

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**HARDING CHARTER PREPARATORY HIGH SCHOOL, E-008,
OKLAHOMA COUNTY, OKLAHOMA**

JUNE 30, 2013

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

HARDING CHARTER PREPARATORY HIGH SCHOOL, OKLAHOMA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013

BOARD OF EDUCATION

President

Wayne Epperson

Vice-President

Randall Wood

Clerk

Greg Hall

Members

Aletia Timmons

Staci Prutsman

Lou Falsetti

Steve Jech

HEAD OF SCHOOL

Justin Hunt

SCHOOL DISTRICT TREASURER

Jack Jenkins, CPA

HARDING CHARTER PREPARATORY HIGH SCHOOL, OKLAHOMA COUNTY
JUNE 30, 2013

TABLE OF CONTENTS

	<u>Page No.</u>
School District Officials	2
Table of Contents	3
Independent Auditor's Report	4
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements - Regulatory Basis - Performed in Accordance with Government Auditing Standards	6
Disposition of Prior Year's Significant Deficiencies and Material Instances of Non-Compliance	8
Schedule of Audit Results	9
Combined Financial Statements – Regulatory Basis	
Combined Statement of Assets, Liabilities and Fund Equity - All Fund Types – Regulatory Basis	10
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – All Governmental Fund Types and Expendable Trusts – Regulatory Basis	11
Combined Statement of Revenues Collected, Expenditures and Changes in Cash Fund Balances – Budget and Actual – Budgeted Governmental Fund Types – Regulatory Basis	12
Notes to Combined Financial Statements - Regulatory Basis	13-26
Combining Financial Statements – Regulatory Basis	
Combining Statement of Assets, Liabilities and Fund Equity – All Fiduciary Fund Types – Regulatory Basis	27
Combining Statement of Changes in Assets and Liabilities – Agency Funds – Regulatory Basis	28-29
Schedule of Expenditures of Federal Awards – Regulatory Basis	30
Schedule of Statutory, Fidelity and Honesty Bonds	31
Schedule of Accountant's Professional Liability Insurance Affidavit	32



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

April 11, 2014

The Honorable Board of Education
Harding Charter Preparatory High School, Number E-008
Oklahoma City, Oklahoma County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Harding Charter Preparatory High School Number E-008, Oklahoma City, Oklahoma County, Oklahoma (the School), as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1, the financial statements are prepared by the School, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” Paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the School, as of June 30, 2013, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2014 on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

April 11, 2014

The Honorable Board of Education
Harding Charter Preparatory High School, Number E-008
Oklahoma City, Oklahoma County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Harding Charter Preparatory High School Number E-008, Oklahoma City, Oklahoma County, Oklahoma (School), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated April 11, 2014, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school Schools and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School's internal control. Accordingly, we do not express an opinion on the effectiveness of School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

HARDING CHARTER PREPARATORY HIGH SCHOOL, OKLAHOMA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2013

There were no prior year significant deficiencies.

HARDING CHARTER PREPARATORY HIGH SCHOOL, OKLAHOMA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

Section 1 – Summary of Auditor’s Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

**HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2013**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES GENERAL FUND</u>	<u>FIDUCIARY FUND TYPES EXPENDABLE TRUST AND AGENCY FUND</u>	<u>TOTAL</u>
Cash	\$ 473,917.88	91,199.79	565,117.67
Investments		15,981.58	15,981.58
Total Assets	<u>\$ 473,917.88</u>	<u>107,181.37</u>	<u>581,099.25</u>
 <u>LIABILITIES AND FUND EQUITY</u> 			
Liabilities:			
Warrants payable	\$ 141,338.59	7,693.40	149,031.99
Encumbrances	19,150.41		19,150.41
Funds held for school organizations		65,600.63	65,600.63
Total liabilities	<u>160,489.00</u>	<u>73,294.03</u>	<u>233,783.03</u>
Fund Equity:			
Cash fund balances	<u>313,428.88</u>	<u>33,887.34</u>	<u>347,316.22</u>
Total Liabilities and Fund Equity	<u>\$ 473,917.88</u>	<u>107,181.37</u>	<u>581,099.25</u>

HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2013

	GOVERNMENTAL FUND TYPES	FIDUCIARY FUND TYPES	
	GENERAL FUND	GIFTS FUND	TOTAL
Revenues:			
Local sources	\$ 249,427.04	26,905.51	276,332.55
State sources	24,618.80		24,618.80
Federal sources	376,951.35		376,951.35
Per Capita sources	2,377,478.69		2,377,478.69
Total revenues	<u>3,028,475.88</u>	<u>26,905.51</u>	<u>3,055,381.39</u>
Expenditures:			
Instruction	1,702,473.21		1,702,473.21
Support services	1,134,061.55	9,680.25	1,143,741.80
Operation of non-instructional services	158,437.14		158,437.14
Facilities, Acquisitions and Construction	30,702.91		30,702.91
Other outlays	1,456.00	50,720.91	52,176.91
Repayments	52.00		52.00
Total expenditures	<u>3,027,182.81</u>	<u>60,401.16</u>	<u>3,087,583.97</u>
Revenues over (under) expenditures	1,293.07	(33,495.65)	(32,202.58)
Other financing sources (uses):			
Lapsed appropriations	5,909.40		5,909.40
Estopped warrants	86.77		86.77
Bank charges	(2,214.95)		(2,214.95)
Total other financing sources (uses)	<u>3,781.22</u>	<u>0.00</u>	<u>3,781.22</u>
Revenue and other sources over (under) expenditures and other uses	5,074.29	(33,495.65)	(28,421.36)
Cash fund balance, beginning of year	<u>308,354.59</u>	<u>67,382.99</u>	<u>215,546.17</u>
Cash fund balance, end of year	<u>\$ 313,428.88</u>	<u>33,887.34</u>	<u>347,316.22</u>

**HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - BUDGETED GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 19,604.99	19,604.99	249,427.04
State sources	210,401.20	210,401.20	24,618.80
Federal sources	246,442.83	246,442.83	376,951.35
Per Capita sources	2,034,614.00	2,300,498.39	2,377,478.69
Total revenues	<u>2,511,063.02</u>	<u>2,776,947.41</u>	<u>3,028,475.88</u>
Expenditures:			
Instruction	1,494,708.01	1,760,592.40	1,702,473.21
Support services	1,134,061.55	1,134,061.55	1,134,061.55
Operation of non-instructional services	158,437.14	158,437.14	158,437.14
Facilities, Acquisitions and Construction	30,702.91	30,702.91	30,702.91
Other outlays	1,456.00	1,456.00	1,456.00
Repayments	52.00	52.00	52.00
Total expenditures	<u>2,819,417.61</u>	<u>3,085,302.00</u>	<u>3,027,182.81</u>
Revenues over (under) expenditures	(308,354.59)	(308,354.59)	1,293.07
Other financing sources (uses):			
Lapsed appropriations			5,909.40
Estopped warrants			86.77
Bank charges			(2,214.95)
Total other financing sources (uses)	<u>0.00</u>	<u>0.00</u>	<u>3,781.22</u>
Revenue and other sources over (under) expenditures and other uses	(308,354.59)	(308,354.59)	5,074.29
Cash fund balance, beginning of year	<u>308,354.59</u>	<u>308,354.59</u>	<u>308,354.59</u>
Cash fund balance, end of year	<u>\$ 0.00</u>	<u>0.00</u>	<u>313,428.88</u>

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the Harding Charter Preparatory School (the “School”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the School’s accounting policies are described below.

A. Reporting Entity

The School is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The School is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the School is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the school.

In evaluating how to define the school, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the School and/or its citizens, or whether the activity is conducted within the geographic boundaries of the School and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the School is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the School’s reporting entity.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting

The School uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the Schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – The School did not maintain a building or child nutrition fund during 2012-13.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school school property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

Debt Service Fund – The debt service fund is the School’s sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The School did not maintain this fund during the 2012-13 fiscal year.

Capital Projects Fund – The capital projects fund is the School’s bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment. The School did not maintain this fund during the 2012-13 fiscal year.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School. The terms “non-expendable” and “expendable” refer to whether or not the School is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the School holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The School maintained only a gift and endowment expendable trust fund during the 2012-13 school year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the school.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Fund Accounting – cont’d

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and School-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the School, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The School does not have the necessary detailed information to show this fund.

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reports in the combined financial statements – regulatory basis. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The School does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable.

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general, building and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting

The School is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31, for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the School must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the School must adopt a budget within the approved tax rate.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2012-13 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
General	\$ 265,884

These amendments were approved by the county excise board.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the School. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

E. Assets, Liabilities and Fund Equity

Cash – Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments – The School is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the School. All investments are recorded at cost, which approximates market value.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity – cont’d

Inventories – The value of consumable inventories at June 30, 2013, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The General Fixed Assets Account Group is not presented in the financial statements.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the School. The School recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the School’s treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the School for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Unmatured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the School, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity – cont’d

Cash Fund Balance – Cash fund balance represents the funds not encumbered by purchase orders, legal contracts, outstanding warrants and unmatured obligations.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the School and available to the School for its use. Local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the School and the state, and distributed to schools in amounts that differ in proportion to those which are collected within such systems.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the schools.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

The School receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

The aforementioned state revenues are apportioned to the School's general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the School is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the School are apportioned to the general fund. The School maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the School, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the School or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from School funds.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2012-13 fiscal year.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

2. CASH AND INVESTMENTS

The School's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the School.

Cash – The School's bank balance of deposits and cash pools at June 30, 2013, was \$565,118. Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The School's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the School's name.

Investments – At June 30, 2013, the School's investments consisted certificates of deposits and of investment pools (sweep accounts) invested in money market funds with an approximate fair market value of \$15,982.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to and investment will not fulfill its obligations. Investments held by the School in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with Bancfirst, and are rated AAA by Standard and Poor's. The School does not have a formal policy limiting its exposure arising from concentration of investments.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2013.

4. GENERAL LONG-TERM DEBT

As of June 30, 2013, the School had no outstanding debt.

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN

Description of Plan

The School participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN – cont'd

Annual Pension Cost

The School's total contributions for 2013, 2012 and 2011 were \$219,421, \$220,920 and \$221,027, respectively.

Funding Policy

The School, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the School and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2012-13 fiscal year, the School contributed 9.5% and the State of Oklahoma contributed the remaining amount during this year. The School is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the School is required to match the retirement paid on salaries that are funded with federal funds.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The School purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

7. CONTINGENCIES

Federal Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

7. CONTINGENCIES – cont'd

Federal Grants – cont'd

expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

The School did not fall under this threshold during the 2012-13 fiscal year.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the School.

Subsequent Events

Management has evaluated subsequent events through April 11, 2014, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

**HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - ALL FIDUCIARY FUND TYPES
 JUNE 30, 2013**

	EXPENDABLE TRUST FUND	AGENCY FUNDS	TOTALS	
	GIFTS	ACTIVITY	(Memorandum Only)	
	FUND	FUNDS	2013	2012
<u>ASSETS</u>				
Cash	\$ 17,905.76	73,294.03	91,199.79	109,913.35
Investments	15,981.58		15,981.58	15,898.07
Total Assets	\$ 33,887.34	73,294.03	107,181.37	125,811.42
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants payable	\$	7,693.40	7,693.40	3,846.68
Funds held for school organizations		65,600.63	65,600.63	54,581.75
Total liabilities		0.00	73,294.03	58,428.43
Fund Equity:				
Cash fund balances		33,887.34	0.00	67,382.99
Total Liabilities and Fund Equity	\$ 33,887.34	73,294.03	107,181.37	125,811.42

HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Activities	Balance July 1, 2012	Additions	Net Transfers	Deletions	Balance June 30, 2013
Sweatshirts	\$ 1,357.42	4,590.50		2,520.00	3,427.92
Dictionaries	49.10	600.00		598.75	50.35
Chess Club	2.00	0		0	2.00
Parking	79.01	650.00		400.99	328.02
Photo	1,209.99	3,118.00		2,974.24	1,353.75
Art Club	3,829.74	7,090.00		9,148.14	1,771.60
Foreign Language	784.56	282.95		139.51	928.00
Sports - General	47.53	10,745.32		8,108.76	2,684.09
Newspaper	724.85	64.00		404.50	384.35
Sports - Cross Country	420.98	412.25		530.00	303.23
Agendas	432.42	2,532.00		840.99	2,123.43
Sports - Volleyball	194.00	1,991.00		527.42	1,657.58
Sports - Softball	371.91	522.05		838.76	55.20
A/P Testing	4,914.14	19,279.00		20,116.00	4,077.14
Student Council	1,667.87	23,133.99		21,724.18	3,077.68
ACT	35.00	1,338.00		840.00	533.00
Class of 2010	107.31	841.18		675.60	272.89
Girls Soccer	632.31	952.50		1,411.75	173.06
Boys Soccer	0	2,427.65		2,150.75	276.90
Archery	25.22	570.36		406.16	189.42
Class of 2012	362.48	0		160.97	201.51
Class of 2015	440.07	865.25		388.50	916.82
Class of 2011	0	825.00		362.00	463.00
Drama	4,131.09	1,693.15		2,972.18	2,852.06
Vocal Music	1,458.18	4,377.95		3,854.73	1,981.40
Yearbook	3,128.22	11,285.65		7,438.15	6,975.72
Band	2,460.49	4,971.85		6,024.18	1,408.16
Senior Capstone	84.23	106.00		76.80	113.43
Orchestra	486.77	1,178.27		1,208.38	456.66
Movie History Club	1,819.56	824.45		0	2,644.01
Debate	254.82	3,925.12		3,245.09	934.85
Harding Alumni	189.16	0		0	189.16
Baseball	784.13	4,756.34		3,556.97	1,983.50
Class of 2013	6,003.25	9,332.21		12,611.95	2,723.51
National Honor Society	634.21	2,382.50		2,453.31	563.40
Young Republicans	104.00	0		0	104.00
Key Club	276.27	1,411.91		803.54	884.64
Class of 2014	898.75	7,930.70		7,994.67	834.78
Media Center	494.76	1,859.24		1,015.38	1,338.62
Stem Club	1,086.69	650.00		942.62	794.07
Parent Fundraisers	6,019.05	22,304.52		25,097.64	3,225.93
Boys Basketball	1,830.76	8,873.56		10,617.33	86.99
Cheerleading	658.20	5,515.15		5,625.65	547.70
Tennis	407.39	927.30		874.64	460.05
Track	0	3,444.63		2,893.00	551.63
Concessions	933.38	3,274.78		3,609.42	598.74
Girls Basketball	\$ 401.62	5,366.43		4,500.00	1,268.05
Academic Team	40.00	0		0	40.00

**HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

Activities	Balance July 1, 2012	Additions	Net Transfers	Deletions	Balance June 30, 2013
2 Much 2 Lose	665.21	1,004.55		1,101.02	568.74
Harding Caring for People	807.30	500.00		572.35	734.95
Close Up/D.C.	46.40	0		0	46.40
FISH Club	171.04	0		82.37	88.67
General Activity Account	618.91	14,928.06		10,197.10	5,349.87
TOTAL ASSETS - AGENCY FUNDS	\$ 54,581.75	205,655.32	0	194,636.44	65,600.63
LIABILITIES AND FUND EQUITY					
Funds held for school organizations	\$ 54,581.75	205,655.32	0	194,636.44	65,600.63

HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/Program Title <u>U.S. Department of Education</u>	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2012	Revenue Collected	Total Expenditures	Ending Balance 6/30/2013
<u>U.S. Department of Energy</u>							
<u>Passed Through Oklahoma Department of Commerce:</u>							
Stimulus State Energy Grant	81.041	14459 SSEP 09	\$ 32,702.91	0	0	32,702.91	0
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010		60,908.46		52,704.78	60,908.46	(8,203.68)
Special Education, Flowthrough, P.L. 105-17	84.027		66,326.75		64,885.71	65,174.03	(288.32)
Title II-Part A, Teacher & Principal Training	84.367		15,464.68		15,464.68	15,464.68	
Title II-Part A - Note 1	84.367			(9,852.92)	9,852.92		
Title II-Part D - Note 1	84.318			(133.83)	133.83		
Reach Program	84.140		133,852.00		133,852.00	133,852.00	
Subtotal			<u>276,551.89</u>	<u>(9,986.75)</u>	<u>276,893.92</u>	<u>275,399.17</u>	<u>(8,492.00)</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
National School Lunch Program	10.555				25,152.62	25,152.62	
School Breakfast Program	10.553				74,904.81	74,904.81	
Total For Program (Cluster)					<u>100,057.43</u>	<u>100,057.43</u>	
Total Federal Assistance			<u>\$ 309,254.80</u>	<u>(9,986.75)</u>	<u>376,951.35</u>	<u>408,159.51</u>	<u>(8,492.00)</u>

Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

HARDING CHARTER PREPARATORY SCHOOL NO. E-008, OKLAHOMA COUNTY
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2013

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
RLI Insurance Co	Superintendent (Principal)	LSM0402083	\$ 100,000	8/22/12 - 8/22/13
	Assisitnat Principal	LSM0590929	100,000	3/27/13 - 3/27/14
	Encumbrance Clerk	LSM0347876	1,000	2/12/13 - 2/13/14
	Minutes Clerk	LSM0590938	1,000	3/28/13 - 3/28/14
	Treasurer	LSM0347875	100,000	2/12/13 - 2/13/14

HARDING CHARTER PREPARATORY SCHOOL, OKLAHOMA COUNTY
SCHEDULE OF ACCOUNTANT’S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2012 TO JUNE 30, 2013

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant’s Professional Liability Insurance in accordance with the “Oklahoma Public School Audit Law” at the time of audit contract and during the entire audit engagement with Harding Charter Preparatory High School for the audit year 2012-13.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP
Auditing Firm

By _____
Authorized Agent

Subscribed and sworn to before me
This 11th day of April, 2014

Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016
Commission No. 00008621