



RIVENDELL

COLLEGE

PROMISSORY NOTE OFFERING SUPPORTING BUSINESS PLAN 2009-2014

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EXECUTIVE SUMMARY

If we were talking about any other private Christian liberal arts college, the legitimate opening question would be, “Why do we need another one?”

But Rivendell isn’t just another private Christian liberal arts college. Although we believe whole-heartedly in its role as a brick and mortar institution adjacent to a major research university in Boulder, Colorado, the significance of Rivendell College is far greater than that.

Rivendell College has come into being as the academic arm of Centers for Christian Study International (CCSI). And CCSI exists to bring the presence and voice of Christ to secular universities across the United States and abroad. We seek to bring the presence of Christ through intentional Christian student communities in former fraternities and sororities, and we bring the voice of Christ through the resources of Christian scholarship. This latter we do through conferences, lectures and informal discussion times, but more importantly by offering courses for credit that feature Christian instructors and a Christian vision of life.

CCSI has done this successfully with articulation agreements with the major state universities in Colorado by partnering with other Christian institutions. As we watched these schools move in different directions, and because we are passionately committed to bring Christian scholarship to students at every major college and university in the United States, it became apparent that we needed to create the academic means of doing this ourselves. Hence, Rivendell College.

Rivendell College is now in its second year of operation in Colorado, and has made outstanding progress toward the accreditation that will enable it to play its strategic role in vetting courses and instructors and sending transcripts for students at CCSI study centers across the United States.

The College is at a critical juncture in its pursuit of accreditation. To move the process forward we need to submit documentation of liquid asset reserves and student financial aid opportunities to our accrediting agency. Candidate accreditation status, which is the next milestone in the process, will allow Rivendell to offer federal financial aid to students. The growth of the College into a four-year institution with two-year graduate programs will create the additional tuition revenues needed to form a strong financial base.

Rivendell doesn’t need to be big to accomplish its local mission and larger role with CCSI. It just needs to be good. That’s our focus: the quality and excellence required to gain the highest level of accreditation.

We believe that this is within reach. By making prudent and creative use of our real estate in Boulder through a secured promissory note investment campaign, we believe that we will have the funds necessary to gain candidate status with the North Central Association of Colleges and Schools, and move the College forward toward the goal of full accreditation after celebrating our first graduating class, slated for May, 2010 with students who transferred into the College with advance standing. We hope you will join us in this adventure!

MARKET ANALYSIS



Sending their students off to college is one of the most difficult decisions Christian parents have to make!

For decades Christians have only had two options for their children's college education: a Christian school or a secular university.

The downsides of sending a student to a Christian school are several: a prohibitive cost (which keeps growing and saddles graduates with decades of debt), limited curriculum opportunities, and an unrealistic model for living in the world as a Christian.

But there are also downsides to sending a student to a secular university: a peer culture that is monolithic in its opposition to Christian values, classrooms that treat Christianity either as an irrelevance to be ignored or an enemy to be defeated, and young adults beyond counting who leave their family faith and values behind by the time they graduate.

Centers for Christian Study International believes that there is a viable alternative: bringing the resources of Christian community and Christian scholarship to students at secular universities. We have done this successfully in Colorado with Christian student communities in four former fraternities and sororities, and with transfer credit arrangements for academic courses from a Christian perspective to the University of Colorado, Colorado State University and the University of Northern Colorado.

Rivendell College lies at the heart of CCSI's commitment to take the treasures of Christian scholarship to universities across the country. Not only does the College embody CCSI's commitment to engage the local university community in constructive ways, it will serve as CCSI's academic arm, vetting courses and instructors, and sending transcripts for students who take courses through CCSI study centers at universities around the nation.

No one else has taken on this challenge and offers this kind of opportunity in our day.

FROM RIVENDELL'S THREE-YEAR STRATEGIC PLAN

In Rivendell's approach to strategic planning, action points are the means by which tactics are implemented; tactics are the means by which strategies are fulfilled; strategies are the means by which goals are reached; goals are the means by which a strategic plan is achieved; a strategic plan enables the College to move forward in pursuit of its objectives.

The Strategic Plan submitted to the North Central Association of Colleges and Schools is structured around the following themes for each of the College's first three years, each one forming the basis for an Annual Plan:

2008-2009 Establish!

2009-2010 Grow!

2010-2011 Refine!

OBJECTIVES

Accomplish our Vision

Fulfill our Mission

Practice our Core Values

Implement our Philosophy of Education

Honor our Statement of Faith

GOALS

Board of Directors

Create, develop and improve governance structures and policies that enable the College to fulfill its mission effectively and with excellence.

Finance

Maximize the financial resources of the College in support of its Strategic Plan, by managing the financial and operational risks of the College, and maintaining and safeguarding the integrity, effectiveness and productivity of the College's financial resources, investments, plans, policies, budgets, records, and audits.

Enrollment

Increase enrollment, including undergraduate and graduate students, by reaching new target markets, retaining current students, and attracting qualified students from diverse backgrounds.

Academic Programs

Provide an excellent liberal arts education in the Christian tradition that equips undergraduate and graduate students with the knowledge and skills necessary to fashion a well-reasoned vision of life and become people of character and influence who are prepared for meaningful, productive service to the world.

Resource Support

Enlarge and enhance library resources and state-of-the-art technology to meet the needs of a growing student body, faculty and staff.

Student Life & Development

Student Life: Enhance the health, academic, social, and spiritual growth of students by improving on-campus living experiences, providing more opportunities for participation, and offering a broad array of student support services and activities

Student Development: Enhance the leadership development of students by providing assessments, life-coaching, practical contexts and inspirational events that will enable students to reach their unique leadership potential.

Advancement

Development: Conduct a successful fundraising campaign that enables the College to fulfill its Strategic Plan goals and build an endowment to ensure the future of the College.

Public Relations: Develop and implement a comprehensive, marketing plan that raises awareness of the mission, strengths, and values of Rivendell College.

Facilities

Working with the College's parent organization, Centers for Christian Study International, improve and expand campus facilities in support of the College and its Strategic Plan, and to enhance the daily work and experience of the faculty, staff and students.

Personnel Development

Faculty: Enhance faculty development by creating and improving support for personal growth, spiritual formation and ministry, and scholarship.

Staff: Enhance staff development by creating and improving support for personal growth, spiritual formation and ministry, and professional training.



FINANCIAL ANALYSIS

Rivendell College submitted its first self-study to the North Central Association of Colleges and Schools on April 28, 2008, as part of the accreditation process. Although the College fared very well in the evaluation, not surprisingly, the issue of its financial foundation as a start-up was raised.

Since that time the net assets of CCSI and Rivendell College have increased substantially with the acquisition of a new campus at 5495 Baseline Road in Boulder, most of which was gifted to the organization.

Key financial issues include meeting liquid asset reserve requirements, and providing private financial aid for students until the College gains candidate accreditation status, at which time (anticipated in the 2009-2010 academic year) the College will be eligible to participate in Federal student grant and loan programs.

To address these issues and move forward in the pursuit of accreditation, Rivendell College is seeking to raise funds through an investment campaign, described below.

Financial Instrument: Privately Placed Master Promissory Note, secured *pro rata* for investors by a first position Deed of Trust on 5495 Baseline Road, Boulder, Colorado, 80303.

Maker: Centers for Christian Study International, on behalf of Rivendell College.

Lending Institution: Main Street Mortgage, 844 Main Street, Suite 101, Louisville, Colorado, 80027.

Self-directed 401(k) and IRA Servicing Agent: Entrust New Direction IRA. 1300 Plaza Court North Suite 103. Lafayette, CO 80026.

Investment Goal: A minimum of \$1,300,000 and maximum of \$2,100,000.

Offering Termination: The termination date of this offering is June 30, 2009, unless terminated sooner by CCSI.

Intended Use of Proceeds: Financial assistance to Rivendell College in the pursuit of accreditation by the Higher Learning Commission of the North Central Association, including a required liquid asset reserve fund, subsidy of Educational Assistance Loans for Rivendell College students, pay-off of first mortgage on 5495 Baseline Road, Boulder, Colorado, and subsidy of operating expenses as necessary.

- ♦ **Required liquid asset reserve fund.** This is the most urgent factor in moving the accreditation process forward for the College. Funds will be placed in a board-restricted, interest-bearing account. Documentation that this requirement has been met must be submitted to the accrediting agency before June 2, 2009.

- ♦ **The significance of gaining candidate accreditation status.** Before reaching the accreditation threshold of candidate status (representing substantial compliance with accreditation requirements), a college, while authorized to grant degrees, cannot offer federal or state financial aid to its students. This represents a significant handicap in recruiting students and a limitation on potential tuition revenues.

If this investment campaign is successful, it will put Rivendell College in a much stronger position to gain candidate accreditation status. The economic benefits of reaching this mile-stone are very substantial for the College.

- ♦ **The significance of a student-loan program prior to gaining candidate status.** The College currently loses qualified applicants because it is not yet eligible for federal and state financial aid. The ability to offer privately funded student loans will enable Rivendell College to enroll more students, which, in turn, will result in more program revenues (tuition and fees, room and board) to the College.

Stimulus Bill and its Significance for Higher Education. One of the major components of the economic stimulus bill signed into effect by President Obama is a substantial increase in federal Pell grants and federal student loans. Rivendell College stands to benefit from this development, which becomes available to our students when we gain candidate status accreditation with the Higher Learning Commission of the North Central Association.

Investor Qualifications: Investors must sign a statement that they believe they are a “sophisticated investor,” defined by the U.S. Securities Exchange Commission as having enough knowledge and experience in finance and business matters to evaluate the risks and merits of the investment, or be able to bear the investment's economic risk.

Minimum Investment: \$5,000.

Repayment: Net revenues from the growth of the College.



ASSUMPTIONS

This Business Plan represents a base-line, or minimal approach to our projections for the College. Our financial goals are higher than what is described below. In this plan we seek to provide information to give assurance to potential investors that the College has laid out a strategy that will protect their investments.

ASSUMPTIONS: INCOME

Grant and Contribution Revenues

Due to the current recession, and based upon giving in January through March, 2009, grants and contributions for 2009-2010 have been indexed at the same level as 2008-2009, with a 25% annual increase each year thereafter. Projected grant and contribution revenues based upon this assumption are as follows:

<u>Academic Year</u>	<u>Annual Revenues</u>
2009-2010	\$556,759
2010-2011	\$695,949
2011-2012	\$869,936
2012-2013	\$1,087,420
2013-2014	\$1,359,275

Student Room and Board Revenues

Income for 2009-2010 has been indexed from 2008-2009 with 90% occupancy rates in student housing facilities. Projections in each year thereafter are based upon average income per student multiplied by the number of students each year, plus a 4% increase per year, representing increases in room and board charges.

<u>Academic Year</u>	<u>Annual Revenues</u>
2009-2010	\$871,316
2010-2011	\$900,969
2011-2012	\$1,251,345
2012-2013	\$1,787,636
2013-2014	\$ 2,323,927

Tuition Revenues

1. Rivendell College will achieve candidate status from the North Central Association of Colleges and Schools by the fall of 2010 and full accreditation in 2011-2012 following its first graduating class.

2. On-campus full-time enrollment will be as follows, marked by accelerated growth with candidate status by the 2010-2011 academic year and full accreditation in 2011-2012 and following. Growth also accelerates due to enrollment in all four years for an undergraduate degree, and two years for a graduate degree.

2009-2010: 50 undergraduate students; 8 graduate students
 2010-2011: 100 undergraduate students; 20 graduate students
 2011-2012: 175 undergraduate students; 40 graduate students
 2012-2013: 250 undergraduate students; 60 graduate students
 2013-2014: 325 undergraduate students; 80 graduate students

3. Tuition rates for undergraduate and graduate programs will be as follows:

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>
2009-2010	\$12,000	\$6,000
2010-2012	\$12,960	\$6,480
2011-2012	\$13,996	\$6,998
2012-2013	\$15,116	\$7,558
2013-2014	\$16,325	\$8,163

4. Loans will average 50% of tuition (relevant for Promissory Note revenues used for student loans).

5. Rivendell student loans will be replaced by federal student loans in 2010-2011 and following, when the College is granted candidate accreditation status and is eligible to participate in federal financial aid for its students.

6. Projected full-time tuition revenues based upon the above assumptions are as follows:

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2009-2010	\$600,000	\$24,000	\$648,000
<i>(Candidate status is granted. Federal financial aid now replaces Rivendell loans.)</i>			
2010-2011	\$1,296,000	\$129,600	\$1,425,600
2011-2012	\$2,449,300	\$279,920	\$2,729,220
2012-2013	\$3,779,000	\$453,480	\$4,232,480
2013-2014	\$5,305,625	\$653,000	\$5,958,625

7. Tuition revenues generated through part-time on-campus enrollment are included in the “other” category of income for each year.



8. Tuition revenues generated through Rivendell College distance-learning programs are not projected to begin until the College gains candidate accreditation status in the 2009-2010 year, and are then projected to grow significantly with the accreditation of the College and its partnership with Centers for Christian Study International and its national expansion. Revenues are projected as follows:

<u>Academic Year</u>	<u>Students</u>	<u>Credits</u>	<u>Tuition Rate</u>	<u>Total</u>
2009-2010	0			
2010-2011	100	6	\$225	\$135,000
2011-2012	200	6	\$240	\$288,000
2012-2013	500	6	\$255	\$765,000
2013-2014	1000	6	\$270	\$1,620,000

Promissory Note Revenues

The Promissory Note Investment Campaign will result in the following revenues.

	<u>Interest %</u>	<u>Note</u>
2-year Notes	3.50%	\$300,000
3-year Notes	4.00%	\$200,000
5-year Notes	5.00%	\$500,000
7-year Notes	6.00%	\$500,000
10-Year Notes	7.50%	<u>\$600,000</u>
total		\$2,100,000

Interest on Student Loans and Investment Revenues

For purposes of this Business Plan, interest on student loans and investment revenues held in interest-bearing accounts has not been included due to multiple structure and payment options for students, and multiple savings accounts with varying interest rates.

ASSUMPTIONS: EXPENSES

Personnel

Personnel expenses are increased annually at a rate of 25% to build the faculty and staffing infrastructure of the College.

<u>Academic Year</u>	<u>Annual Expenses</u>
2009-2010	\$1,251,850
2010-2011	\$1,564,813
2011-2012	\$1,956,016
2012-2013	\$2,445,019
2013-2014	\$3,056,274

Residential Facilities & Food Service

Expenses for 2009-2010 have been indexed from 2008-2009. Projections for each year thereafter are based upon average expense per student multiplied by the number of students each year, plus a 4% increase per year. Additional residential facilities will be required, with leases negotiated to fit these expense projections.

<u>Academic Year</u>	<u>Annual Expenses</u>
2009-2010	\$700,189*
2010-2011	\$728,197*
2011-2012	\$1,011,374
2012-2013	\$1,444,820
2013-2014	\$1,878,266

* The increase for 2010-2011 represents a 4% increase over 2009-2010, but not an increase in the number of residents. Residential facilities, which have housed students of Rivendell College and the University of Colorado, Boulder, will see an increase in the percentage of Rivendell students during the 2009-2010 and 2010-2011 academic years, but not an increase in the number of residents.



KEYS TO SUCCESS

One of the keys to the long term financial success of any college is having a strong foundation of tuition revenues, which, at least on the surface, is a simple formula of the number of students who enroll in the college multiplied by the amount of tuition each student pays.

At a tactical level, the indispensable factor for achieving this tuition revenue base is accreditation. Accreditation represents a standard level of quality assurance to decision-makers (students and their parents), which is important for the number of students who will be attracted to the college. It is also essential to the amount of tuition a college receives. First, students are willing to pay more to attend an accredited institution, and second, accreditation brings with it one of the most important factors in paying for a college education: federal grants and loans.

Rivendell College is in the process of acquiring regional accreditation with the North Central Association of Colleges and Schools. In a classical “chicken and egg” conundrum, we must demonstrate success to the accrediting agency without the benefits of accreditation before the accrediting agency will grant accreditation and its benefits.

Quite a challenge, but one we believe we can meet, and one that we are determined to meet!

Rivendell College has made it successfully through the pre-eligibility phase of accreditation with the North Central Association, and we are nearing the completion of the eligibility phase, which, if we are successful, will result in candidate status with the accrediting agency. This is what initiates the benefits of accreditation, with full accreditation the next step in the process when the College graduates its first class.

As part of the eligibility process, the College submitted an institutional self-study on April 28, 2008. Of twelve eligibility requirements (each with a number of sub-requirements), we were asked to re-submit on only three points (which, we have been told, is an amazing accomplishment for a first-year start-up!): The first point has been easily addressed: increasing our on-line learning resources.

The second and third points are related: more students and a stronger financial base. On the former, we lose qualified students each year because we can't yet offer federal financial aid. Thus we are seeking to raise funds to offer our own in-house student loan program. We believe that this will both increase the number of students who enroll in Rivendell (addressing the accrediting agency's first concern), and increase our foundation of tuition revenues (part of their second concern).

We must also submit evidence of liquid cash reserve requirements to the accrediting agency. Under normal economic conditions we could meet the threshold requirement with a secured line of credit on the building and property we own. Unfortunately, banks and credit unions are not even taking applications these days from non-profit organizations. Thus, we are seeking to raise these funds through our secured promissory note campaign.

The liquid cash reserve requirement represents our most urgent need in moving forward with accreditation. It is a formal requirement, representing a percentage of the College's budget, and will grow along with it. In a sense it is the lynch pin to our success at this point. Without it we cannot move forward in the accrediting process. Unless we submit documentation that we have met this requirement by June 2, 2009, the accreditation process stops. Stops. Period.

If Rivendell College is successful in raising the minimal investment in the secured Promissory Note Campaign, it will enable us to meet the threshold liquid reserve requirement and provide funds for student loans until candidate status with the North Central Association is gained - both of which are important for the sustainability and future of the College.

As the Financial Statements will show, the College will face its greatest financial year in 2009-2010, while we are still pursuing candidate accreditation status. Each year that follows strengthens the financial position of the College.



STATEMENT OF FINANCIAL POSITION
FEBRUARY 28, 2009

Assets

Current Assets

Cash and cash equivalents	\$	-8,060
Accounts Receivable		94,327
Grants Receivable		*
Undeposited Funds		2,025
Other Current Assets		36,376
Deposits		<u>28,614</u>
Total Current Assets		153,282

Fixed Assets

Land	1,993,304
Buildings	1,306,696
Equipment	4,615
Leasehold Improvements	15,115
Furniture & Fixtures	275,798
Vehicles	21,792
Accumulated Depreciation	<u>-41,699</u>
Total Fixed Assets	3,575,622

Total Assets 3,728,905

Liabilities and Net Assets

Current Liabilities

Accounts Payable	76,492
Short Term Credit	82,943
Unearned/Deferred Revenue	167,199
Payroll Related Liabilities	39,764
Security Deposits Payable	89,017
Short Term notes/loans payable	<u>239,248</u>
Total Current Liabilities	694,664

Long Term Liabilities

Long Term notes payable 600,000

Total Liabilities 1,294,664

Net Assets

Unrestricted Net Assets 2,434,240

Total Net Assets 2,434,240

Total Liabilities and Net Assets \$ 3,728,905

PROMISSORY NOTE PAYMENT SCHEDULE

CENTERS FOR CHRISTIAN STUDY INTERNATIONAL
NOTE ISSUE PAYMENT SCHEDULE

Total bond issue 2,100,000

Maturity	Rate	Amount	MONTH																				
			6	12	18	24	30	36	42	48	54	60	66	72	78	84	90	96	102	108	114	120	
6	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	3.00%	300,000	5,250	5,250	5,250	305,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	3.50%	300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	4.00%	200,000	4,000	4,000	4,000	4,000	4,000	204,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	4.00%	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	5.00%	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	5.00%	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	5.00%	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	5.00%	500,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	512,500	-	-	-	-	-	-	-	-	-	-
66	5.00%	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72	5.00%	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
78	5.00%	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
84	6.00%	600,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
90	5.30%	600,000	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
120	7.50%	2,100,000	59,250	59,250	59,250	359,250	54,000	284,000	50,000	50,000	50,000	50,000	512,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
Total		2,100,000	134,250	134,250	134,250	134,250	154,000	154,000	175,000	175,000	175,000	175,000	512,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500
Total payments		2,930,000	134,250	134,250	134,250	154,000	154,000	175,000	175,000	175,000	175,000	175,000	512,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500	162,500
Bond sinking fund		75,000	150,000	225,000	-	100,000	-	-	125,000	250,000	375,000	-	-	125,000	250,000	375,000	-	-	100,000	200,000	300,000	400,000	500,000
Monthly		22,375	22,375	22,375	22,375	25,667	25,667	29,167	29,167	29,167	29,167	29,167	29,167	27,083	27,083	27,083	27,083	27,083	20,417	20,417	20,417	20,417	20,417

STATEMENT OF OPERATIONS

MAY 2009-MAY 2010

	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Income													
Grants & Contributions	\$ 60,810	\$ 47,402	\$ 31,699	\$ 31,699	\$ 31,699	\$ 66,565	\$ 66,565	\$ 66,565	\$ 25,039	\$ 25,039	\$ 25,039	\$ 69,726	\$ 69,726
Room & Board Revenues	37,600	12,500	46,219	105,855	76,729	76,729	76,729	76,729	92,910	76,729	76,729	76,729	76,729
Full-time Tuition Revenues	-	-	-	-	324,000	-	-	-	-	324,000	-	-	-
Distance Learning Tuition Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	13,183	4,166	4,166	4,166	4,166	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
Total Income b y Month	111,593	64,068	82,084	141,720	436,594	147,461	147,461	147,461	122,116	429,935	105,935	150,622	150,622
Expenses													
Personnel	56,500	56,500	56,500	56,500	56,500	56,500	56,500	56,500	56,500	56,500	56,500	56,500	56,500
Salaries & Housing Allowances	25,950	25,950	25,950	25,950	25,950	25,950	25,950	25,950	25,950	25,950	25,950	25,950	25,950
Salaries & Wages, Other	10,400	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Medical Insurance	2,791	2,290	2,290	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867
Payroll Taxes and Expenses	6,050	-	-	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Contract Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Personnel Sub-total	101,691	96,740	96,740	105,837	105,837	105,837	105,837	105,837	105,837	105,837	105,837	105,837	105,837
Facility & Food Service Ex. penses	47,000	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417
Leases & Equipment	6,225	8,167	8,167	8,167	8,167	8,167	8,167	8,167	8,167	8,167	8,167	8,167	8,167
Phone, Utilities & Internet	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167
Meal Plan	2,110	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583	14,583
Miscellaneous	55,335	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334
Facility Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ex. penses	7,410	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250
Miscellaneous	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875
Interest on bonds	7,500	-	-	-	-	-	-	-	-	-	-	-	-
Interest on bridge loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expense Sub-total	7,500	15,125	15,125	15,125	15,125	15,125	15,125	15,125	15,125	15,125	15,125	15,125	15,125
Total Ex penses b y Month	164,526	170,199	170,199	179,296	179,296	179,296	179,296	179,296	179,296	179,296	179,296	179,296	179,296
Net (loss) from operations	\$ (52,933)	\$ (106,131)	\$ (88,115)	\$ (37,576)	\$ 257,298	\$ (31,835)	\$ (31,835)	\$ (31,835)	\$ (57,180)	\$ 250,639	\$ (73,361)	\$ (28,674)	\$ (28,674)

STATEMENT OF CASH FLOWS

MAY 2009-MAY 2010

	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
Statement of cash flows:													
Cash provided by (used in) operations	\$ (52,933)	\$ (106,131)	\$ (88,115)	\$ (37,576)	\$ 257,298	\$ (31,835)	\$ (31,835)	\$ (31,835)	\$ (31,835)	\$ (57,180)	\$ 250,639	\$ (73,361)	\$ (28,674)
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash provided by (used in) operations	(52,933)	(106,131)	(88,115)	(37,576)	257,298	(31,835)	(31,835)	(31,835)	(57,180)	250,639	(73,361)	(28,674)	(28,674)
Cash provided by (used in) investing activities:													
Purchase of furniture, fixtures and equipment	(1,000,000)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in board designated funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash provided by (used in) investing activities	(1,000,000)	-	-	-	-	-	-	-	-	-	-	-	-
Cash provided by (used in) financing activities:													
Bridge loan	(300,000)	-	-	-	-	-	-	-	-	-	-	-	-
Short term credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term notes	(600,000)	-	-	-	-	-	-	-	-	-	-	-	-
Payment on long-term notes	2,100,000	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)
Issuance of notes	-	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) in bond sinking fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment on long-term notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash provided by (used in) financing activities	1,200,000	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)
Net increase (decrease) in cash	147,067	(118,631)	(100,615)	(50,076)	244,798	(44,335)	(44,335)	(44,335)	(69,680)	238,139	(85,861)	(41,174)	(41,174)
Cash, beginning	188,972	336,039	217,408	116,793	66,717	311,515	267,180	222,845	178,510	108,830	346,969	261,108	219,934
Cash, ending	\$ 336,039	\$ 217,408	\$ 116,793	\$ 66,717	\$ 311,515	\$ 267,180	\$ 222,845	\$ 178,510	\$ 108,830	\$ 346,969	\$ 261,108	\$ 219,934	\$ 178,760

STATEMENT OF FINANCIAL POSITION

MAY 2009-MAY 2010

	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
ASSETS													
Cash	\$ 336,039	\$ 217,408	\$ 116,793	\$ 66,717	\$ 311,515	\$ 267,180	\$ 222,845	\$ 178,510	\$ 108,830	\$ 346,969	\$ 261,108	\$ 219,934	\$ 178,760
Bond sinking fund	94,328	94,328	94,328	94,328	94,328	94,328	94,328	94,328	94,328	94,328	94,328	94,328	94,328
Accounts receivable	36,377	36,377	36,377	36,377	36,377	36,377	36,377	36,377	36,377	36,377	36,377	36,377	36,377
Grants receivable	28,614	28,614	28,614	28,614	28,614	28,614	28,614	28,614	28,614	28,614	28,614	28,614	28,614
Other current assets	485,358	376,727	276,112	226,036	470,834	426,499	382,164	337,829	268,149	506,288	420,427	379,253	338,079
Total current assets	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Reserve fund	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Bond sinking fund	12,500	25,000	37,500	50,000	62,500	75,000	87,500	100,000	112,500	125,000	137,500	150,000	150,000
Student loan fund:													
Investments	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total student loan fund	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total board designated funds	1,000,000	1,012,500	1,025,000	1,037,500	1,050,000	1,062,500	1,075,000	1,087,500	1,100,000	1,112,500	1,125,000	1,137,500	1,150,000
Land	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304	1,993,304
Building	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696	1,306,696
Equipment	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615	4,615
Leasehold improvements	15,116	15,116	15,116	15,116	15,116	15,116	15,116	15,116	15,116	15,116	15,116	15,116	15,116
Furniture and fixtures	275,798	275,798	275,798	275,798	275,798	275,798	275,798	275,798	275,798	275,798	275,798	275,798	275,798
Vehicles	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793
Total	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322	3,617,322
Accumulated depreciation	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)	(41,699)
Total	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623	\$ 3,575,623
LIABILITIES													
Accounts payable	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528	\$ 82,528
Short term credit	82,943	82,943	82,943	82,943	82,943	82,943	82,943	82,943	82,943	82,943	82,943	82,943	82,943
Deferred revenue	167,199	167,199	167,199	167,199	167,199	167,199	167,199	167,199	167,199	167,199	167,199	167,199	167,199
Payroll liabilities	39,764	39,764	39,764	39,764	39,764	39,764	39,764	39,764	39,764	39,764	39,764	39,764	39,764
Security deposits	89,018	89,018	89,018	89,018	89,018	89,018	89,018	89,018	89,018	89,018	89,018	89,018	89,018
Notes payable	139,249	139,249	139,249	139,249	139,249	139,249	139,249	139,249	139,249	139,249	139,249	139,249	139,249
Total current liabilities	600,701	600,701	600,701	600,701	600,701	600,701	600,701	600,701	600,701	600,701	600,701	600,701	600,701
Notes payable													
Bonds payable	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total long-term liabilities	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Unrestricted net assets	2,370,280	2,264,149	2,176,034	2,138,458	2,395,756	2,363,921	2,332,086	2,300,251	2,243,071	2,493,710	2,420,349	2,391,675	2,363,001
Total net assets	2,370,280	2,264,149	2,176,034	2,138,458	2,395,756	2,363,921	2,332,086	2,300,251	2,243,071	2,493,710	2,420,349	2,391,675	2,363,001
	\$ 5,070,981	\$ 4,964,850	\$ 4,876,735	\$ 4,839,159	\$ 5,096,457	\$ 5,064,622	\$ 5,032,787	\$ 5,000,952	\$ 4,943,772	\$ 5,194,411	\$ 5,121,050	\$ 5,092,376	\$ 5,063,702

STATEMENT OF OPERATIONS 2011-2014

*Numbers are represented in thousands of dollars

	May-11	May-12	May-13	May-14
Ordinary Income & Expenses				
Income				
Grants & Contributions	\$ 696	870	1,087	1,359
Room & Board Revenues	901	1,251	1,788	2,324
Full-time Tuition Revenues	1,426	2,729	4,232	5,959
Distance Learning Tuition Revenues	135	288	765	1,620
Other	60	70	80	90
Income Sub-totals	3,218	5,208	7,952	11,352
Total Income	3,218	5,208	7,952	11,352
Expenses				
Personnel				
Salaries & Housing Allowances	848	1,059	1,324	1,655
Salaries & Wages: Other	389	487	608	760
Medical Insurance	180	225	281	352
Payroll Taxes and Expenses	42	52	65	82
Contract Expenses	106	133	166	208
Personnel Sub-total	1,565	1,956	2,444	3,057
Facility & Food Service Expenses				
Leases & Equipment	330	406	521	636
Phone, Utilities & Internet	102	169	274	379
Meal Plan	115	183	288	394
Miscellaneous	182	253	361	470
Facility Sub-total	729	1,011	1,444	1,879
Other Expenses				
Miscellaneous	300	400	500	600
Interest on bonds	119	108	108	75
Other Expense Sub-total	419	508	608	675
Total Expenses	2,713	3,475	4,496	5,611
Net (loss) from operations	\$ 505	1,733	3,456	5,741

STATEMENT OF CASH FLOWS 2011-2014

* Numbers are represented in thousands of dollars.

Statement of cash flows:	May-11	May-12	May-13	May-14
Cash provided by (used in) operations				
Net income (loss)	\$ 505	1,733	3,456	5,741
Changes in:				
Accounts receivable	-	-	-	-
Accounts payable	-	-	-	-
Deferred revenue	-	-	-	-
Cash provided by (used in) operations	<u>505</u>	<u>1,733</u>	<u>3,456</u>	<u>5,741</u>
Cash provided by (used in) investing activities:				
Purchase of furniture, fixtures and equipment	-	-	-	-
Increase (decrease) in board designated funds	-	-	-	-
Cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash provided by (used in) financing activities:				
Short term credit	-	-	-	-
Short term notes	(300)	(200)	-	(500)
Payment on long-term notes	-	-	-	-
Issuance of notes	-	-	-	-
(Increase) in bond sinking fund	150	-	(250)	250
Payment on long-term notes	-	-	-	-
Cash provided by (used in) financing activities	<u>(150)</u>	<u>(200)</u>	<u>(250)</u>	<u>(250)</u>
Net increase (decrease) in cash	<u>355</u>	<u>1,533</u>	<u>3,206</u>	<u>5,491</u>
Cash, beginning	179	534	2,067	5,273
Cash, ending	<u>\$ 534</u>	<u>2,067</u>	<u>5,273</u>	<u>10,764</u>

STATEMENT OF FINANCIAL POSITION 2011-2014

*Numbers are represented in thousands of dollars

Assets	May-11	May-12	May-13	May-14
Current Assets:				
Cash	\$ 534	2,067	5,273	10,764
Bond sinking fund				
Accounts receivable	94	94	94	94
Grants receivable				
Other current assets	36	36	36	36
Deposits	29	29	29	29
Total current assets	<u>693</u>	<u>2,226</u>	<u>5,432</u>	<u>10,923</u>
Board Designated Funds:				
Reserve fund	500	500	500	500
Bond sinking fund	-	-	250	-
Student loan fund:				
Student loans	-	-	-	-
Investments	500	500	500	500
Total student loan fund	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total board designated funds	<u>1,000</u>	<u>1,000</u>	<u>1,250</u>	<u>1,000</u>
Land, Buildings, Furniture & Equipment:				
Land	1,993	1,993	1,993	1,993
Building	1,307	1,307	1,307	1,307
Equipment	5	5	5	5
Leasehold improvements	15	15	15	15
Furniture and fixtures	276	276	276	276
Vehicles	22	22	22	22
Total	<u>3,618</u>	<u>3,618</u>	<u>3,618</u>	<u>3,618</u>
Accumulated depreciation	(42)	(42)	(42)	(42)
Total	<u>3,576</u>	<u>3,576</u>	<u>3,576</u>	<u>3,576</u>
Total Assets	<u>5,269</u>	<u>6,802</u>	<u>10,258</u>	<u>15,499</u>
Current Liabilities:				
Accounts payable	82	82	82	82
Short term credit	83	83	83	83
Deferred revenue	167	167	167	167
Payroll liabilities	40	40	40	40
Security deposits	89	89	89	89
Notes payable	139	139	139	139
Total current liabilities	<u>600</u>	<u>600</u>	<u>600</u>	<u>600</u>
Long Term Liabilities				
Notes payable	-	-	-	-
Bonds payable	1,800	1,600	1,600	1,100
Total long-term liabilities	<u>1,800</u>	<u>1,600</u>	<u>1,600</u>	<u>1,100</u>
Total Liabilities	<u>2,400</u>	<u>2,200</u>	<u>2,200</u>	<u>1,700</u>
Net Assets:				
Unrestricted net assets	2,869	4,601	8,057	13,798
Total net assets	<u>2,869</u>	<u>4,601</u>	<u>8,057</u>	<u>13,798</u>
Total Liabilities and Net Assets	<u>\$ 5,269</u>	<u>6,802</u>	<u>10,258</u>	<u>15,499</u>