



# GCS 2010-11 Financial Report

September 10, 2011

To:

The membership of Gladstone Assembly of God;  
Pastor Bob Peterson;  
Board Members;  
Twila Denham, Principal;  
Grace Christian School staff;  
Parents and friends of Grace Christian School.

I am pleased to present this report outlining the financial activities of Grace Christian School for the 2010-11 school year, including the year-end financial position as of June 30, 2011. As many of you know, the past several years have been difficult. GCS has undergone tremendous change during this time, and has endured one of the harshest financial climates in decades. We have reopened our high school, added modular buildings, and transitioned leadership. Throughout this, we have been steadfastly supported by dedicated staff, committed friends, and a faithful church. And on Wednesday, September 7, 2011, 126 students walked through the doors of our school. That is 126 more students than many other christian schools that did not survive to see another year. Praise God for GCS!

There is a saying about optimists, and pessimists, and half a glass of water. Any situation can be seen from various perspectives, with varying reactions and opinions. I choose to see a future that conforms to God's will. And I believe that His will includes a GCS that is financially sound, academically strong, and spiritually effective.

Reality cannot be denied, and we must act prudently in light of our circumstances. Yet, we hold strong to our faith in a God that is not constrained by what we see, and is able to bless us abundantly, so that in all things at all times, having all that we need, we may abound in every good work.

In Christ,

A handwritten signature in blue ink that reads "Steve Parker".

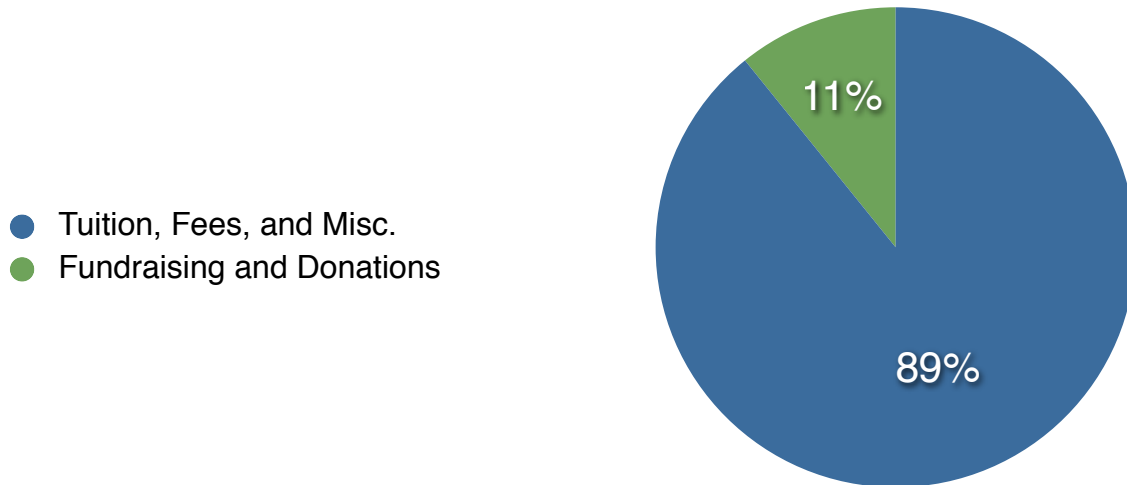
Steve Parker  
Treasurer

## Operating Fund Summary

For the 2010-11 school year, GCS generated an operating **surplus** of \$2,622. This is the first year in several that our revenues have exceeded expenses, and is a testament to our staff, who have endured increased workloads due to budget cuts, and our supporters, who generated in excess of \$40,000 in fundraising and donations.

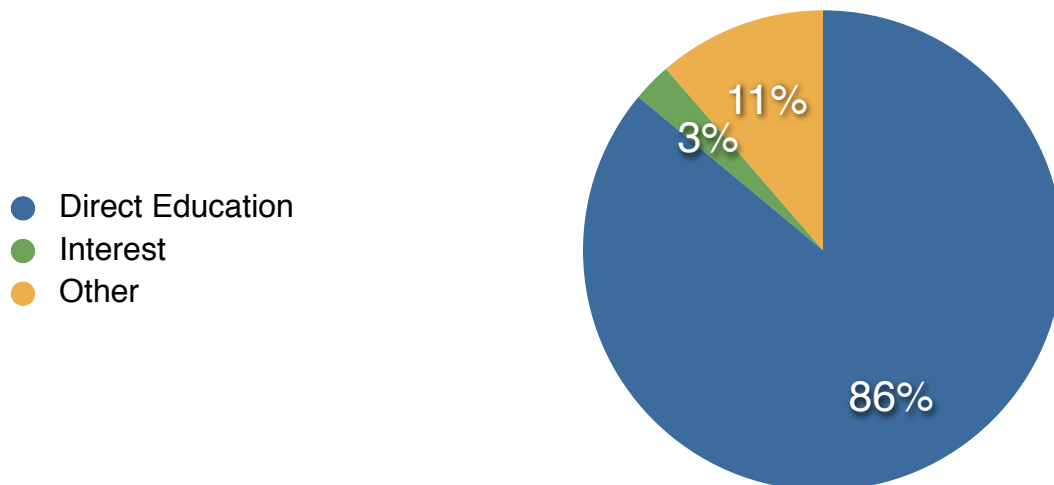
### **Revenues**

We had total revenues of \$379,945. This includes \$338,912 in tuition, fees, and miscellaneous, and \$41,033 in fundraising and donations.



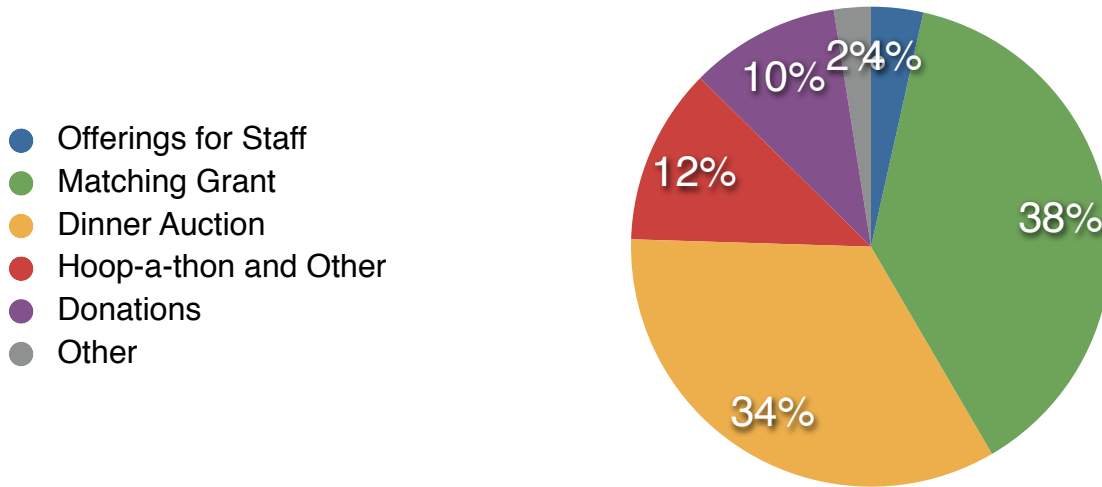
### **Expenses**

Total expenses were \$377,323. This included \$322,509 in direct educational expenses, \$9799 in interest, and \$45,015 in general, administrative, facilities, and other expenses.



## Fundraising and Donations

Fundraising and donations included, \$1,438 from offerings for staff Christmas bonuses, \$4,884 from the hoop-a-thon and other fundraisers, \$13,912 from the benefit dinner and auction, \$5,626 in donations towards a matching grant offer, \$10,000 in matching funds, \$4,151 in donations, and \$1,022 from boxtops and retail affinity programs.



## Operating Fund Year-end Balance

As of June 30, 2011, the GCS operating fund had a current accounts deficit of \$42,313.

### **Current Assets**

Current assets were \$6,524 and included cash in the amount of \$1,970, and accounts receivable of \$4,554.

### **Current Liabilities**

Current liabilities were \$46,936, and included \$15,289 in prepaid tuition and fees, \$14,268 in accrued payroll taxes, \$10,000 from a short term loan, and \$7379 in accounts payable.

### **Long term Liabilities**

The operating fund has long term obligations in the amount of \$60,000. This amount consists of two separate \$30,000 personal loans provided by church families. These loans were provided at zero interest with no fixed repayment schedule, and will be repaid as soon as practical from future operating surpluses.

## **Discussion**

### **Enrollment**

Enrollment for 2010-11 was down once again to an average of about 142 students. This trend is consistent with that experienced by other private schools in the Portland area, and across the nation. In response to our reduced student count we eliminated one teaching position by combining the 3rd and 4th grade classes under one teacher. This reduced overall enrollment capacity to 250 students.

Enrollment as a percentage of capacity was 57%

### **Per student numbers**

Expenses per available seat were \$1,509. Although additional students would represent a small amount of additional cost, this number is representative of the extreme cost-effectiveness of our school.

Expenses per enrolled student were \$2,657. The difference between this number and the previous illustrates the impact that enrollment has on per student costs, and ultimately, tuition rates.

Average tuition and fees received per student were \$2,387.

## **Looking ahead**

### **Enrollment**

At the start of the 2011-12 school year we had 126 students enrolled. This is about a 10% decrease from last year. Once again we have reduced staff to match enrollment by combining grades 5 and 6 under one teacher, and eliminating one teaching position at the high school level. This puts enrollment at about 55% of capacity.

### **Budget**

As was the case last year, tuition and fees will not cover all expenses, and we expect to rely on fundraising to make up the difference. The total amount needed from fundraisers is expected to be similar to that raised last year. More definite information will be available in early October once enrollment has stabilized and budget decisions are finalized.

### **Tuition Rates**

Current tuition rates are sufficient to cover operating costs at about 65% enrollment. Higher utilization would provide surpluses. We expect to hold tuition increases to near the rate of inflation for the foreseeable future.