



Financial Statements

June 30, 2006 and 2005

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2 - 3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 13
SUPPLEMENTAL SCHEDULES	
Schedule 1 - Schedule of Functional Expenses - Current Year	14
Schedule 2 - Schedule of Functional Expenses - Prior Year	15

NICHOLS & ASSOCIATES PS INC.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Christian Enterprises dba Rainier Christian Schools
Renton, Washington

We have audited the accompanying statements of financial position of Christian Enterprises dba Rainier Christian Schools as of June 30, 2006 and 2005 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Christian Enterprises' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Christian Enterprises dba Rainier Christian Schools as of June 30, 2006 and 2005 and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedules 1 and 2 (Schedules of Functional Expenses) are presented for purposes of additional analysis and are not a required part of the 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 financial statements taken as a whole.

Nichols & Associates PS Inc

Puyallup, Washington
November 10, 2006

Christian Enterprises dba Rainier Christian Schools
Statements of Financial Position
June 30, 2006 and 2005

	2006	2005
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,411	\$ 9,366
Cash designated or restricted for programs and activities	13,893	21,043
Tuition receivable, net of allowance of \$45,000 and \$50,000	92,257	82,195
Inventory	92,219	1,322
Deposits and prepaid expenses	11,309	40,665
Unconditional pledges receivable, net of allowance of \$0 and \$0	<u>326,244</u>	<u>75,775</u>
Total Current Assets	<u><u>544,333</u></u>	<u><u>230,366</u></u>
Property and Equipment		
Vehicles	70,539	75,999
Furniture and equipment	430,733	570,819
Leasehold improvements	151,455	161,576
Buildings	2,136,531	1,547,050
Building improvements	386,790	275,712
Land	1,346,455	1,346,455
Land improvements	<u>28,959</u>	<u>22,475</u>
	4,551,462	4,000,086
Accumulated depreciation	<u>(1,144,268)</u>	<u>(1,212,957)</u>
Total Property and Equipment	<u><u>3,407,194</u></u>	<u><u>2,787,129</u></u>
Other Assets		
Cash restricted for investment in land and buildings	30,000	68,017
Construction in progress	130,913	155,826
Deferred loan costs, net of amortization of \$5,916 and \$446	<u>21,433</u>	<u>26,903</u>
Total Other Assets	<u><u>182,346</u></u>	<u><u>250,746</u></u>
Total Assets	<u><u>\$ 4,133,873</u></u>	<u><u>\$ 3,268,241</u></u>

See accompanying notes.

Christian Enterprises dba Rainier Christian Schools
Statements of Financial Position
June 30, 2006 and 2005

	2006	2005
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 249,404	\$ 176,646
Accrued payroll, taxes, and compensated absences	53,155	66,760
Accrued expenses of lease termination	41,039	78,564
Short-term note	700,000	500,000
Current portion of long-term debt	87,161	21,142
Advance payments of tuition and fees	230,539	247,695
Custodial liabilities	<u>64,012</u>	<u>52,484</u>
Total Current Liabilities	<u>1,425,310</u>	<u>1,143,291</u>
Long-Term Debt		
Notes payable	961,738	978,104
Current portion of notes payable	(18,431)	(17,283)
Capital leases payable	490,503	3,859
Current portion of capital lease payable	<u>(68,730)</u>	<u>(3,859)</u>
Total Long-Term Debt	<u>1,365,080</u>	<u>960,821</u>
Total Liabilities	<u>2,790,390</u>	<u>2,104,112</u>
Net Assets		
Unrestricted Net Assets:		
Undesignated	<u>1,029,590</u>	<u>1,075,467</u>
Temporarily Restricted Net Assets Restricted for:		
Programs and activities	9,969	16,721
Investment in land and buildings	<u>300,000</u>	<u>68,017</u>
	309,969	84,738
Permanently Restricted Net Assets	<u>3,924</u>	<u>3,924</u>
	<u>313,893</u>	<u>88,662</u>
Total Net Assets	<u>1,343,483</u>	<u>1,164,129</u>
Total Liabilities and Net Assets	<u>\$ 4,133,873</u>	<u>\$ 3,268,241</u>

See accompanying notes.

Christian Enterprises dba Rainier Christian Schools
Statements of Activities

For the Years Ended June 30, 2006 and 2005

	2006	2005
Change in Unrestricted Net Assets		
Revenue and Support		
School tuition and fees	\$ 4,801,037	\$ 4,511,192
Special events	9,540	12,115
Other program income	226,133	223,402
Contributions	374,908	372,166
Noncash contributions	36,074	38,636
Contributed services	19,269	6,100
Interest income	299	4,427
Other income	3,562	7,251
Fund-raising income	4,466	22,911
Rental income	<u>26,775</u>	<u>0</u>
Total Revenue and Support	<u>5,502,063</u>	<u>5,198,200</u>
Net assets released from restrictions	<u>201,563</u>	<u>153,298</u>
Total Unrestricted Revenue, Support, and Net Assets Released from Restrictions	<u>5,703,626</u>	<u>5,351,498</u>
Expenses		
Rainier Christian High School	1,121,566	933,490
Rainier Christian Elem.-Kent View Campus	856,469	871,611
Rainier Christian Middle School	595,784	563,953
Rainier Christian Elem.-Maple Valley	899,688	806,974
Rainier Christian Elem.-Highlands	550,088	436,867
Little People Creative Learning Center	379,325	383,844
Transportation	228,678	220,127
Rainier Christian-Maple Valley Preschool / Child Care	<u>190,566</u>	<u>121,237</u>
Total Programs	4,822,164	4,338,103
General and Administrative	797,928	707,254
Fundraising	<u>129,411</u>	<u>92,278</u>
Total Expenses	<u>5,749,503</u>	<u>5,137,635</u>
	(45,877)	213,863
Expenses of lease termination	<u>0</u>	<u>(78,564)</u>
(Decrease) Increase in Unrestricted Net Assets	<u>(45,877)</u>	<u>135,299</u>
Temporarily Restricted Net Assets		
Restricted donations	124,697	93,581
Capital campaign and other building donations	302,097	14,664
Net assets released from restrictions	<u>(201,563)</u>	<u>(153,298)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>225,231</u>	<u>(45,053)</u>
Increase in Net Assets	179,354	90,246
Net Assets, Beginning of Year	<u>1,164,129</u>	<u>1,073,883</u>
Net Assets, End of Year	<u>\$ 1,343,483</u>	<u>\$ 1,164,129</u>

See accompanying notes.

Christian Enterprises dba Rainier Christian Schools
Statements of Cash Flows

For the Years Ended June 30, 2006 and 2005

	2006	2005
Cash Flows Provided (Used) by Operating Activities:		
Increase in Total Net Assets	\$ 179,354	\$ 90,246
Adjustments to Reconcile Increase in Total Net Assets to Cash Provided by Operating Activities:		
Depreciation and amortization	169,673	139,886
Contributions restricted for land and buildings	(302,097)	(14,664)
Non-cash contributions including services	(55,343)	(11,752)
Non-cash supplies and labor expensed	55,343	11,752
Changes in Assets and Liabilities:		
Decrease (Increase) in Cash designated or restricted for programs and activities	7,150	(3,088)
(Increase) in Tuition receivable, net of allowance	(10,062)	(32,851)
(Increase) Decrease in Inventory	(90,897)	515
(Increase) in Unconditional pledges receivable, net of allowance	(250,469)	(43,665)
Decrease (Increase) in Deposits and prepaid expenses	29,356	(14,109)
Increase in Accounts payable	72,759	75,966
(Decrease) Increase in Accrued payroll, taxes, and compensated absences	(13,609)	18,397
(Decrease) Increase in Advance payments of tuition and fees	(17,156)	30,522
Increase in Custodial liabilities	11,528	16,271
(Decrease) Increase in Accrued expenses of lease termination	<u>(37,525)</u>	<u>78,564</u>
Total Adjustments	<u>(431,349)</u>	<u>251,744</u>
Net Cash Flows (Used) Provided by Operating Activities	<u>(251,995)</u>	<u>341,990</u>
 Cash Flows Provided (Used) by Investing Activities		
Purchases of property and equipment and expenditures for construction in progress	(764,825)	(1,659,308)
Net change in cash restricted for investment in land and buildings	<u>38,017</u>	<u>(28,951)</u>
Net Cash Flows (Used) by Investing Activities	<u>(726,808)</u>	<u>(1,688,259)</u>
 Cash Flows Provided (Used) by Financing Activities		
Principal payments on notes payable and capital leases	(50,713)	(39,029)
New borrowing - Long-term note payable	0	980,000
New capital leases	520,994	0
Contributions restricted for land and buildings	302,097	14,664
Short-term borrowings	700,000	500,000
Repayment of short-term borrowings	(500,000)	(100,000)
Amortization of loan cost	<u>5,470</u>	<u>0</u>
Net Cash Flows Provided by Financing Activities	<u>977,848</u>	<u>1,355,635</u>
 Net (Decrease) Increase in Cash	(955)	9,366
Unrestricted Cash - July 1, 2005 and 2004	<u>9,366</u>	<u>0</u>
 Unrestricted Cash - June 30, 2006 and 2005	<u>\$ 8,411</u>	<u>\$ 9,366</u>

See accompanying notes.

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Christian Enterprises dba Rainier Christian Schools was originally incorporated as a not-for-profit religious corporation under the laws of the State of Washington in January 1967 for the purpose of operating Maple Valley Christian School. In 1995, Christian Enterprises merged with Kent View Christian Schools to form Rainier Christian Schools. The schools' administrative office is located in Renton, Washington.

Christian Enterprises operates three elementary schools, one middle school, a high school, and three preschool/daycare facilities. These schools are located in Kent, Renton, Auburn, and Covington, Washington. Transportation service is available to students at several of the schools' campuses.

Basis of Accounting

Christian Enterprises presents financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Christian Enterprises has adopted Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*, which requires Christian Enterprises to report 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.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of Christian Enterprises and/or the passage of time.

Permanently restricted net assets - Permanently restricted net assets must be maintained by Christian Enterprises in perpetuity, the income of which is expendable for operations. Permanently restricted net assets increase when Christian Enterprises receives contributions for which donor-imposed restrictions limiting Christian Enterprises' use of an asset for its economic benefits neither expire with the passage of time nor can be removed by Christian Enterprises meeting certain requirements. The balances of permanently restricted net assets were \$3,924 and \$3,924 as of June 30, 2006 and 2005, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include useful lives of property and equipment, allocation of expenses to programs, and allowance

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

for losses on uncollectable tuition and pledges receivable.

Cash

For purposes of the statements of cash flows, cash includes time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Buildings, Equipment, Improvements, and Depreciation

Buildings, equipment, and improvements purchases are stated at cost. Donated assets are stated at fair market value at date of receipt. Donated services that enhance non-financial assets are capitalized at fair market value at the date the services are provided. Depreciation is provided by use of the straight-line method over the estimated useful lives of the related assets ranging from five to ten years for equipment and thirty to forty years for leasehold improvements and buildings. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation expense for the years ending June 30, 2006 and 2005 was \$169,672 and \$139,440, respectively.

Deferred Financing Costs

Costs relating to securing a mortgage loan are treated as deferred costs and are amortized over the life of the mortgage loan. As of June 30, 2006 and 2005, amortization expense was \$5,470 and \$446, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

Christian Enterprises records a receivable for tuition and program fees. An allowance for doubtful accounts is provided based on management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based upon review of specific accounts and historical loss experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. Accounts are considered delinquent based on contractual terms.

Advance Payments of Tuition and Fees

A liability results from the recognition of tuition revenue in the period in which the related educational instruction is performed. Accordingly, tuition fees received for the next school term are recorded as a liability on the Statement of Financial Position until the instruction commences.

Accrued Compensated Absences

Employees are entitled to paid vacation depending upon job classification, length of service, or other factors. As of June 30, 2006 and 2005, accrued vacation was \$41,690 and \$42,279, respectively.

Federal Income Tax

Christian Enterprises is exempt from federal income tax under Internal Revenue Code Section

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

501(c)(3) except to the extent of unrelated business taxable income, if any.

Contributions Received

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Gifts received of long-lived assets, in the absence of donor imposed use restrictions, are reported as unrestricted support.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (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 Statement of Activities as net assets released from restrictions.

Donated Services and Materials

A large number of people have contributed significant amounts of time to the activities of Christian Enterprises without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, the services do not meet the recognition criteria required by generally accepted accounting principles and no reliable basis exists for determining an appropriate value for those services. Donated materials are included in the financial statements at their estimated fair market values as of the date of their receipt.

Christian Enterprises has recognized contributed services of \$5,620 and \$6,100 for the years ended June 30, 2006 and 2005, respectively. Contributed services relate to campus development and benefit most school programs.

Advertising Costs

Costs of advertising are charged to expense as they are incurred, or when the advertising takes place for the first time, and include costs for production of advertising materials and delivery of advertising messages through the mail or other media. Advertising expenses for the years ended June 30, 2006 and 2005 were \$36,197 and \$38,019, respectively.

Note 2 - Interfund Borrowing

During fiscal year 2005, cash flow requirements necessitated that restricted funds be borrowed internally to pay operating expenses. By the end of July 2005, cash flow was sufficient to restore the restricted balance.

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

Note 3 - Concentrations

Amounts on deposit with banks may occasionally exceed the FDIC insurance limit of \$100,000. It is Christian Enterprises' policy to evaluate the financial condition of the banks in which funds are on deposit on a regular basis, to determine the extent of credit risk for deposits in excess of FDIC insurance limits. Bank balances on deposit in excess of insurance limits were \$0 and \$0 as of the years ended June 30, 2006 and 2005, respectively.

Note 4 - Unconditional Promises Receivable

Unconditional promises receivable as of June 30, 2006 and 2005 are as follows:

	Unrestricted Pledges Receivable		Restricted Pledges Receivable	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Promises to give expected to be collected in:				
Less than one year	\$ 56,244	\$ 75,775	\$ 270,000	\$ 0
One to five years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	56,244	75,775	270,000	0
Less allowance for uncollectable promises to give	0	0	0	0
Unamortized prepaid pledges	0	0	0	0
Less discount on promises to give	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net unconditional promises to give	<u>\$ 56,244</u>	<u>\$ 75,775</u>	<u>\$ 270,000</u>	<u>\$ 0</u>

Unconditional promises receivable are recognized as contributions revenue in the year the pledge is made. All unrestricted pledges receivable are promised to Christian Enterprises within one year.

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

Note 5 - Notes Payable

	2006	2005
Notes payable consist of the following:		
Note payable to a bank secured by property in Auburn, Washington purchased from Thomas Academy. Monthly payments of \$6655.47 include interest at 6.45% for 59 months beginning June 1, 2005 through maturity date of May 1, 2010 with balance due at maturity.	\$ 961,738	\$ 978,104
Less Current Portion	<u>(18,431)</u>	<u>(17,283)</u>
Notes Payable--Long-Term	<u>\$ 943,307</u>	<u>\$ 960,821</u>

Principal payments required for the next five years ending June 30 are as follows:

2007	\$ 18,431
2008	19,656
2009	20,962
2010	902,689
2011	0
Subsequent years	<u>0</u>
	<u>\$ 961,738</u>

Note 6 - Leases

Capital Leases

Christian Enterprises currently has modular buildings under capital leases expiring in 2010 and 2012. The assets and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Amortization (or depreciation) of assets under capital leases is included in depreciation expense. The following is a summary of property held under capital leases as of June 30:

	<u>2006</u>	<u>2005</u>
Equipment	\$ 609,481	\$ 13,511
Less accumulated depreciation	<u>(11,891)</u>	<u>(5,630)</u>
	<u>\$ 597,590</u>	<u>\$ 7,881</u>

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

Minimum future lease payments under capital leases as of June 30, 2006 for each of the next five years and in the aggregate are:

<u>Year ending June 30,</u>	<u>Amount</u>
2007	\$ 117,452
2008	117,452
2009	117,452
2010	117,452
2011	94,045
Subsequent to fiscal 2011	<u>88,240</u>
Total minimum lease payments	652,093
Less: Amount representing interest	<u>(161,590)</u>
Present value of net minimum lease payment	\$ 490,503
Current portion	<u>(68,730)</u>
Included in long-term debt	<u><u>\$ 421,773</u></u>

Interest rates on capitalized leases are based on the lessor's implicit rate of return. Title to equipment transfers to Christian Enterprises upon final lease payment.

Operating Leases

School facilities and certain equipment are leased under operating leases expiring in various years through 2010. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2006 for each of the next five years and in the aggregate are:

<u>Years ending June 30,</u>	<u>Amount</u>
2007	\$ 163,541
2008	132,492
2009	11,345
2010	0
2011	0
Subsequent to fiscal 2011	<u>0</u>
Total minimum future rental payments	<u><u>\$ 307,378</u></u>

Operating lease payments and facility lease payments included in expense for the years ended June 30, 2006 and 2005 were \$164,921 and \$309,446, respectively. Certain operating leases provide for renewal options for periods from one to five years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

Note 7 - Contingencies

On June 27, 2002, Christian Enterprises entered into a Declaration of Covenant with the United States government to receive a 34.5 acre parcel adjacent to its 7.743 acre property. Christian Enterprises received this property by Quitclaim Deed subject to certain conditions for a period of thirty years. These conditions are that: a) the property be used exclusively for educational purposes, b) the school be in compliance with Title VI of the Civil Rights Act, and c) the school be operated by a non-profit organization, exempt from taxation under Section (501)(c)(3). Christian Enterprises is prohibited from selling, sub-leasing, encumbering, or disposing of the property during the thirty year period without the express written consent of the United States Secretary of Health, Education, and Welfare. Failure to comply with these conditions could cause the property to revert to and become the property of the United States government. A report is filed annually with the federal government certifying that all of the above conditions have been met. The property had an approximate fair market value of \$555,000.

Note 8 - Supplemental Cash Flow Information

	2006	2005
Interest paid	\$ 121,179	\$ 20,259
Interest expense	121,179	20,259

Near the end of the fiscal year, the Schools terminated a lease for campus space which was replaced by purchased property. Under the terms of the lease, there are costs which may be incurred to meet the obligations of the lease agreement. An estimate has been accrued. However, management lacks sufficient information to estimate whether any further costs will be incurred related to lease termination.

Note 9 - Line of Credit

Christian Enterprises maintains a line of credit of \$700,000 with a bank for supplemental working capital, secured by property at Maple Valley Elementary/Preschool campus in Renton. Any principal outstanding plus interest on this note is due May 31, 2007. As of June 30, 2006 and 2005, the balance was \$700,000 and \$500,000, respectively. The line bears interest at a rate of the Wall Street Journal prime rate plus 1.00 percent. The initial rate was 7.0% upon renewal.

Note 10 - Defined Contribution Plan

Christian Enterprises maintains a defined contribution pension plan which provides for salary deferral under Internal Revenue Code section 403(b). No matching contributions were made during the years ended June 30, 2006 and 2005.

Christian Enterprises dba Rainier Christian Schools
Notes to Financial Statements
For the years ended June 30, 2006 and 2005

Note 11 - Subsequent Event

In November of 2006, the Schools financed property to provide funds to reduce the balance of the line of credit and to provide permanent operating capital. The amount of the new loan is \$980,000. The term of the loan is five years with interest at 7.65%. Beginning December 25, 2011, the payment will adjust based on interest at the FHLB Seattle average plus 2.5%. The initial rate is projected at 7.61%. Payments are based on a 20 year amortization with the balance due on October 31, 2016 presently estimated at \$789,446.

Christian Enterprises dba Rainier Christian Schools
Schedule 1
Schedule of Functional Expenses
For the Year Ended June 30, 2006

	Program Services								Support Services				
	TOTAL	Rainier Christian High School	Rainier Christian Elem.- Kent View Campus	Rainier Christian Middle School	Rainier Christian Elem.- Maple Valley	Rainier Christian Elem.- Highlands	Little People Creative Learning Center	Transportation	Rainier Christian-Maple Valley Preschool / Child Care	Total Program Services	General and Administrative	Fundraising	Total Support Services
Program administration expenses	\$ 80,758	\$ 21,662	\$ 8,406	\$ 11,497	\$ 8,576	\$ 6,816	\$ 3,852	\$ 925	\$ 445	\$ 62,179	\$ 18,579	\$ 0	\$ 18,579
Academic expenses	194,870	41,722	43,080	29,126	46,975	26,003	4,983	0	2,981	194,870	0	0	0
Staff development	11,627	805	814	643	1,789	380	531	636	825	6,423	5,204	0	5,204
Student services and activities	160,286	35,567	13,687	29,751	30,551	20,650	20,381	0	9,699	160,286	0	0	0
Athletic expenses	68,203	46,963	0	21,240	0	0	0	0	0	68,203	0	0	0
Advertising and promotion	38,533	0	0	0	0	0	0	0	6	6	38,527	0	38,527
Postage	9,425	1,196	327	1,200	592	437	161	23	0	3,936	5,489	0	5,489
Printing	4,920	45	24	113	0	0	24	47	131	384	4,536	0	4,536
Telephone	27,312	3,552	4,267	2,666	2,510	2,021	2,459	5,358	0	22,833	4,479	0	4,479
Transportation	49,393	0	0	0	0	0	0	49,393	0	49,393	0	0	0
Bad debts expense	53,811	0	0	0	0	0	0	0	0	0	53,811	0	53,811
Insurance	37,465	0	0	0	0	0	0	4,110	0	4,110	33,355	0	33,355
Dues and subscriptions	8,340	66	0	16	0	50	30	0	0	162	8,178	0	8,178
Miscellaneous expenses	77,859	1,859	2,478	490	18,466	0	500	545	25	24,363	6,854	46,642	53,496
Professional services	13,270	0	0	0	0	0	0	0	490	490	12,780	0	12,780
Licenses and permits	3,961	95	119	95	508	410	291	1,750	0	3,268	693	0	693
Development expenses	23,640	0	0	0	0	0	0	0	0	0	0	23,640	23,640
Outside services	14,810	0	0	0	0	0	0	0	0	0	14,810	0	14,810
Special events	29,937	0	0	0	0	0	0	0	0	0	0	29,937	29,937
Facilities	421,532	156,635	56,449	66,478	47,881	40,084	32,116	0	2,363	402,006	19,526	0	19,526
Depreciation	169,673	43,671	23,485	11,319	44,881	26,788	5,879	6,544	0	162,567	7,106	0	7,106
Interest	121,179	0	0	0	0	0	0	0	0	0	121,179	0	121,179
Personnel	4,128,699	767,728	703,333	421,150	696,959	426,449	308,118	159,347	173,601	3,656,685	442,822	29,192	472,014
	<u>\$ 5,749,503</u>	<u>\$ 1,121,566</u>	<u>\$ 856,469</u>	<u>\$ 595,784</u>	<u>\$ 899,688</u>	<u>\$ 550,088</u>	<u>\$ 379,325</u>	<u>\$ 228,678</u>	<u>\$ 190,566</u>	<u>\$ 4,822,164</u>	<u>\$ 797,928</u>	<u>\$ 129,411</u>	<u>\$ 927,339</u>

See report of independent auditor.

Christian Enterprises dba Rainier Christian Schools
Schedule 2
Schedule of Functional Expenses
For the Year Ended June 30, 2005

	Program Services								Support Services				
	TOTAL	Rainier Christian High School	Rainier Christian Elem.-Kent View Campus	Rainier Christian Middle School	Rainier Christian Elem.-Maple Valley	Rainier Christian Elem.- Highlands	Little People Creative Learning Center	Transportation	Rainier Christian- Maple Valley Preschool / Child Care	Total Program Services	General and Administrative	Fundraising	Total Support Services
Program administration expenses	\$ 81,505	\$ 17,982	\$ 9,846	\$ 10,525	\$ 8,629	\$ 5,705	\$ 4,398	\$ 1,611	\$ 428	\$ 59,124	\$ 22,381	\$ 0	\$ 22,381
Academic expenses	173,861	35,133	48,176	27,117	44,350	13,323	4,838	0	924	173,861	0	0	0
Staff development	7,523	818	2,257	167	1,316	473	0	596	555	6,182	1,341	0	1,341
Student services and activities	178,670	31,574	40,897	39,510	20,837	14,327	25,548	0	5,977	178,670	0	0	0
Athletic expenses	73,232	43,463	0	29,769	0	0	0	0	0	73,232	0	0	0
Advertising and promotion	43,906	0	0	0	0	0	0	0	12	12	43,894	0	43,894
Postage	15,530	1,938	878	1,232	454	548	92	87	0	5,229	10,301	0	10,301
Printing	7,977	257	22	612	0	22	0	32	89	1,034	6,943	0	6,943
Telephone	25,023	3,012	3,985	2,633	2,845	1,976	1,950	4,681	0	21,082	3,941	0	3,941
Transportation	42,670	0	0	0	0	0	0	42,670	0	42,670	0	0	0
Bad debts expense	68,678	0	0	0	0	0	0	0	0	0	68,678	0	68,678
Insurance	34,085	0	0	0	0	0	0	3,706	0	3,706	30,379	0	30,379
Dues and subscriptions	8,523	65	148	526	324	77	0	0	0	1,140	7,383	0	7,383
Miscellaneous expenses	22,322	0	219	0	0	80	0	334	0	633	0	21,689	21,689
Professional services	15,025	0	0	0	0	0	0	0	20	20	15,005	0	15,005
Licenses and permits	3,759	145	707	145	587	420	509	1,236	0	3,749	10	0	10
Development expenses	14,901	0	0	0	0	0	0	0	0	0	0	14,901	14,901
Outside services	8,837	0	0	0	0	0	0	0	0	0	8,837	0	8,837
Special events	29,007	0	0	0	0	0	0	0	0	0	0	29,007	29,007
Benevolence	889	0	0	0	0	0	0	0	0	0	889	0	889
Facilities	466,776	118,699	106,835	68,513	41,486	41,589	52,134	0	2,710	431,966	34,810	0	34,810
Depreciation	139,439	30,829	19,750	9,042	44,369	17,845	3,846	7,936	0	133,617	5,822	0	5,822
Interest	20,705	0	0	0	0	0	0	0	0	0	20,705	0	20,705
Personnel	3,654,792	649,575	637,891	374,162	641,777	340,482	290,529	157,238	110,522	3,202,176	425,935	26,681	452,616
	<u>\$ 5,137,635</u>	<u>\$ 933,490</u>	<u>\$ 871,611</u>	<u>\$ 563,953</u>	<u>\$ 806,974</u>	<u>\$ 436,867</u>	<u>\$ 383,844</u>	<u>\$ 220,127</u>	<u>\$ 121,237</u>	<u>\$ 4,338,103</u>	<u>\$ 707,254</u>	<u>\$ 92,278</u>	<u>\$ 799,532</u>

See report of independent auditor.