies	518.17	300.00	218.17	172.7%
6632 - Snacks	930.33	1,300.00	-369.67	71.6%
Total 6600 - Supplies	1,489.35	1,950.00	-460.65	76.4%
Total 3000 - Food service operations	1,489.35	1,950.00	-460.65	76.4%
200 · SPECIAL EDUCATION				
1000 - SPED Instruction				
6300 - Purchased Services				
SPED Liaison	0.00	500.00	-500.00	0.0%
6300 - Purchased Services - Other	0.00	2,200.00	-2,200.00	0.0%
Total 6300 - Purchased Services	0.00	2,700.00	-2,700.00	0.0%
6600 - Supplies	28.99	250.00	-221.01	11.6%
Total 1000 - SPED Instruction	28.99	2,950.00	-2,921.01	1.0%
2100 - SPED Student Support				
2100-6100 Salary SPED Dir	8,500.00	10,700.00	-2,200.00	79.4%
6200 - Benefits	0.00	820.00	-820.00	0.0%
6300 - Purchased Services				
SPED Consultant	4,881.25	3,000.00	1,881.25	162.7%
Speech and Hearing	0.00	300.00	-300.00	0.0%
Total 6300 - Purchased Services	4,881.25	3,300.00	1,581.25	147.9%
Total 2100 - SPED Student Support	13,381.25	14,820.00	-1,438.75	90.3%
Total 200 · SPECIAL EDUCATION	13,410.24	17,770.00	-4,359.76	75.5%
STATE/FEDERAL PROJECTS				
3000 · STATE PROJECTS				
3300-10 · K-Reading Move ON				
6600 - Supplies	636.89			
3300-10 · K-Reading Move ON - Other	560.01	3,000.00	-2,439.99	18.7%
Total 3300-10 · K-Reading Move ON	1,196.90	3,000.00	-1,803.10	39.9%
3200-1020 Instructional Impro				
1021 - Inst. Impvt. Prof. Dev.	120.00			
Total 3200-1020 Instructional Impro	120.00			
Total 3000 · STATE PROJECTS	1,316.90	3,000.00	-1,683.10	43.9%
4500 · FEDERAL PROJECTS				
1130 - Title I LEA				
1000 - 6100 - Salary	9,631.51	12,150.00	-2,518.49	79.3%
1000 - 6200 - Benefits	0.00	1,215.00	-1,215.00	0.0%
1000 - 6600 Supplies	334.20	131.00	203.20	255.1%
1130 - Title I LEA - Other	0.00	0.00	0.00	0.0%
Total 1130 - Title I LEA	9,965.71	13,496.00	-3,530.29	73.8%

Highland Free School Fund, Inc. dba Highland Free Charter
Current Year Budget
July 2013 through June 2014

	Jul '13 - Jun...	Budget	$ Over Budget	% of Budget
1121 - IDEA Basic Entitlement				
2100 - 6300 Purch prof Svcs	200.00	4,147.00	-3,947.00	4.8%
1121 - IDEA Basic Entitlement - Other	0.00	0.00	0.00	0.0%
Total 1121 - IDEA Basic Entitlement	200.00	4,147.00	-3,947.00	4.8%
1140 - Title II				
6100 - Salaries	0.00	1,160.00	-1,160.00	0.0%
6200 - Benefits	0.00	115.00	-115.00	0.0%
6300-Purchased Services	0.00	400.00	-400.00	0.0%
1140 - Title II - Other	0.00	0.00	0.00	0.0%
Total 1140 - Title II	0.00	1,675.00	-1,675.00	0.0%
Total 4500 · FEDERAL PROJECTS	10,165.71	19,318.00	-9,152.29	52.6%
Total STATE/FEDERAL PROJECTS	11,482.61	22,318.00	-10,835.39	51.5%
Total GENERAL FUND EXPENSES	274,993.82	394,440.00	-119,446.18	69.7%
Void Check	0.00			
Total Expense	274,993.82	394,440.00	-119,446.18	69.7%
Net Ordinary Income	-51,556.08	721.00	-52,277.08	-7,150.6%
Net Income	**-51,556.08**	**721.00**	**-52,277.08**	**-7,150.6%**

Wells Fargo Combined Statement of Accounts

Primary account number: February 1, 2014 - February 28, 2014 ■ Page 1 of 6

WELLS FARGO

HIGHLAND FREE SCHOOL FUND INC
510 S HIGHLAND AVE
TUCSON AZ 85719-6427

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833
En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (038)
P.O. Box 2908
Phoenix, AZ 85062-2908

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The Wells Fargo Business Insight Resource Center offers free access to business information and advice through videos, articles, podcasts and other resources. This site offers objective information from industry experts and best practices from real business owners. Topics include cash flow management, how to build and apply for credit, commercial real estate financing, marketing, and more. Visit the site at wellsfargobusinessinsights.com.

Account options

A check mark in the box indicates you have these convenient services with your account(s). Go to wellsfargo.com/biz or call the number above if you have questions or if you would like to add new services.

- Business Online Banking ☐
- Online Statements ☐
- Business Bill Pay ☐
- Business Spending Report ☐
- Overdraft Protection ☐

Summary of accounts

Checking/Prepaid and Savings

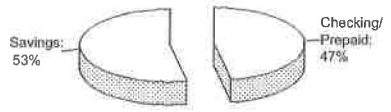
Account	*Page*	*Account number*	*Ending balance last statement*	*Ending balance this statement*
Basic Business Checking®	2	[illegible]	34,518.43	28,829.79
Business High Yield Savings	4		50,147.82	50,151.66
	Total deposit accounts		**$84,666.25**	**$78,981.45**

Overview of your PMA account

Assets

Account (Account Number)	Percent of total	Balance last month ($)	Balance this month ($)	Increase/ decrease ($)	Percent change
PMA® Premier Checking Account [redacted]	47%	43,392.31	45,820.92	2,428.61	5.60%
Wells Fargo® High Yield Savings [redacted]	51%	50,155.34	50,159.19	3.85	0.01%
Wells Fargo Money Market Savings℠ [redacted]	2%	1,500.88	1,575.94	75.06	5.00%
	Total assets	**$95,048.53**	**$97,556.05**	**$2,507.52**	**2.64%**

Total asset allocation (by account type)



Interest, dividends and other income

The information below should not be used for tax planning purposes.

Account	This month	This year
PMA® Premier Checking Account [redacted]	1.64	3.41
Wells Fargo® High Yield Savings [redacted]	3.85	8.10
Wells Fargo Money Market Savings℠ [redacted]	0.06	0.12
Total interest, dividends and other income	**$5.55**	**$11.63**

The "Overview of your PMA Account" section of your statement is provided for informational and convenience purposes. The Overview shows activity and information from (1) deposit, credit, trust and foreign exchange accounts with Wells Fargo Bank, N.A., and (2) brokerage accounts with Wells Fargo Advisors, LLC, or Wells Fargo Advisors Financial Network, LLC (members SIPC); brokerage accounts are carried and cleared through First Clearing, LLC; (3) Wells Fargo Funds Management, LLC provides investment advisory and administrative services for Wells Fargo Advantage Funds; other affiliates provide subadvisory and other services for the Funds; and (4) insurance products offered through non-bank insurance agency affiliates of Wells Fargo & Company and underwritten by unaffiliated insurance companies.

We want to let you know about an important upcoming change.

Effective April 7, 2014, the fee for depositing international items, such as foreign checks, drafts and money orders drawn on banks located outside the United States will be $5. This fee will be charged per item and will apply whether the international item is in a foreign currency or U.S. dollars. Please note that international item fees do not apply to deposits of U.S. dollar items that are drawn on U.S. banks.

If you have questions, please contact your local banker, or call the phone number listed at the top of your statement.

Highland Free Charter School
510 South Highland Avenue
Tucson, Arizona 85719
(520) 623-0104
Fax (520) 903-1318

July 20, 2007

Meeting of the Highland Free Charter School
Governing Board/Open Meeting

I . Meeting called to order at 10:00am

Members Present:
Nicholas Sofka
Teresa Rodriguez
Byron Montross
Chris Donovon
Susie Speelmen

II. Minutes from the last meeting were approved unanimously.

III. Members talked about the new teachers hired for 2007- 2008 school year.

IV. The agreement with Nicholas J. Sofka was reviewed and signed.

V. Byron Montross moved to adjourn the meeting. Seconded by Teresa Rodrigues. Passed. The meeting was adjourned at 11:00 am.

Content of Board Meeting Agenda, Agreement, and Note:

OBJECTIVES: (1) Reduce the monthly payment of the School related to the commercial mortgage in an effort to direct the savings toward teachers' compensation; (2) Secure Nicholas J. Sofka with living quarters on the school premise for life; (3) Provide an opportunity to the school to obtain a forgivable loan.

Nicholas J. Sofka would like to make an arrangement with Highland Free School Fund, Inc., and Experimental Schools Corporation of Arizona as follows:

- Nicholas will, with personal funds, loan the corporations $200,000 to pay the commercial loan account (mortgage) held by National Bank of Arizona;
- The school will sign a note to Nicholas and make monthly payments on the loan (interest only 7.5% annually);
- The school will also allow Nicholas to continue living on the school premise without rent payments (in the apartment located on the second floor of the new building) until the end of his life;
- Upon passing away of Lender, the entire amount of the loan (principle balance) becomes automatically forgivable;
- If for any reason the School chooses to pursue modifying the agreement in the future, the loan becomes automatically callable with a $150,000 penalty fee;
- If for any reason Nicholas chooses to call the loan, the school will be given a 6-month period of time to find a lender and arrange for refinancing.

Teresa T	Board Member
Chris Donovan	Bd. Member
Byron Montoya	Bd. Member
Susie Spelman	Board Member
SIGNED	TITLE