

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2010

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Partnership for Los Angeles Schools
Los Angeles, California

We have audited the accompanying statement of financial position of the Partnership for Los Angeles Schools (the Partnership) (A California Non-Profit Public Benefit Organization) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of June 30, 2010, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The unaudited supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 1, 2010

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2010

ASSETS

Current Assets

| | | |
|---|--------------|--------------|
| Cash | \$ 1,394,181 | |
| Accounts receivable | 1,852,596 | |
| Prepaid expenses and other current assets | 43,954 | |
| Total Current Assets | | \$ 3,290,731 |

Non-Current Assets

| | | |
|--------------------------------|--------|---------------------|
| Fixed assets | 84,321 | |
| Less: accumulated depreciation | 23,714 | |
| Total Non-Current Assets | | 60,607 |
| Total Assets | | <u>\$ 3,351,338</u> |

LIABILITIES

Current Liabilities

| | | |
|---------------------------|--------------|--------------|
| Accounts payable | \$ 1,069,971 | |
| Compensated absences | 7,590 | |
| Note payable | 1,750,000 | |
| Total Current Liabilities | | \$ 2,827,561 |

NET ASSETS

| | | |
|----------------------------------|---------|---------------------|
| Unrestricted | 523,777 | |
| Total Net Assets | | 523,777 |
| Total Liabilities and Net Assets | | <u>\$ 3,351,338</u> |

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

| | | |
|--|----------------|--------------------|
| REVENUES | | |
| Grants | | \$ 6,585,225 |
| In-kind donation | | 1,317,104 |
| Interest income | | 2,576 |
| Other | | 11,529 |
| | Total Revenue | <u>7,916,434</u> |
| EXPENSES | | |
| School sites | | |
| Building school culture | | 365,460 |
| Professional development | | 458,705 |
| Scholarly uniforms | | 11,899 |
| Student intervention | | 410,378 |
| Targeted school site funding | | 779,132 |
| School site staff | | 586,417 |
| In-kind donation cost | | 494,606 |
| School staffing support | | 32,319 |
| Facilities improvements | | 9,672 |
| Data and surveys | | 83,527 |
| Transition team planning | | 7,984 |
| Technology and data system investments | | 287,202 |
| Transportation for field trips | | 3,355 |
| | Subtotal | <u>3,530,656</u> |
| Connecting communities | | |
| Community outreach | | <u>317,066</u> |
| Re-granting activities | | |
| Teach for America | | 1,000,000 |
| Fiscal sponsor | | 9,645 |
| | Subtotal | <u>1,009,645</u> |
| Partnership support team | | |
| Salaries and wages | | 2,458,415 |
| Consultants | | 304,762 |
| Health and other benefits | | 341,870 |
| Payroll taxes | | 173,656 |
| | Subtotal | <u>3,278,703</u> |
| Management and general | | |
| Other operating | | 622,469 |
| In-kind donation cost | | 822,498 |
| Depreciation | | 14,033 |
| Fundraising | | 21,600 |
| | Subtotal | <u>1,480,600</u> |
| | Total Expenses | <u>9,616,670</u> |
| DECREASE IN UNRESTRICTED NET ASSETS | | <u>(1,700,236)</u> |
| NET ASSETS, BEGINNING OF YEAR | | <u>2,224,013</u> |
| NET ASSETS, END OF YEAR | | <u>\$ 523,777</u> |

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

| | |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Decrease in unrestricted net assets | \$ (1,700,236) |
| Adjustments to reconcile decrease in net assets to net cash used by operating activities | |
| Depreciation expense | 14,033 |
| Changes in operating assets and liabilities | |
| Decrease in accounts receivable | (1,739,018) |
| Increase in prepaid expenses | 236,154 |
| Decrease in accounts payable | 571,815 |
| Net Cash Used by Operating Activities | <u>(2,617,252)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Capital expenses | <u>(10,317)</u> |
| Net Cash Used by Investing Activities | <u>(10,317)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Loan proceeds | <u>1,750,000</u> |
| Net Cash Provided by Financing Activities | <u>1,750,000</u> |
| NET DECREASE IN CASH | (877,569) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>2,271,750</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,394,181</u> |

The accompanying notes are an integral part of these financial statements.

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - ORGANIZATION INFORMATION

The Partnership for Los Angeles Schools (the Partnership) is a California Non-Profit Public Benefit Organization launched by Los Angeles Mayor Antonio Villaraigosa to catalyze the transformation of the Los Angeles Unified School District (LAUSD). The Partnership is the largest alternative public school operator in Los Angeles. Beginning July 1, 2008, the Partnership began serving and supporting ten LAUSD schools, a combination of elementary, middle, and high schools, under an MOU approved by the Board of Education in May 2008. As of June 30, 2010, the Partnership served and supported twelve schools. Combined, these twelve schools served approximately 16,000 students and employ approximately 1,400 individuals.

The Partnership is the first project of its kind in Los Angeles and in the State of California. Its goal is to both dramatically improve student achievement within Partnership schools and to become a model for collaboration, school reform and community advancement that can be replicated throughout Los Angeles and California. In order to accomplish this goal, the Partnership is engaging in the following core activities in close collaboration with school stakeholders and LAUSD: 1) operating among the lowest performing public schools in LAUSD to demonstrate that student achievement can be rapidly accelerated when effective practices are implemented comprehensively; 2) convening other public school operators and LAUSD to collaborate in targeted areas of practice; and 3) collaborating with LAUSD to help the District develop its capabilities in areas such as performance management and per-pupil budgeting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by the Partnership are described below to enhance the use of the financial statements for the reader.

Financial Statement Presentation

The Partnership is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Partnership had no temporarily or permanently restricted net assets. In addition, the Partnership is required to present a Statement of Cash Flows.

Accounting Method - Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Partnership uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions." The Partnership had no temporarily or permanently restricted assets as of June 30, 2010.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Partnership is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income tax has been reflected in these financial statements.

Donated Services, Materials, and Facilities

The Partnership receives donated services from a variety of unpaid volunteers. Only those services, which satisfy the criteria for recognition for volunteer effort, are reflected in the Statement of Activities.

The Partnership has donated facilities that met the criteria for recognition under SFAS No. 116.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash is considered to be cash on hand and demand deposits. Cash equivalents consist of highly liquid investments in a daily sweep account.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Partnership has chosen to report the expenses when incurred.

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. At June 30, 2010, management had determined all accounts receivable are fully collectible, and no allowance for bad debts has been established.

Fixed Assets

It is the Partnership's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method over five years. As of June 30, 2010, depreciation expense was \$14,033. As of June 30, 2010, the Partnership had not received donations required to be capitalized.

Changes in Accounting Principles

Subsequent Events

In May 2009, the Financial Accounting Standards Board (FASB) issued guidance which requires the effects of events that occur subsequent to the balance sheet date be evaluated through the date the financial statements are either issued or available to be issued. Entities are to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. Entities are required to reflect in their financial statements the effects of subsequent events that provide additional evidence about conditions at the balance sheet date (recognized subsequent events). Entities are also prohibited from reflecting in their financial statements the effects of subsequent events that provide evidence about condition that arose after the balance sheet date (nonrecognized subsequent events), but requires information about those events to be disclosed if the financial statements would otherwise be misleading. This guidance was effective for annual financial periods ended after December 15, 2009, with prospective application. The Partnership adopted the guidance for the year ended June 30, 2010, by including the required disclosures in Note 12 to the financial statements.

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 - CASH

Cash at June 30, 2010, consisted of the following:

| | <u>Reported Amount</u> | <u>Bank Balance</u> |
|---------------------------|----------------------------|-------------------------|
| Deposits | | |
| Cash on hand and in banks | \$ 1,394,181 | \$ 1,508,880 |

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) for interest bearing accounts. The Partnership maintains its cash in a bank deposit account that is not subject to federally insured limits. The Partnership has not experienced any losses in such accounts. At June 30, 2010, the Partnership had \$1,258,880 of deposits in excess of FDIC insured limits.

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2010, consisted of the following:

| | |
|---------------------------|---------------------|
| Lundquist Grant | \$ 1,750,000 |
| Tri-C Grant | 77,746 |
| Advances | 17,666 |
| Other receivables | 7,184 |
| Total Accounts Receivable | <u>\$ 1,852,596</u> |

NOTE 5 - PREPAID EXPENSES

At June 30, 2010, prepaid expenses consisted of the following:

| | |
|------------------------|------------------|
| Salaries | \$ 15,810 |
| Insurance | 10,710 |
| Lease deposit | 14,463 |
| Other prepaid expenses | 2,971 |
| Total Prepaid Expenses | <u>\$ 43,954</u> |

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - PROPERTY AND EQUIPMENT

At June 30, 2010, property and equipment consisted of the following:

| | |
|--------------------------------|-------------------------|
| Computer equipment | \$ 66,577 |
| Leasehold improvements | 17,744 |
| | <u>84,321</u> |
| Less: accumulated depreciation | (23,714) |
| Total Fixed Assets | <u><u>\$ 60,607</u></u> |

For the year ended June 30, 2010, depreciation expense amounted to \$14,033.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

| | |
|-------------------------------------|----------------------------|
| Accounts Payable | \$ 680,166 |
| Salaries and benefits | 22,000 |
| Due to: | |
| Los Angeles Unified School District | 328,542 |
| San Diego Unified School District | 39,263 |
| Total Accounts Payable | <u><u>\$ 1,069,971</u></u> |

NOTE 8 - NOTE PAYABLE

On January 28, 2010, the Partnership entered into a loan agreement in the amount of \$1,750,000 with Continental Development Corporation. The loan may be repaid at any time with no penalty. The loan is a non-interest bearing loan which will mature on December 31, 2010. The loan will be paid with funds received from existing accounts receivable, which contains a grant receivable in the amount of \$1,750,000 from Continental Development Corporation (Lundquist Grant) to be received prior to the due date of the loan. As of June 30, 2010, the balance was \$1,750,000.

| | |
|-------------|----------------------------|
| Repayment | |
| year | |
| <u>2011</u> | <u><u>\$ 1,750,000</u></u> |

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 - OPERATING LEASE

On March 5, 2009, the Partnership entered into a facilities lease agreement with Jamison 1541 Wilshire, LLC for a "Rentable Area of Premises" consisting of approximately 10,331 square feet in an office building. The agreement is for a term of 60 months commencing on August 1, 2009.

| Repayment year | |
|-------------------|-------------------|
| 2011 | \$ 142,051 |
| 2012 | 160,647 |
| 2013 | 166,846 |
| 2014 | 173,044 |
| 2015 | 14,463 |
| Total | <u>\$ 657,051</u> |

NOTE 10 - RETIREMENT PLANS

Plan Description

The employees of the Partnership that work 20 hours or more per week may participate in a voluntary 403(b) plan. Under the terms of this plan, all employees over the age of 18 are eligible to receive employer matching contributions. The Partnership matches Elective Deferrals on a 100 percent basis up to six percent of the participant's total compensation received during the plan year. There is no waiting period with respect to employee and employer contribution. Employer's contribution is 25 percent vested after two full years of service, 50 percent after three years of service, and 100 percent after four years of service. A participant's salary reduction contributions during any plan year may not exceed the maximum allowed by the Internal Revenue Code. Total employer contributions for the year ended June 30, 2010, amounted to \$85,013.

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11 - MANAGEMENT AND GENERAL - OTHER OPERATING EXPENSES

At June 30, 2010, other operating expenses consisted of the following:

| | Management and General |
|--------------------------------|---|
| | <u>Other Operating Expenses</u> |
| Legal and audit fees | \$ 101,065 |
| Building rent | 92,439 |
| Marketing | 67,757 |
| Parking | 51,238 |
| Office supplies | 49,604 |
| Telephone expenses | 43,092 |
| General insurance | 36,389 |
| Internet expenses | 28,439 |
| Other fees | 24,470 |
| Software and financial systems | 20,416 |
| Equipment lease | 19,281 |
| Mileage | 19,032 |
| Travel and conferences | 18,942 |
| Training and development | 13,231 |
| Postage expenses | 11,726 |
| Non-capitalized equipment | 11,246 |
| Printing and copying | 6,485 |
| Advertisement and recruitment | 6,321 |
| Vendor repairs | 685 |
| Dues and membership | 611 |
| Total | <u>\$ 622,469</u> |

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12 - PARTNERSHIP SUPPORT TEAM

At June 30, 2010, the Partnership's support team expenses consisted of the following:

| | <u>Partnership Support Team</u> |
|---|-------------------------------------|
| Salaries and wages | \$ 2,458,415 |
| Consultants | 304,762 |
| Health and other benefits: | |
| Health and welfare | 119,326 |
| 403b plan | 85,013 |
| Other benefits - relocation | 20,496 |
| Other benefits - LAUSD and SDUSD detached service staff | 117,035 |
| Payroll taxes: | |
| OASDI | 113,722 |
| Medicare | 28,000 |
| State unemployment | 16,823 |
| Workers compensation | 15,050 |
| Employment training tax | 61 |
| | <u>\$ 3,278,703</u> |

NOTE 13 - SUBSEQUENT EVENTS

The Partnership's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 1, 2010, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION - UNAUDITED

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

COMPARATIVE STATEMENT OF FINANCIAL POSITION - UNAUDITED
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008

| | 2010 | 2009 | 2008 |
|---|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | \$ 1,394,181 | \$ 2,271,750 | \$ 2,027,658 |
| Accounts receivable | 1,852,596 | 113,578 | 2,510,000 |
| Prepaid expenses and other current assets | 43,954 | 280,108 | 4,620 |
| Total Current Assets | <u>3,290,731</u> | <u>2,665,436</u> | <u>4,542,278</u> |
| Non-Current Assets | | | |
| Fixed assets | 84,321 | 74,004 | 31,297 |
| Less: accumulated depreciation | 23,714 | 9,681 | 714 |
| Total Non-Current Assets | <u>60,607</u> | <u>64,323</u> | <u>30,583</u> |
| Total Assets | <u>\$ 3,351,338</u> | <u>\$ 2,729,759</u> | <u>\$ 4,572,861</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 1,069,971 | \$ 498,156 | \$ 663,491 |
| Compensated absences | 7,590 | 7,590 | - |
| Note payable | 1,750,000 | - | - |
| Total Current Liabilities | <u>2,827,561</u> | <u>505,746</u> | <u>663,491</u> |
| NET ASSETS | | | |
| Unrestricted | 523,777 | 2,224,013 | 3,641,471 |
| Board designated - school site planning | - | - | 267,899 |
| Total Net Assets | <u>523,777</u> | <u>2,224,013</u> | <u>3,909,370</u> |
| Total Liabilities and Net Assets | <u>\$ 3,351,338</u> | <u>\$ 2,729,759</u> | <u>\$ 4,572,861</u> |

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

COMPARATIVE STATEMENT OF ACTIVITIES - UNAUDITED
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008

| | 2010 | 2009 | 2008 |
|--|------------------|------------------|------------------|
| REVENUES | | | |
| Grants | \$ 6,585,225 | \$ 6,525,487 | \$ 6,039,633 |
| In-kind donation | 1,317,104 | 249,320 | 99,089 |
| Interest income | 2,576 | 19,790 | 27,244 |
| Other | 11,529 | 26,823 | - |
| Total Revenue | <u>7,916,434</u> | <u>6,821,420</u> | <u>6,165,966</u> |
| EXPENSES | | | |
| School sites | | | |
| Targeted school site funding | 779,132 | 298,486 | 74,151 |
| School site staff | 586,417 | 200,747 | 52,225 |
| In-kind donation cost | 494,606 | 117,485 | 37,595 |
| Professional development | 458,705 | 544,705 | 25,385 |
| Student intervention | 410,378 | 418,281 | - |
| Building school culture | 365,460 | 665,253 | - |
| Technology and data system investments | 287,202 | 29,519 | - |
| Data and surveys | 83,527 | 58,991 | 42,224 |
| School staffing support | 32,319 | 106,264 | 178,125 |
| Scholarly uniforms | 11,899 | 428,496 | - |
| Facilities improvements | 9,672 | 72,796 | - |
| Transition team planning | 7,984 | 53,101 | 264,292 |
| Transportation for field trips | 3,355 | - | - |
| Operational planning with LAUSD | - | - | 224,000 |
| Subtotal | <u>3,530,656</u> | <u>2,994,124</u> | <u>897,997</u> |
| Connecting communities | | | |
| Community outreach | <u>317,066</u> | <u>147,524</u> | <u>342,876</u> |
| Re-granting activities | | | |
| Teach for America | 1,000,000 | 1,000,000 | - |
| Boston Consulting Group | - | 660,828 | - |
| Network Partners | - | 200,000 | - |
| Fiscal sponsor | 9,645 | 28,466 | - |
| Subtotal | <u>1,009,645</u> | <u>1,889,294</u> | <u>-</u> |
| Partnership support team | | | |
| Salaries and wages | 2,458,415 | 2,078,812 | 416,617 |
| Consultants | 304,762 | 459,709 | 243,253 |
| Health and other benefits | 341,870 | 234,422 | 88,291 |
| Payroll taxes | 173,656 | 155,466 | 33,346 |
| Subtotal | <u>3,278,703</u> | <u>2,928,409</u> | <u>781,507</u> |

PARTNERSHIP FOR LOS ANGELES SCHOOLS
(A California Non-Profit Public Benefit Organization)

COMPARATIVE STATEMENT OF ACTIVITIES - UNAUDITED (Continued)
FISCAL YEARS ENDED JUNE 30, 2010, 2009, AND 2008

| | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|---|-------------------|---------------------|---------------------|
| EXPENSES | | | |
| Management and general | | | |
| Other operating | \$ 622,469 | \$ 401,137 | \$ 131,049 |
| In-kind donation cost | 822,498 | 131,835 | 61,494 |
| Depreciation | 14,033 | 8,967 | 714 |
| Fundraising | 21,600 | 5,487 | 40,959 |
| Subtotal | <u>1,480,600</u> | <u>547,426</u> | <u>234,216</u> |
| Total Expenses | <u>9,616,670</u> | <u>8,506,777</u> | <u>2,256,596</u> |
| INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS | (1,700,236) | (1,685,357) | 3,909,370 |
| NET ASSETS, BEGINNING OF YEAR | 2,224,013 | 3,909,370 | - |
| NET ASSETS, END OF YEAR | <u>\$ 523,777</u> | <u>\$ 2,224,013</u> | <u>\$ 3,909,370</u> |