

Lighthouse Academies®

September 2, 2009

To: The Board of Directors of
Lighthouse Academies of Arkansas Inc

From: Bob Stearns
Vice President of Finance
Lighthouse Academies, Inc

Enclosed are the financial statements for Jacksonville Lighthouse Charter School for the two months ended August 31, 2009. Also enclosed is the proposed budget amendment for FY10.

Please note the following highlights

1. The information was provided for from APSCN. I have limited access at the moment to the accounting system and have pending questions on some transactional postings. Several funds were being used and it is not clear if they were all necessary. Several accounts were being used when one account could have been used. Payroll withholding accounts are not being properly posted to. It was unclear if all the loan activity and building transactions were posted in APSCN or if the loan and building transactions were netted during July.
2. The information was converted into a budget to actual for the school year format. The proposed budget amendment includes the following
 - a. \$51K increase in per pupil revenue for change in rate
 - b. \$-18K – decrease in Title I revenue for change from initial estimate of 100K to current allocation of \$81K which is based on 40% F&R submitted in July. The current F&R approved applications is 30%, It is unknown at this time whether the allocation will decrease but the school has until Oct 1st to get more approved F&R applications.
 - c. PCSP – increase \$146K . We have completed the first phase of the grant on textbooks and have filed the application for the second \$150K to finance furniture.
 - d. Decrease NSLA revenue due to decrease in F&R -28K. This is only an estimate and the allocation will not be known until sometime in Nov or Dec. Once the award is known the school can plan its expenditures. A holding amount of \$68K is in prof. dev.

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- e. I decreased food revenue by 104K and food expenses by 70K based on current operations highlighted as follows:
 - i. Over-ordering: The number of students eating meals is less than the number of catered meals paid for each day including both breakfast and lunch. For example on 8/28 the school paid for 80 breakfast and 170 lunch but only sold or served 66 breakfasts and 145 lunch.
 - ii. Low participation:
 - 1. enrollment is approx. the target of 344 but students eating on a daily basis is 42% for lunch and 19% for breakfast.
 - 2. attendance is high at 98%
 - 3. free eligibility is 72 but only 40 to 50 are eating free meals
 - iii. A low F&R eligibility was determined. 31% is the F&R percentage which will reduce the Title I, and NSLA funds available for the school.
 - 1. 72 Free
 - 2. 37 Reduced
 - 3. 240 Paid or not determined
 - iv. Cash Collections from students
 - 1. Cash is being deposited for collections from students for meals but no work has been done on printing statements or determining accurate accounts receivable on meals. The school was going to research producing customer statements from Powerlunch.
 - 2. School wants to establish policy on handling cash including advance payments to reduce the frequency of small collections.
 - v. Teacher Assistants / Bus Purchase – The school wants to not purchase the bus and use the \$35K to hire a second teacher assistant for \$26K with benefits.
 - vi. Title I discretionary - I am assuming the school will be allowed to budget the entire cost of the DOI's salary and benefits to the Title I fund, thereby using it completely on this position. I have shifted the DOI away from NSLA fund and into Title I. This saves \$70K but takes away the discretionary spending line for supplementary teachers. Alternatively the school could also budget the two TAs to title I or a combination of DOI and TAs
 - vii. It appears that taxes and benefits were high at 33% of total comp and is closed to 27%. Based on the projected health costs of the employer and the other taxes and benefit lines, the total savings is 71K
 - viii. Decrease LHA fee- 100K to agree with contract
 - ix. Increase the repayment of the LHA loan -90K. starting a five year repayment of the 400K loan
 - x. I decreased the expected cash outflow for the mortgage to account for 9 months rather than 12. 75K savings
 - xi. I added a contingency line in the building section of \$75K
 - xii. Decreased the budget line for textbooks +36K

- xiii. I increased the cost of the FFE for expected add'l costs associated with a second install and the move from the temporary site. -40K
 - xiv. Increased lease payments to agree with expected lease cost -20K.
 - xv. Other various expense accounts were added or adjusted including salaries, dues and subs, interest on the line of credit, temporary rent
- f. Other deposits coded into APSCN
- i. Several accounts are being used but it is unclear the total of the monies collected by activity including aftercare, food program, uniforms, and donations. The total deposited to date is 19K to 21K

The Board should vote on adopting this budget amendment. Please do not hesitate to contact me if you have any questions.

Sincerely

Bob Stearns
Vice President of Finance
Lighthouse Academies, Inc

Jacksonville Lighthouse Charter School
Statement of Financial Position

	8/31/09	6/30/09
Assets		
Cash	\$ 346,677	\$ 202,039
Grants/Accounts Receivable	-	-
Prepaid Expenses	-	-
Fixed Assets	1,876,515	1,239,995
Other Assets	6,587	6,587
Total Assets	<u>\$ 2,229,779</u>	<u>\$ 1,448,621</u>
Current Liabilities		
Accounts Payable	\$ 72,573	\$ 72,993
Accrued Expenses	-	-
Line of Credit-FBAT	55,000	5,000
Deferred Revenue	-	150,000
Total Current Liabilities	<u>127,573</u>	<u>227,993</u>
Long Term Liabilities		
Loan Payable-LHA	400,000	400,000
Loan Payable-SFP	795,348	398,320
Loan Payable-LISC	469,180	234,336
Total Long Term Liabilities	<u>1,664,528</u>	<u>1,032,656</u>
Total Liabilities	<u>1,792,101</u>	<u>1,260,649</u>
Net Assets		
Temporarily Restricted Net Assets	25,000	25,000
Unrestricted Net Assets	412,678	162,972
Total Net Assets	<u>437,678</u>	<u>187,972</u>
Total Liabilities and Net Assets	<u>\$ 2,229,779</u>	<u>\$ 1,448,621</u>

	A	H	I	J	K	L	M	N	O	P	Q	R
1	Jacksonville Lighthouse Charter School											
2	Statement of Activities											
3	Year Ended June 30, 2009											
4			Two Months Ended 08/31/09									
5												
6			Actual	Budget	Variance		Annual Budget	remaining		Budget Amendment	Difference	comments
7												
8												
9												
10	Revenue											
11	Per Pupil	\$	340,560	\$ 327,079	\$ 13,482	\$	1,962,471	\$ (1,621,911)	\$	2,013,660	\$ 51,189	increase in Per Pupil
12	Special Education		-	8,333	(8,333)		50,000	(50,000)		50,000	-	Still just an estimate
13	Enhanced Educational Funding		2,370	2,034	336		12,204	(9,834)		13,560	1,356	increase in EEF
14	Title I		-	16,667	(16,667)		100,000	(100,000)		81,891	(18,109)	initial allocation 40% F&R
15	Title II(a)		-	-	-		-	-		4,715	4,715	
16	Title IV		-	-	-		-	-		563	563	
17	PCSP		150,000	153,320	(3,320)		153,320	(3,320)		300,000	146,680	Received and spent 1st 150K allocation; applied for 2nd round of funding for FFE assume less due to lower F&R. Assume not available until after 11/1. See place holder in Prof Dev for NSLA
18	NSLA		-	16,100	(16,100)		96,600	(96,600)		68,250	(28,350)	holder in Prof Dev for NSLA
19	Proceeds for Leased Capital Equipment		-	78,915	(78,915)		473,488	(473,488)		330,000	(143,488)	
20	Food Program-Claims		-	22,544	(22,544)		135,261	(135,261)		51,613	(83,648)	drop to 30% F&R and 40% participation
21	Food Program-Student Collections		1,955	10,145	(8,189)		60,867	(58,912)		40,000	(20,867)	drop due to participation decrease to 40%
22	Student Activity Fees		7,103	-	7,103		-	7,103		10,000	10,000	
23	Student Sale of Supplies and Uniforms		7,709	-	7,709		-	7,709		10,000	10,000	
24	Private Contributions		1,600	4,167	(2,567)		25,000	(23,400)		25,000	-	
25	Afterschool Program Fees		485	-	485		-	485		5,000	5,000	
26	Total Revenue		511,782	639,302	(127,520)		3,069,212	(2,557,430)		3,004,252	(64,960)	
27												
28												
29	Operating Expenses											
30												
31	Payroll-Administrative											
32	Principal		6,923	14,167	7,244		85,000	78,077		90,000	5,000	
33	Director of Instruction		2,500	9,333	6,833		56,000	53,500		65,000	9,000	use on T-1
34	Business Manager		3,606	7,500	3,894		45,000	41,394		45,000	-	
35	Admin Assistant		522	5,000	4,478		30,000	29,478		28,000	(2,000)	
36	Total Payroll-Administrative		13,551	36,000	22,449		216,000	202,449		228,000	12,000	
37												
38	Basic Education											
39	Classroom Teacher Salaries		17,846	37,333	19,487		448,000	430,154		459,000	11,000	
40	Classroom Teacher Perf. Bonuses			2,083	2,083		25,000	25,000		25,000	-	received donation for this of 25K
41	Teacher Leader Fellow Stipend			833	833		10,000	10,000		10,000	-	
42	Teacher Assistants			2,167	2,167		26,000	26,000		52,000	26,000	hire second TA
43	Substitutes			1,167	1,167		14,000	14,000		14,000	-	
44	Total Teaching Salaries		17,846	43,583	25,737		523,000	505,154		560,000	37,000	
45												
46	Specialists											
47	Total Specialists		2,692	5,333	2,641		64,000	61,308		72,000	8,000	
48	Total Specialists		2,692	5,333	2,641		64,000	61,308		72,000	8,000	
49												
50	Special Education											
51	Special Education Teachers		1,385	2,667	1,282		32,000	30,615		32,000	-	
52	Special Education Teacher Assts			-	-		-	-		-	-	
53	Total Teaching Salaries		1,385	2,667	1,282		32,000	30,615		32,000	-	
54												
55	Title I											
56	Discretionary		-	-	-		70,000	70,000		-	(70,000)	apply T-1 to DOI. No guarantee this will pass but that is the plan
57	Total Title I Staff		-	-	-		70,000	70,000		-	(70,000)	
58												
59	Service Providers-Other Staff											

	A	I	J	K	L	M	N	O	P	Q	R
4		Two Months Ended 08/31/09									
5											
6		Actual	Budget	Variance		Annual Budget	remaining		Budget Amendment	Difference	comments
60	Afterschool Care	-	-	-		-	-		-	-	
61	Nurse	-	2,667	2,667		16,000	16,000		16,000	-	
62	Food Service	-	6,968	6,968		41,808	41,808		-	(41,808)	not needed
63	Custodians	-	-	-		-	-		-	-	
64	Total Service Providers-Other Staff	-	9,635	9,635		57,808	57,808		16,000	(41,808)	
65											
66		35,474				962,808			908,000	(54,808)	
67	Taxes & Benefits										
68	Taxes and Benefits	38,067	53,223	15,156		319,340	281,273		248,000	(71,340)	
69	Total Taxes & Benefits	38,067	53,223	15,156		319,340	281,273		248,000	(71,340)	
70						33%			27%		
71											
72									500		assume 50K for health
73									100		assume 10K for dental, disability
74									90,800		assume 10% for taxes
75									20,000		assume 20K for workers comp
76									136,200		assume 15% for retirement
77									247,600		
78											
79	Staff Development & Recruitment										
80	Staff Development-Summit		18,000	18,000		18,000	18,000		18,000	-	
81	Staff Development-Discretionary	1,243	-	(1,243)		-	(1,243)		14,000	14,000	add 14K for Responsive Classroom
82	Contingency for NSLA - don't spend until awarded in Nov								68,000	68,000	hold for NSLA
83	Consultants-Visiting Artists		500	500		3,000	3,000		3,000	-	
84	Staff Recruitment		-	-		-	-		5,000	5,000	
85	Total Staff Development & Recruitment	1,243	18,500	17,257		21,000	19,757		108,000	87,000	
86											
87	Professional Fees										
88	Academic Services-LHA		25,000	25,000		150,000	150,000		50,000	(100,000)	first year contract 50K
89	Reimbursements to LHA for travel		2,000	2,000		12,000	12,000		20,000	8,000	add 2K for Accounting software and supplies
90	Accounting & Auditing	2,570	1,667	(904)		10,000	7,430		12,000	2,000	
91	Legal		2,000	2,000		12,000	12,000		12,000	-	
92	Computer Support		1,333	1,333		8,000	8,000		8,000	-	
93	HRIS		2,000	2,000		12,000	12,000		12,000	-	
94	Food-Vended Meals Contract	2,994	30,917	27,923		185,501	182,507		115,900	(69,601)	drop to 170 lunches and 80 Breakfasts
95	OT/PT/ST/Psych Services		2,400	2,400		24,000	24,000		24,000	-	
96	Marketing Expense		-	-		-	-		-	-	
97	Assessment and Data Service	6,500	1,413	(5,088)		8,475	1,975		15,475	7,000	add 7K for powerschool
98	Total Professional Fees	12,064	68,729	56,665		421,976	409,912		269,375	(152,601)	
99											
100	Supplies										
101	Classroom Supplies	1,199	4,238	3,039		25,425	24,226		25,425	-	
102	Textbooks	161,005	34,400	(126,605)		206,400	45,395		170,000	(36,400)	
103	Library Supplies	311	-	(311)		-	(311)		-	-	
104	Uniforms		848	848		5,085	5,085		5,085	-	
105	Nurse Supplies		1,413	1,413		8,475	8,475		8,475	-	
106	Office Supplies	1,323	2,260	937		13,560	12,237		13,560	-	
107	Janitorial Supplies		2,825	2,825		16,950	16,950		16,950	-	
108	Total Supplies	163,838	45,983	(117,855)		275,895	112,057		239,495	(36,400)	
109											
110	FFE										
111	FFE Lease Payments	-	20,378	20,378		122,266	122,266		143,110	20,844	lease not started yet
112	Purchases of FFE	-	420,408	420,408		420,408	420,408		460,000	39,592	increased cost for 2nd install
113	Total FFE	-	440,786	440,786		542,674	542,674		603,110	60,436	
114											
115	School Bus - Contract Budget										
116	Bus Rental		2,917	2,917		35,000	35,000		-	(35,000)	eliminate and hire 2nd TA
117	Fuel		-	-		-	-		-	-	
118	Insurance		-	-		-	-		-	-	
119	Maintenance		-	-		-	-		-	-	
120	Driver Wages (includes lead and substitute driver)		-	-		-	-		-	-	
121	Driver Benefits and taxes		-	-		-	-		-	-	

	A	H	I	J	K	L	M	N	G	P	Q	R
4		Two Months Ended 08/31/09										
6		Actual	Budget	Variance	Annual Budget	remaining	Budget Amendment	Difference	comments			
122	Cell Phones for Drivers	-	-	-	-	-	-	-	-	-	-	
123	Travel	-	-	-	-	-	-	-	-	-	-	
124	Total Busing	-	2,917	2,917	35,000	35,000	-	(35,000)				
125												
126	Occupancy											
127	Mortgage		25,000	25,000	300,000	300,000	225,000	(75,000)	assume 9 mos @25K			
128	Building Contingency						75,000	75,000				
129	Rent	633	-	(633)	-	(633)	3,000	3,000				
130	Utilities		3,600	3,600	43,200	43,200	43,200	-				
131	Facility Management Contract		1,250	1,250	15,000	15,000	15,000	-				
132	Landscape and Snow Plow		417	417	5,000	5,000	5,000	-				
133	Cleaning Contract	2,767	3,333	567	40,000	37,233	40,000	-				
134	Repairs and maintenance	200	667	467	8,000	7,800	8,000	-				
135	Storage and relocation		-	-	-	-	-	-				
136	Waste Removal		400	400	4,800	4,800	4,800	-				
137	Telecommunications		833	833	10,000	10,000	10,000	-				
138	Telecommunications											
139	Total Occupancy	3,600	35,500	31,900	426,000	422,400	429,000	3,000				
140												
141	Other Expenses											
142	Miscellaneous		167	167	1,000	1,000	1,000	-				
143	Bank Charges		83	83	500	500	500	-				
144	Dues & Subscriptions		83	83	500	500	4,400	3,900	increase for outsourcing bills			
145	Field Trips		3,333	3,333	20,000	20,000	20,000	-				
146	Insurance	4,006	2,667	(1,339)	16,000	11,995	16,000	-				
147	Travel	2,538	400	(2,138)	2,400	(138)	2,400	-	this may include prof dev and need to reloca			
148	Copying & Printing	156	1,667	1,511	10,000	9,844	10,000	-				
149	Postage & Shipping	830	1,333	503	8,000	7,170	8,000	-				
150	LHA startup loan repay						90,024	90,024	assume 5 year amort on 40K loan at 4.75%			
151	Interest Expense	260	-	(260)	-	(260)	2,400	2,400	add for line of credit			
152	Total Other Expenses	7,789	9,733	1,944	58,400	50,611	154,724	96,324				
153												
154	Total Expenses	262,075	772,589	510,515	3,063,093	2,801,019	2,959,704	(103,389)				
155												
156	Operating Income (Revenue)	\$ 249,707	\$ (133,287)	\$ 382,994	\$ 6,119	\$ 243,589	\$ 44,547	38,429				
157												
158	Beginning Balance	162,971					(44,367)	(44,367)				
159												
160	Ending Balance	\$ 412,678			\$ 6,119		180	(5,938)				
161												
162					0							