Happy Valley School Inc

Financial performance Response

Renewal

Total Liabilities to Equity(2a) Falls Far Below 4.0 or less

The completion of a loan to purchase the school property in 2002 created a debt that is in alignment with the assets of the corporation. The payment amortization schedule is 25 years of $501,000.00 + - principal and interest a year.

The startup costs created a negative equity that has been reducing each year from earnings. This negative balance decreased by 26.8% in 2012. At this pace the school administration is anticipating a positive equity position by the end of the 2015 fiscal year.

After debt payments, the school is maintaining its debt service and operating expenses each year. In 2012 the debt service reserve indicates the accumulation of a 16% reserve after the cost of operations and the servicing of the bond debt payments. The school administration anticipates the continued positive progression of this financial condition.

Total Liabilities to Equity (2a) is the only component where Happy Valley School received a “falls far below”. The school has been able to maintain a high level of academic proficiency and positive financial performance in all other areas. We do not feel that this component reflects the fiscal or academic levels the school has maintained over the last ten years. We respectfully request that the ASBCS approves our renewal so we can continue to serve the community and its student population in Peoria, AZ.