

**EDISON SCHOOL OF THE ARTS, INC.**

FINANCIAL STATEMENTS  
Together with Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022



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# Donovan CPAs

## *Independent Auditors' Report*

The Board of Directors  
Edison School of the Arts, Inc.

### **Opinion**

We have audited the accompanying financial statements of Edison School of the Arts, Inc. (the "School") which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are issued.

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## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

## **Emphasis of Matter**

As discussed in Note 3 to the financial statements, the School recorded in-kind contributions and offsetting expenses from Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"), a related party, totaling \$3,903,861 and \$3,826,287 during the years ended June 30, 2023 and 2022, respectively. These in-kind transactions represent approximately 36% and 43% of total revenue and support for the years ended June 30, 2023 and 2022, respectively, and 37% and 45% of total expenses for the years ended June 30, 2023 and 2022, respectively. These amounts are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented. Our opinion is not modified with respect to this matter.

DONOVAN



Indianapolis, Indiana  
October 30, 2023

**EDISON SCHOOL OF THE ARTS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2023 and 2022**

|   | <u>2023</u>                | <u>2022</u>                |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>                           |                            |                            |
| <b>CURRENT ASSETS</b>                   |                            |                            |
| Cash                                    | \$ 1,460,715               | \$ 773,309                 |
| Grants receivable                       | 246,886                    | 407,656                    |
| <i>Total current assets</i>             | <u>1,707,601</u>           | <u>1,180,965</u>           |
| <b>PROPERTY AND EQUIPMENT</b>           |                            |                            |
| Furniture and equipment                 | 168,332                    | 142,668                    |
| Textbooks                               | 64,423                     | 64,423                     |
| Less: accumulated depreciation          | <u>(176,589)</u>           | <u>(152,998)</u>           |
| <i>Property and equipment, net</i>      | <u>56,166</u>              | <u>54,093</u>              |
| <b>TOTAL ASSETS</b>                     | <u><u>\$ 1,763,767</u></u> | <u><u>\$ 1,235,058</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>       |                            |                            |
| <b>CURRENT LIABILITIES</b>              |                            |                            |
| Accounts payable and accrued expenses   | <u>\$ 302,588</u>          | <u>\$ 164,022</u>          |
| <b>NET ASSETS</b>                       |                            |                            |
| Without donor restrictions              | 1,450,708                  | 1,056,653                  |
| With donor restrictions                 | <u>10,471</u>              | <u>14,383</u>              |
| <i>Total net assets</i>                 | <u>1,461,179</u>           | <u>1,071,036</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 1,763,767</u></u> | <u><u>\$ 1,235,058</u></u> |

See independent auditors' report and accompanying notes to the financial statements

**EDISON SCHOOL OF THE ARTS, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**For the Years Ended June 30, 2023 and 2022**

|   | 2023                                  |                                    |                     | 2022                                  |                                    |                     |
|---|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|---------------------|
|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
| <b>REVENUE AND SUPPORT</b>                |                                       |                                    |                     |                                       |                                    |                     |
| Student-based allocation funding from IPS | \$ 5,274,461                          | \$ -                               | \$ 5,274,461        | \$ 3,688,774                          | \$ -                               | \$ 3,688,774        |
| In-kind contributions from IPS            | 3,903,861                             | -                                  | 3,903,861           | 3,826,287                             | -                                  | 3,826,287           |
| Grants                                    | 1,774,780                             | -                                  | 1,774,780           | 1,153,681                             | -                                  | 1,153,681           |
| Contributions                             | 3,120                                 | -                                  | 3,120               | 5,773                                 | -                                  | 5,773               |
| Interest income                           | 9,662                                 | -                                  | 9,662               | 393                                   | -                                  | 393                 |
| Other income                              | 24,359                                | -                                  | 24,359              | 178,477                               | -                                  | 178,477             |
| Net assets released from restrictions     | 3,912                                 | (3,912)                            | -                   | 2,189                                 | (2,189)                            | -                   |
| <i>Total revenue and support</i>          | <u>10,994,155</u>                     | <u>(3,912)</u>                     | <u>10,990,243</u>   | <u>8,855,574</u>                      | <u>(2,189)</u>                     | <u>-</u>            |
| <b>EXPENSES</b>                           |                                       |                                    |                     |                                       |                                    |                     |
| Program services                          | 8,983,455                             | -                                  | 8,983,455           | 7,498,151                             | -                                  | 7,498,151           |
| Management and general                    | 1,616,645                             | -                                  | 1,616,645           | 1,036,839                             | -                                  | 1,036,839           |
| <i>Total expenses</i>                     | <u>10,600,100</u>                     | <u>-</u>                           | <u>10,600,100</u>   | <u>8,534,990</u>                      | <u>-</u>                           | <u>8,534,990</u>    |
| <b>CHANGE IN NET ASSETS</b>               | 394,055                               | (3,912)                            | 390,143             | 320,584                               | (2,189)                            | 318,395             |
| <b>NET ASSETS, BEGINNING OF YEAR</b>      | <u>1,056,653</u>                      | <u>14,383</u>                      | <u>1,071,036</u>    | <u>736,069</u>                        | <u>16,572</u>                      | <u>752,641</u>      |
| <b>NET ASSETS, END OF YEAR</b>            | <u>\$ 1,450,708</u>                   | <u>\$ 10,471</u>                   | <u>\$ 1,461,179</u> | <u>\$ 1,056,653</u>                   | <u>\$ 14,383</u>                   | <u>\$ 1,071,036</u> |

See independent auditors' report and accompanying notes to the financial statements

**EDISON SCHOOL OF THE ARTS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2023 and 2022**

|                                  | <u>2023</u>             |                               |                      | <u>2022</u>             |                               |                     |
|----------------------------------|-------------------------|-------------------------------|----------------------|-------------------------|-------------------------------|---------------------|
|                                  | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u>         | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u>        |
| In-kind expenses:                |                         |                               |                      |                         |                               |                     |
| Occupancy                        | \$ 1,802,666            | \$ -                          | \$ 1,802,666         | \$ 1,735,560            | \$ -                          | \$ 1,735,560        |
| Student transportation           | 1,114,266               | -                             | 1,114,266            | 755,401                 | -                             | 755,401             |
| Food services                    | 496,733                 | -                             | 496,733              | 567,444                 | -                             | 567,444             |
| Special education personnel      | -                       | -                             | -                    | 440,660                 | -                             | 440,660             |
| General education                | 240,201                 | -                             | 240,201              | 241,875                 | -                             | 241,875             |
| Security services                | -                       | 101,291                       | 101,291              | -                       | 85,347                        | 85,347              |
| Support services                 | -                       | 62,600                        | 62,600               | -                       | -                             | -                   |
| Public engagement                | -                       | 86,104                        | 86,104               | -                       | -                             | -                   |
| <i>Total in-kind expenses</i>    | <u>3,653,866</u>        | <u>249,995</u>                | <u>3,903,861</u>     | <u>3,740,940</u>        | <u>85,347</u>                 | <u>3,826,287</u>    |
| Direct expenses:                 |                         |                               |                      |                         |                               |                     |
| Salaries and wages               | 3,018,784               | 806,071                       | 3,824,855            | 2,662,172               | 624,160                       | 3,286,332           |
| Employee benefits                | 939,302                 | 250,811                       | 1,190,113            | 765,180                 | 179,400                       | 944,580             |
| Professional services            | 873,933                 | 268,810                       | 1,142,743            | 44,744                  | 119,081                       | 163,825             |
| Supplies                         | 267,674                 | 26,227                        | 293,901              | 146,041                 | 28,273                        | 174,314             |
| Staff development                | 122,011                 | -                             | 122,011              | 44,015                  | -                             | 44,015              |
| School events                    | 49,034                  | -                             | 49,034               | 44,879                  | -                             | 44,879              |
| Insurance                        | 30,709                  | -                             | 30,709               | 26,585                  | -                             | 26,585              |
| Depreciation                     | 23,591                  | -                             | 23,591               | 23,590                  | -                             | 23,590              |
| Advertising                      | -                       | 14,731                        | 14,731               | -                       | 578                           | 578                 |
| Other                            | 4,551                   | -                             | 4,551                | 5                       | -                             | 5                   |
| <i>Total direct expenses</i>     | <u>5,329,589</u>        | <u>1,366,650</u>              | <u>6,696,239</u>     | <u>3,757,211</u>        | <u>951,492</u>                | <u>4,708,703</u>    |
| <i>Total functional expenses</i> | <u>\$ 8,983,455</u>     | <u>\$ 1,616,645</u>           | <u>\$ 10,600,100</u> | <u>\$ 7,498,151</u>     | <u>\$ 1,036,839</u>           | <u>\$ 8,534,990</u> |

See independent auditors' report and accompanying notes to the financial statements

**EDISON SCHOOL OF THE ARTS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2023 and 2022**

|  | <u>2023</u>  | <u>2022</u> |
|--|--------------|-------------|
| <b>OPERATING ACTIVITIES</b>  |              |             |
| Change in net assets   | \$ 390,143   | \$ 318,395  |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |              |             |
| Depreciation   | 23,591       | 23,590      |
| Changes in certain assets and liabilities:   |              |             |
| Grants receivable  | 160,770      | (203,643)   |
| Accounts payable and accrued expenses  | 138,566      | (111,169)   |
|  | 713,070      | 27,173      |
| <i>Net cash provided by operating activities</i>   | 713,070      | 27,173      |
| <b>INVESTING ACTIVITIES</b>  |              |             |
| Purchases of property and equipment  | (25,664)     | -           |
|  | (25,664)     | -           |
| <b>NET CHANGE IN CASH</b>  | 687,406      | 27,173      |
| <b>CASH, BEGINNING OF YEAR</b>   | 773,309      | 746,136     |
| <b>CASH, END OF YEAR</b>   | \$ 1,460,715 | \$ 773,309  |

See independent auditors' report and accompanying notes to the financial statements



**EDISON SCHOOL OF THE ARTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General – Edison School of the Arts, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana for the purpose of operating as a public school. The School operates under an agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS") to operate the School as an Innovation Network School. The agreement remains in effect until June 30, 2027 and is renewable thereafter by mutual consent. The School served approximately 615 students in grades kindergarten through eighth during both the 2022-2023 and 2021-2022 school years.

Key matters outlined in the Innovation Network School Agreement with IPS include:

- a) The School is considered to be a part of IPS and is not a separate local education agency;
- b) Most of the key operational decisions relating to students' enrollment, curriculum, and performance shall be in accordance with the policies of IPS and any significant changes made with respect to these need to be approved by IPS;
- c) The School is responsible for all personnel and human resources aspects of its operations and shall not be bound by any contract entered into with IPS;
- d) The School has the right to use certain land, building, equipment, furnishings, and property improvements owned by IPS;
- e) IPS provides certain services at no cost including occupancy, student transportation, food services, general personnel, security services, public engagement, and general support services. See Note 3 for further description of these services and associated values; and
- f) IPS pays the School a monthly payment determined through a student-based allocation formula. The School receives eligible portions of the governmental funding (including Title I and II) through IPS since the School is not a separate local education agency. The determination of the allocations is based upon the School's expenditures and budgets approved by IPS.

During the 2022-2023 school year, the School purchased services from IPS totaling \$683,495 for special education (\$398,971), English as a second language (\$120,362), and custodial (\$164,162). These services were provided in-kind from IPS during the 2021-2022 school year.

Financial Statement Presentation – The School reports its financial position and activities according to two classes of net assets:

- net assets without donor restrictions, which include unrestricted resources available for the operating objectives of the School; and
- net assets with donor restrictions, which represent resources restricted by donors for specific time or purpose.

Basis of Accounting and Use of Estimates – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**EDISON SCHOOL OF THE ARTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2023 and 2022.

Grants Receivable – Grants receivable relate primarily to activities funded under federal programs and passed through IPS. The School believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Property and Equipment – Purchases of assets and expenditures over \$1,000 that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

|                         |             |
|-------------------------|-------------|
| Furniture and equipment | 3 - 5 years |
| Textbooks               | 3 - 5 years |

Taxes on Income – The School received a determination from the U.S. Treasury Department stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained not in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2019 are open to audit for both federal and state purposes.

Reclassifications – Certain reclassifications have been made to the statements of activities and change in net assets and functional expenses for the year ended June 30, 2022 to conform to the year ended June 30, 2023 presentation. There is no effect to previously reported net assets as of June 30, 2022.

Subsequent Events – The School evaluated subsequent events through October 30, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**EDISON SCHOOL OF THE ARTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 2 - REVENUE RECOGNITION**

Revenue Recognition Policy – As discussed in Note 1, the majority of the School’s revenue and support is provided by IPS as part of the Innovation Network School Agreement. Under the agreement with IPS, the School receives monthly funding from IPS in accordance with a student-based allocation formula. Funding includes both fixed and variable components. The variable funding depends upon certain attributes including the number of students, student grades, poverty status, and other factors. Revenue is recognized in the year in which the educational services are rendered.

A significant portion of the School’s revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Incurring approved costs under the grants is considered satisfaction of the performance obligations.

The School also receives contributions and grants from other agencies and individuals, which are recorded in accordance with the terms of the underlying agreements.

Student fees, including textbook rentals, are recognized in the year in which the services are rendered.

Disaggregation of Revenue – Revenue is disaggregated on the statements of activities and change in net assets.

**NOTE 3 - VALUATION OF IN-KIND SERVICES**

The School recorded in-kind contributions and offsetting expenses from IPS, a related party, totaling \$3,903,861 and \$3,826,287 during the years ended June 30, 2023 and 2022, respectively. These in-kind transactions represent approximately 36% and 43% of total revenue and support for the years ended June 30, 2023 and 2022, respectively, and 37% and 45% of total expenses for the years ended June 30, 2023 and 2022, respectively. The values of in-kind services are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented.

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent resources received from donors but not expended for their restricted purposes as of June 30, 2023 and 2022. The School maintains a cash account funded by donors for the purpose of providing financial assistance to students’ families in financial need. The balance in this donor-restricted fund was \$10,471 and \$14,383 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, \$3,912 and \$2,189, respectively, were released from restrictions due to the accomplishment of the purpose restriction.

**EDISON SCHOOL OF THE ARTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 5 - RETIREMENT PLANS**

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund ("TRF") and the Indiana Public Employees' Retirement Fund ("PERF"), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. School employees also have the option to participate in a 403(b) plan administered by an outside party. The School does not make employer contributions to the 403(b) plan.

Contribution requirements of plan members are determined annually by the INPRS Board. The School contributed 5.5% of compensation for eligible teaching personnel to TRF during both years ended June 30, 2023 and 2022, and 11.2% for other employees to PERF during both years ended June 30, 2023 and 2022. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2022 (the latest year reported), TRF and PERF were approximately 92% and 82% funded, respectively.

Total contributions to INPRS for TRF and PERF were \$418,445 and \$268,475 during the years ended June 30, 2023 and 2022, respectively.

**NOTE 6 - RISKS AND UNCERTAINTIES**

The School provides educational instruction services to families residing in Indianapolis, Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of a grant receivable from IPS. The School also receives substantial financial assistance from IPS in the form of in-kind contributions covering occupancy, student transportation, food services, general education, special education, and security services. Changes to the Innovation Network School Agreement with IPS could significantly affect the School.

In addition, deposits are maintained at The National Bank of Indianapolis and are insured up to the FDIC insurance limit of \$250,000. As of June 30, 2023 and 2022 and regularly throughout the years, funds held at The National Bank of Indianapolis exceeded FDIC insurance limits.

**EDISON SCHOOL OF THE ARTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 7 - LIQUIDITY**

The School's financial assets include cash and grants receivable. Following is a schedule of financial assets and the ability thereof to meet cash needs within one year as of June 30:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Financial assets   | \$ 1,707,601        | \$ 1,180,965        |
| Less: financial assets unavailable within one year due to purpose restrictions         | <u>(10,471)</u>     | <u>(14,383)</u>     |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,697,130</u> | <u>\$ 1,166,582</u> |

From time to time, the School receives donor restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 8 - FUNCTIONAL EXPENSE REPORTING**

The costs of providing educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized direct expenses as program services or management and general according to the underlying nature of the expense. In-kind expenses are allocated between program services and management and general in approximately equal proportion to the direct expenses.

**NOTE 9 - PENDING LEGAL MATTERS**

The School is in the process of resolving several pending legal matters related to the termination of the School's former Chief Executive Officer and a matter pertaining to a student. The School has engaged legal counsel to assist in the resolution of these matters. As of the date of this report, the cases have an unknown expected outcome and financial impact on the School. Management has not accrued a liability related to the outcomes of these cases.