

Audited Consolidated Financial Statements  
and Additional Information

Lansing Christian School

*Years ended June 30, 2008 and 2007  
with Report of Independent Auditors*

Lansing Christian School

Audited Consolidated Financial Statements  
and Additional Information

Years ended June 30, 2008 and 2007

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## Report of Independent Auditors

Board of Directors  
Lansing Christian School

We have audited the accompanying consolidated statements of financial position of Lansing Christian School (the School) as of June 30, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the School's 2007 financial statements and, in our report dated September 13, 2007, we expressed an unqualified opinion on these financial statements.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lansing Christian School at June 30, 2008 and 2007, and changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Andrews Hooper & Pavlik P.L.C.*

Okemos, Michigan  
November 17, 2008

# Lansing Christian School

## Consolidated Statements of Financial Position

	June 30	
	2008	2007 (Restated)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (including \$111,400 held for others in 2008 and \$112,706 in 2007)	\$ 283,509	\$ 241,286
Tuition receivable, less allowance for doubtful accounts of \$131,200 in 2008 and \$34,193 in 2007	141,189	244,355
Receivable from agent—FACTS	442,736	
Pledges receivable—current portion	161,047	1,000
Accounts receivable	829	
Prepaid expenses	5,574	
Contributed merchandise on hand at year end	58,673	
Other assets	18,937	19,160
Total current assets	1,112,494	505,801
Property and equipment, net	9,363,128	9,527,714
Pledges receivable—long-term portion	175,798	16,000
Investment held at Capital Region Community Foundation	31,826	33,360
Total assets	\$ 10,683,246	\$ 10,082,875
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 63,814	\$ 91,283
Line of credit payable	620,000	
Accrued interest	1,333	
Accrued salaries and other liabilities	292,862	251,298
Deferred tuition and registration fees	630,810	366,697
Amounts held for student activities and others	111,400	112,706
Current portion of long-term debt	947,351	38,652
Total current liabilities	2,667,570	860,636
Long-term debt, net of current portion	35,424	935,752
Total liabilities	2,702,994	1,796,388
<b>Net Assets</b>		
Unrestricted	7,359,129	7,698,235
Temporarily restricted	430,505	474,794
Permanently restricted	190,618	113,458
Total net assets	7,980,252	8,286,487
Total liabilities and net assets	\$ 10,683,246	\$ 10,082,875

See accompanying notes to consolidated financial statements.

Lansing Christian School

Consolidated Statements of Activities

	Year Ended June 30, 2008			Year Ended June 30, 2007	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total	Total (Restated)
Revenue, gains, and other support					
Tuition and fees, net of discounts	\$ 3,021,387			\$ 3,021,387	\$ 3,048,973
Contributions	456,562	\$ 396,060		852,622	681,710
Endowment contribution			\$ 77,160	77,160	1,000
Sales and other:					
Athletics	19,788			19,788	19,993
Lunch program	138,963			138,963	124,140
Hidden Treasures contributions and other income	134,702			134,702	
Hidden Treasures operating revenue	254,966			254,966	
	548,419	-	-	548,419	144,133
Investment earnings (losses), net of fees	7,962	(2,534)		5,428	3,732
Other income	49,399			49,399	145,400
Total revenue, gains, and other support	4,083,729	393,526	77,160	4,554,415	4,024,948
Net assets released from restrictions	437,815	(437,815)			
Total revenue, gains, other support, and net assets released from restrictions	4,521,544	(44,289)	77,160	4,554,415	4,024,948
Expenses					
Secondary education:					
Curriculum	64,907			64,907	31,430
Payroll	1,087,769			1,087,769	890,746
Employee benefits	275,180			275,180	283,334
Athletics	57,628			57,628	46,033
Supplies	18,976			18,976	42,193
Activities	30,296			30,296	
	1,534,756			1,534,756	1,293,736
Elementary education:					
Curriculum	31,505			31,505	30,402
Payroll	794,556			794,556	750,725
Employee benefits	158,624			158,624	209,818
Supplies	28,580			28,580	24,063
	1,013,265			1,013,265	1,015,008
School administration:					
Support	286,459			286,459	143,190
General curriculum and training	38,997			38,997	
Payroll	577,359			577,359	467,328
Employee benefits	139,328			139,328	216,217
	1,042,143			1,042,143	826,735
Operations, maintenance, and transportation:					
Facilities	120,560			120,560	100,972
Payroll	133,392			133,392	111,987
Employee benefits	30,438			30,438	33,321
Transportation	25,820			25,820	20,033
Utilities	157,473			157,473	139,710
Interest	64,144			64,144	52,918
Depreciation	400,578			400,578	381,410
Scholarships and tuition assistance	5,000			5,000	
Development, public relations, and fundraising	27,768			27,768	19,741
Other expenses					20,947
	965,173			965,173	881,039
Lunch services	143,570			143,570	120,268
Hidden Treasures operating expenses	161,743			161,743	
Total expenses	4,860,650			4,860,650	4,136,786
Change in net assets	(339,106)	(44,289)	77,160	(306,235)	(111,840)
Net assets at beginning of year	7,698,235	474,794	113,458	8,286,487	8,398,327
Net assets at end of year	\$ 7,359,129	\$ 430,505	\$ 190,618	\$ 7,980,252	\$ 8,286,487

See accompanying notes to consolidated financial statements.

Lansing Christian School

Consolidated Statements of Cash Flows

	<b>For the year ended June 30</b>	
	<b>2007</b>	
	<b>2008</b>	<b>(Restated)</b>
	<hr/>	<hr/>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (306,235)	\$ (111,840)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	409,613	381,410
Net loss (gain) on endowment fund held at Community Foundation	1,534	(4,732)
Contributed merchandise on hand at year end	(58,673)	
Restatement of 2007 beginning net assets		(21,270)
Changes in operating assets and liabilities		
Tuition receivable	103,166	(62,342)
Other assets	223	(8,946)
Accounts receivable—FACTS	(442,736)	
Accounts receivable	(829)	
Accounts payable	(27,469)	42,580
Accrued salaries and other liabilities	41,564	(823)
Prepaid expenses	(5,574)	
Accrued interest	1,333	
Deferred tuition and registration fees	264,113	(210,447)
Pledges receivable	(319,845)	
Amounts held for student activities	(1,306)	22,962
Net cash provided by (used in) operating activities	<hr/> <b>(341,121)</b>	<hr/> 26,552
<b>Cash flows from investing activities:</b>		
Contribution to endowment fund held at Community Foundation	(1,000)	(1,000)
Distribution from endowment fund held at Community Foundation	1,000	1,000
Acquisition of fixed assets	(245,027)	(275,868)
Net cash used in investing activities	<hr/> <b>(245,027)</b>	<hr/> (275,868)
<b>Cash flows from financing activities:</b>		
Line of credit	620,000	
Payment of long-term debt	(45,463)	(35,970)
Long-term debt proceeds	53,834	
Net cash provided by (used in) financing activities	<hr/> <b>628,371</b>	<hr/> (35,970)
Net increase (decrease) in cash	42,223	(285,286)
Cash at beginning of year	241,286	526,572
Cash at end of year	<hr/> <b>\$ 283,509</b>	<hr/> <b>\$ 241,286</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	\$ 62,811	\$ 53,934

See accompanying notes to consolidated financial statements.

# Lansing Christian School

## Notes to Consolidated Financial Statements

June 30, 2008

### **1. Nature of Activities and Summary of Significant Accounting Policies**

#### **Nature of Activities**

Lansing Christian School (the School), is a not-for-profit organization incorporated on May 21, 1952, under the laws of the State of Michigan. The School is a Christian academic school owned and operated by the Lansing Christian School Association (the Association). The Association elects nine school board members who are responsible to the Association for the School's operation. The School is supported primarily through tuition and contributions.

The Lansing Christian School Pilgrim Foundation (the Foundation) is a not-for-profit organization incorporated in 2007 for the sole purpose of cultivating donor relationships with those who support the mission of the School. The Foundation will raise funds for current Lansing Christian School needs and develop endowments to support the long-term financial health of the school. The Foundation's Board is comprised of up to 30 individuals representing both Association members and community members.

Hidden Treasures is a not-for-profit organization incorporated in 2007 for the purpose of making Christian education affordable for families while providing fair salaries for teachers and staff. Hidden Treasures achieves that mission by selling donated items in the Lansing community with proceeds going to provide an annual supplement to teacher and staff salaries at the School.

#### **Basis of Accounting**

The consolidated financial statements of the School, the Foundation, and Hidden Treasures (collectively, the Organization) have been prepared on the accrual basis.

#### **Basis of Presentation**

In accordance with SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

# Lansing Christian School

## Notes to Consolidated Financial Statements (continued)

### 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

#### Cash and Cash Equivalents

Cash and cash equivalents includes checking accounts, a savings account, and a money market account. At June 30, 2008 and 2007, \$111,400 and \$112,706 respectively, of the total cash held by the School was held as an agent for student activities and athletic boosters. Cash and cash equivalents reported on the statement of financial position includes deposits with financial institutions that are at times in excess of federally insured limits.

#### Accounts Receivable

Accounts receivable represent amounts due from families whose children have been enrolled in the School. Management reviews accounts receivable on an annual basis to determine the adequacy of the allowance for doubtful accounts. Accounts receivable are written off when they are determined to be uncollectible based on prior years experience, payment history, and the financial situation of the families. Receivable from agent—FACTS represents tuition amounts collected by a third party processor not yet remitted to the school.

#### Property and Equipment

Acquisitions of buildings, equipment, and improvements and all expenditures in excess of \$500 for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Buildings, equipment, and improvements acquired by the Organization are stated at cost or if contributed to the Organization, at fair market value on the date of donation. Books and other library materials are expensed in the year of acquisition. Depreciation is computed using the accelerated or straight-line method over the estimated useful lives, as follows:

	<u>Estimated Useful Lives</u>
Building	39
Land and building improvements	15-20
Furniture and fixtures	7
Equipment, computers, vehicles, and buses	5-7
Software	3

# Lansing Christian School

## Notes to Consolidated Financial Statements (continued)

### 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

#### Donated Equipment, Stock, and Services

Equipment and stock donated to the School are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. Donated services meeting the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made* have not been reflected in the consolidated statements of activities and management believes the net effect of not recording these amounts is immaterial to the financial statements taken as a whole.

Merchandise donated to Hidden Treasures is recognized throughout the year when sold as a Hidden Treasures operating revenue. The fair value of unsold merchandise on hand at year-end is estimated and reflected as a Hidden Treasures operating revenue item and asset.

#### Tuition Income and Fees

Tuition income and fees are recorded as earned for each school year. Tuition and fees received in advance for the ensuing school year are deferred on the statements of financial position.

#### Contributions

Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### Retirement Plan

The Christian School Pension Plan and Trust Fund is a defined benefit pension plan established by Christian Schools International for employees of its member schools in the United States of America, including its own employees. Beginning in September 2001, the School contributed 4% of the annual compensation of each eligible employee to the plan. Separate financial information related to the School's liabilities (if any) under the plan is not available. Employer contributions were \$84,746 in 2008 (\$82,451 in 2007).

# Lansing Christian School

## Notes to Consolidated Financial Statements (continued)

### 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

#### Endowment Fund Held at Community Foundation

Investments held by The Capital Region Community Foundation amounted to \$31,826 and \$33,360 at June 30, 2008 and 2007, respectively. This investment arose from an endowment fund set up in 2004. Distributions of the spendable income are made to the School upon written request to provide a scholarship to a math student and support to the math program. Amounts received from the Foundation totaled \$1,000 for the years ended June 30, 2008 and 2007. Unspent endowment earnings and distributions are included in temporarily restricted net assets.

#### Income Taxes

The School, the Foundation, and Hidden Treasures are not-for-profit organizations exempt from federal income taxes for activities related to their exempt purposes under Internal Revenue Code Section 501(c)(3).

#### Reclassification and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation. Net assets at June 30, 2007 and 2006 were restated resulting in an increase in temporarily and permanently restricted net assets and a decrease in unrestricted net assets. The net impact of the restatement was a decrease in total net assets of \$35,539 at June 30, 2007.

### 2. Property and Equipment

Property and equipment consists of the following at June 30:

	<b>2008</b>	<b>2007</b>
Land	\$ 884,649	\$ 884,649
Land improvements	147,759	137,684
Buildings	9,940,025	9,940,025
Portable Buildings	252,983	252,983
Leasehold improvements	115,595	
Furniture and fixtures	398,288	374,612
Equipment	163,052	154,346
Computers	306,294	259,768
Computer software	47,226	43,478
Vehicles	47,790	11,122
	<b>12,303,661</b>	12,058,667
Accumulated depreciation and amortization	<b>(2,940,533)</b>	(2,530,953)
	<b>\$ 9,363,128</b>	<b>\$ 9,527,714</b>

## Lansing Christian School

### Notes to Consolidated Financial Statements (continued)

#### 3. Pledges Receivable

Pledges receivable represent unconditional promises to give, which have been made by donors but have not been received by the Organization. Net pledges receivable classified as current amount to \$161,047 at June 30, 2008 (\$1,000 at June 30, 2007). Net pledges receivable classified as long-term at June 30, 2008 amount to \$175,798 (\$16,000 at June 30, 2007). Pledges receivable classified as long-term have been discounted to present value using a discount rate of 3.5%. Pledges are recorded net of allowance for uncollectible pledges of \$39,006 for 2008 (\$0 in 2007).

#### 4. Long-Term Debt

Long-term debt at June 30 is as follows:

	<b>2008</b>	<b>2007</b>
Mortgage note dated September 1, 2003 related to the School building, payable to a bank, with a stated interest at 5.25%, \$7,407 payable monthly through November 2008 with a balloon payment in the amount of approximately \$922,400.	<b>\$ 936,616</b>	\$ 974,404
Note payable dated October 24, 2007 related to the purchase of Point-of-sale equipment with a stated interest rate of 13.8%, \$476 payable monthly through October 2011.	<b>15,199</b>	
Note payable dated December 28, 2007 related to the purchase of a delivery truck with a stated interest rate of 0%, \$573 payable monthly through January 2013.	<b>30,960</b>	
	<b>982,775</b>	974,404
Less: Current portion	<b>947,351</b>	38,652
Net long term debt	<b>\$ 35,424</b>	\$ 935,752

Subsequent to year-end, the School obtained a 90-day extension on its final balloon payment, making the new maturity date February 2009. The note payable related to the purchase of the truck has a stated interest rate that is below market rates. Interest has not been imputed and Management believes the net effect is immaterial to the financial statements.

# Lansing Christian School

## Notes to Consolidated Financial Statements (continued)

### 4. Long-Term Debt (continued)

Long-term debt commitments, by year and in the aggregate, or debt with initial or remaining terms of one year or more consist of the following:

<u>Year Ending June 30</u>	<u>Future Minimum Payments</u>
2009	\$ 949,210
2010	12,594
2011	8,785
2012	6,880
2013	5,306

### 5. Line of Credit

The School has a line of credit collateralized by the School building available in the amount of \$650,000 at June 30, 2008 and \$500,000 at June 30, 2007. The School's outstanding balance was \$620,000 at June 30, 2008 (\$0 at June 30, 2007). The line of credit has an interest rate of .75% below the prime rate (4.25% at June 30, 2008) and will be re-evaluated by the bank in March of 2009.

### 6. Related Party Transactions

At June 30, 2008, tuition and fees and contributions reported on the statements of activities included amounts that were provided by Organization employees and board members. Many of the Organization's employees and board members perform voluntary services for the Organization at no charge. These voluntary services are not reflected in the accompanying financial statements.

## Lansing Christian School

### Notes to Consolidated Financial Statements (continued)

#### 7. Operating Leases

The Organization leases equipment under noncancellable operating leases. Hidden Treasures lease their premise under an operating lease with a board member. Lease commitments, by year and in the aggregate, on leases with initial or remaining terms of one year or more, consist of the following:

<u>Year Ending June 30</u>	<u>Future Minimum Payments</u>
2009	\$ 72,725
2010	68,329
2011	66,887
2012	66,887

Rent expense under these lease agreements was \$57,125 and \$7,696 for 2008 and 2007, respectively.

#### 8. Restricted Net Assets

Permanently restricted net assets consist of:

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Endowment	\$ 99,756	\$ 75,086
Foundation Endowment	50,100	
Memorials	9,418	9,028
Community Foundation (Rabeler Mathematics Endowment Fund)	31,344	29,344
	<u>\$ 190,618</u>	<u>\$ 113,458</u>

## Lansing Christian School

### Notes to Consolidated Financial Statements (continued)

#### 8. Restricted Net Assets

Temporarily restricted net assets consist of:

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Pilgrim fund	\$ 215,925	\$ 266,506
Spiritual staff retreat	915	
Elementary gifted & talented	274	334
Elementary resource room	209	957
Teacher mini grants	1,842	848
Endowment distribution not yet expended	1,000	1,000
Community Foundation	1,731	5,266
Building		198,764
Bus		500
Elementary		619
Foundation restricted for learning center	208,409	
Foundation restricted for tuition assistance	100	
Foundation restricted for athletics	100	
	<b>\$ 430,505</b>	<b>\$ 474,794</b>

## Additional Information



**ANDREWS HOOPER & PAVLIK P.L.C.**  
Certified Public Accountants

## Report of Independent Auditors on Additional Information

Board of Directors  
Lansing Christian School

We have audited the basic consolidated financial statements of Lansing Christian School as of and for the years ended June 30, 2008 and 2007. Our audits of the basic financial statements were performed for the purpose of forming an opinion on those statements taken as a whole. The additional information presented in the following section of this report is presented for the purpose of additional analysis and is not a required part of those basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*Andrews Hooper & Pavlik P.L.C.*

Lansing, Michigan  
November 17, 2008

Lansing Christian School

Statement of Position

Details of Consolidation

	Lansing Christian School June 30		Hidden Treasures June 30		Foundation June 30		Eliminating Entries June 30		Consolidated June 30	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Assets</b>										
Current assets:										
Cash and cash equivalents (including \$111,400 held for others in 2008 and \$111,706 in 2007)	\$ 152,689	\$ 241,286	\$ 11,782		\$ 119,038				\$ 283,509	\$ 241,286
Tuition receivable, less allowance for doubtful accounts of \$131,200 in 2008 and \$34,193 in 2007	141,189	244,355							141,189	244,355
Receivable from agent—FACTS	442,736								442,736	
Pledges receivable—current portion	9,748	1,000			151,299				161,047	1,000
Accounts receivable			829						829	
Accounts receivable—Foundation	10,075						\$ (10,075)			
Accounts receivable—Hidden Treasures	705						(705)			
Prepaid expenses			5,574						5,574	
Contributed merchandise on hand at year end			58,673						58,673	
Other assets	18,937	19,160							18,937	19,160
Total current assets	\$ 776,079	\$ 505,801	\$ 76,858	\$ -	\$ 270,337	\$ -	\$ (10,780)	\$ -	1,112,494	505,801
Property and equipment, net	9,191,976	9,527,714	171,152						9,363,128	9,527,714
Pledges receivable—long-term portion		16,000			175,798				175,798	16,000
Investment held at Capital Region Community Foundation	31,826	33,360							31,826	33,360
Total assets	\$ 9,999,881	\$ 10,082,875	\$ 248,010	\$ -	\$ 446,135	\$ -	\$ (10,780)	\$ -	\$ 10,683,246	\$ 10,082,875
<b>Liabilities</b>										
Current liabilities:										
Accounts payable	\$ 62,647	\$ 91,283	\$ 1,872		\$ 10,075		\$ (10,780)		\$ 63,814	\$ 91,283
Line of credit payable	620,000								620,000	
Accrued interest	1,333								1,333	
Accrued salaries and other liabilities	292,862	251,298							292,862	251,298
Deferred tuition and registration fees	630,810	366,697							630,810	366,697
Amounts held for student activities	111,400	112,706							111,400	112,706
Current portion of long-term debt	936,616	38,652	10,735						947,351	38,652
Total current liabilities	2,655,668	860,636	12,607	-	10,075	-	(10,780)	-	2,667,570	860,636
Long-term debt, net of current portion	-	935,752	35,424						35,424	935,752
Total liabilities	2,655,668	1,796,388	48,031	-	10,075	-	(10,780)	-	2,702,994	860,635
<b>Net Assets</b>										
Unrestricted	6,981,799	7,698,235	199,979		177,351				7,359,129	7,698,235
Temporarily restricted	221,896	474,794			208,609				430,505	474,794
Permanently restricted	140,518	113,458			50,100				190,618	113,458
Total net assets	7,344,213	8,286,487	199,979	-	436,060	-	-	-	7,980,252	8,286,487
Total liabilities and net assets	\$ 9,999,881	\$ 10,082,875	\$ 248,010	\$ -	\$ 446,135	\$ -	\$ (10,780)	\$ -	\$ 10,683,246	\$ 10,082,875

See Report of Independent Auditors on Additional Information.

Lansing Christian School

Statement of Activities

Details of Consolidation

Year Ended June 30, 2008

	Lansing Christian School Unrestricted	Hidden Treasures Unrestricted	Foundation Unrestricted	Subtotal Unrestricted	Eliminations Unrestricted	Total Unrestricted
Revenue, gains, and other support						
Tuition and fees, net of discounts	\$ 3,021,387			\$ 3,021,387		\$ 3,021,387
Contributions	300,840		\$ 182,150	482,990	\$ (26,428)	456,562
Endowment contribution						
Sales and other:						
Athletics	19,788			19,788		19,788
Lunch program	138,963			138,963		138,963
Hidden Treasures contributions and other income		\$ 108,274		108,274	26,428	134,702
Hidden Treasures operating revenue		254,966		254,966		254,966
	<u>158,751</u>	<u>363,240</u>	<u>-</u>	<u>521,991</u>	<u>26,428</u>	<u>548,419</u>
Investment earnings, net of fees	7,686		276	7,962		7,962
Other income	49,399			49,399		49,399
Total revenue, gains, and other support	<u>3,538,063</u>	<u>363,240</u>	<u>182,426</u>	<u>4,083,729</u>	<u>-</u>	<u>4,083,729</u>
Net assets released from restrictions	<u>432,815</u>		<u>5,000</u>	<u>437,815</u>		<u>437,815</u>
Total revenue, gains, other support, and net assets released from restrictions	<u>3,970,878</u>	<u>363,240</u>	<u>187,426</u>	<u>4,521,544</u>		<u>4,521,544</u>
Expenses						
Secondary education:						
Curriculum	64,907			64,907		64,907
Payroll	1,087,769			1,087,769		1,087,769
Employee benefits	275,180			275,180		275,180
Athletics	57,628			57,628		57,628
Supplies	18,976			18,976		18,976
Activities	30,296			30,296		30,296
	<u>1,534,756</u>			<u>1,534,756</u>		<u>1,534,756</u>
Elementary education:						
Curriculum	31,505			31,505		31,505
Payroll	794,556			794,556		794,556
Employee benefits	158,624			158,624		158,624
Supplies	28,580			28,580		28,580
	<u>1,013,265</u>			<u>1,013,265</u>		<u>1,013,265</u>
School administration:						
Support	286,459			286,459		286,459
General curriculum and training	38,997			38,997		38,997
Payroll	577,359			577,359		577,359
Employee benefits including all pension	139,328			139,328		139,328
	<u>1,042,143</u>			<u>1,042,143</u>		<u>1,042,143</u>
Operations, maintenance, and transportation:						
Facilities	120,560			120,560		120,560
Payroll	133,392			133,392		133,392
Employee benefits	30,438			30,438		30,438
Transportation	25,820			25,820		25,820
Utilities	157,473			157,473		157,473
Interest	62,626	1,518		64,144		64,144
Depreciation	400,578			400,578		400,578
Scholarships and tuition assistance			5,000	5,000		5,000
Development, public relations, and fundraising	22,693		5,075	27,768		27,768
	<u>953,580</u>	<u>1,518</u>	<u>10,075</u>	<u>965,173</u>	<u>-</u>	<u>965,173</u>
Lunch services	<u>143,570</u>			<u>143,570</u>		<u>143,570</u>
Hidden Treasures operating expenses		<u>161,743</u>		<u>161,743</u>		<u>161,743</u>
Total expenses	<u>4,687,314</u>	<u>163,261</u>	<u>10,075</u>	<u>4,860,650</u>		<u>4,860,650</u>
Change in net assets	(716,436)	199,979	177,351	(339,106)		(339,106)
Net assets at beginning of year	7,698,235			7,698,235		7,698,235
Net assets at end of year	<u>\$ 6,981,799</u>	<u>\$ 199,979</u>	<u>\$ 177,351</u>	<u>\$ 7,359,129</u>	<u>\$ -</u>	<u>\$ 7,359,129</u>

Lansing Christian School

Statement of Activities

Details of Consolidation (continued)

Year Ended June 30, 2008

	Lansing Christian School Temporarily Restricted	Foundation Temporarily Restricted	Total Temporarily Restricted	Lansing Christian School Permanently Restricted	Foundation Permanently Restricted	Total Permanently Restricted	Total
Revenue, gains, and other support							\$ 3,021,387
Tuition and fees, net of discounts							852,622
Contributions	\$ 182,451	\$ 213,609	\$ 396,060				
Endowment contribution				\$ 27,060	\$ 50,100	\$ 77,160	77,160
Sales and other:							
Athletics							19,788
Lunch program							138,963
Hidden Treasures other income							134,702
Hidden Treasures operating revenue							254,966
							548,419
Investment earnings, net of fees	(2,534)		(2,534)				5,428
Other income							49,399
Total revenue, gains, and other support	179,917	213,609	393,526	27,060	50,100	77,160	4,554,415
Net assets released from restrictions	(432,815)	(5,000)	(437,815)				
Total revenue, gains, other support, and net assets released from restrictions	(252,898)	208,609	(44,289)	27,060	50,100	77,160	4,554,415
Expenses							
Secondary education:							
Curriculum							64,907
Payroll							1,087,769
Employee benefits							275,180
Athletics							57,628
Supplies							18,976
Activities							30,296
							1,534,756
Elementary education:							
Curriculum							31,505
Payroll							794,556
Employee benefits							158,624
Supplies							28,580
							1,013,265
School administration:							
Support							286,459
General curriculum and training							38,997
Payroll							577,359
Employee benefits including all pension							139,328
							1,042,143
Operations, maintenance, and transportation:							
Facilities							120,560
Payroll							133,392
Employee benefits							30,438
Transportation							25,820
Utilities							157,473
Interest							64,144
Depreciation							400,578
Scholarships and tuition assistance							5,000
Development, public relations and fundraising							27,768
							965,173
Lunch services							143,570
Hidden Treasures operating expenses							161,743
Total expenses							4,860,650
Change in net assets	(252,898)	208,609	(44,289)	27,060	50,100	77,160	(306,235)
Net assets at beginning of year	474,794	-	474,794	113,458	-	113,458	8,286,487
Net assets at end of year	\$ 221,896	\$ 208,609	\$ 430,505	\$ 140,518	\$ 50,100	\$ 190,618	\$ 7,980,252

See Report of Independent Auditors on Additional Information.

Lansing Christian School

Statement of Cash Flows

Details of Consolidation

	Lansing Christian School		Hidden Treasures		Foundation		Consolidated	
	For the year ended June 30		For the year ended June 30		For the year ended June 30		For the year ended June 30	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Cash flows from operating activities:</b>								
Change in net assets	\$ (942,274)	\$ (111,840)	\$ 199,979		\$ 436,060		\$ (306,235)	\$ (111,840)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	400,579	381,410	9,034				409,613	381,410
Net gain on endowment fund held at Community Foundation	1,534	(4,732)					1,534	(4,732)
Contributed merchandise on hand at year end			(58,673)				(58,673)	
Restatement of 2007 beginning net assets		(21,270)						(21,270)
Changes in operating assets and liabilities								
Tuition receivable	103,166	(62,342)					103,166	(62,342)
Other assets	223	(8,946)					223	(8,946)
Accounts receivable—FACTS	(442,736)						(442,736)	
Accounts receivable—Foundation	(10,075)				10,075			
Accounts receivable—Hidden Treasures	(705)		705					
Accounts receivable			(829)				(829)	
Accounts payable	(28,636)	42,580	1,167				(27,469)	42,580
Accrued salaries and other liabilities	41,564	(823)					41,564	(823)
Prepaid expenses			(5,574)				(5,574)	
Accrued interest	1,333						1,333	
Deferred tuition and registration fees	264,113	(210,447)					264,113	(210,447)
Pledges receivable	7,252				(327,097)		(319,845)	
Amounts held for student activities	(1,306)	22,962					(1,306)	22,962
Net cash provided by (used in) operating activities	(605,968)	26,552	145,809		119,038	-	(341,121)	26,552
<b>Cash flows from investing activities:</b>								
Contribution to endowment fund held at Community Foundation	(1,000)	(1,000)					(1,000)	(1,000)
Distribution from endowment fund held at Community Foundation	1,000	1,000					1,000	1,000
Acquisition of fixed assets	(64,841)	(275,868)	(180,186)				(245,027)	(275,868)
Net cash used in investing activities	(64,841)	(275,868)	(180,186)		-	-	(245,027)	(275,868)
<b>Cash flows from financing activities:</b>								
Line of credit	620,000						620,000	
Payment of long-term debt	(37,788)	(35,970)	(7,675)				(45,463)	(35,970)
Long-term debt proceeds			53,834				53,834	
Net cash used in financing activities	582,212	(35,970)	46,159		-	-	628,371	(35,970)
Net increase (decrease) in cash	(88,597)	(285,286)	11,782		119,038		42,223	(285,286)
Cash at beginning of year	241,286	526,572					241,286	526,572
Cash at end of year	\$ 152,689	\$ 241,286	\$ 11,782		\$ 119,038	\$ -	\$ 283,509	\$ 241,286

See Report on Independent Auditors on Additional Information.

## Hidden Treasures

### Statements of Financial Position

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,782	\$ -
Accounts receivable	829	-
Prepaid Expenses	5,574	-
Contributed merchandise on hand at year end	58,673	-
Total current assets	76,858	-
Leasehold improvements	115,595	-
Furniture and fixtures	10,757	-
Computers and equipment	19,434	-
Vehicles	34,400	-
	180,186	-
Accumulated depreciation	(9,034)	-
Property and equipment, net	171,152	-
Total assets	\$ 248,010	\$ -
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 1,872	\$ -
Current portion of long-term debt	10,735	-
Total current liabilities	12,607	-
Long-term debt, net of current portion	35,424	-
Total liabilities	48,031	-
<b>Net Assets</b>		
Unrestricted	199,979	-
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	199,979	-
Total liabilities and net assets	\$ 248,010	\$ -

## Hidden Treasures

### Statement of Activities

Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net sales of contributed merchandise	196,293			196,293
Contributions of merchandise on hand at year end	58,673			58,673
Total operating revenues	254,966			254,966
Operating expenses:				
Rent expense	50,165			50,165
Payroll and related services	48,726			48,726
General and administrative	11,462			11,462
Utilities	16,858			16,858
Depreciation	9,034			9,034
Repairs and maintenance	8,939			8,939
Advertising and promotions	7,666			7,666
Insurance	3,766			3,766
Taxes, licenses and fees	2,876			2,876
Miscellaneous	2,251			2,251
Total operating expenses	161,743			161,743
Operating income	93,223			93,223
Other income (expenses):				
Contributions and other support	133,930			133,930
Interest expense	(1,518)			(1,518)
Donations to the School	(26,428)			(26,428)
Cash over and short	772			772
Total other income net	106,756			106,756
Net income	199,979			199,979
Net assets at beginning of year	-	-	-	-
Net assets at end of year	\$ 199,979	\$ -	\$ -	\$ 199,979

*See Report on Independent Auditors on Additional Information.*