Burke Basic School

131 E. Southern Avenue, Mesa AZ 85210
Telephone: (480) 964-4602
Fax: (480) 964-6566

American Basic Schools CTDS—07-89-89-000
Renewal Application due 3/31/14

FINANCIAL PERFORMANCE STANDARDS
AREAS OF CONCERN

2a. NET INCOME 2011-25,799 2012-307,948 2013—(107,237)

While the school did not have a positive net income in the most recent year, the three year average is $75,503.00 net profit per year. American Basic School's net loss in 2013 can be explained by some unusual non-recurring costs. These included renovation of the restroom facilities that improved handicap accessibility and decreased maintenance costs and higher than normal bus maintenance expenses. In addition, the school incurred high costs to prepare for PARCC by improving its student/computer ratio.

The first six months of the 2013/2014 school year is showing a net profit of $206,656.00. This was created by an increase in funding and decreasing expenses to meet the requirements in the future.

It is difficult to examine a single year profit or loss as a basis of evaluation of the net income/solvency of the school. Summer months are used to perform maintenance and obtain materials for the coming year and perform staff training so profitability can fluctuate when there are unexpected or non-recurring expenses during those months. Although accounting attempts to not distort the presentation for any given year, the actual year of the expenditure may cause a distortion of the profit. 2013 was a year with this one time abnormality that is not expected to reoccur.

2b. CASH FLOW (THREE YEAR ACCUMULATIVE) ($46,204)

The school historically has generated a positive cash flow each year until 2013. In 2013 a member of the LLC withdrew $338,627 converting it to a short term note to be reimbursed from a construction loan. This onetime withdrawal caused a negative in the cash flow that is not planned to reoccur. The note is scheduled to be repaid within the coming twelve months. The

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current half year ending on December 31 2013 is showing positive cash increase of $85,760.00 after reduction of receivables and current debt of $173,160.
The school has sufficient cash to service its obligations for the foreseeable future.

The school has seen an increase in Federal and State funding and has been able to reduce expenses so that a positive cash flow is expected in the next fiscal year.

Glen Gaddie, Director

2/27/14
Date