Financial Performance

Sage Academy
1055 E Hearn Road
Phoenix, AZ 85022
602-485-3402

1a. Going Concern

The following statement reflects the auditor's going concern as noted in the 2012 audit package.

"The accompanying financial statements have been prepared assuming that the company will continue as a growing concern. However, the company is having difficulty meeting obligations.

The ability of the School to continue as a going concern is dependent upon the School to pay bills and obligations on time. Management believes that by changing the terms of the Note Payables to future periods and the fact that the School is aggressively trying to obtain new students that this will provide the opportunity for the School to continue as a growing concern. The financial statements and auditor's report do not include any adjustments that might be necessary if the School is unable to continue as a going concern."

The school relocated in July 2011. The timing of the move and the distance of the new location resulted in little growth from the FY11 to FY12 school year. The expenses related to the relocation are not subject to be incurred again. The increased enrollment and revenues are improving the schools ability to meet its obligations.

ADM for FY11	70.71
ADM for FY12	75.586
ADM for FY13	103.115

Equalization Revenue for FY 2011	$451,787
Equalization Revenue for FY 2012	$494,367
Equalization Revenue for FY 2013	$691,901

1b. Unrestricted Days Cash

The charter holder has increased its cash on hand increasing the unrestricted days cash on hand. In addition, the charter holder has access to lines of credit if there is a necessity for additional cash on hand.

2a. Total Liabilities to Equity Ratio

As stated in the Going Concern explanation the charter holder has increased its revenues and net income. The fixed charge ratio is expected to increase.

2b. Net Income

The charter holder's revenues have increased and expenses in FY 2012 due to the relocation of the school are not subject to be incurred again.

Equalization Revenue for FY 2012	$494,367
Equalization Revenue for FY 2013	$691,901

2d. Fixed Charge Coverage Ratio

The charter holder's revenues have increased and expenses in FY 2012 due to the relocation of the school are not subject to be incurred again. Net Income for FY 2013 has increased and the fixed charge ratio is expected to improve.

Equalization Revenue for FY 2012	$494,367
Equalization Revenue for FY 2013	$691,901

START UP COST P & L PROJECTIONS
SAGE CHARTER SCHOOL SECOND SITE

First Month EXPENSES

Staff	
Teacher Salaries	$12,667
Specials	$504
Admin	
Principal	$0
Asst. Principal	$0
Receptionist	$1,667
Bus Driver	$700
Health Insurance	$2,310
FUTA	$1,700
WORKERS COMP	$279
Special needs Services	$565
Operating Costs	
Rent	$2,000
Utilities	$198
Liability Insurance	$400
Vehicle Insurance	$140
Curriculum	
Office Expenses	**$450**
Maintenance	**$0**
Accounting Service	**$ 1,500**
Legal	**$ 200**
Total Expenses	**$25,281**

Notes:

Administration	Principal and Vice Principal will defer wages until Equalization funds come in so no start up funds needed for this item.
Curriculum	Curriculum has already been purchased with prior funds.
Maintenance	Site was painted and refreshed during the summer with prior funds.
Rent	Lease deposit has been paid with prior funds.

3 YEAR P & L PROJECTIONS
SAGE K - 6 CHARTER SCHOOL SECOND SITE

	YEAR 1	YEAR 2	YEAR 3
INCOME			
Equalization Payment Kinder	$ 14,750	$ 29,500	$ 44,250
Equalization Payment Elem	$ 324,500	$ 590,000	$ 885,000
Tax Credit	$ 30	$ -	$ -
	$ -		
Total Income	**$ 339,280**	**$ 619,500**	**$ 929,250**
EXPENSES			
Staff			
FT Teacher	$ 116,000	$ 214,240	$ 338,427
Adv. Degree Bonus	$ 2,000	$ 4,400	$ 7,700
Student Ret. Bonus	$ 3,200	$ 5,867	$ 9,900
Specials	$ 5,040	$ 10,080	$ 12,240
Admin	$ -	$ -	$ -
Principal	$ 30,150	$ 36,850	$ 40,535
Asst. Principal	$ 23,450	$ 26,800	$ 33,165
Receptionist	$ 20,000	$ 20,000	$ 25,000
Bus Driver	$ 7,000	$ 8,400	$ 7,000
Health Insurance	$ 27,720	$ 39,600	$ 55,440
FUTA	$ 20,684	$ 32,664	$ 47,397
WORKERS COMP	$ 3,348	$ 5,520	$ 8,400
Special needs Services	$ 5,655	$ 10,325	$ 15,488
Operating Costs			$ -
Rent	$ 14,000	$ 49,000	$ 63,700
Utilities	$ 2,380	$ 8,330	$ 10,829
Liability Insurance	$ 4,800	$ 5,400	$ 6,600
Vehicle Insurance	$ 1,680	$ 1,680	$ 2,100
Curriculum	$ 6,000	$ 8,250	$ 10,725
Office Expenses	$ 5,050	$ 8,900	$ 11,100
Maintenance	$ 12,000	$ 18,000	$ 20,400
Charter Board Membership	$ 375	$ 375	$ 375
Accounting Service	$ 18,000	$ 18,000	$ 19,200
Legal	$ 2,400	$ 4,800	$ 6,000
Equipment and Supplies	$ 5,000	$ 8,000	$ 8,000
Total Expenses	**$ 335,932**	**$ 545,480**	**$ 759,720**
Profit/Loss	**$ 2,723**	**$ 73,020**	**$ 168,530**