

SUBJECT

Xavier Charter School Fiscal Status Update and Corrective Action Plan

APPLICABLE STATUTE, RULE, OR POLICY

I.C. §33-5209

BACKGROUND

Xavier Charter School (XCS) is a public charter school authorized by the Public Charter School Commission (PCSC). Located in Twin Falls, XCS is now in its sixth year of operations and serves grades K-12.

In September 2012, the PCSC issued to XCS a notice of defect (NOD) on the grounds of failure to demonstrate fiscal soundness. The school's significant fiscal concerns arise from XCS's failure to properly document expenditures attached to a significant sum of federal funding for Special Education, an unsustainable facility lease situation, and improper payroll tax filings during the first quarter of 2010.

DISCUSSION

Since spring 2012, XCS has worked closely with the State Department of Education (SDE), providing monthly updates on the status of its reconstruction of federal fund expenditures from FY11. At this time, the SDE believes XCS has provided sufficient documentation in order to avoid repayment of the federal funds.

No new information is available regarding possible resolution of the IRS request for payment. As of November 1, 2012, the XCS board remained hopeful that the \$81,000 in back payroll taxes would not need to be paid; however, no conclusion has yet been reached.

XCS currently leases its built-to-suit facility from a Utah company. The original lease agreement includes an annual increase to the already unsustainable monthly payments. On November 23, 2012, XCS and the landlord signed a lease amendment reducing payments for the period of July 1, 2012, through June 30, 2013, to a total of \$450,000. This amendment reflects a concession of \$359,000 in FY13, which the school reports is sufficient to permit the school to remain fiscally viable through the end of this school year.

The lease amendment and a related, non-binding MOU between XCS and the landlord indicate that both parties wish to reach a purchase agreement. XCS is consulting with underwriter R.W. Baird in the hope of securing financing for a purchase to close in June 2013.

The MOU states, "The Underwriter has met with Tenant and examined Tenant's financial situation and believes that, if the Commission withdraws the Notice of Defect, Tenant may be in a position to obtain financing on terms that will allow Tenant to purchase the Facility and maintain its long-term financial health and stability."

The school did not provide the updated budgets and cash flow projections that were requested by PCSC staff. Extrapolation based on the most recent information provided indicates that the school may be correct that it will be able, under the amended lease, to meet its financial obligations for the current fiscal year. The school's ability to remain fiscally sound in FY14 remains in question, though the non-binding MOU does refer to willingness of the landlord to consider additional concessions if a purchase agreement cannot be reached.

XCS's long-term financial outlook remains a matter of serious concern. It appears the school's survival depends on two, unknown factors: availability of facility financing or long-term lease payment reduction; and whether or not payroll taxes remain outstanding.

IMPACT

No action is required of the PCSC in response to corrective action plans or updates thereto.

Pursuant to I.C. §33-5209(3) and IDAPA 08.02.04.301.04, the public charter school must "comply with the terms and conditions of the corrective action plan and...cure the defect at issue within a reasonable time..." If the public charter school fails to comply with the plan and cure the defect, "the authorized chartering entity may provide notice to the public charter school of its intent to revoke the charter."

The PCSC may, at its discretion, formally acknowledge the lifting of a notice of defect in the event the PCSC believes the school has cured such defect.

If the PCSC determines that the school has failed to cure an identified defect within a reasonable period of time, the PCSC may issue a notice of intent to revoke the charter.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends that the PCSC continue careful monitoring of XCS's financial situation and be prepared to proceed toward revocation should the school and landlord fail to reach a suitable lease or purchase agreement, or should the school's financial situation otherwise deteriorate.

COMMISSION ACTION

Any action would be at the discretion of the PCSC.

Moved by _____ Seconded by _____ Carried yes _____ or no _____

December 4, 2012



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

650 W. State Street • P.O. Box 83720 • Boise, ID 83720-0037
208/334-2270 • FAX: 208/334-2632
e-mail: charter@osbe.idaho.gov

September 21, 2012

Xavier Charter School
Board of Directors
1218 North College Rd West
Twin Falls, Idaho 83301

Dear XCS Board of Directors:

As you are aware, Idaho Code § 33-5209 requires the authorized chartering entity of a public charter school to provide written notice of defect to any school which it has reason to believe has committed a defect. The letter is to serve as written notice of defect to Xavier Charter School (XCS) on the grounds that XCS has failed to demonstrate fiscal soundness as defined by I.C. 33-5209(2)(d).

In accordance with IDAPA 08.02.04.301.03, please submit to the PCSC office by October 21, 2012, a corrective action plan detailing the means by which this defect will be cured.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Baysinger", with a long horizontal flourish extending to the right.

Tamara L. Baysinger
Public Charter School Commission Director

Cc: Michelle Clement Taylor, School Choice Specialist, State Department of Education
Thad Biggers, Administrator, XCS

Printed on Recycled Paper

December 4, 2012



XAVIER CHARTER SCHOOL
1218 North College Road W
Twin Falls, ID 83301
(208) 734-3947 Phone (208) 733-1348 Fax

November 1st, 2012

Idaho Public Charter School Commission
650 W. State Street
P.O. Box 83720
Boise, ID 83720-0037

Dear Public Charter Commission,

In response to the Xavier Charter School notice of defect issued on September 21st, 2012 and subsequent e-mail of October 22nd, the following is respectfully submitted:

- Cash flow – Cash flow for the 2012/2013 school year is a significant concern. We continue to monitor cash flow closely. We are utilizing a projected cash flow statement to estimate the time when we will not be able to meet our financial obligations due to insufficient cash flow. This projected cash flow statement was created in conjunction with a local CPA who is familiar with school finance. The Board of Directors is currently working with our landlord to review our lease agreement which includes our escrow agreement. Our present projections show that if we take no action and the lease remains at \$809K, the school will not be financially viable beyond March 2013. The attached cash flow projection is calculated with a lease payment of \$450K per year. This projection demonstrates viability through June 2013, but would require a short term loan or an influx of other money for July 2013 until the August 2013 payment arrives.
- Lease – As the Commission is aware, the current lease situation is unsustainable. The Xavier Board of Directors and attorney are negotiating with our landlord to either reduce the lease amount, or purchase the building at terms that would be financially viable for Xavier. The School's attorney, entire School Board, Head of Schools, and School Consultant met with the landlord on October 25th, 2012. The meeting was cordial and collaborative. All involved concur that the lease is unsustainable as presently structured. At the meeting, the landlord made some concessions. Xavier personnel are conducting analysis of these concessions, and will be further communicating with the landlord in the near term. A counter offer that hinges upon a lease payment of \$450K will be tendered this week. Xavier and the landlord are attempting to agree upon terms that will satisfactorily address the near term cash flow issue as well as the long term sustainability of the business operations. A lease option and purchase option are both still being actively discussed. We have emphasized the shortness of our timeline to our landlord.

- Federal Funds - We are continuing to work with the SDE on our Federal Programs accounting from the 2010/2011 school year. The agreed upon procedures report was sent to the SDE on September 20th, with a follow up letter from our accountants on October 16th. The follow up letter from our accountants addressed concerns that the SDE had with the report. We are awaiting final notification from SDE
- IRS - As the Commission is aware, there is the possibility that Xavier may owe \$81,000 in taxes to the IRS plus penalties and interest. This stems from the first quarter of calendar year 2010. During the first quarter of 2010 Xavier staff were listed as employees of Xact, a payroll company in Utah. As a result, taxes were paid under the Xact payroll EIN. At the end of the first quarter 2010, Xavier staff were moved to Xavier employees, and the remaining three quarters' taxes were filed under Xavier's EIN. As a result of this, the IRS shows that Xavier did not pay payroll taxes for the first quarter, essentially overstating Xavier's liability. Correspondence has been ongoing with the IRS since May when this issue first came to our attention. However, after several letters back and forth without resolution, Xavier has been much more aggressively pursuing resolution of the issue. We have recently employed a Meridian CPA that specializes in IRS issues. The CPA has contacted the IRS and is actively working on the issue.
- While the lease and cash flow are the two most significant financial issues Xavier faces, several other safeguards and initiatives have been put in place to improve Xavier's financial management.
 - Monthly Financials – Xavier is producing and sending Ware & Associates, CPAs our monthly financial statements. This includes a balance sheet by fund and a revenue and expense report by fund. Additionally, we continue to send our monthly financial statements to the State Department of Education, and continue to liaise with SDE personnel, particularly as it relates to our Federal Programs.
 - IFARMS – Utilization of the IFARMS accounting codes was put in place in July 2011. Our accounting software utilizes these account codes and produces reports that reflect the standards set forth in the IFARMS manual. This has been verified by our accountants.
 - Leadership/Dual Control & Authorization – In January of 2012 Xavier began adoption of a new leadership structure, which was fully implemented in April 2012. The structure was put into place to not only correct the lack of oversight in the accounting function, but to help develop policy and procedure to ensure the stability of the organization. We are pleased that the new structure has provided dual control and authorizations at three different levels. All purchase orders are generated from the end user, the purchase order is then sent electronically for approval to the Lead Teacher, then to the Business Manager, and then for final approval by the Head of Schools. This ensures all transactions are appropriately coded with IFARMS codes and the associated approvals within

December 4, 2012

each specific fund. As another layer of oversight, a Board member personally views each check and invoice before they are sent for payment.

- Accounting System Setup – During the 2011-2012 school year we implemented a new accounting system (Skyward). The system was setup in August 2011 and we transferred payroll from a contractor to in house production in October 2011. We faced many challenges with the setup of the new system, but believe that the new system is working properly. Our Accountants concur that the system is working properly.
- New/Updated Policy Manual – In July of 2012 we adopted a new policy manual. The new manual clearly states policy and procedure for accounting and business functions.

We will continue to provide updates to the Charter Commission and State Department of Education. If you have additional questions or concerns please feel free to contact us at your convenience.

Sincerely,



Deborah Burr
Board Chair



Thad Biggers
Head of Schools

December 4, 2012

XAVIER CHARTER SCHOOL
SUMMARY PROJECTED CASH FLOW WORKSHEET
FOR FISCAL YEAR ENDING JUNE 30, 2013

LEASE AT \$450K

	Sep, 2012	Oct, 2012	Nov, 2012	Dec, 2012	Jan, 2013	Feb, 2013	Mar, 2013	Apr, 2013	May, 2013	Jun, 2013	Total	Jul, 2013
CASH AFTER ACCRUAL ADJ.	<u>(155,718.48)</u>	<u>553,031.54</u>	<u>771,374.25</u>	<u>669,224.56</u>	<u>482,285.05</u>	<u>295,345.54</u>	<u>430,903.03</u>	<u>243,963.51</u>	<u>57,024.00</u>	<u>186,465.51</u>	<u>(155,718.48)</u>	<u>(474.11)</u>
INFLOWS												
Cash From Escrow Account	97,700.79	67,485.39	67,485.39	25,513.90	25,513.90	25,513.90	25,513.90	25,513.90	25,513.90	25,513.90	411,268.87	25,513.90
100- General Fund	1,206,817.03	543,241.61	290,234.61	2,988.61	2,988.61	325,485.61	2,988.61	2,988.61	333,781.61	2,988.61	2,714,503.53	21,024.56
251- Title I Grant Rev	238.15	8,982.54	8,982.54	8,982.54	8,982.54	8,982.54	8,982.54	8,982.54	8,982.54	8,982.54	81,081.00	8,982.54
257- Title VI-B Grant Rev	3.91	9,164.90	9,164.90	9,164.90	9,164.90	9,164.90	9,164.90	9,164.90	9,164.90	9,164.90	82,488.00	9,164.90
271- Title II Grant Rev	3,668.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,668.27	0.00
290- Food Service	13,345.88	16,623.46	16,623.46	16,623.46	16,623.46	16,623.46	16,623.46	16,623.46	16,623.46	16,623.46	162,957.00	16,623.46
TOTAL INFLOWS	<u>1,321,774.03</u>	<u>645,497.90</u>	<u>392,490.90</u>	<u>63,273.41</u>	<u>63,273.41</u>	<u>385,770.41</u>	<u>63,273.41</u>	<u>63,273.41</u>	<u>394,066.41</u>	<u>63,273.41</u>	<u>3,455,966.67</u>	<u>81,309.36</u>
OUTFLOWS												
Cash to Escrow Account	36,340.53	134,970.78	202,456.17	0.00	0.00	0.00	0.00	0.00	14,411.98	0.00	388,179.46	0.00
100- TOTAL ELEMENTARY	77,494.85	58,533.64	58,533.64	58,533.64	58,533.64	58,533.64	58,533.64	58,533.64	58,533.64	58,533.75	604,297.73	55,420.33
100- TOTAL SECONDARY	49,331.15	56,348.38	56,348.38	56,348.38	56,348.38	56,348.38	56,348.38	56,348.38	56,348.38	56,348.38	556,466.57	56,348.38
100- TOTAL EXCEPTIONAL CHILD	4,749.25	4,984.19	4,984.19	4,984.19	4,984.19	4,984.19	4,984.19	4,984.19	4,984.19	4,984.19	49,607.00	4,984.19
100- TOTAL INSTRUCT REL TECH	11,235.22	4,346.83	4,346.83	4,346.83	4,346.83	4,346.83	4,346.83	4,346.83	4,346.83	4,346.83	50,356.72	4,346.83
100- TOTAL BOARD	2,590.00	5,067.61	5,067.61	5,067.61	5,067.61	5,067.61	5,067.61	5,067.61	5,067.61	5,067.61	48,198.50	5,067.61
100- TOTAL DISTRICT ADMIN	19,391.05	5,340.17	5,340.17	5,340.17	5,340.17	5,340.17	5,340.17	5,340.17	5,340.17	5,340.17	67,452.55	5,340.17
100- TOTAL SCHOOL ADMIN	25,820.56	6,892.36	6,892.36	6,892.36	6,892.36	6,892.36	6,892.36	6,892.36	6,892.36	6,892.36	87,851.81	6,892.36
100- TOTAL BUSINESS OP	88,788.62	13,365.69	13,365.69	13,365.69	13,365.69	13,365.69	13,365.69	13,365.69	13,365.69	13,365.69	209,079.80	13,365.69
100- TOTAL ADMIN TECH	13,175.14	4,110.50	4,110.50	4,110.50	4,110.50	4,110.50	4,110.50	4,110.50	4,110.50	4,110.50	50,169.64	4,110.50
100- TOTAL CUSTODIAL	232,393.06	79,879.76	79,879.76	37,908.27	37,908.27	37,908.27	37,908.27	37,908.27	37,908.27	37,908.27	657,510.47	37,908.27
100- TOTAL MAINTENANCE	477.00	5,555.56	5,555.56	5,555.56	5,555.56	5,555.56	5,555.56	5,555.56	5,555.56	5,555.56	50,477.00	5,555.56
100- TOTAL GROUNDS	617.60	357.82	357.82	357.82	357.82	357.82	357.82	357.82	357.82	357.82	3,838.00	357.82
100- TOTAL TRANSPORTATION	556.95	15,604.78	15,604.78	15,604.78	15,604.78	15,604.78	15,604.78	15,604.78	15,604.78	15,604.78	141,000.00	15,604.78
251- Title I Expenditures	7,553.83	8,169.57	8,169.57	8,169.57	8,169.57	8,169.57	8,169.57	8,169.57	8,169.57	8,169.57	81,080.00	8,169.57
257- Title VI-B Expenditures	8,728.64	8,195.48	8,195.48	8,195.48	8,195.48	8,195.48	8,195.48	8,195.48	8,195.48	8,195.48	82,488.00	8,195.48
271- Title II Expenditures	9,712.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,712.06	0.00
290- Food Service Expenditures	24,068.50	15,432.06	15,432.06	15,432.06	15,432.06	15,432.06	15,432.06	15,432.06	15,432.06	15,432.06	162,957.00	15,432.06
TOTAL OUTFLOWS	<u>613,024.01</u>	<u>427,155.19</u>	<u>494,640.58</u>	<u>250,212.92</u>	<u>250,212.92</u>	<u>250,212.92</u>	<u>250,212.92</u>	<u>250,212.92</u>	<u>264,624.90</u>	<u>250,213.03</u>	<u>3,300,722.31</u>	<u>247,099.61</u>
ENDING CASH	<u>553,031.54</u>	<u>771,374.25</u>	<u>669,224.56</u>	<u>482,285.05</u>	<u>295,345.54</u>	<u>430,903.03</u>	<u>243,963.51</u>	<u>57,024.00</u>	<u>186,465.51</u>	<u>(474.11)</u>	<u>(474.11)</u>	<u>(166,264.37)</u>

Note: General Fund revenue reduced from budgeted amounts to reflect amounts provided by State Department of Education and prior years' actual amounts.

	Budgeted	Used	Difference	
Base Support	2,381,829.00	2,328,169.63	(53,659.37)	Based on Report From Tim Hill
Transportation Support	109,000.00	91,200.00	(17,800.00)	Based on Report From Tim Hill
Benefit Apportionment	279,191.00	194,337.32	(84,853.68)	Based on Report From Tim Hill
Other State Support	8,029.00	1,632.00	(6,397.00)	Based on Amounts Received
Other State Revenue	175,344.00	35,000.00	(140,344.00)	Based on Last Year's Actual (Technology \$21,172, Math/Science \$2,408, IRI \$2,233, & Remediation \$7,738)
Exceptional Child	35,000.00	8,296.00	(26,704.00)	Based on Last Year's Actual

December 4, 2012

From: [Debbi Burr](#)
To: [Tamara Baysinger](#)
Cc: [Xavier Board](#); [Thad Biggers](#); [Mel Wiseman](#)
Subject: Xavier Charter School Commission packet information
Date: Friday, November 23, 2012 4:56:30 PM
Attachments: [Xavier Charter School Commission packet information 11-23-12.pdf](#)
[Xavier Charter School Commission packet information 11-23-12.pdf](#)

Dear Ms. Baysinger,

Please find attached a signed Lease Amendment between Xavier Charter School and the Twin Falls School Development Company (Jed Stevenson, Manager) outlining the agreement we reached with Mr. Stevenson to cap the rent payment at \$450,000 for this fiscal year . In addition to amending the lease amount, Mr. Stevenson has agreed to allow the school to direct the State Department of Education to deposit any further payments this fiscal year into the school's business operating account rather than the escrow account as required by the lease. The Board feels that the lease amendment, as signed by both Mr. Stevenson and the Board, will allow the school to meet all financial obligations through the end of this current fiscal year.

The Board and Mr. Stevenson together have reviewed the school's public budget and operations and have obtained the opinion of an underwriter with R.W. Baird (Jim Blandford) on the viability of purchasing the school utilizing a bond issue for financing. We realize that, based on the financial condition of the school and realistic revenue and enrollment projections over the next five years, a viable purchase price would allow for a maximum of \$450,000 of the school's available annual state revenues to be allocated for debt service for the purchase of the school building. We continue to negotiate in good faith the terms of a purchase agreement and plan to have an update on the status of the purchase and sale agreement to the Commission to consider at their meeting in February 2013.

It is also the XCS Board's intent to conduct a public hearing at the school to discuss the proposed purchase of the school and the current and future debt capacity of the school with our stakeholders. This meeting is set to take place on Friday, November 30, at 6:30 pm. The Board will be able to update the Commission at the meeting on December 4, 2012, if they are interested in the outcome of that public meeting.

Thank you for allowing us to be able to include this information in the packets being sent out to the Commission for the December 4th meeting. We are excited to be able to outline a plan that will allow the school to be successful financially, which in turn will allow us to continue to provide a top-notch education to our students. If you have any questions, please feel free to contact me by email or my cell (420-0992).

Thank you,

Debbi Burr, Chair
Xavier Charter School Board

Success is never final. Failure is never fatal. It is courage that counts. - Winston Churchill

AMENDEDMENT TO LEASE AGREEMENT

THIS AMENDEDMENT TO LEASE AGREEMENT (the "Amendment") is made as of the 23rd day of November, 2012, by and between **Twin Falls School Development, LLC**, a Utah limited liability company ("Landlord"), and **Xavier Charter School, Inc.**, an Idaho not-for-profit corporation ("Tenant").

RECITALS

- A. Landlord and Tenant are parties to a Lease Agreement (the "Lease") dated April 9, 2010 for Tenant's use of a building for its public Charter School operations.
- B. Tenant has encountered budgetary challenges that have culminated in its receipt of a "Notice of Defect" from the Idaho Public Charter School Commission in connection with the Xavier Charter School's financial performance and condition.
- C. In furtherance of a remedy for these financial concerns and in the best interest of the school and its patrons, Tenant desires to purchase the school from Landlord, and Landlord desires to sell the school to Tenant, on terms and conditions which allow Xavier Charter School to remain a successful and sustainable public charter school,
- D. In furtherance of these common goals Landlord and Tenant desire to amend the Lease as set forth below.

AGREEMENT

For the exchange of valuable consideration, the receipt of which is hereby acknowledged, the parties agree that the following provisions of the Lease Agreement are amended as follows:

- (1) Schedule D of the Lease is hereby amended to provide that the "Fixed Rent" due for the Third Lease Year, running from July 1, 2012, until June 30, 2013, shall be \$450,000. This entire sum has already been paid by Tenant to Landlord, or it is in the Charter School Escrow Account awaiting release to Landlord. Upon execution of this Agreement the Landlord shall direct that any funds in the Charter School Escrow Account above that amount shall be disbursed to Tenant. Beginning with the Fourth Lease Year (July 1, 2013 to June 30, 2014), Schedule D of the Lease shall continue in effect without respect to this Amendment.
- (2) Section 4.4 of the Lease is amended to provide that Tenant may provide to the Idaho State Department of Education ("ISDE") a directive that funding paid from the ISDE to Tenant from the date of this Amendment until June 30, 2013, be paid directly to an operating account designated by Tenant for its use for school operations.
- (3) All other terms of the Lease shall remain unchanged.

[signatures on following page]

December 4, 2012

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument as of the day and year first above written.

LANDLORD:

Twin Falls School Development, LLC,
a Utah limited liability company

By: _____

Name: Jed Stevenson

Title: Manager

TENANT:

Xavier Charter School, Inc.,
An Idaho not-for-profit corporation

By: _____

Name: Debbi Burr

Title: Chairman of the Board

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is made as of this 23rd day of November, 2012, by and between **Twin Falls School Development, LLC**, a Utah limited liability company ("**Landlord**"), and **Xavier Charter School, Inc.**, an Idaho not-for-profit corporation ("**Tenant**").

RECITALS

- A. Landlord and Tenant are parties to a Lease Agreement (the "**Lease**") dated April 9, 2010, for the lease of land and a building at which Tenant operates a public charter school (the "**Facility**").
- B. Tenant has encountered budgetary challenges that have culminated in its receipt of a "Notice of Defect" from the Idaho Public Charter School Commission ("**Commission**") in connection with the school's financial performance and condition. In order to address concerns set forth in the Notice of Defect, Landlord and Tenant have entered into a "Lease Amendment" that provides for a temporary reduction of the rent due under the Lease.
- C. In furtherance of Tenant's remedy of these financial concerns and in the best interest of the school and its patrons, Tenant desires to purchase the school from Landlord, and Landlord desires to sell the school to Tenant, on terms and conditions which allow Xavier to remain a successful and sustainable public charter school.
- D. Tenant has consulted with R.W. Baird (the "**Underwriter**"), an underwriter experienced in obtaining debt financing for public charter schools in Idaho to purchase their facilities. Officials of R.W. Baird are familiar with the capital markets that are viable sources of debt financing for public charter schools, including the criteria that bond investors consider when determining whether to purchase bonds offered by public charter schools.
- E. The Underwriter has met with Tenant and examined Tenant's financial situation and believes that, if the Commission withdraws the Notice of Defect, Tenant may be in a position to obtain financing on terms that will allow Tenant to purchase the Facility and maintain its long-term financial health and stability.
- F. This Memorandum is a nonbinding agreement that both parties have entered into in good faith to provide to the Commission a report on the progress made in maintaining the long financial viability of the school.

MEMORANDUM OF UNDERSTANDING

- 1. Landlord and Tenant will continue to negotiate in good faith the terms of a purchase agreement pursuant to which Tenant will purchase the Facility from Landlord. Landlord acknowledges that the terms of the purchase, when considered in connection with the financing terms, must accommodate Tenant's long-term financial health and be in the school's best interest.
- 2. Landlord and Tenant will cooperate in good faith in order to close Tenant's purchase of the Facility by June 30, 2013.
- 3. In the event Tenant does not purchase the Facility by June 30, 2013, Landlord and Tenant will negotiate in good faith additional rent concessions.

December 4, 2012

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument as of the day and year first above written.

LANDLORD:

Twin Falls School Development, LLC,
a Utah limited liability company

By: _____

Name: Jed Stevenson
Title: Manager

TENANT:

Xavier Charter School, Inc.,
An Idaho not-for-profit corporation

By: _____

Name: Debbi Burr
Title: Chairman of the Board

December 4, 2012

REVENUES	GENERAL M & O FUND								ALL OTHER FUNDS			
	Prior Year Actual 2009-2010	Prior Year Actual 2010 - 2011	Prior Year Actuals 2011 - 2012	Adopted Budget 2012 - 2013	Projected Budget 2013-2014	Projected Budget 2014-2015	Projected Budget 2015-2016	Projected Budget 2016-2017	Prior Year Actual 2009-2010	Prior Year Actual 2010 - 2011	Prior Year Actuals 2011 - 2012	Adopted Budget 2012 - 2013
Beginning Balances	*	\$ 387,177	\$ 506,278	\$ (55,639)	\$ (170,870)	\$ (246,110)	\$ (230,432)	\$ (245,318)			\$ 16,506	\$ 5,000
Local Tax Revenue												
Other Local County Revenue	\$ 130,321	\$ 198,446	\$ 96,264	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500		\$ 81,070	\$ 83,551	\$ 89,267
State Revenue	\$ 2,582,760	\$ 2,941,258	\$ 2,750,455	\$ 2,988,393	\$ 3,094,007	\$ 3,252,637	\$ 3,533,869	\$ 3,944,624	\$ 878			
Federal Revenue	\$ 399,630	\$ 112,541	\$ 21,463						\$ 453,144	\$ 458,413	\$ 295,052	\$ 237,259
Other Sources			\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000				
Totals	\$3,112,711	\$3,639,422	\$3,385,461	\$2,946,254	\$2,936,637	\$3,020,027	\$3,316,938	\$3,712,807	\$454,022	\$539,483	\$ 395,109	\$331,526
EXPENDITURES	Prior Year Actual 2009-2010	Prior Year Actual 2010 - 2011	Prior Year Actuals 2011 - 2012	Adopted Budget 2012 - 2013	Projected Budget 2013-2014	Projected Budget 2014-2015	Projected Budget 2015-2016	Projected Budget 2016-2017	Prior Year Actual 2009-2010	Prior Year Actual 2010-2011	Prior Year Actual 2011-2012	Adopted Budget 2012-2013
Salaries	\$ 1,537,941	\$ 1,422,180	\$ 1,348,152	\$ 1,277,831	\$ 1,303,388	\$ 1,329,455	\$ 1,568,757	\$ 1,882,509	\$ 81,896	\$ 168,532	\$ 106,492	\$ 169,008
Benefits	\$ 364,934	\$ 499,748	\$ 553,511	\$ 425,455	\$ 446,728	\$ 469,064	\$ 492,517	\$ 522,068	\$ 23,122	\$ 37,645	\$ 14,997	\$ 36,269
Purchased Services	\$ 980,692	\$ 898,437	\$ 1,269,359	\$ 1,260,462	\$ 1,272,609	\$ 1,284,939	\$ 1,326,653	\$ 1,370,453	\$ 89,094	\$ 218,232	\$ 130,196	\$ 69,676
Supplies & Materials	\$ 65,517	\$ 243,795	\$ 185,717	\$ 132,920	\$ 139,566	\$ 146,544	\$ 153,872	\$ 161,565	\$ 162,647	\$ 96,431	\$ 110,842	\$ 45,573
Capital Outlay	\$ 1,353	\$ 68,984	\$ 84,360	\$ 20,456	\$ 20,456	\$ 20,456	\$ 20,456	\$ 20,456	\$ 97,263	\$ 2,137	\$ 14,293	
Debt Retirement											\$ 36	
Insurance & Judgments												
Transfers (net)											\$ 11,000	\$ 11,000
Contingency Reserve												
Unappropriated Balances	\$ 162,274	\$ 506,278							\$ -	\$ 16,506	\$ 7,253	\$ -
Totals	\$3,112,711	\$3,639,422	\$3,441,100	\$3,117,124	\$3,182,747	\$3,250,458	\$3,562,255	\$3,957,051	\$454,022	\$539,483	\$ 395,109	\$331,526
	Excess (Deficiency) of Revenue over Expenditures & Transfers		(\$55,639)	(\$170,870)	(\$246,110)	(\$230,432)	(\$245,318)	(\$244,244)				

Assumptions

	YR	Annual Lease	Projected ADA
3% Increase in State Revenue	2009-2010		569.45
2% Increase in Salary	2010-2011		609.38
5% Increase in Benefits	2011-2012	\$ 797,857	640.17
Increase in Lease	2012-2013	\$ 809,825	640
of approx 1.5% per year	2013-2014	\$ 821,927	655
(actual based upon CPI)	2014-2015	\$ 834,256	670
5% Increase in cost of supplies	2015-2016	\$ 846,770	685
	2016-2017	\$ 859,472	700

Projected

Support = \$19,706
Add Support Unit
0.81
1.259
5.26
6.33

* Data Not Available
2012-2013 Adopted budget was adjusted to reflect actual carry-over.