

**ASPIRE PUBLIC SCHOOLS**  
(A CALIFORNIA NON-PROFIT  
PUBLIC BENEFIT CORPORATION)

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED  
JUNE 30, 2009 AND 2008**

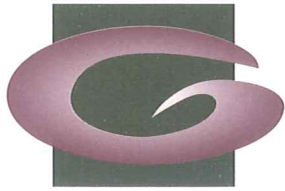
**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**JUNE 30, 2009 AND 2008**

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**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5
<b>SUPPLEMENTARY INFORMATION SECTION</b>	
Combining Statement of Financial Position	19
Combining Statement of Activities and Changes in Net Assets	22
Schedule of Functional Expenses	25



**Gilbert Associates, Inc.**  
CPAs and Advisors

## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Aspire Public Schools  
Oakland, California**

We have audited the accompanying statements of financial position of Aspire Public Schools, a California non-profit public benefit corporation (the Organization), as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements of the Organization as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**December 14, 2009**

**ASPIRE PUBLIC SCHOOLS**  
(A California Non-Profit Public Benefit Corporation)

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2009 AND 2008**

<b>ASSETS</b>		
	<b>2009</b>	<b>2008</b>
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 106,074	\$ 24,527
Restricted cash	423,427	414,209
Accounts receivable	12,686,837	9,934,536
Pledges receivable	2,536,213	2,480,447
Prepaid expenses and deposits	369,923	440,680
Deferred loss	13,749	13,749
Deferred charges	9,096	9,096
Total current assets	16,145,319	13,317,244
<b>NON-CURRENT ASSETS</b>		
Restricted cash	819,413	819,413
Pledges receivable	1,183,718	1,070,024
Property and equipment, net	49,040,169	49,646,073
Deferred loss	299,041	312,790
Deferred charges	191,004	200,100
Total non-current assets	51,533,355	51,068,400
<b>TOTAL ASSETS</b>	<b>\$ 67,678,664</b>	<b>\$ 65,365,644</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Cash deficit	\$ 391,441	
Accounts payable	6,142,588	\$ 6,501,890
Accrued expenses	2,619,556	2,456,359
Deferred revenue	472,452	125,555
Lines of credit	3,721,926	3,849,737
Capital lease, current portion	570,402	510,000
Debt, current portion	656,367	2,528,374
Total current liabilities	14,574,732	15,971,915
<b>LONG-TERM LIABILITIES</b>		
Capital lease	19,012,250	19,465,000
Debt	16,532,102	16,136,593
Total liabilities	35,106,884	32,573,508
<b>NET ASSETS</b>		
Unrestricted	4,132,268	5,300,299
Temporarily restricted	13,427,312	8,491,837
Total net assets	17,559,580	13,792,136
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 67,678,664</b>	<b>\$ 65,365,644</b>

The accompanying notes are an integral part of these financial statements.

**ASPIRE PUBLIC SCHOOLS**  
(A California Non-Profit Public Benefit Corporation)

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>SUPPORT AND REVENUE</b>		
Private grants and contributions	\$ 3,245,684	\$ 2,493,459
Donated property and services		122,599
Federal revenue	6,799,421	6,171,906
Revenue limit sources:		
State aid portion of general purpose block grant	27,512,492	25,195,149
State revenue:		
Categorical block grant	4,196,847	3,882,044
All other state revenue	4,358,409	3,426,287
Local revenue:		
Cash in-lieu of property taxes	7,284,185	7,375,469
Interest income	67,065	125,344
All other local revenue	1,088,084	675,408
Subtotal	54,552,187	49,467,665
Net assets released from restrictions	8,847,431	8,627,429
Total support and revenue	63,399,618	58,095,094
<b>EXPENSES</b>		
<b>PROGRAM EXPENSES</b>		
Educational programs	52,800,427	48,612,789
<b>SUPPORTING SERVICES</b>		
Site support	6,536,192	4,199,941
Development and expansion	2,678,115	2,395,778
Administration and general	2,552,915	2,640,661
Total supporting services	11,767,222	9,236,380
Total expenses	64,567,649	57,849,169
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>(1,168,031)</b>	<b>245,925</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
Private grants and contributions	4,655,132	4,696,119
Federal and state revenue	9,127,774	5,144,287
Net assets released from restrictions	(8,847,431)	(8,627,429)
<b>Increase in Temporarily Restricted Net Assets</b>	<b>4,935,475</b>	<b>1,212,977</b>
<b>INCREASE IN NET ASSETS</b>	<b>3,767,444</b>	<b>1,458,902</b>
<b>NET ASSETS - Beginning of Year</b>	<b>13,792,136</b>	<b>12,333,234</b>
<b>NET ASSETS - End of Year</b>	<b>\$ 17,559,580</b>	<b>\$ 13,792,136</b>

The accompanying notes are an integral part of these financial statements.

**ASPIRE PUBLIC SCHOOLS**  
(A California Non-Profit Benefit Corporation)

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 3,767,444	\$ 1,458,902
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	2,954,741	2,615,164
Amortization	22,845	22,844
Loss on sale of property and equipment	6,930	
Donated property		(64,200)
(Increase) decrease in assets:		
Accounts receivable	(2,752,301)	(3,325,810)
Pledges receivable	(169,460)	(2,663,745)
Prepaid expenses and deposits	70,757	(344,202)
Accounts payable	(491,245)	52,378
Accrued expenses	163,197	574,394
Deferred revenue	346,897	(769,838)
Net cash provided by (used in) operating activities	3,919,805	(2,444,113)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(2,058,351)	(8,399,867)
Net cash used in investing activities	(2,058,351)	(8,399,867)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from lines of credit	38,387,540	22,892,425
Proceeds from debt	1,250,000	4,120,683
Payments on lines of credit	(38,515,351)	(19,167,688)
Principal payments on capital lease	(557,821)	(495,000)
Principal payments on debt	(2,726,498)	(382,898)
Net cash provided by (used in) financing activities	(2,162,130)	6,967,522
Net increase (decrease) in cash	(300,676)	(3,876,458)
Cash and cash equivalents, beginning of year	1,258,149	5,134,607
Cash and cash equivalents, end of year	\$ 957,473	\$ 1,258,149
Cash and cash equivalents	\$ 106,074	\$ 24,527
Cash deficit	(391,441)	
Restricted cash	1,242,840	1,233,622
Total	\$ 957,473	\$ 1,258,149
<b>NON-CASH INVESTING ACTIVITIES:</b>		
Property and equipment financed through capital lease	\$ 165,473	\$
Property and equipment financed through accounts payable	\$ 131,943	\$ 133,597
<b>CASH PAID FOR INTEREST (net of capitalized amount)</b>	\$ 1,715,532	\$ 1,676,121

The accompanying notes are an integral part of these financial statements.

**ASPIRE PUBLIC SCHOOLS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Aspire Public Schools (the Organization) was formed to manage, guide, direct, and promote charter schools that provide quality education to California youth in primary and secondary grades. The Organization was founded in California in 1998. The Organization's support is derived primarily from State of California public education monies received through the California Department of Education and sponsoring districts, individual and foundation contributions, and various government agency grants.

As of June 30, 2009 the Organization operated twenty-one schools chartered by eleven charter authorizers in six counties. Charters are granted for each school for up to five years, with an opportunity to request a continuation. Charters may be revoked by the sponsoring district for material violations of the charter, failure to meet or make progress toward student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. As of June 30, 2009, the charter schools operated by the Organization were as follows:

<b>Charter School Name</b>	<b>Charter School Number</b>	<b>Sponsoring District</b>	<b>*Charter Granted/Renewed</b>	<b>Charter Expiration</b>
Aspire University Public School	178	Lodi Unified	June 2009	06/30/14
Aspire University Charter School	1026	Sylvan Union Elem	Jan 2008	06/30/13
Aspire Capitol Heights Academy	598	Sacramento City	March 2008	06/28/13
Aspire Monarch Academy	252	Oakland Unified	Jan 2009	06/30/14
Aspire River Oaks Charter School	364	Lodi Unified	July 2006	06/30/11
Aspire Summit Charter Academy	812	Ceres Unified	July 2006	06/30/11
Aspire Benjamin Holt College Preparatory Academy	565	Lodi Unified	March 2008	06/30/13
Aspire Lionel Wilson College Preparatory Academy	465	Oakland Unified	July 2007	06/30/12
Aspire East Palo Alto Charter School	125	Ravenswood City	Jan 2009	06/30/14
Aspire California College Preparatory Academy	1049	Alameda County Office of Education	April 2008	06/30/13
Aspire Antonio Maria Lugo Academy	694	Los Angeles Unified	Nov 2008	06/30/14
Aspire Millsmont Academy	689	Oakland Unified	Dec 2008	06/30/14
Aspire Millsmont Secondary Academy	1023	Oakland Unified	May 2008	06/30/13
Aspire Rosa Parks Academy	554	Stockton Unified	July 2005	06/30/10
Aspire Berkley Maynard Academy	726	Oakland Unified	Feb 2005	3/29/10
Aspire Centennial College Preparatory Academy	693	Los Angeles Unified	Dec 2008	06/30/14
Aspire East Palo Alto Phoenix Academy	1022	Sequoia Union HS Dist	April 2008	06/30/13
Aspire Langston Hughes Academy	1048	Stockton Unified	April 2008	06/30/13
Aspire Clarendon Elementary	854	CA Dept of Education	Jan 2007	06/30/12
Aspire Port City Academy	854	CA Dept of Education	Jan 2007	06/30/12
Aspire Huntington Park Charter School	1035	Los Angeles Unified	July 2008	06/30/13

\* Charter issuance date or the most recent renewal date

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

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All sponsoring districts receive up to 1% of the annual charter revenue for supervisory oversight. Ravenswood City School District, the sponsoring district for East Palo Alto Charter School, receives up to 3% for supervisory oversight because the district provides facilities substantially rent-free.

Through June 30, 2009, the Organization had separately negotiated for sponsoring district administrative and other services. Additionally, transportation expenses and/or special education encroachment are paid by the Organization to the sponsoring districts.

**Basis of presentation** – The financial statements are presented in conformity with Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization has no permanently restricted net assets.

**Revenue recognition** – Contributions and grants are recognized when the donor/grantor makes an unconditional promise to give to the Organization or when received, in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as “Net Assets Released from Restriction.” Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which is generally upon the incurrence of expenditures related to the required services.

**Cash and cash equivalents** – For financial statement purposes, the Organization considers investments with maturity at purchase of three months or less to be cash equivalents.

**Property and equipment** with a value greater than \$2,000 are capitalized at cost, or fair market value on the date of receipt in the case of donated property, and depreciated using the straight-line method over their estimated useful lives, which range from two to thirty years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts, with the resulting gain or loss reflected in the statement of activities.

**Donated materials, services, and facilities** – In-kind contributions are recorded at their estimated fair values at the date of donation. Donated services are recorded when they create or enhance non-financial assets or require a specialized skill that the Organization would otherwise need to purchase. During the year ended June 30, 2009, no in-kind contributions of materials, services or facilities were received. During the year ended June 30, 2008, in-kind contributions of services valued at \$54,199 were received for donated professional development and legal services and \$64,200 of donated playground equipment was also received.



**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

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**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income taxes** – The Organization has been granted tax-exempt status as provided by Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. In addition, the Internal Revenue Service has determined the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in these financial statements. The Organization has elected to defer the application of Financial Accounting Standards Board (FASB) Interpretation 48, *Accounting for Uncertainty in Income Taxes*, as allowed until July 1, 2009. The Organization will evaluate any uncertain tax positions in conjunction with the preparation of the tax return.

**Functional allocation of expenses** – The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Program development and expansion** – The Organization continually explores potential opportunities for expansion and growth; thus costs are incurred to research the possibility of establishing new sites. The Organization capitalizes these preacquisition costs into Schools Under Construction (Note 6) at the time incurred. If it is determined that a formal contractual commitment will not be entered into, the expenses are included in program development and expansion in the period that the determination is made.

**Subsequent events** were reviewed through the date of the audit report.

**Reclassifications** – certain reclassifications have been made to the 2008 balances to conform to the 2009 presentation. These reclassifications had no effect on the Organization's total net assets.

## **2. CONCENTRATIONS OF CASH**

The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash. Cash balances held in banks are 100% insured by Federal Depository Insurance Corporation (FDIC) through December 31, 2009 under the FDIC's Temporary Liquidity Guarantee Program.

## **3. RESTRICTED CASH**

Restricted cash represents bond proceeds that are required to be used for a debt service reserve as well as cash accumulated for principal and interest payments. The balance in the debt service accounts at June 30, 2009 and 2008, was \$1,242,840 and \$1,233,622, respectively. The current portion is \$423,427 and \$414,209 at June 30, 2009 and 2008, respectively.

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

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**4. ACCOUNTS RECEIVABLE**

Accounts receivable balances at June 30 are as follows:

	<u>2009</u>	<u>2008</u>
Due from grantor governments	\$ 12,670,837	\$ 9,918,536
Accrued interest	<u>16,000</u>	<u>16,000</u>
Accounts receivable	<u>\$ 12,686,837</u>	<u>\$ 9,934,536</u>

Management deems all receivables to be collectible as of June 30, 2009.

**5. PLEDGES RECEIVABLE**

Unconditional promises to give for development of new school sites are recognized as pledges receivable and are discounted to fair value using estimated prevailing interest rates. The discount rate used in determining the net present value of new pledges receivable was the risk-free rate of return of 5.34% and 5.38% at June 30, 2009 and 2008, respectively. All pledges are judged by management to be collectible. Amounts recorded as pledges receivable were as follows as of June 30:

	<u>2009</u>	<u>2008</u>
Gross pledges receivable	\$ 3,783,140	\$ 3,619,197
Less: Unamortized discount	<u>(63,209)</u>	<u>(68,726)</u>
Pledges receivable, net	<u>\$ 3,719,931</u>	<u>\$ 3,550,471</u>

Pledges receivable are due to be collected as follows:

	<u>2009</u>	<u>2008</u>
Within one year	\$ 2,536,213	\$ 2,480,447
One to five years	<u>1,183,718</u>	<u>1,070,024</u>
Pledges receivable, net	<u>\$ 3,719,931</u>	<u>\$ 3,550,471</u>

Conditional promises to give, which depend on the occurrence of specified future and uncertain events are not recorded until the conditions are met. Outstanding conditional promises to give for the purpose of opening new schools in specific locations were approximately \$8,100,000 and \$8,900,000 at June 30, 2009 and 2008, respectively.

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Land	\$ 2,462,909	\$ 2,462,909
Buildings	17,499,935	17,483,448
Schools under construction	7,346,655	6,335,067
Leasehold improvements	6,666,317	5,906,488
Property under capital lease	21,845,473	21,680,000
Equipment	5,992,643	5,774,440
Automobiles	2,140	2,140
Subtotal	61,816,072	59,644,492
Less accumulated depreciation	(12,775,903)	(9,998,419)
Property and equipment, net	\$ 49,040,169	\$ 49,646,073

Depreciation expense was \$2,954,741 and \$2,615,164 for the years ended June 30, 2009 and 2008, respectively. Various components of the land, buildings, and schools under construction shown above are pledged as collateral for the debt disclosed in Note 9, and the capital lease disclosed in Note 11.

**7. DEFERRED LOSS**

In January of 2005, Lodi Unified School District (the District) purchased River Oaks Charter School and Benjamin Holt College Preparatory Academy facilities from the Organization. The Organization concurrently entered into a capital lease obligation with the District effective January 1, 2005 through August 1, 2032. The Organization has the option to purchase the properties for one dollar at the termination of the lease. This transaction was considered a sale-leaseback transaction under SFAS No. 98, *Accounting for Leases* and SFAS No. 28, *Accounting for Sales with Leasebacks*. The Organization's obligation under this capital lease is detailed in Note 11.

In accordance with SFAS No. 28, a loss on this transaction of \$360,911 was deferred and is being amortized over the term of the capital lease. As of June 30, 2009 and 2008, accumulated amortization was \$61,870 and \$48,121, respectively. Amortization expense of the deferred loss for the years ended June 30, 2009 and 2008 was \$13,749.

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

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**8. LINES OF CREDIT**

The Organization has a line of credit with Raza Development Fund, Inc. (up to \$250,000) dated December 30, 2005; bearing interest at a rate of 6% per annum. Interest on the outstanding advances shall be payable monthly in arrears on the first business day of each month commencing on the first day following the advance. Principal balance and all outstanding interest are due at the maturity date of December 30, 2009. The Organization had advances of \$250,000 and repayments of \$125,001 during the year ended June 30, 2009. The outstanding balance as of June 30, 2009 and 2008 were \$249,999 and \$125,000, respectively.

The Organization has a second line of credit with Raza Development Fund, Inc. (up to \$500,000) dated December 30, 2005; bearing interest at a rate of 5% per annum. Interest on the outstanding advances shall be payable monthly in arrears on the first business day of each month commencing on the first day following the advance. Principal balance and all outstanding interest are due at the maturity date of December 30, 2009. The Organization had no advances and no repayments during the year ended June 30, 2009. The outstanding balance as of June 30, 2009 and 2008 was \$500,000.

The Organization had a line of credit with Wells Fargo Bank (up to \$3,500,000) dated June 30, 2008 bearing interest at 0.50% below the Prime Rate in effect. Interest payments were due monthly on the last day of each month. The outstanding principle balance was due and payable in full on June 30, 2009. On July 6, 2009, the Organization amended that line of credit to increase the amount to \$5,500,000 and to extend the line through August 30, 2009. The line of credit required the Organization to maintain a current ratio of not less than 1.15 to 1.00. The outstanding balance as of June 30, 2009 was \$2,971,927.

Subsequent to year-end, the Organization obtained a line of credit with Wells Fargo Bank (up to \$4,500,000) dated September 16, 2009; bearing interest at 2.5% above the Prime Rate in effect. Interest only payments are due monthly on the last day of each month. The outstanding principal balance is due and payable in full on April 30, 2010. The line of credit requires the Organization to maintain a current ratio of not less than 1.00 to 1.00.

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**9. DEBT**

	<u>2009</u>	<u>2008</u>
Revenue Bonds, Series 2001A - Accumulated in a sinking fund in annual installments ranging from \$110,000 to \$760,000, plus interest at a rate of 7.25%. Secured by a pledge of all assets and revenues of the Lionel Wilson College Preparatory Academy. Final maturity in 2032.	\$ 9,010,000	\$ 9,160,000
California School Finance Authority \$4,680,246 loan, effective June 27, 2007, bearing interest at 5.25%, for the construction of Rosa Parks Academy in Stockton under Proposition 47. Beginning July 2009, principal and interest payments in the amount of \$328,275 are due semi-annually. Final maturity in 2037.	4,758,509	4,758,509
Modad Properties, LLC \$1,793,239 note payable, effective September 2, 2008, bearing an interest rate of 12% per annum. Principal and interest payments ranging from \$100,000 to \$200,000 are due monthly. Secured by Deed of Trust in favor of Modad Properties, LLC recorded against the property located at 1009 66 <sup>th</sup> Ave. Oakland, CA. Final maturity date was May 2, 2009 and the note was paid in full as of June 30, 2009.		1,793,239
Charter Fund, Inc \$1,000,000 loan, effective February 8, 2008, bearing interest at 4.1%, to provide general support for the management of the organization. Beginning in 2009 through 2016, interest only payments of \$41,000 are due annually. Principal and interest payments in the amount of \$541,000 and \$520,500 are due in 2015 and 2016, respectively. Principal only payments of \$500,000 are due in both 2015 and 2016. Final maturity is January 25, 2016.	1,000,000	1,000,000
Charter Fund, Inc \$1,000,000 loan, effective January 25, 2009, bearing interest at 4.1%, to provide general support for the management of the organization. Beginning in 2010 through 2017, interest only payments of \$41,000 are due annually. Principal and interest payments in the amount of \$541,000 and \$520,500 are due in 2016 and 2017, respectively. Principal only payments of \$500,000 are due in both 2016 and 2017. Final maturity is January 25, 2017.	1,000,000	

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

California Department of Education \$807,000 loans, effective December 2007, bearing interest at a rate of 4.73%. Principal is payable in three annual installments of \$269,001. Final maturity is in 2011.	\$ 551,606	\$ 807,000
California Department of Education \$250,000 loan, effective October 2007, bearing interest at a rate of 2.69%. Principal is payable in five annual installments of \$50,000. Final maturity is in 2014.	250,000	
California School Finance Authority \$457,252 loan, effective date and payment terms to be determined upon conversion to final apportionment for a new secondary school to be built in Los Angeles under Proposition 55.	457,252	457,252
Low Income Investment Fund \$957,000 promissory note, effective October 10, 2007, bearing interest at a rate of 8%, of which \$520,444 was drawn during the 2007-08 fiscal year. Principal and interest payments in the amount of \$30,000 are due monthly. Loan was paid in full as of June 30, 2009.		400,428
NCB Capital Impact \$310,000 loan, effective October 13, 2006, bearing interest at a rate of 7.625% per annum. Principal and interest payments in the amount of \$6,317 are due monthly. Final maturity is October 1, 2011.	161,102	221,872
California Department of Education \$200,000 loan, effective August 2, 2005, bearing interest at a rate of 3.11%. Principal is payable in three annual installments of \$66,667. Final maturity was in 2009.		<u>66,667</u>
Subtotal	17,188,469	18,664,967
Less current portions	<u>(656,367)</u>	<u>(2,528,374)</u>
Total Long-Term Debt	<u>\$ 16,532,102</u>	<u>\$ 16,136,593</u>

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

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Future payments relating to debt were as follows as of June 30, 2009:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 656,367	\$ 1,025,837	\$ 1,682,204
2011	699,077	989,618	1,688,695
2012	384,604	954,784	1,339,388
2013	291,258	933,816	1,225,074
2014	311,053	914,522	1,225,575
Thereafter	<u>14,846,110</u>	<u>10,018,424</u>	<u>24,864,534</u>
Total	<u>\$ 17,188,469</u>	<u>\$ 14,837,001</u>	<u>\$ 32,025,470</u>

**10. CAPITALIZATION OF CONSTRUCTION DEBT INTEREST**

While a facility is under construction, a portion of interest is capitalized into its cost in accordance with SFAS No. 34, *Capitalization of Interest Costs*. In summary, the capitalization of interest is applicable to the amount of interest that could have been avoided had the Organization not undertaken the building of a capital asset. The Organization evaluates capitalization of interest at the individual site level since the cash from one site would not be used to pay down the debt on another site.

The amount of capitalizable interest is determined by applying the debt interest rate to the average amount of accumulated expenditures for the building during the year. Interest costs of \$1,922,516 and \$1,723,785 were incurred related to debt during the years ended June 30, 2009 and 2008, respectively. During the years ended June 30, 2009 and 2008, \$213,478 and \$0 of interest was capitalized, respectively.

**11. LEASE COMMITMENTS**

*Operating leases*

The Organization leases buildings for administrative offices in Oakland and Stockton and leases land and buildings for school sites in Stockton, Oakland, Modesto, East Palo Alto, Los Angeles, and Sacramento under various operating leases. The Organization also leases copiers at various school sites. It is unlikely that the Organization will cancel any of these leases before they expire. The aggregate minimum rental payments required under the terms of all operating leases as of June 30, 2009 were as follows:

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

Year Ending June 30,	Minimum Payments
2010	\$ 3,090,000
2011	2,633,656
2012	2,344,053
2013	1,436,523
2014	625,429
Thereafter	197,550
Total	\$ 10,327,211

Rental expense under operating leases was \$3,250,692 and \$2,510,200 for the years ended June 30, 2009 and 2008, respectively.

***Capital leases***

As discussed in Note 7, the Organization entered into a capital lease with Lodi Unified School District from January 1, 2005 through August 1, 2032. The property under capital lease is separately disclosed in Note 6 and consists of the River Oaks Charter School and Benjamin Holt College Preparatory Academy school facilities in Lodi, California. The leased property is being depreciated over the term of the lease in accordance with SFAS No. 13, *Accounting for Leases*, and depreciation expense for the leased property is included in the total depreciation expense.

Future payments relating to this capital lease were as follows as of June 30, 2009:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 530,000	\$ 852,563	\$ 1,382,563
2011	545,000	833,713	1,378,713
2012	565,000	811,513	1,376,513
2013	590,000	788,413	1,378,413
2014	610,000	765,938	1,375,938
Thereafter	16,625,000	7,993,060	24,618,060
Total	\$ 19,465,000	\$ 12,045,200	\$ 31,510,200



**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

The Organization entered into two leases for furniture that have a bargain purchase option at the termination of the lease in 2012. The monthly minimum lease payments required under the two leases are \$2,605 and \$1,614. The furniture is being depreciated over its useful life and is included in the total depreciation expense.

Future payments relating to these capital leases were as follows as of June 30, 2009:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 40,402	\$ 10,231	\$ 50,633
2011	44,759	5,874	50,633
2012	32,491	1,266	33,757
Total	\$ 117,652	\$ 17,371	\$ 135,023

**12. EMPLOYEE BENEFIT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). All employees who are not members of CalSTRS or CalPERS must contribute to the federal Social Security system.

California Public Employees' Retirement System (CalPERS):

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

---

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS board of Administration. The required employer contribution rate for fiscal year 2008-2009 and 2007-2008 was 9.428% and 9.306% of annual payroll, respectively. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalPERS for the fiscal years ending June 30, 2009, 2008, and 2007 were \$704,812, \$601,010, and \$420,240, respectively, and equal 100% of the required contributions for each year.

California State Teachers' Retirement Systems (CalSTRS):

Plan Description

The Organization contributes to the California State Teachers' Retirement Systems (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CALSTRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal years 2008-2009 and 2007-2008 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the fiscal years ending June 30, 2009, 2008, and 2007 were \$1,764,279, \$1,551,194 and \$1,223,029 respectively, and equal 100% of the required contributions for each year.

**13. RESTRICTED NET ASSETS**

At June 30, 2009 and 2008, temporarily restricted net assets consisted of unexpended grants restricted for the following purposes: curriculum development, implementation of literacy programs, purchase of classroom and library materials, staff training and development, and construction projects.

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

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**14. JOINT VENTURES**

The Organization participates in two joint ventures under joint powers agreements (JPAs), the California Charter School Association (CCSA) and the Schools Excess Liability Fund (SELF).

CCSA and SELF arrange for and provide workers' compensation, property, and liability insurance coverage for their members, respectively. The JPAs are governed by boards consisting of a representative from each member. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs.

**SUMMARY OF JPA COVERAGES**

**1. Workers' Compensation (CCSA)**

JPA's SIR:	\$1,000,000
Excess Insurance:	To statutory limits

**2. Property (CCSA)**

Organization	
Deductible:	\$1,000
Coverage:	\$47,867,348
Excess Insurance:	None

**3. Liability**

Organization	
Deductible:	\$0 - \$5,000
Coverage	
(CCSA - SIR)	\$100,000
(Lloyd's of London)	\$100,000 to \$1,000,000
(SELF)	\$1,000,001 to \$19,000,000

Complete separate financial statements for the JPAs may be obtained from:

SELF	1531 I Street, Suite 300, Sacramento, California 95814
CCSA	818 West 7 <sup>th</sup> Street, Suite 910, Los Angeles, California 90017

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

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The latest condensed financial information available for the JPAs is as follows:

	<u>SELF</u> <u>June 30, 2008</u>	<u>CCSA</u> <u>June 30, 2008</u>
Total Assets	\$ 238,680,000	\$ 6,638,311
Total Liabilities	\$ 189,962,000	\$ 4,836,796
Net Assets	<u>48,718,000</u>	<u>1,801,515</u>
Total Liabilities and Equity	\$ <u>238,680,000</u>	\$ <u>5,280,392</u>
Total Revenues	\$ 41,599,000	\$ 7,073,234
Total Expenses	<u>22,991,000</u>	<u>7,428,249</u>
Net Increase in Net Assets	\$ <u>18,608,000</u>	\$ <u>(355,015)</u>

**15. CONTINGENCIES**

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

**16. SUBSEQUENT EVENTS**

Subsequent to June 30, 2009, the Organization entered into operating lease agreements for three school sites. The lease agreements are for eight years each and the future minimum payments under these agreements total approximately \$17,000,000.

## **SUPPLEMENTARY INFORMATION SECTION**

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009**

Page 1 of 3

	Aspire Monarch Academy	Aspire Lionel Wilson College Prep Academy	Aspire East Palo Alto Charter School	Aspire Millsmont Academy	Aspire Berkley Maynard Academy	Aspire California College Prep Academy	Aspire East Palo Alto Phoenix Academy	Aspire Millsmont Secondary Academy	Total Bay Area Region
<b>CURRENT ASSETS</b>									
Cash and cash equivalents	\$ (27,639)	\$ (260,437)	\$ (580,243)	\$ 40,072	\$ 87,758	\$ 242,276	\$ (397,162)	\$ (227,612)	\$ (1,122,987)
Restricted cash		423,427							423,427
Accounts receivable	872,700	1,128,485	1,590,463	221,839	641,489	388,286	301,071	354,039	5,498,372
Pledges receivable									
Prepaid expenses and deposits	15,000			10,000	878	22,000	11,250		59,128
Deferred loss									
Deferred charges		9,096							9,096
Intercompany Receivable									
Total current assets	<u>860,061</u>	<u>1,300,571</u>	<u>1,010,220</u>	<u>271,911</u>	<u>730,125</u>	<u>652,562</u>	<u>(84,841)</u>	<u>126,427</u>	<u>4,867,036</u>
<b>NONCURRENT ASSETS</b>									
Restricted cash		819,413							819,413
Pledges receivable									
Property and equipment, net	283,412	7,866,218	56,838	76,089	90,793	325,406	437,748	250,606	9,387,110
Deferred loss									
Deferred charges		191,004							191,004
Total noncurrent assets		<u>8,876,635</u>	<u>57,676</u>	<u>76,089</u>	<u>90,793</u>	<u>325,406</u>	<u>437,748</u>	<u>250,606</u>	<u>9,884,357</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,143,473</u>	<u>\$ 10,177,206</u>	<u>\$ 1,067,058</u>	<u>\$ 348,000</u>	<u>\$ 820,918</u>	<u>\$ 977,968</u>	<u>\$ 352,907</u>	<u>\$ 377,033</u>	<u>\$ 15,264,563</u>
<b>CURRENT LIABILITIES</b>									
Cash deficit									
Accounts payable	\$ 95,548	\$ 556,886	\$ 718,820	\$ 220,944	\$ 153,905	\$ 599,946	\$ 53,100	\$ 92,003	\$ 2,491,152
Accrued expenses	123,056	132,481	115,385	75,928	130,361	76,661	52,822	62,233	768,927
Deferred revenue	52,098	55,135		13,608	33,540			98,233	252,614
Lines of credit	32,544			48,947				12,880	94,371
Capital leases, current portion									
Debt, current portion		165,000			32,334	39,333		81,667	318,334
Intercompany Payable									
Total current liabilities	<u>303,246</u>	<u>909,502</u>	<u>834,205</u>	<u>359,427</u>	<u>350,140</u>	<u>715,940</u>	<u>105,922</u>	<u>347,016</u>	<u>3,925,398</u>
<b>LONG-TERM DEBT</b>									
Capital leases									
Debt		8,845,000			32,332	39,331		95,278	9,011,941
Total liabilities	<u>303,246</u>	<u>9,754,502</u>	<u>834,205</u>	<u>359,427</u>	<u>382,472</u>	<u>755,271</u>	<u>105,922</u>	<u>442,294</u>	<u>12,937,339</u>
<b>NET ASSETS</b>									
Unrestricted	685,269	27,924	56,326	(89,637)	308,450	(132,394)	60,967	(388,172)	528,733
Temporarily restricted	154,958	394,780	176,527	78,210	129,996	355,091	186,018	322,911	1,798,491
Total net assets	<u>840,227</u>	<u>422,704</u>	<u>232,853</u>	<u>(11,427)</u>	<u>438,446</u>	<u>222,697</u>	<u>246,985</u>	<u>(65,261)</u>	<u>2,327,224</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,143,473</u>	<u>\$ 10,177,206</u>	<u>\$ 1,067,058</u>	<u>\$ 348,000</u>	<u>\$ 820,918</u>	<u>\$ 977,968</u>	<u>\$ 352,907</u>	<u>\$ 377,033</u>	<u>\$ 15,264,563</u>

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009**

Page 2 of 3

	Aspire University Public School	Aspire University Charter School	Aspire Summit Charter Academy	Aspire River Oaks Charter School	Aspire Benjamin Holt College Prep Academy	Aspire Capitol Heights Academy	Aspire Rosa Parks Academy	Aspire Langston Hughes Academy	Aspire Port City Academy	Total Central Valley Region
<b>CURRENT ASSETS</b>										
Cash and cash equivalents	\$ 808,384	\$ 1,220,666	\$ 350,506	\$ 144,536	\$ 1,049,001	\$ (219,066)	\$ (95,455)	\$ (485,082)	\$ (375,818)	\$ 2,397,672
Restricted cash										
Accounts receivable	395,614	506,081	592,942	542,119	560,852	450,108	876,942	498,521	414,110	4,837,289
Pledges receivable					25,000					25,000
Prepaid expenses and deposits			14,070			6,667		54,017	25,000	99,754
Deferred loss				(5,669)	19,418					13,749
Deferred charges										
Intercompany Receivable									(237,891)	(237,891)
Total current assets	<u>1,203,998</u>	<u>1,726,747</u>	<u>957,518</u>	<u>680,986</u>	<u>1,654,271</u>	<u>237,709</u>	<u>781,487</u>	<u>67,456</u>	<u>(174,599)</u>	<u>7,135,573</u>
<b>NONCURRENT ASSETS</b>										
Restricted cash										
Pledges receivable										
Property and equipment, net	967,199	29,458	286,014	7,567,881	9,282,039	229,873	9,551,118	209,564	464,787	28,587,933
Deferred loss				(123,292)	422,333					299,041
Deferred charges										
<b>TOTAL ASSETS</b>	<u>\$ 2,171,197</u>	<u>\$ 1,756,205</u>	<u>\$ 1,243,532</u>	<u>\$ 8,125,575</u>	<u>\$ 11,358,643</u>	<u>\$ 467,582</u>	<u>\$ 10,332,605</u>	<u>\$ 277,020</u>	<u>\$ 290,188</u>	<u>\$ 36,022,547</u>
<b>CURRENT LIABILITIES</b>										
Cash deficit										
Accounts payable	\$ 30,071	\$ 863,885	\$ 129,266	\$ 45,432	\$ 89,959	\$ 95,787	\$ 146,850	\$ 56,736	\$ 28,264	\$ 1,486,250
Accrued expenses	95,296	85,617	106,504	81,824	115,563	72,507	121,706	55,308	72,466	806,791
Deferred revenue			13,338				25,640	52,496		91,474
Lines of credit			21,332				54,875			76,207
Capital leases, current portion				216,452	249,008					465,460
Debt, current portion					60,000	55,667	161,596	60,770		338,033
Intercompany Payable										
Total current liabilities	<u>125,367</u>	<u>949,502</u>	<u>270,440</u>	<u>343,708</u>	<u>514,530</u>	<u>304,476</u>	<u>482,648</u>	<u>172,814</u>	<u>100,730</u>	<u>3,264,215</u>
<b>LONG-TERM DEBT</b>										
Capital leases				7,733,054	8,896,166					16,629,220
Debt					59,999	55,665	4,846,913	100,332		5,062,909
Total liabilities	<u>125,367</u>	<u>949,502</u>	<u>270,440</u>	<u>8,076,762</u>	<u>9,470,695</u>	<u>360,141</u>	<u>5,329,561</u>	<u>273,146</u>	<u>100,730</u>	<u>24,956,344</u>
<b>NET ASSETS</b>										
Unrestricted	1,931,853	717,813	751,745	(82,564)	1,493,771	12,021	4,843,051	(100,690)	65,133	9,632,133
Temporarily restricted	113,977	88,890	221,347	131,377	394,177	95,420	159,993	104,564	124,325	1,434,070
Total net assets	<u>2,045,830</u>	<u>806,703</u>	<u>973,092</u>	<u>48,813</u>	<u>1,887,948</u>	<u>107,441</u>	<u>5,003,044</u>	<u>3,874</u>	<u>189,458</u>	<u>11,066,203</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,171,197</u>	<u>\$ 1,756,205</u>	<u>\$ 1,243,532</u>	<u>\$ 8,125,575</u>	<u>\$ 11,358,643</u>	<u>\$ 467,582</u>	<u>\$ 10,332,605</u>	<u>\$ 277,020</u>	<u>\$ 290,188</u>	<u>\$ 36,022,547</u>

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009**

Page 3 of 3

	Aspire Antonio Maria Lugo Academy	Aspire Centennial College Prep Academy	Aspire Huntington Park Charter School	Aspire Clarendon School	Total LA Region	Non Active Sites	Home Office	Total Company
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 96,547	\$ 997,414	\$ (453,930)	\$ (247,429)	\$ 392,602	\$ (6,283,243)	\$ 4,722,030	\$ 106,074
Restricted cash								423,427
Accounts receivable	222,039	612,740	437,723	346,295	1,618,797		732,379	12,686,837
Pledges receivable							2,511,213	2,536,213
Prepaid expenses and deposits	10,400		10,800		21,200	127,558	62,283	369,923
Deferred loss								13,749
Deferred charges								9,096
Intercompany Receivable							237,891	
Total current assets	<u>328,986</u>	<u>1,610,154</u>	<u>(5,407)</u>	<u>98,866</u>	<u>2,032,599</u>	<u>(6,155,685)</u>	<u>8,265,796</u>	<u>16,145,319</u>
<b>NONCURRENT ASSETS</b>								
Restricted cash								819,413
Pledges receivable							1,183,718	1,183,718
Property and equipment, net	156,661	145,999	312,758	211,973	827,391	6,833,075	3,404,660	49,040,169
Deferred loss								299,041
Deferred charges								191,004
<b>TOTAL ASSETS</b>	<u>\$ 485,647</u>	<u>\$ 1,756,153</u>	<u>\$ 307,351</u>	<u>\$ 310,839</u>	<u>\$ 2,859,990</u>	<u>\$ 677,390</u>	<u>\$ 12,854,174</u>	<u>\$ 67,678,664</u>
<b>CURRENT LIABILITIES</b>								
Cash deficit							\$ 391,441	\$ 391,441
Accounts payable	\$ 112,381	\$ 370,222	\$ 76,772	\$ 76,047	\$ 635,422	\$ 50,498	1,479,266	6,142,588
Accrued expenses	75,998	158,333	86,376	63,982	384,689	20,394	638,755	2,619,556
Deferred revenue	20,981	60,521	46,862		128,364			472,452
Lines of credit	13,177	28,614	37,630		79,421		3,471,927	3,721,926
Capital leases, current portion							104,942	570,402
Debt, current portion								656,367
Intercompany Payable								
Total current liabilities	<u>222,537</u>	<u>617,690</u>	<u>247,640</u>	<u>140,029</u>	<u>1,227,896</u>	<u>70,892</u>	<u>6,086,331</u>	<u>14,574,732</u>
<b>LONG-TERM DEBT</b>								
Capital leases							2,383,030	19,012,250
Debt						457,252	2,000,000	16,532,102
Total liabilities	<u>222,537</u>	<u>617,690</u>	<u>247,640</u>	<u>140,029</u>	<u>1,227,896</u>	<u>528,144</u>	<u>10,469,361</u>	<u>50,119,084</u>
<b>NET ASSETS</b>								
Unrestricted	166,959	536,627	(33,410)	(40,346)	629,830	(308,006)	(6,350,422)	4,132,268
Temporarily restricted	96,151	601,836	93,121	211,156	1,002,264	457,252	8,735,235	13,427,312
Total net assets	<u>263,110</u>	<u>1,138,463</u>	<u>59,711</u>	<u>170,810</u>	<u>1,632,094</u>	<u>149,246</u>	<u>2,384,813</u>	<u>17,559,580</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 485,647</u>	<u>\$ 1,756,153</u>	<u>\$ 307,351</u>	<u>\$ 310,839</u>	<u>\$ 2,859,990</u>	<u>\$ 677,390</u>	<u>\$ 12,854,174</u>	<u>\$ 67,678,664</u>



**ASPIRE PUBLIC SCHOOLS**  
(A California Non-Profit Public Benefit Corporation)

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**JUNE 30, 2009**

Page 1 of 3

	Aspire Monarch Academy	Aspire Lionel Wilson College Prep Academy	Aspire East Palo Alto Charter School	Aspire Millsmont Academy	Aspire Berkley Maynard Academy	Aspire California College Prep Academy	Aspire East Palo Alto Phoenix Academy	Aspire Millsmont Secondary Academy	Total Bay Area Region
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>									
<b>SUPPORT AND REVENUE</b>									
Private grants and contributions	\$ 272	\$ 2,040	\$ 77,867	\$ 2,015		\$ 7,033	\$ 5,095		\$ 94,322
Federal revenue	458,566	495,697	449,815	177,472	\$ 293,978	96,603	305,910	\$ 372,662	2,650,703
Revenue limit sources:									
State aid portion of general purpose block grant	1,289,380	1,901,582	1,912,900	795,249	1,405,195	1,199,116	427,124	929,739	9,860,285
State revenue:									
Categorical block grant	323,046	307,382	271,137	158,959	216,331	113,130	67,376	160,571	1,617,932
All other state revenue	313,068	338,905	248,357	194,600	304,177	30,279	14,087	31,476	1,474,949
Local revenue:									
Cash in-lieu of property taxes	582,898	711,801	270,784	349,325	639,113	(7,390)	284,009	380,138	3,210,678
Interest income		50,302							50,302
All other local revenue	10,390	59,966	16,096	25,318	100,146	57,515	124,571	6,421	400,423
Subtotal	2,977,620	3,867,675	3,246,956	1,702,938	2,958,940	1,496,286	1,228,172	1,881,007	19,359,594
Net assets released from restrictions	400,104	619,926	104,489	325,217	413,776	604,846	143,296	173,199	2,784,853
Total support and revenue	<u>3,377,724</u>	<u>4,487,601</u>	<u>3,351,445</u>	<u>2,028,155</u>	<u>3,372,716</u>	<u>2,101,132</u>	<u>1,371,468</u>	<u>2,054,206</u>	<u>22,144,447</u>
<b>PROGRAM EXPENSES</b>									
Educational programs	<u>3,291,071</u>	<u>4,724,900</u>	<u>3,421,602</u>	<u>2,062,450</u>	<u>2,932,370</u>	<u>2,097,383</u>	<u>1,445,828</u>	<u>2,049,908</u>	<u>22,025,512</u>
<b>SUPPORTING SERVICES</b>									
Site support									
Program development and expansion									
Administration and general									
Cost allocations and reserve	402,859	(4,049)	257,958	246,368	332,666	45,068	(128,193)	70,319	1,222,996
Total supporting services	<u>402,859</u>	<u>(4,049)</u>	<u>257,958</u>	<u>246,368</u>	<u>332,666</u>	<u>45,068</u>	<u>(128,193)</u>	<u>70,319</u>	<u>1,222,996</u>
Total expenses	<u>3,693,930</u>	<u>4,720,851</u>	<u>3,679,560</u>	<u>2,308,818</u>	<u>3,265,036</u>	<u>2,142,451</u>	<u>1,317,635</u>	<u>2,120,227</u>	<u>23,248,508</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(316,206)</u>	<u>(233,250)</u>	<u>(328,115)</u>	<u>(280,663)</u>	<u>107,680</u>	<u>(41,319)</u>	<u>53,833</u>	<u>(66,021)</u>	<u>(1,104,061)</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>									
Private grants and contributions						212,000	42,636	220,000	474,636
Federal and state revenue	538,291	793,017	256,067	383,502	538,073	315,909	48,735	220,718	3,094,312
Net assets released from restrictions	<u>(400,104)</u>	<u>(619,926)</u>	<u>(104,489)</u>	<u>(325,217)</u>	<u>(413,776)</u>	<u>(604,846)</u>	<u>(143,296)</u>	<u>(173,199)</u>	<u>(2,784,853)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>138,187</u>	<u>173,091</u>	<u>151,578</u>	<u>58,285</u>	<u>124,297</u>	<u>(76,937)</u>	<u>(51,925)</u>	<u>267,519</u>	<u>784,095</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>(178,019)</u>	<u>(60,159)</u>	<u>(176,537)</u>	<u>(222,378)</u>	<u>231,977</u>	<u>(118,256)</u>	<u>1,908</u>	<u>201,498</u>	<u>(319,966)</u>
<b>NET ASSETS - Beginning of Year</b>	1,018,246	727,940	409,390	(55,808)	206,469	340,953			2,647,190
<b>NET ASSETS TRANSFERS</b>		<u>(245,077)</u>		<u>266,759</u>			<u>245,077</u>	<u>(266,759)</u>	
<b>NET ASSETS - End of Year</b>	<u>\$ 840,227</u>	<u>\$ 422,704</u>	<u>\$ 232,853</u>	<u>\$ (11,427)</u>	<u>\$ 438,446</u>	<u>\$ 222,697</u>	<u>\$ 246,985</u>	<u>\$ (65,261)</u>	<u>\$ 2,327,224</u>

**ASPIRE PUBLIC SCHOOLS**  
(A California Non-Profit Public Benefit Corporation)

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**JUNE 30, 2009**

Page 2 of 3

	Aspire University Public School	Aspire University Charter School	Aspire Summit Charter Academy	Aspire River Oaks Charter School	Aspire Benjamin Holt College Prep Academy	Aspire Capitol Heights Academy	Aspire Rosa Parks Academy	Aspire Langston Hughes Academy	Aspire Port City Academy	Total Central Valley Region
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>										
<b>SUPPORT AND REVENUE</b>										
Private grants and contributions	\$ 876	\$ 31	\$ 847	\$ 3,014	\$ 6,740	\$ 2,316	\$ 844	\$ 540	\$ 1,790	\$ 16,998
Federal revenue	58,461	50,409	280,060	166,248	125,854	202,938	163,509	334,310	175,115	1,556,904
Revenue limit sources:										
State aid portion of general purpose block grant	1,396,017	1,005,569	2,071,933	1,507,523	2,459,511	922,089	1,555,619	953,408	1,327,143	13,198,812
State revenue:										
Categorical block grant	175,773	118,909	226,081	195,778	266,017	140,128	251,113	118,439	138,960	1,631,198
All other state revenue	303,691	203,231	231,405	303,315	95,105	301,727	323,258	24,615	190,162	1,976,509
Local revenue:										
Cash in-lieu of property taxes	476,469	284,926	304,673	476,728	736,486	317,556	307,184	191,945		3,095,967
Interest income		63	612	3,970	4,567		1,960	435	1,853	13,460
All other local revenue	90,949	55,252	50,105	70,985	88,029	22,833	2,464	36,193	4,064	420,874
Subtotal	2,502,236	1,718,390	3,165,716	2,727,561	3,782,309	1,909,587	2,605,951	1,659,885	1,839,087	21,910,722
Net assets released from restrictions	176,999	228,128	410,553	285,761	460,397	242,501	219,414	130,420	361,443	2,515,616
Total support and revenue	2,679,235	1,946,518	3,576,269	3,013,322	4,242,706	2,152,088	2,825,365	1,790,305	2,200,530	24,426,338
<b>PROGRAM EXPENSES</b>										
Educational programs	2,269,979	1,567,364	3,201,719	2,782,058	3,673,080	2,028,852	2,386,873	1,739,607	1,975,384	21,624,916
<b>SUPPORTING SERVICES</b>										
Site support										
Program development and expansion										
Administration and general										
Cost allocations and reserve	418,185	215,854	433,791	168,635	212,258	184,031	511,339	11,394	135,706	2,291,193
Total supporting services	418,185	215,854	433,791	168,635	212,258	184,031	511,339	11,394	135,706	2,291,193
Total expenses	2,688,164	1,783,218	3,635,510	2,950,693	3,885,338	2,212,883	2,898,212	1,751,001	2,111,090	23,916,109
Increase (Decrease) in Unrestricted Net Assets	(8,929)	163,300	(59,241)	62,629	357,368	(60,795)	(72,847)	39,304	89,440	510,229
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>										
Private grants and contributions									150,000	150,000
Federal and state revenue	249,885	296,278	623,552	390,567	583,211	306,107	330,390	125,764	335,768	3,241,522
Net assets released from restrictions	(176,999)	(228,128)	(410,553)	(285,761)	(460,397)	(242,501)	(219,414)	(130,420)	(361,443)	(2,515,616)
Increase (Decrease) in Temporarily Restricted Net Assets	72,886	68,150	212,999	104,806	122,814	63,606	110,976	(4,656)	124,325	875,906
<b>INCREASE (DECREASE) IN NET ASSETS</b>	63,957	231,450	153,758	167,435	480,182	2,811	38,129	34,648	213,765	1,386,135
<b>NET ASSETS - Beginning of Year</b>	1,981,873	575,253	819,334	(118,622)	1,407,766	104,630	4,934,141		(24,307)	9,680,068
<b>NET ASSETS TRANSFERS</b>							30,774	(30,774)		
<b>NET ASSETS - End of Year</b>	\$ 2,045,830	\$ 806,703	\$ 973,092	\$ 48,813	\$ 1,887,948	\$ 107,441	\$ 5,003,044	\$ 3,874	\$ 189,458	\$ 11,066,203

**ASPIRE PUBLIC SCHOOLS**  
(A California Non-Profit Public Benefit Corporation)

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**JUNE 30, 2009**

Page 3 of 3

	Aspire Antonio Maria Lugo Academy	Aspire Centennial College Prep Academy	Aspire Huntington Park Charter School	Aspire Clarendon School	Total LA Region	Non Active Sites	Home Office	Total Company
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>								
<b>SUPPORT AND REVENUE</b>								
Private grants and contributions	\$ 802	\$ 51,000	\$ 1,231		\$ 53,033		\$ 3,081,331	\$ 3,245,684
Federal revenue	207,425	420,796	301,842	\$ 212,992	1,143,055		1,448,759	6,799,421
Revenue limit sources:								
State aid portion of general purpose block grant	890,390	1,772,244	750,012	1,040,749	4,453,395			27,512,492
State revenue:								
Categorical block grant	265,074	333,793	190,119	158,731	947,717			4,196,847
All other state revenue	187,820	104,488	201,115	119,058	612,481	\$ 181,648	112,822	4,358,409
Local revenue:								
Cash in-lieu of property taxes	247,632	492,953	236,955		977,540			7,284,185
Interest income		232		1,853	2,085		1,218	67,065
All other local revenue	6,026	41,200	7,823	8,140	63,189	5,500	198,098	1,088,084
Subtotal	1,805,169	3,216,706	1,689,097	1,541,523	8,252,495	187,148	4,842,228	54,552,187
Net assets released from restrictions	223,076	818,985	213,186	206,709	1,461,956		2,085,006	8,847,431
Total support and revenue	<u>2,028,245</u>	<u>4,035,691</u>	<u>1,902,283</u>	<u>1,748,232</u>	<u>9,714,451</u>	<u>187,148</u>	<u>6,927,234</u>	<u>63,399,618</u>
<b>PROGRAM EXPENSES</b>								
Educational programs	<u>1,709,716</u>	<u>3,823,542</u>	<u>1,821,128</u>	<u>1,610,835</u>	<u>8,965,221</u>	<u>184,778</u>		<u>52,800,427</u>
<b>SUPPORTING SERVICES</b>								
Site support							6,536,192	6,536,192
Program development and expansion							2,678,115	2,678,115
Administration and general							2,552,915	2,552,915
Cost allocations and reserve	78,961	542,772	203,909	232,351	1,057,993		(4,572,182)	(0)
Total supporting services	<u>78,961</u>	<u>542,772</u>	<u>203,909</u>	<u>232,351</u>	<u>1,057,993</u>		<u>7,195,040</u>	<u>11,767,222</u>
Total expenses	<u>1,788,677</u>	<u>4,366,314</u>	<u>2,025,037</u>	<u>1,843,186</u>	<u>10,023,214</u>	<u>184,778</u>	<u>7,195,040</u>	<u>64,567,649</u>
Increase (Decrease) in Unrestricted Net Assets	<u>239,568</u>	<u>(330,623)</u>	<u>(122,754)</u>	<u>(94,954)</u>	<u>(308,763)</u>	<u>2,370</u>	<u>(267,806)</u>	<u>(1,168,031)</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>								
Private grants and contributions				150,000	150,000		3,880,496	4,655,132
Federal and state revenue	312,476	965,950	283,801	267,865	1,830,092		961,848	9,127,774
Net assets released from restrictions	<u>(223,076)</u>	<u>(818,985)</u>	<u>(213,186)</u>	<u>(206,709)</u>	<u>(1,461,956)</u>		<u>(2,085,006)</u>	<u>(8,847,431)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>89,400</u>	<u>146,965</u>	<u>70,615</u>	<u>211,156</u>	<u>518,136</u>		<u>2,757,338</u>	<u>4,935,475</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>328,968</u>	<u>(183,658)</u>	<u>(52,139)</u>	<u>116,202</u>	<u>209,373</u>	<u>2,370</u>	<u>2,489,532</u>	<u>3,767,444</u>
<b>NET ASSETS - Beginning of Year</b>	<u>45,992</u>	<u>1,322,121</u>		<u>54,608</u>	<u>1,422,721</u>	<u>(236,020)</u>	<u>278,177</u>	<u>13,792,136</u>
<b>NET ASSETS TRANSFERS</b>	<u>(111,850)</u>		<u>111,850</u>			<u>382,986</u>	<u>(382,986)</u>	
<b>NET ASSETS - End of Year</b>	<u>\$ 263,110</u>	<u>\$ 1,138,463</u>	<u>\$ 59,711</u>	<u>\$ 170,810</u>	<u>\$ 1,632,094</u>	<u>\$ 149,336</u>	<u>\$ 2,384,723</u>	<u>\$ 17,559,580</u>

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2009**

	Program Expenses								
	Aspire Monarch Academy	Aspire Lionel Wilson College Prep Academy	Aspire East Palo Alto Charter School	Aspire Millsmont Academy	Aspire Berkeley Maynard Academy	Aspire California College Prep Academy	Aspire East Palo Alto Phoenix Academy	Aspire Millsmont Secondary	Total Bay Area Region
Certificated salaries	\$ 1,342,438	\$ 1,361,018	\$ 1,284,652	\$ 730,506	\$ 1,223,792	\$ 681,141	\$ 517,295	\$ 693,776	\$ 7,834,618
Classified salaries	417,502	652,786	462,956	337,607	356,985	312,244	135,273	350,209	3,025,562
Employee benefits	429,876	500,276	442,653	263,910	394,159	258,512	152,551	260,244	2,702,181
Books and supplies	338,217	425,358	357,922	166,003	299,083	193,376	138,778	225,419	2,144,156
Services and other operating expenses	698,601	1,387,182	813,743	486,094	558,735	481,204	306,314	440,154	5,172,027
Depreciation and amortization	48,231	336,030	37,382	57,578	54,152	116,657	147,269	67,058	864,357
Capital outlay	16,206	62,250	22,294	20,752	45,464	54,249	48,348	13,048	282,611
<b>Total</b>	<b>\$ 3,291,071</b>	<b>\$ 4,724,900</b>	<b>\$ 3,421,602</b>	<b>\$ 2,062,450</b>	<b>\$ 2,932,370</b>	<b>\$ 2,097,383</b>	<b>\$ 1,445,828</b>	<b>\$ 2,049,908</b>	<b>\$ 22,025,512</b>

	Program Expenses									
	Aspire University Public School	Aspire University Charter School	Aspire Summit Charter Academy	Aspire River Oaks Charter School	Aspire Benjamin Holt College Prep Academy	Aspire Capitol Heights Academy	Aspire Rosa Parks Academy	Aspire Langston Hughes Academy	Aspire Port City Academy	Total Central Valley Region
Certificated salaries	\$ 1,197,741	\$ 737,335	\$ 1,358,594	\$ 981,490	\$ 1,472,447	\$ 744,353	\$ 1,191,219	\$ 609,001	\$ 791,265	\$ 9,083,445
Classified salaries	183,796	99,378	261,542	338,371	254,642	345,730	184,824	170,015	284,980	2,123,278
Employee benefits	303,538	194,704	410,055	315,327	402,505	296,348	326,544	165,071	282,420	2,696,512
Books and supplies	83,830	64,478	166,016	148,752	232,182	172,496	83,270	125,899	105,195	1,182,118
Services and other operating expenses	392,258	436,540	745,997	682,775	897,918	332,789	267,384	549,318	424,958	4,729,937
Depreciation and amortization	102,775	28,479	163,300	308,429	396,034	131,984	331,081	88,123	74,734	1,624,939
Capital outlay	6,041	6,450	96,215	6,914	17,352	5,152	2,551	32,180	11,832	184,687
<b>Total</b>	<b>\$ 2,269,979</b>	<b>\$ 1,567,364</b>	<b>\$ 3,201,719</b>	<b>\$ 2,782,058</b>	<b>\$ 3,673,080</b>	<b>\$ 2,028,852</b>	<b>\$ 2,386,873</b>	<b>\$ 1,739,607</b>	<b>\$ 1,975,384</b>	<b>\$ 21,624,916</b>

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2009**

	Program Expenses					Non Active Sites	Total Expenses
	Aspire Antonio Maria Lugo Academy	Aspire Centennial College Prep Academy	Aspire Clarendon Academy	Aspire Huntington Park Charter School	Total Los Angeles Region		
Certificated salaries	\$ 647,193	\$ 1,328,119	\$ 601,939	\$ 686,488	\$ 3,263,739	\$ 40,850	\$ 20,222,652
Classified salaries	223,628	528,730	182,934	259,419	1,194,711	6,974	6,350,525
Employee benefits	246,547	465,978	203,095	239,266	1,154,886	5,626	6,559,205
Books and supplies	202,509	456,276	224,196	180,118	1,063,099	5,081	4,394,454
Services and other operating expenses	327,930	993,938	340,077	350,561	2,012,506	102,278	12,016,748
Depreciation and amortization	53,200	59,359	44,766	60,037	217,362	161	2,706,819
Capital outlay	8,709	(8,858)	13,828	45,239	58,918	23,808	550,024
Total	<u>\$ 1,709,716</u>	<u>\$ 3,823,542</u>	<u>\$ 1,610,835</u>	<u>\$ 1,821,128</u>	<u>\$ 8,965,221</u>	<u>\$ 184,778</u>	<u>\$ 52,800,427</u>

**ASPIRE PUBLIC SCHOOLS**  
**(A California Non-Profit Public Benefit Corporation)**

**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2009**

Page 3 of 3

	Supporting Services			Total expenses
	Site support	Development and expansion	Administrative and general	
Certificated salaries	\$ 1,439,962	\$ 561,307	\$ 543,143	\$ 2,544,412
Classified salaries	2,189,494	853,479	825,852	3,868,825
Employee benefits	811,108	316,175	305,957	1,433,240
Books and supplies	1,789,014		119,336	1,908,350
Services and other operating expenses	220,264	860,804	301,994	1,383,062
Depreciation and amortization	86,350	86,350	88,942	261,642
Capital outlay			367,691	367,691
Total	<u>\$ 6,536,192</u>	<u>\$ 2,678,115</u>	<u>\$ 2,552,915</u>	<u>\$ 11,767,222</u>