FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
JUNE 30, 2012

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
JUNE 30, 2012

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SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
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QUALIFIED OPINION ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - GOVERNMENTAL ENTITY

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Santa Fe South Elementary School
No. G-001 OU Charter
Oklahoma City, Oklahoma County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, component unit of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma, as listed in the table of contents, as of and for the year ended June 30, 2012. These financial statements are the responsibility of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, prepares its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1. In addition, the financial statements of the School are intended to provide the financial position and changes in financial position of the University of Oklahoma of Cleveland County, Oklahoma, of only that portion of the governmental activities attributable to the transactions of the School.

As discussed in Note 1, the financial statements referred to above do not include the general fixed asset account group. The amount that should be recorded in the general fixed asset account group is not known.

As discussed in Note 1, the financial statements present only the financial position of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, and do not purport to, and do not, present fairly the financial position of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, because of the School's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, as of June 30, 2012, or the results of its operations for the year then ended.

However, in our opinion, except for the omission of the general fixed asset account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances arising from regulatory basis transactions of each fund type and account group of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, as of June 30, 2012, and the revenues it received and expenditures it paid for the year then ended, on the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2012, on our consideration of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the fund type and account group financial statements of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, taken as a whole. The Combining Financial Statements as listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 financial statements. The Combining Financial Statements 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements referred to above and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, such information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
November 16, 2012

COMBINED FINANCIAL STATEMENTS

OF

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA

Schedule 1-00

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2012

	Governmental Fund Types	Fiduciary Fund Types	Total (Memorandum Only - Note 1)
	General	Trust and Agency	2012
ASSETS			
Cash and Investments	$ 1,438,503.52	$ 40,116.46	$ 1,478,619.98
Total Assets	$ 1,438,503.52	$ 40,116.46	$ 1,478,619.98
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants payable	$ 94,531.32	$ 0.00	$ 94,531.32
Encumbrances	18,046.52	0.00	18,046.52
Due to others	0.00	40,116.46	40,116.46
Total Liabilities	112,577.84	40,116.46	152,694.30
Fund Equity:			
Undesignated	1,325,925.68	0.00	1,325,925.68
Total fund balances	1,325,925.68	0.00	1,325,925.68
Total Liabilities and Fund Balances	$ 1,438,503.52	$ 40,116.46	$ 1,478,619.98

The notes to the financial statements are an integral part of this statement.

Schedule 2-00

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Fund Types	Total (Memorandum Only - Note 1)
	General	2012
Revenues:		
Local sources	$ 108,566.59	$ 108,566.59
Charter schools per capita sources	2,734,148.88	2,734,148.88
Intermediate sources	0.00	0.00
State sources	3,751.69	3,751.69
Federal Sources	627,601.45	627,601.45
Total Revenues Collected	3,474,068.61	3,474,068.61
Expenditures:		
Instruction	1,624,979.38	1,624,979.38
Support services	878,551.50	878,551.50
Non - Instructional services	338,701.74	338,701.74
Capital outlay	24,000.00	24,000.00
Other outlays	9,263.11	9,263.11
Total Expenditures	2,875,495.73	2,875,495.73
Excess of revenue over (under) expenditures	598,572.88	598,572.88
Adjustments to prior year encumbrances	0.00	0.00
Prior Period Adjustments	0.00	0.00
Beginning fund balance	727,352.80	727,352.80
Ending fund balance	$ 1,325,925.68	$ 1,325,925.68

The notes to the financial statements are an integral part of this statement.

Schedule 3-00

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS
BUDGETED GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund		
	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	$ 727,352.80	$ 727,352.80	$ 727,352.80
Revenues:			
Local sources	2,517.01	2,517.01	108,566.59
Charter schools per capita sources	2,073,893.63	2,073,893.63	2,734,148.88
Intermediate sources	0.00	0.00	0.00
State sources	0.00	0.00	3,751.69
Federal sources	444,771.25	444,771.25	627,601.45
Total Revenue, budgetary basis	2,521,181.89	2,521,181.89	3,474,068.61
Expenditures:			
Instruction	1,998,018.34	1,998,018.34	1,624,979.38
Support services	878,551.50	878,551.50	878,551.50
Non - Instructional services	338,701.74	338,701.74	338,701.74
Capital Outlay	24,000.00	24,000.00	24,000.00
Other Outlays	9,263.11	9,263.11	9,263.11
Debt Service:			
Principal retirement	0.00	0.00	0.00
Interest and fiscal agent charges	0.00	0.00	0.00
Judgments paid	0.00	0.00	0.00
Total Expenditures, budgetary basis	3,248,534.69	3,248,534.69	2,875,495.73
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	(0.00)	0.00	1,325,925.68
Other financing sources (uses):			
Bond sale proceeds	0.00	0.00	0.00
Operating Transfers	0.00	0.00	0.00
Excess of revenues and other sources over (under) expenditures and other uses	(0.00)	0.00	1,325,925.68
Adjustments to prior year encumbrances	0.00	0.00	0.00
Prior Period Adjustments	0.00	0.00	0.00
Ending fund balances	$ (0.00)	$ 0.00	$ 1,325,925.68

The notes to the financial statements are an integral part of this statement.

NOTES TO COMBINED FINANCIAL STATEMENTS

OF

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. Nature of Organization and Summary of Significant Accounting Policies

The basic financial statements of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma (the "School"), component unit of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma, have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education.

The financial statements present only the financial position of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, and do not purport to, and do not, present fairly the financial position of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. The more significant of the School's accounting policies are described below.

The University of Oklahoma ("OU"), has contracted with Santa Fe South Elementary School ("Santa Fe South Schools, Inc.") for the operation of the School, a charter school under the Oklahoma Charter School Act.

The school receives funding from local, state, and federal government sources and must comply with the applicable requirements of these funding source entities.

A. Reporting Entity

The School is governed by the board of directors of Santa Fe South Schools, Inc. The financial data of the School is also reported within the general fund of the District's financial statements. The accompanying financial statements are intended to present only the results of the operations of the School and not that of the general fund of the District.

The School's activities are reported for federal and Oklahoma tax purposes by Santa Fe South Schools, Inc. Santa Fe South Schools, Inc. is an organization described in Internal Revenue Code Section 501(c)(3). As such, the income of the School is subject to federal or state income taxes only to the extent it generates income from unrelated activities. The School had no unrelated income in the year ended June 30, 2012.

Summary of Significant Accounting Policies, (Continued)

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. Although, the School is a component unit of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma.

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."

Summary of Significant Accounting Policies, (Continued)

Fund Accounting, (Continued)

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 funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the school 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.

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 District. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds. The only account group applicable to the School is the general fixed assets account group. As the School does not maintain a record of general fixed assets, the general fixed assets account group is not presented at June 30, 2012.

Summary of Significant Accounting Policies, (Continued)

Fund Accounting, (Continued)

Memorandum Only - Total Column

The total column on the financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows 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.

C. **Basis of Accounting**

The School prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*. This format differs significantly from that required by GASB Statement No. 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types.

Summary of Significant Accounting Policies, (Continued)

D. **Budgets and Budgetary Accounting**

Budgets are maintained in the OCAS system of accounting and are included in the financial statements.

E. **Assets, Liabilities and Fund Equity**

Cash and Cash Equivalents - The School considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of direct obligations of the United States Government and Agencies or certificates of deposit with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2012, is not material to 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.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

Compensated Absences - As the School reports under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. Thus, compensated absences have not been presented.

Cash Fund Balance - Cash fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

Summary of Significant Accounting Policies, (Continued)

F. **Revenue, Expenses 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 for the School include contributions, supplies and materials sold, commissions, and reimbursements.

Intermediate Revenues - Revenues from intermediate sources are the amounts 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 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 districts.

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 or additions of 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.

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 pass-through from another government, such as the State.

Summary of Significant Accounting Policies, (Continued)

Revenue, Expenses and Expenditures, (Continued)

Non-revenue Receipts - Nonrevenue receipts represent receipts deposited into a fund that are not considered new revenues to the School, but rather the return of assets that also includes miscellaneous receipts.

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 non routine 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 fiscal year 2012.

G. **Statement of Cash Flows**

Since the School does not currently have any Proprietary Fund Types, the statement of cash flows has not been presented in the fiscal 2012 accompanying financial statements.

H. **GASB 34**

In June 1999, the Governmental Accounting Standards Board (GASB) issued statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.* GASB Statement 34 establishes new financial reporting requirements for state and local governments throughout the United States of America. The School, along with other Oklahoma charter schools requested and received an exemption from the District to delay the adoption of GASB Statement 34 beginning with fiscal year 2003. When implemented, GASB Statement 34 will require new information and will restructure much of the financial information to include the accrual basis of accounting as prescribed by accounting principles generally accepted in the United States of America that will provide readers a broad overview of the School's finances, in a manner similar to a private-sector business.

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Deposits - The District's cash deposits at June 30, 2012, are categorized to give an indication of the level of risk assumed by the School at year end as follows:

Deposit Categories of Credit Risk

(A) Insured or collateralized with securities held by the School or by its agent in the District's name.

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

(C) Uncollateralized.

	Category			
	(A)	(B)	(C)	Bank Balance
Cash	$ 525,116.46	$ 953,503.52	$ 0.00	$ 1,478,619.98
Investments	0.00	0.00	0.00	0.00
Totals	$ 525,116.46	$ 953,503.52	$ 0.00	$ 1,478,619.98

3. Other Information

A. Investment Income

Investment income deposits to the General Fund account are receipted as allocated by the School Treasurer. School Funds are required to be invested in accordance with Title 70 of the Oklahoma Statutes, Article 5, Section 115. Interest income on investments totaled $5,110.94 for the year ended June 30, 2012.

Other Information, (Continued)

B. 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; and natural disasters. The School purchases commercial insurance to cover these risks of loss, including general and auto liability, property damage, and public officials liability. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

C. Health Care Coverage

Medical insurance is paid for employees in the amount of the full premium for full time eligible employees and partial payment consistent with the amount of preauthorized work for part time eligible employees. The School will pay 50% of dependent coverage if employees cover the remaining 50%. Part time employees are eligible if they work at least 30 hours per week. The School pays the applicable percentage of the premiums in relation to full time rates.

D. Contingencies

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

Other Information, (Continued)

E. Employee Benefit Plan

The School participates in a defined contribution salary deferral plan which covers substantially all employees. Under the plan the School contributes 7% of an employee's monthly gross wages. Employee contributions to the plan are voluntary and may be made up to 10% of monthly gross wages.

School employees are 100% vested with their first contribution. The School has no control over the fund, and employees may remove what they have contributed at any time, but must leave the School's contribution in the plan until termination of employment.

Upon termination, the employee has the option to (1) remove all funds contributed by him or her or on their behalf, (2) leave the employee and employer contributions made on his or her behalf in the plan and continue to draw interest, or (3) roll the funds over into another qualified plan.

F. Surety Bonds

The School has a public employee dishonesty bond with Ohio Casualty Insurance Company, bond number 3-821-159, which covers Christopher Brewster for the penal sum of $100,000.00 from July 1, 2011 until June 30, 2012. The School has a Treasurer's bond with Liberty Mutual, bond number 5096658, which covers Ronald L. Grant, Jr. for the penal sum of $100,000.00 from February 17, 2012 until February 17, 2013. The School has bond number 5097212 with Ohio Casualty Insurance Company, which covers Aidee Ramirez for the penal sum of $10,000.00 from February 15, 2012 until February 15, 2013. In addition, the School has bond number 5097210 with Ohio Casualty Insurance Company, which covers Maritza Santiago-Resto for the penal sum of $10,000.00 from February 15, 2012 until February 15, 2013.

G. Subsequent Events

Management has evaluated subsequent events through November 16, 2012, 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.

SUPPORTING SCHEDULES

OF

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA

COMBINING FINANCIAL STATEMENTS

OF

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA

Schedule 4-00

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- REGULATORY BASIS - FIDUCIARY FUNDS
JUNE 30, 2012

	Agency Fund Activity Funds	Totals 2012
ASSETS		
Cash and Investments	$ 40,116.46	$ 40,116.46
Total Assets	$ 40,116.46	$ 40,116.46
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to others	$ 40,116.46	$ 40,116.46
Total Liabilities	40,116.46	40,116.46
Total fund balances	0.00	0.00
Total Liabilities and Fund Balances	$ 40,116.46	$ 40,116.46

Schedule 5-00

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS
ALL AGENCY FUNDS
JULY 1, 2011 THROUGH JUNE 30, 2012

ASSETS

ACTIVITIES	Beginning Balance As of 7-1-11	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of 6-30-12
General Activity	$ 2,178.03	$ 8,825.39	$ 0.00	$ 4,185.35	$ 6,818.07
Student/Teacher/Parent	27,272.76	32,786.27	0.00	27,303.29	32,755.74
Playground	342.26	0.00	0.00	0.00	342.26
Music	0.00	0.00	0.00	0.00	0.00
Roettger - Great Ideas	28.14	0.00	0.00	0.00	28.14
1st Grade	10.00	0.00	0.00	0.00	10.00
Kindergarten	162.25	0.00	0.00	0.00	162.25
TOTAL ASSETS	$ 29,993.44	$ 41,611.66	$ 0.00	$ 31,488.64	$ 40,116.46

LIABILITIES

Due to Student Groups	$ 29,993.44	$ 41,611.66	$ 0.00	$ 31,488.64	$ 40,116.46
TOTAL LIABILITIES	$ 29,993.44	$ 41,611.66	$ 0.00	$ 31,488.64	$ 40,116.46

SUPPLEMENTARY INFORMATION

OF

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Project Reporting Number	Program Approved Amount	Beginning Balance at July 1, 2011	Receipts	Expenditures	Ending Balance at June 30, 2012
Passed Through State Department of Education							
2010-2011 Programs							
Title I	84.010	511	$ 0.00	$ (48,733.10)	$ 48,733.10	$ 0.00	$ 0.00
ARRA, Title I - Part A	84.389	516	0.00	(21,682.65)	21,682.65	0.00	0.00
IDEA-B Flowthrough	84.027	621	0.00	(11,677.48)	11,677.48	0.00	0.00
ARRA, Education Stabilization Fund	84.394	782	0.00	(20,930.00)	20,930.00	0.00	0.00
2011-2012 Programs							
Title I	84.010	511	196,308.11	0.00	96,170.28	164,090.78	(67,920.50)
Title I, Part A - Disadvantaged	84.010	512	2,018.97	0.00	2,018.97	2,018.97	0.00
Title I, Part A - School Improvement	84.010	515	25,849.49	0.00	19,440.75	23,533.55	(4,092.80)
ARRA, Title I - Part A	84.389	516	4,226.35	0.00	4,226.35	4,226.35	0.00
Title II, Part D - Technology	84.318	546	1,207.56	0.00	0.00	1,205.49	(1,205.49)
Title II, Part D - Tech.-Prof. Development	84.318	548	402.53	0.00	0.00	402.19	(402.19)
Title II, Part A - Improving Teacher & Principal Quality	84.367	541	52,521.48	0.00	14,540.70	16,344.92	(1,804.22)
IDEA-B Flowthrough	84.027	621	59,130.70	0.00	44,226.19	56,729.63	(12,503.44)
Education Jobs Fund	84.410	790	53,664.00	0.00	53,664.00	53,664.00	0.00
Total Department of Education			$ 395,329.19	(103,023.23)	337,310.47	322,215.88	(87,928.64)
U.S. Department of Agriculture Passed Through State Dept. of Education:							
2010-2011 Programs							
National School Lunch Program	10.555			(48,355.56)	48,355.56	0.00	0.00
School Breakfast Program	10.553			(33,842.76)	33,842.76	0.00	0.00
2011-2012 Programs							
National School Lunch Program	10.555	763			114,220.13	172,418.96	(58,198.83)
School Breakfast Program	10.553	764			78,147.27	118,479.66	(40,332.39)
Fresh Fruit & Vegetable Program	10.582	768			15,725.26	18,876.83	(3,151.57)
Total USDA				(82,198.32)	290,290.98	309,775.45	(101,682.79)
TOTAL FEDERAL ASSISTANCE				$ (185,221.55)	$ 627,601.45	$ 631,991.33	$ (189,611.43)

Note - The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Nonmonetary assistance in the form of commodities is reported in the schedule at the fair market value of the commodities received and disbursed.

REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

OF

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA

BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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WEATHERFORD, OK 73096
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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*

The Honorable Board of Education
Santa Fe South Elementary School
No. G-001 OU Charter
Oklahoma City, Oklahoma County, Oklahoma

We have audited the financial statements of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, component unit of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 16, 2012. As stated in our report, the financial statements were prepared in compliance with the cash basis as prescribed by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In addition, the financial statements present only the financial position of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, and do not purport to, and do not, present fairly the financial position of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In our report, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation. In accordance with accounting principles generally accepted in the United States America, Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma, has issued separate primary government financial statements for which we have issued our report dated November 16, 2012. Our audit, described below, does not include the results of our testing of the primary government internal controls over financial reporting or compliance and other matters that are reported separately in our report issued to the primary government. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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* in the United States of America.

However, we noted certain matters that we have reported to the Board of Education and administrative employees of Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, in a separate statement of audit comments included with this report.

This report is intended solely for the information and use of the Board of Education and administrative employees, and all applicable county, state and federal agencies, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
November 16, 2012

BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Education
Santa Fe South Elementary School
No. G-001, OU Charter
Oklahoma City, Oklahoma County, Oklahoma

Compliance

We have audited the compliance of Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma. Our responsibility is to express an opinion on Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma's compliance based on our audit.

Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma's basic financial statements do not include the operations of their primary government, Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma, which expended $670,685.58 in federal awards, or the operations of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma's other component unit, Santa Fe South Middle School, No. E-011 OKC Charter, Oklahoma City, Oklahoma, which expended $575,889.27 in federal awards that is not included in the schedule during the year ended June 30, 2012. Our audit described below, did not include the operations of Santa Fe South Schools, Inc., Santa Fe South High School, No. E-007 OKC Charter, Oklahoma City, Oklahoma, or Santa Fe South Middle School, No. E-011 OKC Charter, Oklahoma City, Oklahoma because we have issued separate reporting entity financial statements for which we have issued our reports dated November 16, 2012. Both of those financial statement audits were performed in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma's compliance with those requirements.

In our opinion, Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Santa Fe South Elementary School, No. G-001, OU Charter, Oklahoma City, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material

weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education and administrative employees, all applicable county, state and federal agencies, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
November 16, 2012

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001, OU CHARTER
OKLAHOMA CITY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS

TYPE OF REPORT ISSUED ON THE FINANCIAL STATEMENTS:	Qualified Opinion
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING:	(None Reported)
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	(None Reported)
DISCLOSURES OF NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:	(None Reported)
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS:	(None Reported)
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	(None Reported)
TYPE OF REPORT ISSUED ON COMPLIANCE FOR MAJOR PROGRAMS:	Unqualified Opinion
AUDIT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH SECTION 510(A) OF OMB CIRCULAR A-133:	No
MAJOR PROGRAMS:	84.410 Education Jobs Fund Child Nutrition Cluster 10.555 National School Lunch Program 10.553 School Breakfast Program
DOLLAR THRESHOLD USED TO DISTINGUISH BETWEEN TYPE A AND B PROGRAMS:	$300,000

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001, OU CHARTER
OKLAHOMA CITY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS, (CONTINUED)

QUALIFIED LOW-RISK AUDITEE:	No
FINDINGS & QUESTIONED COSTS FOR FEDERAL AWARDS	(None Reported)

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
AUDIT COMMENTS
JUNE 30, 2012

CURRENT YEAR

1. During our audit of the Activity Fund, we found instances where money being receipted by sponsors was not being forwarded to the Activity Fund Custodian on a timely basis. Per 70 O.S. 5-129, state law requires that sponsors forward their money daily to the Activity Fund Custodian.

PRIOR YEAR

1. During our audit, we noted that budgeted appropriations entered into the accounting system were not those that had been approved by the board of education as estimated and approved in the estimate of needs. In addition, the School exceeded their budgeted appropriations in the General Fund by $71,386.07. The approved appropriations should be entered into the accounting system so that the School can continually monitor their expenses and compare them to budgeted appropriations to ensure that approved appropriations are not exceeded. Care must be taken to ensure that no warrant in any form shall be issued, approved, or signed in excess of the amount of approved appropriations.

2. During our audit, we noted that the superintendent did not have a surety bond in the penal sum of not less than $100,000.00. Each required individual should be covered by a surety bond meeting minimum amounts as stated in school law.

The School implemented procedures to correct the prior year audit comments.

SANTA FE SOUTH SCHOOLS, INC.

CHRIS BREWSTER - SUPERINTENDENT RAUL PORT - ASSISTANT SUPERINTENDENT

301 SE 38th St, Oklahoma City, OK 73129
405.631.6100 fax.405.681.6993

www.santafesouth.org

Tuesday, November 20, 2012

Audit Response for Santa Fe South Elementary School – 55G001

Oklahoma State Department of Education:

1. Activity Fund custodians have been instructed on proper money handling procedures and have reassured us that money will be deposited in a timely fashion. An employee has been assigned to check the safe periodically to ensure custodians are complying with the law. Furthermore, money handling procedures will be covered with all employees at a faculty meeting in the Fall and in the Spring.

Respectfully,

Ronnie Grant
Business Manager
Santa Fe South Schools, Inc.

SANTA FE SOUTH SCHOOLS, INC.

Chris Brewster Superintendent Mike Graham Assistant High School Principal Sandra Harriman High School Counselor

301 S.E. 38th, Oklahoma City, OK 73129
405.631.6100 fx.405.681.6993

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Response to Santa Fe South Elementary School's 2010 – 2011 Audit Comments

Comment 1:

All financial personnel have been made aware that the estimate of needs budget is to be used as the legal budget. It has been entered into our accounting software and will not be changed unless we file, and our board approves, a supplemental appropriations adjustment.

Comment 2:

We have worked with our insurance agent to ensure the prompt increase of the Superintendent's bond to the recommended $100,000.00 amount.

Respectfully,

Christopher J. Brewster

Superintendent
Santa Fe South Schools, Inc.

SANTA FE SOUTH ELEMENTARY SCHOOL
NO. G-001 OU CHARTER
OKLAHOMA CITY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2011 THROUGH JUNE 30, 2012

State of Oklahoma)
) ss
County of Custer)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountants' 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 Santa Fe South Elementary School, No. G-001 OU Charter, Oklahoma City, Oklahoma, for the audit year 2011-12.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Rick Miller
by

Subscribed and sworn to before me this 16th day of November, 2012.

Patty Klein
NOTARY PUBLIC

PATTY KLEIN
NOTARY PUBLIC
#07007593
EXP. 8-9-15
IN AND FOR
STATE OF OKLAHOMA
CUSTER COUNTY