FINANCIAL STATEMENTS

DRAW ACADEMY, INC.

STATEMENT OF FINANCIAL POSITION - EXHIBIT A-1 August 31, 2012 and 2011

		2012		2011	
Assets					
Current assets:					
Cash and cash equivalents		\$	67,079	\$	102,644
Due from Texas Education Agency			179,868		200,939
Prepaid expenses			133,126		10,589
Other receivable			1,000		300
Total current assets			381,073	***************************************	314,472
Non-current assets:					10 # 0 4 -
Property and equipment, net			485,696		425,241
Total non-current assets			485,696		425,241
	Total Assets	\$	866,769	\$	739,713
Liabilities and Net Assets					
Current liabilities:		\$	35,490	\$	6,173
Accounts payable		Ψ	21,998	Ψ	16,672
Payroll liabilities			83,586		69,455
Accrued salaries payable			37,500		-
Loan payable Total current liabilities			178,574	**************************************	92,300
	Total Liabilities		178,574		92,300
Net Assets					
Unrestricted			672,179		542,211
Temporarily restricted			16,016		105,202
Total net assets			688,195		647,413
	Total Liabilities and Net Assets	\$	866,769	\$	739,713

See Notes to Financial Statements.

DRAW ACADEMY, INC.

STATEMENT OF ACTIVITIES - EXHIBIT A-2

For the Years Ended August 31, 2012 and 2011

			Temporarily	Totals		
		Unrestricted	Restricted	2012	2011	
Revenues	3	***************************************				
Local s						
	Other revenues from local sources	\$ 125,525	\$ -	\$ 125,525	\$ 91,006	
5750	Revenue from cocurricular or enterprising	4,443		4,443	1,835	
	Total local support	129,968	-	129,968	92,841	
State no	ogram revenues					
	Foundation school program act revenues	_	2,719,992	2,719,992	2,425,201	
	State program revenues distributed by		, ,	, ,		
	Texas Education Agency	_	29,117	29,117	40,360	
	Total state program revenue		2,749,109	2,749,109	2,465,561	
Endorol	program revenues:					
	Federal revenues distributed by Texas					
3920	Education Agency		533,216	533,216	475,462	
			555,210	333,E t 0	,	
	ets released from restrictions:	A A.M.1 .F.1.1	(2.051.511)			
Restr	ricted satisfied by payments	3,371,511	(3,371,511)	2 412 202	3,033,864	
	Total Revenues	3,501,479	(89,186)	3,412,293	3,033,864	
Expenses	3					
11	Instruction	1,990,975	-	1,990,975	1,858,454	
12	Instructional resources and media services	231	<u></u>	231	1,490	
13	Curriculum development and instructional					
13	staff development	15,876	-	15,876	25,977	
23	School leadership	198,495	•••	198,495	196,869	
31	Guidance, counseling, and evaluation				-0.5	
31	services	100	No.	100	106	
33	Health services	5,220	-	5,220	4,715	
35	Food services	239,117	**	239,117	155,124	
36	Co-curricular/extracurricular activities	-	-	-	744	
41	General administration	69,945	=	69,945	109,196	
51	Plant maintenance and operations	816,298	-	816,298	639,407	
. 52	Security and monitoring services	5,673	-	5,673	1,121	
53	Data processing services	26,413	-	26,413	19,850	
71	Debt services	3,168	-	3,168	2 012 052	
	Total Expenses	3,371,511		3,371,511	3,013,053	
	Change in Net Assets	129,968	(89,186)	40,782	20,811	
Dooingin	"	542,211	105,202	647,413	626,602	
peginnin	g net assets Ending Net Assets	\$ 672,179	\$ 16,016	\$ 688,195	\$ 647,413	
	Enums Ive Assets	J 0144,217	<u> </u>			

See Notes to Financial Statements.

DRAW ACADEMY, INC.

STATEMENT OF CASH FLOWS - EXHIBIT A-3

For the Years Ended August 31, 2012 and 2011

Grant payments 533,216 475,6 Miscellaneous sources 124,825 91,3 Payments to vendors for goods and services rendered (1,382,074) (1,212,6 Payments to charter school personnel for services rendered (1,977,708) (1,770,1 Interest payments (3,168) 69,714 15,7 Cash Flows from Investing Activities (142,779) (307,5 Payments for property and equipment (142,779) (307,5 Net Cash (Used) by Investing Activities (142,779) (307,5 Cash advances 75,000			2012		2011
Foundation school program payments					
Grant payments 533,216 475,6 Miscellaneous sources 124,825 91,3 Payments to vendors for goods and services rendered (1,382,074) (1,212,6 Payments to charter school personnel for services rendered (1,977,708) (1,770,1 Interest payments (3,168) 69,714 15,7 Cash Flows from Investing Activities (142,779) (307,5 Payments for property and equipment (142,779) (307,5 Net Cash (Used) by Investing Activities (142,779) (307,5 Cash advances 75,000		\$	·	\$	P40
Miscellaneous sources 124,825 91,7 Payments to vendors for goods and services rendered (1,382,074) (1,212,8 Payments to charter school personnel for services rendered (1,977,708) (1,770,18) Interest payments (3,168) (3,168) (5,714) 15,2 Cash Flows from Investing Activities (142,779) (307,509) Net Cash (Used) by Investing Activities (142,779) (307,500) Cash Flows from Financing Activities 75,000 75,000 Payments on cash advances 75,000 75,000 Payments on cash advances (37,500) 202,000 Net Change in Cash and Cash Equivalents (35,565) (292,000) Beginning cash and cash equivalents (35,565) (292,000) Beginning cash and cash equivalents (35,565) (292,000) Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: Change in net assets \$ 40,782 \$ 20,400 Adjustments to reconcile change in net assets to net cash provided by opera					2,432,379
Payments to vendors for goods and services rendered (1,382,074) (1,212,017,0708) Payments to charter school personnel for services rendered (1,977,708) (1,770,017,0708) Interest payments (3,168) 69,714 15,7 Cash Flows from Investing Activities Payments for property and equipment (142,779) (307,907) Net Cash (Used) by Investing Activities (142,779) (307,907) Cash advances 75,000 75,000 Payments on cash advances (37,500) 75,000 Net Cash Provided by Financing Activities 37,500 75,000 Net Change in Cash and Cash Equivalents (35,565) (292,700) Beginning cash and cash equivalents 102,644 395,100 Ending Cash and Cash Equivalents 67,079 102,000 Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: Change in net assets \$40,782 20,000 Adjustments to reconcile change in net assets to net cash provided by operating activities: \$2,324 38,000 Depreciation 82,324 38,000 (Increase) d			•		475,462
Payments to charter school personnel for services rendered (1,977,708) (1,770,708) (1,977					91,342
Interest payments	•				(1,212,868)
Net Cash Provided by Operating Activities Payments for property and equipment Net Cash (Used) by Investing Activities Cash Flows from Financing Activities Cash advances Payments on cash advances Net Cash Provided by Financing Activities Net Cash Provided by Financing Activities Net Change in Cash and Cash Equivalents Ending Cash and Cash Equivalents Ending Cash and Cash Equivalents Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses (122,537) (307,500) (307,500) (37,500	· · · · · · · · · · · · · · · · · · ·				(1,770,716)
Cash Flows from Investing Activities Payments for property and equipment Net Cash (Used) by Investing Activities Cash Flows from Financing Activities Cash advances Payments on cash advances Net Cash Provided by Financing Activities Net Cash Provided by Financing Activities Net Change in Cash and Cash Equivalents Ending Cash and Cash Equivalents Ending Cash and Cash Equivalents Frovided by Operating Activities: Change in net assets Change in net assets Provided by Operating Activities: Change in net assets Change in net assets Depreciation Increase) decrease in: Due from Texas Education Agency Prepaid expenses (122,537) (307,9 (307,9 (307,500) (37,500) (-
Payments for property and equipment Net Cash (Used) by Investing Activities Cash Flows from Financing Activities Cash advances Payments on cash advances Net Cash Provided by Financing Activities Net Change in Cash and Cash Equivalents Ending Cash and Cash Equivalents Change in net assets Change in net assets Change in net assets Change in net assets Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses (307,500) 75,000 (307,500) (37,500) (Net Cash Provided by Operating Activitie	es	69,714		15,599
Net Cash (Used) by Investing Activities (142,779) (307,507) Cash Flows from Financing Activities Cash advances 75,000 Payments on cash advances (37,500) Net Cash Provided by Financing Activities 37,500 Net Change in Cash and Cash Equivalents (35,565) (292,5644 395,667) Ending Cash and Cash Equivalents 5 67,079 102,644 395,667,079 Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: Change in net assets \$40,782 \$20,40,40,40,40,40,40,40,40,40,40,40,40,40	Cash Flows from Investing Activities				
Cash Flows from Financing Activities Cash advances Payments on cash advances Net Cash Provided by Financing Activities Net Change in Cash and Cash Equivalents Ending Cash and Cash Equivalents Ending Cash and	Payments for property and equipment		(142,779)		(307,964)
Cash advances Payments on cash advances Net Cash Provided by Financing Activities Net Change in Cash and Cash Equivalents Reginning cash and cash equivalents Ending Cash and Cash Equivalents Solve Ending Cash and Cash Equivalents Ending C	Net Cash (Used) by Investing Activities	es	(142,779)		(307,964)
Payments on cash advances Net Cash Provided by Financing Activities Net Change in Cash and Cash Equivalents Reginning cash and cash equivalents Ending Cash and Cash Equivalents Frovided by Operating Activities: Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses (122,537) (12,537)	Cash Flows from Financing Activities				
Net Cash Provided by Financing Activities 37,500 Net Change in Cash and Cash Equivalents (35,565) (292,700) 102,644 (395,600) 102,644 (395,	Cash advances		75,000		-
Net Change in Cash and Cash Equivalents Beginning cash and cash equivalents 102,644 395,4 Ending Cash and Cash Equivalents \$ 67,079 \$ 102,4 Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: Change in net assets \$ 40,782 \$ 20,4 Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation 82,324 38,4 (Increase) decrease in: Due from Texas Education Agency 21,071 (32,	Payments on cash advances		(37,500)		~
Beginning cash and cash equivalents Ending Cash and Cash Equivalents Frovided by Operating in Net Assets to Net Cash Provided by Operating Activities: Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses (122,537) (1,	Net Cash Provided by Financing Activitie	es	37,500		**
Beginning cash and cash equivalents Ending Cash and Cash Equivalents Frovided by Operating in Net Assets to Net Cash Provided by Operating Activities: Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses (122,537) (1,	Net Change in Cash and Cash Equivalen	ts	(35,565)		(292,365)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: Change in net assets Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses Ending Cash and Cash Equivalents \$ 67,079 \$ 102,000 \$ 40,782 \$ 20,400 \$ 38,000 \$ 38,000 \$ 38,000 \$ 21,071 \$ (32,000) \$ (32,000) \$ (122,537) \$ (12,000)	*				395,009
Provided by Operating Activities: Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses \$ 40,782 \$ 20,700,700,700,700,700,700,700,700,700,7		ts \$		\$	102,644
Provided by Operating Activities: Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation (Increase) decrease in: Due from Texas Education Agency Prepaid expenses \$ 40,782 \$ 20,700,700,700,700,700,700,700,700,700,7	Adjustments to Reconcile Change in Net Assets to Net Cash				
Change in net assets \$ 40,782 \$ 20,334 Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation \$82,324 38,44 (Increase) decrease in: Due from Texas Education Agency 21,071 (32,44) Prepaid expenses (122,537) (1,4)	· · · · · · · · · · · · · · · · · · ·				
Adjustments to reconcile change in net assets to net cash provided by operating activities: Depreciation 82,324 38, (Increase) decrease in: Due from Texas Education Agency 21,071 (32, Prepaid expenses (122,537) (1,	• • •	\$	40 782	\$	20,811
net cash provided by operating activities: Depreciation 82,324 38, (Increase) decrease in: Due from Texas Education Agency 21,071 (32,7) Prepaid expenses (122,537) (1,7)		Ψ	10,702	Ψ	20,011
Depreciation 82,324 38,0 (Increase) decrease in: Due from Texas Education Agency 21,071 (32,7) Prepaid expenses (122,537) (1,7)	•				
(Increase) decrease in: Due from Texas Education Agency Prepaid expenses 21,071 (32,47) (12,537) (1,47)	<u> </u>		82 324		38,621
Due from Texas Education Agency 21,071 (32,7) Prepaid expenses (122,537) (1,7)			0,02.		50,021
Prepaid expenses (122,537) (1,			21 071		(32,882)
			-		(1,499)
ACCOUNTS TECENVANIE	Accounts receivable		(700)		(300)
Increase (decrease) in:			(700)		(500)
			29 317		(5,243)
	- ·				(10,869)
	· · · · · · · · · · · · · · · · · · ·				6,960
	* *	es S		\$	15,599

See Notes to Financial Statements.