



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2009

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2009 calendar year, or tax year beginning JUL 1, 2009 and ending JUN 30, 2010

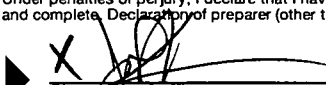
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type C Name of organization GROVES ACADEMY Doing Business As	D Employer identification number 41-0979871
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 3200 HIGHWAY 100 SOUTH	E Telephone number 952-920-6377
	City or town, state or country, and ZIP + 4 ST. LOUIS PARK, MN 55416	G Gross receipts \$ 8,052,455. H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
	F Name and address of principal officer. JOHN ALEXANDER 3200 HIGHWAY 100 SOUTH, ST LOUIS PARK, MN 55416	H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c) (3) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: WWW.GROVESACADEMY.ORG		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1951 M State of legal domicile: MN

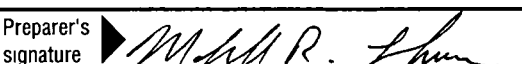
Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: SCHOOL FOR CHILDREN WITH LEARNING DISABILITIES	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	3	Number of voting members of the governing body (Part VI, line 1a)	3 21
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4 21
	5	Total number of employees (Part V, line 2a)	5 104
	6	Total number of volunteers (estimate if necessary)	6 200
	7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a 0.
	b	Net unrelated business taxable income from Form 990-T, line 34	7b 0.
Revenue	8	Contributions and grants (Part VII, line 1h)	Prior Year: 2,526,867. Current Year: 3,368,778.
	9	Program service revenue (Part VII, line 2g)	3,997,080. 4,576,493.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	59,439. 71,727.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	39,727. 35,457.
	12	Total revenue. Add lines 8 through 11 (must equal Part VIII, column (A), line 12)	6,623,113. 8,052,455.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	
	14	Benefits paid to or for members (Part IX, column (A), line 4)	
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,598,623. 4,025,727.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 426,583.	
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	1,785,938. 2,264,866.	
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	5,384,561. 6,290,593.	
19	Revenue less expenses. Subtract line 18 from line 12	1,238,552. 1,761,862.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year: 10,463,917. End of Year: 17,604,515.
	21	Total liabilities (Part X, line 26)	782,446. 5,927,955.
	22	Net assets or fund balances. Subtract line 21 from line 20	9,681,471. 11,676,560.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here:  Date: 3/3/2011
 Signature of officer: JOHN ALEXANDER, HEAD OF SCHOOL
 Type of print name and title

Paid Preparer's Use Only: Preparer's signature:  Date: 2/3/11 Check if self-employed: Preparer's identifying number (see instructions): 900051907
 Firm's name (or yours if self-employed), address, and ZIP + 4: LURIE BESIKOF LAPIDUS & COMPANY, LLP
 2501 WAYZATA BOULEVARD
 MINNEAPOLIS, MN 55405-2197
 EIN: Phone no.: (612) 377-4404

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

SCANNED APR 04 2010

14

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission. SEE SCHEDULE O FOR CONTINUATION THE MISSION OF GROVES ACADEMY (GROVES OR THE SCHOOL) IS TO ENABLE PEOPLE WITH LEARNING, ATTENTION, AND LANGUAGE DISORDERS TO ACHIEVE SUCCESS IN SCHOOL AND IN LIFE. AS AN INDEPENDENT SCHOOL, WE PROVIDE SMALL CLASSES AND SPECIALIZED STAFF TO TEACH STUDENTS THE SKILLS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

SEE SCHEDULE O FOR CONTINUATION(S)

4a (Code:) (Expenses \$ 4,318,124. including grants of \$ 612,980.) (Revenue \$ 4,210,178.) THE DAY SCHOOL - THE PRIMARY GOAL FOR STUDENTS AT GROVES IS TO STRENGTHEN THEIR BASIC ACADEMIC SKILLS. CURRICULUM AND INSTRUCTION FOR STUDENTS IN GRADES 1-12 ARE BASED ON THE BELIEF THAT STUDENTS WITH LEARNING DISABILITIES LEARN BEST WHEN INSTRUCTION ADDRESSES INDIVIDUAL STRENGTHS AND WEAKNESSES. TO FACILITATE THIS BELIEF, EACH STUDENT'S COGNITIVE, ACADEMIC, AND SOCIAL STRENGTHS AND WEAKNESSES ARE IDENTIFIED, AND AN INDIVIDUAL EDUCATIONAL PROGRAM IS DESIGNED. STUDENTS ARE GROUPED INTO SMALL CLASSES, METHODS AND MATERIALS ARE GEARED TOWARD INDIVIDUAL NEEDS, AND STUDENTS ARE ACTIVELY ENGAGED IN LEARNING THROUGH MULTI-SENSORY INSTRUCTION. TEACHERS GUIDE STUDENTS' LEARNING BY COMBINING PROFESSIONAL EXPERTISE WITH COMPASSION, RECOGNIZING THAT THE FOUNDATION OF LEARNING IS THE HUMAN RELATIONSHIP DEVELOPED BETWEEN

4b (Code:) (Expenses \$ 215,989. including grants of \$) (Revenue \$ 122,320.) DIAGNOSTIC ASSESSMENT SERVICES - DIAGNOSTIC ASSESSMENT SERVICES ARE PROVIDED TO GROVES' STUDENTS AND TO CHILDREN (AND ADULTS) WHO ARE NOT ENROLLED AT GROVES. INDIVIDUAL PSYCHOLOGICAL AND EDUCATIONAL ASSESSMENTS ARE DESIGNED TO IDENTIFY COGNITIVE STRENGTHS AND WEAKNESSES, ACADEMIC AND EMOTIONAL NEEDS, AND LEARNING STYLE PREFERENCES. RECOMMENDATIONS ARE MADE THAT WILL ASSIST PARENTS, SCHOOLS AND OTHER PROFESSIONALS OR AGENCIES.

4c (Code:) (Expenses \$ 286,073. including grants of \$) (Revenue \$ 243,995.) OUTREACH PROGRAMS - GROVES OUTREACH PROGRAMS ARE DESIGNED TO PROVIDE SUPPORT, TRAINING AND COLLABORATION TO STUDENTS, FAMILIES AND PROFESSIONALS WHOSE LIVES HAVE BEEN TOUCHED BY LEARNING, LANGUAGE, AND ATTENTION DISORDERS.

AFTER SCHOOL TUTORIAL SERVICES - AFTER SCHOOL TUTORIAL SERVICES ARE OFFERED FOR GROVES' STUDENTS AND FOR STUDENTS NOT ENROLLED AT GROVES. MEMBERS OF THE GROVES FACULTY PROVIDE 1:1 TUTORING SERVICES. TUTORING IS USUALLY A COMBINATION OF REMEDIAL WORK AND ASSISTANCE WITH REGULAR SCHOOL WORK. TEACHING TECHNIQUES AND MATERIALS ARE SPECIFICALLY DESIGNED TO MEET EACH STUDENT'S BACKGROUND AND NEEDS.

4d Other program services. (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses \$ 4,820,186.

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities? <i>If "Yes," complete Schedule C, Part II</i>		X
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? <i>If "Yes," complete Schedule C, Part III</i>		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
11	Is the organization's answer to any of the following questions "Yes"? <i>If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable</i>	X	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>		
	• Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i>		
	• Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>		
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i>		
	• Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>		
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? <i>If "Yes," complete Schedule D, Part X</i>		
12	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>	X	
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional</i>		
		Yes	No
12A			X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	X	
14a	Did the organization maintain an office, employees, or agents outside of the United States?		X
14b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Part I</i>		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Part II</i>		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Part III</i>		X
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	X	
24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
24d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
25b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties, (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
28a a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
28b b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
28c c An entry of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>		X
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U S Information Returns. Enter -0- if not applicable		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body		
1a		21
b Enter the number of voting members that are independent		
1b		21
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4 Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		X
5 Did the organization become aware during the year of a material diversion of the organization's assets?		X
6 Does the organization have members or stockholders?		X
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	X	
b Each committee with authority to act on behalf of the governing body?	X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X
g		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code)

	Yes	No
10a Does the organization have local chapters, branches, or affiliates?		X
b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
10b		
11 Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	X	
11A Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Does the organization have a written conflict of interest policy? If "No," go to line 13	X	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12b	X	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	X	
12c	X	
13 Does the organization have a written whistleblower policy?	X	
13	X	
14 Does the organization have a written document retention and destruction policy?	X	
14	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	X	
15a	X	
b Other officers or key employees of the organization	X	
15b	X	
If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.)		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16a		X
b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		
16b		

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed **MN**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request
- 19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **JEFF NELSON - 952-915-4258**
3200 HIGHWAY 100 SOUTH, ST. LOUIS PARK, MN 55416

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if the organization did not compensate any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
THOMAS SCHNACK TRUSTEE	1.00	X					0.	0.	0.	
KAREN SANGER TRUSTEE	1.00	X					0.	0.	0.	
CHUCK WEIL TREASURER	1.00	X					0.	0.	0.	
DEBRA HAMILTON TRUSTEE	1.00	X					0.	0.	0.	
MARY BEAN TRUSTEE	1.00	X					0.	0.	0.	
PETER BROWN TRUSTEE	1.00	X					0.	0.	0.	
KEENEN DAMMEN TRUSTEE	1.00	X					0.	0.	0.	
JUD DAYTON TRUSTEE	1.00	X					0.	0.	0.	
VINCE FLYNN TRUSTEE	1.00	X					0.	0.	0.	
DEBORAH HERRERA TRUSTEE	1.00	X					0.	0.	0.	
MICHEAL HOBBS TRUSTEE	1.00	X					0.	0.	0.	
KAREN KOENIG TRUSTEE	1.00	X					0.	0.	0.	
JIM MEINEN TRUSTEE	1.00	X					0.	0.	0.	
NANCY NORDMEYER TRUSTEE	1.00	X					0.	0.	0.	
SUANNE ORENSTEIN TRUSTEE	1.00	X					0.	0.	0.	
TOM SASS CHAIR	1.00	X					0.	0.	0.	
NOA STARYK SECRETARY	1.00	X					0.	0.	0.	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
GAIL TRONNES TRUSTEE	1.00	X						0.	0.	0.
WAYNE VOLLAND TRUSTEE	1.00	X						0.	0.	0.
JASON WILLIAMS VICE CHAIR	1.00	X						0.	0.	0.
PETER CLARK TRUSTEE	1.00	X						0.	0.	0.
JOHN ALEXANDER HEAD OF SCHOOL	55.00			X	X			159,372.	0.	6,581.
JEFFREY NELSON DIRECTOR OF FINANCE AND	50.00			X	X			109,631.	0.	5,059.
1b Total								269,003.	0.	11,640.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **2**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. **NONE**

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **0**

Part VIII		Statement of Revenue		(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1 a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,368,778.				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f		▶ 3,368,778.				
Program Service Revenue	2 a	STUDENT TUITION	Business Code 611600	4,434,728.	4,434,728.			
	b	DIAGNOSTIC FEES	611710	122,320.	122,320.			
	c	STUDENT FEES	611600	15,940.	15,940.			
	d	CONFERENCES - OUTREACH	611710	3,505.	3,505.			
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		▶ 4,576,493.				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		71,727.			71,727.	
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6 a	Gross Rents	(i) Real	19,201.				
			(ii) Personal					
			b	Less: rental expenses				
			c	Rental income or (loss)	19,201.			
	d	Net rental income or (loss)		▶ 19,201.			19,201.	
	7 a	Gross amount from sales of assets other than inventory	(i) Securities					
			(ii) Other					
			b	Less: cost or other basis and sales expenses				
			c	Gain or (loss)				
	d	Net gain or (loss)		▶				
	8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
			b	Less: direct expenses				
c			Net income or (loss) from fundraising events		▶			
9 a	Gross income from gaming activities. See Part IV, line 19	a						
		b	Less: direct expenses					
		c	Net income or (loss) from gaming activities		▶			
10 a	Gross sales of inventory, less returns and allowances	a						
		b	Less: cost of goods sold					
		c	Net income or (loss) from sales of inventory		▶			
Miscellaneous Revenue		Business Code						
11 a	MISCELLANEOUS	611710	16,256.			16,256.		
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		▶ 16,256.					
12	Total revenue. See instructions.		▶ 8,052,455.	4,576,493.	0.	107,184.		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	619,776.	463,589.	125,972.	30,215.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,792,002.	2,088,401.	567,486.	136,115.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	119,783.	89,837.	23,957.	5,989.
9 Other employee benefits	232,212.	165,787.	53,073.	13,352.
10 Payroll taxes	261,954.	202,634.	47,356.	11,964.
11 Fees for services (non-employees).				
a Management				
b Legal	18,474.		18,474.	
c Accounting	19,954.		19,954.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	22,185.		22,185.	
g Other				
12 Advertising and promotion				
13 Office expenses	93,858.	88,431.	5,136.	291.
14 Information technology				
15 Royalties				
16 Occupancy	71,760.	67,311.	3,373.	1,076.
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	157,698.	147,921.	7,412.	2,365.
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	577,897.	542,067.	27,161.	8,669.
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a INTERNAL DISCOUNT OF TU	612,980.	612,980.		
b MISCELLANEOUS EXPENSE	292,507.	149,462.	83,730.	59,315.
c FUNDRAISING COSTS	105,081.			105,081.
d STUDENT ACTIVITIES	90,057.	90,057.	0.	0.
e REPAIRS & MAINTENANCE	78,428.	73,566.	3,686.	1,176.
f All other expenses	123,987.	38,143.	34,869.	50,975.
25 Total functional expenses. Add lines 1 through 24f	6,290,593.	4,820,186.	1,043,824.	426,583.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	50,579.	1	4,160.
	2 Savings and temporary cash investments	406,059.	2	2,265,624.
	3 Pledges and grants receivable, net	1,117,388.	3	2,295,809.
	4 Accounts receivable, net	19,758.	4	30,992.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L			
	7 Notes and loans receivable, net			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	57,221.	9	68,097.
	10a Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	10a 13,473,651.		
	b Less: accumulated depreciation	10b 3,446,886.	10c	10,026,765.
	11 Investments - publicly traded securities	2,095,789.	11	2,692,398.
	12 Investments - other securities. See Part IV, line 11	101,908.	12	112,251.
	13 Investments - program-related See Part IV, line 11		13	
	14 Intangible assets		14	108,419.
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	10,463,917.	16	17,604,515.	
Liabilities	17 Accounts payable and accrued expenses	469,563.	17	505,788.
	18 Grants payable		18	
	19 Deferred revenue	312,883.	19	332,167.
	20 Tax-exempt bond liabilities		20	4,590,000.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	500,000.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities. Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	782,446.	26	5,927,955.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	6,137,931.	27	7,236,654.
	28 Temporarily restricted net assets	1,735,640.	28	2,632,006.
	29 Permanently restricted net assets	1,807,900.	29	1,807,900.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	9,681,471.	33	11,676,560.
	34 Total liabilities and net assets/fund balances	10,463,917.	34	17,604,515.

Part XI Financial Statements and Reporting

1 Accounting method used to prepare the Form 990 Cash Accrual Other _____

If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both

Separate basis Consolidated basis Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form 990 (2009)

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f)) 14 %

15 Public support percentage from 2008 Schedule A, Part II, line 14 15 %

16a 33 1/3% support test - 2009. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support test - 2008. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization

17a 10% -facts-and-circumstances test - 2009. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization

b 10% -facts-and-circumstances test - 2008. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization

18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions

Part III Support Schedule for Organizations Described in Section 509(a)(2) (Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11, and 12)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2009. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2008. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public
Inspection

Name of the organization

GROVES ACADEMY

Employer identification number

41-0979871

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	
b Total acreage restricted by conservation easements	
c Number of conservation easements on a certified historic structure included in (a)	
d Number of conservation easements included in (c) acquired after 8/17/06	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items.

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply).

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
1c	
1d	
1e	
1f	

- c Beginning balance
- d Additions during the year
- e Distributions during the year
- f Ending balance

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	1,775,452.	1,704,108.			
b Contributions		302,000.			
c Net investment earnings, gains, and losses	264,619.	<230,656.>			
d Grants or scholarships					
e Other expenditures for facilities and programs	52,000.				
f Administrative expenses					
g End of year balance	1,988,069.	1,775,452.			

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment ▶ _____ %
- b Permanent endowment ▶ _____ %
- c Term endowment ▶ _____ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Investments - Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		120,000.		120,000.
b Buildings		11,739,524.	2,445,272.	9,294,252.
c Leasehold improvements				
d Equipment		1,614,127.	1,001,614.	612,513.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				10,026,765.

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	8,052,455.
2	Total expenses (Form 990, Part IX, column (A), line 25)	6,290,593.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	1,761,862.
4	Net unrealized gains (losses) on investments	233,227.
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV.)	
9	Total adjustments (net) Add lines 4 through 8	233,227.
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	1,995,089.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	7,672,703.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
a	Net unrealized gains on investments	233,228.
b	Donated services and use of facilities	
c	Recoveries of prior year grants	
d	Other (Describe in Part XIV.)	
e	Add lines 2a through 2d	233,228.
3	Subtract line 2e from line 1	7,439,475.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	
b	Other (Describe in Part XIV.)	612,980.
c	Add lines 4a and 4b	612,980.
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	8,052,455.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	5,677,613.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:	
a	Donated services and use of facilities	
b	Prior year adjustments	
c	Other losses	
d	Other (Describe in Part XIV.)	
e	Add lines 2a through 2d	0.
3	Subtract line 2e from line 1	5,677,613.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	
b	Other (Describe in Part XIV.)	612,980.
c	Add lines 4a and 4b	612,980.
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	6,290,593.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b; Part V, line 4, Part X, line 2; Part XI, line 8, Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

DISCOUNT ON TUITION AWARDED AS SCHOLARSHIPS

SCHEDULE E
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Schools

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 13,
or Form 990-EZ, Part VI, line 48.**
▶ **Attach to Form 990 or Form 990-EZ.**

OMB No 1545-0047

2009

**Open to Public
Inspection**

Name of the organization **GROVES ACADEMY** Employer identification number **41-0979871**

	YES	NO
1 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	X	
2 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	X	
3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. If you need more space, use Schedule O (Form 990) THE ORGANIZATION PUBLICIZES ITS POLICY ON ITS WEBSITE AND ON PROMOTIONAL MATERIALS.	X	
4 Does the organization maintain the following?		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	X	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. If you need more space, use Schedule O (Form 990).	X	
5 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		X
b Admissions policies?		X
c Employment of faculty or administrative staff?		X
d Scholarships or other financial assistance?		X
e Educational policies?		X
f Use of facilities?		X
g Athletic programs?		X
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. If you need more space, use Schedule O (Form 990).		X
6a Does the organization receive any financial aid or assistance from a governmental agency?	X	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either line 6a or line 6b, explain on Schedule O (Form 990).		X
7 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," explain on Schedule O (Form 990).	X	

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ. Schedule E (Form 990 or 990-EZ) 2009

SEE SCHEDULE O FOR LINE 6 STATEMENT

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization

GROVES ACADEMY

Employer identification number

41-0979871

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- | | |
|--|---|
| <input type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization.

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of.

a The organization?

b Any related organization?

If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of.

a The organization?

b Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?

	Yes	No
1b		
2		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2009

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space is needed
 For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii).
 Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(i) JOHN ALEXANDER	159,372.	0.	0.	6,581.	0.	165,953.	0.
(ii)	0.	0.	0.	0.	0.	0.	0.
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							

SCHEDULE K (Form 990)
 Department of the Treasury
 Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds
 Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).
 Attach to Form 990. See separate instructions.

Name of the organization: **GROVES ACADEMY**
 Employer identification number: **41-0979871**

Part I Bond Issues
 SEE SCHEDULE O FOR COLUMN (F) CONTINUATIONS

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
CITY OF ST. LOUIS PARK, A MINNESOTA (EDUCATIONAL F		NONE	06/30/10	4,590,000.	BUILDING CONSTRUCTION		X		X
B									
C									
D									
E									

Part II Proceeds

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Total proceeds of issue				4,590,000.						
2 Gross proceeds in reserve funds										
3 Proceeds in refunding or defeasance escrows										
4 Other unspent proceeds										
5 Issuance costs from proceeds				91,641.						
6 Working capital expenditures from proceeds										
7 Capital expenditures from proceeds				4,498,359.						
8 Year of substantial completion				2011						
9 Were the bonds issued as part of a current refunding issue?			X							
10 Were the bonds issued as part of an advance refunding issue?			X							
11 Has the final allocation of proceeds been made?	X									
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X									

Part III Private Business Use

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X								
2 Are there any lease arrangements with respect to the financed property which may result in private business use?		X								

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Part III Private Business Use (Continued)										
3a Are there any management or service contracts with respect to the financed property which may result in private business use?		X								
b Are there any research agreements with respect to the financed property which may result in private business use?		X								
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X									
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		.00	%			%				%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		.00	%			%				%
6 Total of lines 4 and 5		.00	%			%				%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X									
Part IV Arbitrage										
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X								
2 Is the bond issue a variable rate issue?		X								
3a Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		X								
b Name of provider										
c Term of hedge										
4a Were gross proceeds invested in a GIC?		X								
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?		X								
6 Did the bond issue qualify for an exception to rebate?		X								

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public
Inspection

Name of the organization

GROVES ACADEMY

Employer identification number
41-0979871

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

NEEDED TO LEARN INDEPENDENTLY, ENGAGE IN SELF-ADVOCACY, AND DEVELOP
SOCIAL COMPETENCE. AS AN OUTREACH CENTER, WE CONTRIBUTE TO THE
UNDERSTANDING OF LEARNING DIFFICULTIES THROUGH PROGRAMS AND SERVICES
FOR FAMILIES, EDUCATORS AND OTHER PROFESSIONALS. AS A LEARNING
COMMUNITY, WE VALUE OUR DIFFERENCES AND PROVIDE A RESPONSIVE AND
RESPECTFUL ENVIRONMENT.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

TEACHER AND STUDENT. MANY GROVES STUDENTS RETURN SUCCESSFULLY TO
MAINSTREAM EDUCATION AFTER THEY HAVE MADE SIGNIFICANT PROGRESS IN
ACADEMICS, LEARNING STRATEGIES AND SELF-ADVOCACY AT GROVES.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:

SATURDAY SOCIAL SKILLS GROUPS - SATURDAY SOCIAL SKILLS CLASSES ARE
DESIGNED FOR STUDENTS AGES 8-15 WHO EXPERIENCE DIFFICULTY WITH SOCIAL
INTERACTIONS. CLASSES ARE TAUGHT BY GROVES' FACULTY AND ARE OPEN TO
GROVES' STUDENTS AND CHILDREN WHO ARE NOT ENROLLED AT GROVES.
RECREATIONAL ACTIVITIES COMBINED WITH DIRECT INSTRUCTION HELP CHILDREN
TO DEVELOP POSITIVE PEER RELATIONSHIPS AND SOCIAL COMMUNICATION SKILLS.

LD COLLEGE FAIR AND POST-SECONDARY OPTIONS - THIS ANNUAL EVENT IS
OFFERED FREE OF CHARGE TO THE GENERAL PUBLIC. IT BRINGS TOGETHER A WIDE
RANGE OF COLLEGES AND POST-SECONDARY OPTIONS WHICH OFFER PROGRAMS AND
ACCOMMODATIONS FOR HIGH SCHOOL GRADUATES WHO HAVE LEARNING, ATTENTION
AND LANGUAGE DISORDERS ALONG WITH OTHER ACADEMIC CHALLENGES.

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public
Inspection

Name of the organization

GROVES ACADEMY

Employer identification number
41-0979871

COMMUNITY OUTREACH - CONFERENCES, SPEAKERS, IN-SERVICE TRAINING AND RESEARCH OPPORTUNITIES ARE OFFERED TO PARENTS AND PROFESSIONALS WHO HAVE AN INTEREST IN LEARNING DISABILITIES AND ATTENTION DEFICIT DISORDERS. SUPPORT CAN BE PERSONALIZED IN RESPONSE TO SPECIFIC REQUESTS OR GENERALIZED TO LARGER GROUPS OF PARENTS, TEACHERS, OR OTHER PEOPLE WHO WORK WITH CHILDREN.

FORM 990, PART VI, SECTION B, LINE 11: THE BOARD FINANCE/AUDIT COMMITTEE WILL PROVIDE OVERSIGHT TO THE ANNUAL PREPARATION OF FORM 990. THIS COMMITTEE IS RESPONSIBLE TO PROVIDE PERIODIC REPORTS AND UPDATES TO THE BOARD OF TRUSTEES. PRIOR TO FILING FORM 990, EACH VOTING MEMBER OF THE BOARD OF TRUSTEES WILL BE PROVIDED A FULL COPY OF FORM 990 AND THE OPPORTUNITY TO COMMENT.

FORM 990, PART VI, SECTION B, LINE 12C: EACH DIRECTOR, OFFICER AND MEMBER OF A COMMITTEE WITH BOARD-DELEGATED POWERS SHALL COMPLETE, SIGN AND DELIVER TO THE CHAIR A CONFLICTS OF INTEREST POLICY ANNUAL STATEMENT AND A CONFIDENTIALITY AGREEMENT AT THE TIME OF INITIAL ELECTION OR APPOINTMENT AND ANNUALLY THEREAFTER.

FORM 990, PART VI, SECTION B, LINE 15: COMPENSATION AND BENEFITS FOR THE HEAD OF SCHOOL AND OTHER KEY EMPLOYEES ARE REVIEWED ANNUALLY BY THE PERSONNEL COMMITTEE OF THE BOARD. COMPENSATION LEVELS ARE DETERMINED AFTER CONSIDERING THE COMPETITIVE MARKET IN WHICH GROVES COMPETES FOR TALENT, THE INSTITUTION'S PROGRESS IN FULFILLING ITS MISSION, AND PERFORMANCE

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule O (Form 990) 2009

932211
02-03-10

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public
Inspection

Name of the organization

GROVES ACADEMY

Employer identification number
41-0979871

FEEDBACK GATHERED FROM THE COMMITTEE AND OTHER KEY CONSTITUENCIES.

COMPENSATION DECISIONS FOR THE HEAD OF SCHOOL ARE DETERMINED AND APPROVED
BY THE PERSONNEL COMMITTEE WITH INPUT FROM THE FINANCE AND EXECUTIVE
COMMITTEES. COMPENSATION DECISIONS FOR OTHER KEY EMPLOYEES ARE RECOMMENDED
BY THE HEAD OF SCHOOL AND REVIEWED AND APPROVED BY THE PERSONNEL COMMITTEE.

FORM 990, PART VI, SECTION C, LINE 19: THE ORGANIZATION MAKES IT'S
FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC THROUGH THE CHARITIES DIVISION
OF THE MINNESOTA ATTORNEY GENERAL'S OFFICE.

THE BUDGET AND FINANCE COMMITTEE OF THE BOARD OF TRUSTEES IS
RESPONSIBLE FOR REVIEWING THE AUDITED FINANCIAL STATEMENTS. THIS
PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

SCHEDULE E, LINE 6 - EXPLANATION OF GOVERNMENT FINANCIAL AID:

GROVES ACADEMY RECEIVES AID FROM THE STATE OF MINNESOTA THROUGH THE ISD
#283 (ST LOUIS PARK).

SCHEDULE K, PART I, BOND ISSUES:

(A) ISSUER NAME:

CITY OF ST. LOUIS PARK, MINNESOTA (EDUCATIONAL FACILITIES REVENUE BOND)

(B) DESCRIPTION OF PURPOSE: BUILDING CONSTRUCTION

FOOTNOTES

STATEMENT 1

FORM 990, PART II, LINE 42
PROPERTY AND EQUIPMENT ARE DEPRECIATED USING THE
STRAIGHT-LINE METHOD OVER THEIR ESTIMATED USEFUL
LIVES RANGING FROM THREE TO FORTY YEARS.
CURRENT YEAR DEPRECIATION EXPENSE

Depreciation and Amortization 990
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return GROVES ACADEMY	Business or activity to which this form relates FORM 990 PAGE 10	Identifying number 41-0979871
--	--	---

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount See the instructions for a higher limit for certain businesses	1	250,000.
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	800,000.
4 Reduction in limitation. Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	
6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2009	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27 5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year	/		40 yrs.	MM	S/L	

Part IV Summary (See instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return Partnerships and S corporations - see instr	22	577,897.
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year:					
43 Amortization of costs that began before your 2009 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

**STATE OF MINNESOTA
CHARITABLE ORGANIZATION INITIAL REGISTRATION & ANNUAL REPORT FORM**

ATTORNEY GENERAL LORI SWANSON
SUITE 1200, BREMER TOWER
445 MINNESOTA STREET
ST. PAUL, MN 55101-2130
(651) 296-6172
(651) 296-1410 (TTY)
www.ag.state.mn.us

Annual Reporting Initial Registration

FEDERAL EIN NUMBER: 41-0979871

FOR YEAR ENDING: 06/30/2010

SECTION ONE: REQUIRED INFORMATION FOR INITIAL REGISTRATION & ANNUAL REPORTING

1. *Legal Name of Organization:* Groves Academy

If annual reporting, is this a new name since the organization's last filing? Yes No

If so, please state former name: _____

2. List all names under which the organization solicits contributions:
Groves Academy

<p>3. <i>Mailing Address of Organization</i> <u>3200 Highway 100 South</u> <u>St. Louis Park, MN 55416</u></p>	<p><i>Physical Address of Organization</i> <u>3200 Highway 100 South</u> <u>St. Louis Park, MN 55416</u></p>
--	--

<p>4. <i>Contact Person</i> <u>Jeff Nelson</u> <i>Tel. No.</i> <u>(952) 915-4258</u></p>	<p><i>E-mail</i> _____ <i>Fax No.</i> _____</p>
--	---

5. Complete the following for the most recent twelve-month accounting year. *While this information should reflect the financials on the IRS Form 990, this section is required to be completed even if an IRS Form 990 is attached. Before completing this section, please refer to the Instructions.*

INCOME	For Year Ending: <u>06/30/2010</u>
Contributions from the public	\$ <u>3,368,778.00</u>
Government Grants	\$ _____
Other revenue	\$ <u>4,683,677.00</u>
TOTAL REVENUE	\$ <u>8,052,455.00</u>

EXPENSES	
Amount spent for program or charitable purposes	\$ <u>4,820,186.00</u>
Management/general expense	\$ <u>1,043,824.00</u>
Fund-raising expense	\$ <u>426,583.00</u>
TOTAL EXPENSES	\$ <u>6,290,593.00</u>

EXCESS or DEFICIT	\$ <u>1,761,862.00</u>
TOTAL Assets	\$ <u>17,604,515.00</u>
TOTAL Liabilities	\$ <u>5,927,955.00</u>

END OF YEAR FUND BALANCE/NET WORTH (Assets minus Liabilities) \$ 11,676,560.00

6. Does the organization use the services of a professional fund-raiser (outside solicitor or consultant)?
 Yes No

If so, provide name and address of any outside professional fund-raiser employed by the organization and state the total amount of compensation each outside fund-raiser received from the filing organization during the year. *Attach schedule if more than one.*

Name _____
Address _____
City _____ State _____ Zip _____ Compensation _____

7. Does this professional fund-raiser solicit or consult in Minnesota? Yes No

8. Month and day accounting year ends: June 30

9. Has the organization included the filing fee, late fee (if any) and all attachments required by the instructions? Yes No

For Office Use Only: \$25 \$50 \$75 A/R/F SIG 990 EZ PF F/E/S B/D SAL Audit

SECTION THREE: REQUIRED FOR ANNUAL REPORTING ONLY

ALL organizations MUST complete questions 1-5.

1. Has the organization's accounting year changed since the last report was filed? Yes No
If yes, provide the new year-end date: _____

2. **Attach** an explanation if there has been any change in the organization's tax status with the Internal Revenue Service; a significant change in the purposes of the organization; or if the organization's right to solicit funds has been denied, suspended, revoked or enjoined by any state agency or court in any state, or if there are proceedings pending. None Attached

3. List the **five** highest paid directors, officers and employees of the organization and its related organization(s) who receive total compensation of **\$50,000** or more, indicating their titles and total compensation paid to each. Total compensation includes salaries, fees, bonuses, fringe benefits, severance payments and deferred compensation paid by the organization and all related organizations. A "related organization" is an organization that controls, is controlled by or is under common control with another corporation. "Control" can exist through stock ownership or membership interests, the authority to appoint members, or the ability to direct the policies and management of other corporations. See Minn. Stat. § 317A.011, subd. 18.

	Name/Title	Compensation
1	John Alexander/Head of School	165,953
2	Jeffrey Nelson/Director of Finance	114,690
3	Todd Hanson/Director of Technology	94,305
4	Everet Boyd/Psychologist	92,876
5	Kathy Boone/Director of Education	88,550

4. **Attach** a list of organization's board of directors. Attached Included in IRS Return

5. **Attach a GAAP audit** if total revenue exceeds \$750,000. Attached
 Audit not included under the Food Shelf Exemption (excluding from total revenue the value of food donated to a nonprofit food shelf for redistribution at no cost).

6. Minnesota law requires that an organization file a copy of any IRS Form 990, 990-EZ, or 990-PF informational return that was filed with the IRS. Has the organization included with this annual report a copy of all IRS Form 990, 990-EZ or 990-PF informational returns that it filed with the IRS (excluding Schedule B or any other donor list required by the IRS)? Yes No

NOTE: By answering YES to the above question, you are attesting that the IRS information return filed with this office is an exact copy, including all schedules and attachments, of the IRS information return filed with the IRS (excluding Schedule B or any other donor list the IRS may require).

7. The following organizations must complete and return the statement of functional expenses below:
 1) organizations that do not file a return with the IRS; 2) organizations that file a 990-EZ or 990-PF; and 3) organizations that file an IRS Form 990 that does not contain a completed functional expenses statement within the IRS Form 990.

Statement of Functional Expenses				
Refer to 990	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S.				
2 Grants and other assistance to individuals in the U.S.				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S.				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a				
b				
c				
d All other expenses				
25 Total functional expenses. Add lines 1 through 24d				
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Must be prepared in accordance with generally accepted accounting principles.

SECTION FOUR: REQUIRED FOR INITIAL REGISTRATION & ANNUAL REPORTING

BOARD OF DIRECTORS
SIGNATURES AND ACKNOWLEDGMENT

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the Board Member (Title) and Treasurer (Title) respectively, and that we execute this document on behalf of the organization pursuant to the resolution of the Board of Trustees (Board of Directors, Trustees, or Managing Group) adopted on the 3 day of March, 2011, approving the contents of the document, and do hereby certify that the Board of Trustees (Board of Directors, Trustees or Managing Group) has assumed, and will continue to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the finances of the organization. We further state that the information supplied is true, correct and complete to the best of our knowledge.

X JUDSON M. DAYTON
Name (Print)

X Judson Dayton
Signature

X BOARD MEMBER
Title

X 3/3/11
Date

X MARK DONAHUE
Name (Print)

X Mark Donahue
Signature

X Treasurer
Title

X 3/4/11
Date

*** NOTICE ***

Documents required to be filed are public records. Please do not include *social security numbers, driver's license numbers or bank account numbers* on the documents filed with this Office as they are not required, but could become part of the public records. A charitable organization is not required to file a list of its donors. If it is included, it may become part of the public file.

GROVES ACADEMY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

June 30, 2010 and 2009

CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 19
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	20
Supplementary Schedule of Functional Expenses	21

INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Budget and Finance Committee
Groves Academy
St. Louis Park, Minnesota

We have audited the accompanying balance sheets of Groves Academy (the Organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Groves Academy as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lurie Besikof Lapidus & Company, LLP

Lurie Besikof Lapidus & Company, LLP

October 27, 2010

phone 612 377 4404
fax 612 377 1325

address 2501 Wayzata Boulevard
Minneapolis, MN 55405

website www.lblco.com

GROVES ACADEMY

BALANCE SHEETS

	June 30,	
ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 271,407	\$ 456,639
Pledges receivable, net	1,233,209	824,227
Accounts receivable, net	30,992	19,758
Investments	816,578	422,245
Bond escrow account	1,998,377	-
Prepaid expenses	68,097	57,221
Total current assets	<u>4,418,660</u>	<u>1,780,090</u>
PROPERTY AND EQUIPMENT, NET	<u>10,026,765</u>	<u>6,615,215</u>
OTHER ASSETS		
Pledges receivable, net of discount and current amount	1,062,600	293,160
Investments	1,988,071	1,775,452
Bond issuance costs	108,419	-
Total other assets	<u>3,159,090</u>	<u>2,068,612</u>
TOTAL ASSETS	<u>\$ 17,604,515</u>	<u>\$ 10,463,917</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank - line of credit	\$ 500,000	\$ -
Revenue bonds payable, current portion	70,793	-
Accounts payable	43,349	66,703
Deferred revenue	332,167	312,883
Accrued payroll and related taxes	462,439	402,860
Total current liabilities	<u>1,408,748</u>	<u>782,446</u>
REVENUE BONDS PAYABLE, less current maturities	<u>4,519,207</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,927,955</u>	<u>782,446</u>
NET ASSETS		
Unrestricted	7,236,654	6,137,931
Temporarily restricted	2,632,006	1,735,640
Permanently restricted	1,807,900	1,807,900
Total net assets	<u>11,676,560</u>	<u>9,681,471</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,604,515</u>	<u>\$ 10,463,917</u>

See notes to financial statements.

GROVES ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Tuition and fees				
Day school	\$ 4,018,323	\$ -	\$ -	\$ 4,018,323
Summer school	191,855	-	-	191,855
Post secondary	126,215	-	-	126,215
Diagnostic center	122,320	-	-	122,320
Tutoring	95,935	-	-	95,935
Saturday social skills	2,400	-	-	2,400
Less scholarships	<u>(612,980)</u>	<u>-</u>	<u>-</u>	<u>(612,980)</u>
Net tuition and fees	3,944,068	-	-	3,944,068
Gifts and contributions	289,366	3,079,412	-	3,368,778
Interest and dividend income	7,067	64,660	-	71,727
Gain on investments	44,945	188,283	-	233,228
Rental income	19,201	-	-	19,201
Other	<u>35,701</u>	<u>-</u>	<u>-</u>	<u>35,701</u>
	4,340,348	3,332,355	-	7,672,703
NET ASSETS RELEASED FROM RESTRICTION				
	<u>2,435,989</u>	<u>(2,435,989)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE				
	<u>6,776,337</u>	<u>896,366</u>	<u>-</u>	<u>7,672,703</u>
EXPENSES				
Program services	4,207,207	-	-	4,207,207
Management and general	1,043,824	-	-	1,043,824
Fundraising	<u>426,583</u>	<u>-</u>	<u>-</u>	<u>426,583</u>
Total expenses	<u>5,677,614</u>	<u>-</u>	<u>-</u>	<u>5,677,614</u>
INCREASE IN NET ASSETS				
	1,098,723	896,366	-	1,995,089
NET ASSETS				
Beginning of year	<u>6,137,931</u>	<u>1,735,640</u>	<u>1,807,900</u>	<u>9,681,471</u>
End of year	<u>\$ 7,236,654</u>	<u>\$ 2,632,006</u>	<u>\$ 1,807,900</u>	<u>\$ 11,676,560</u>

(continued)

See notes to financial statements.

GROVES ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Temporarily Restricted</u>	<u>Permanently Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Tuition and fees				
Day school	\$ 3,564,311	\$ -	\$ -	\$ 3,564,311
Summer school	198,403	-	-	198,403
Diagnostic center	137,975	-	-	137,975
Tutoring	66,020	-	-	66,020
Saturday social skills	4,550	-	-	4,550
Less scholarships	<u>(495,437)</u>	<u>-</u>	<u>-</u>	<u>(495,437)</u>
Net tuition and fees	3,475,822	-	-	3,475,822
Gifts and contributions	517,416	2,007,451	2,000	2,526,867
Interest and dividend income	9,314	50,125	-	59,439
Loss on investments	(28,627)	(236,454)	-	(265,081)
Rental income	35,014	-	-	35,014
Other	<u>30,534</u>	<u>-</u>	<u>-</u>	<u>30,534</u>
	4,039,473	1,821,122	2,000	5,862,595
NET ASSETS RELEASED FROM RESTRICTION				
	<u>532,613</u>	<u>(532,613)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>4,572,086</u>	<u>1,288,509</u>	<u>2,000</u>	<u>5,862,595</u>
EXPENSES				
Program services	3,652,642	-	-	3,652,642
Management and general	804,646	-	-	804,646
Fundraising	<u>431,836</u>	<u>-</u>	<u>-</u>	<u>431,836</u>
Total expenses	4,889,124	-	-	4,889,124
CHANGE IN NET ASSETS	(317,038)	1,288,509	2,000	973,471
NET ASSETS				
Beginning of year	<u>6,454,969</u>	<u>447,131</u>	<u>1,805,900</u>	<u>8,708,000</u>
End of year	<u>\$ 6,137,931</u>	<u>\$ 1,735,640</u>	<u>\$ 1,807,900</u>	<u>\$ 9,681,471</u>

See notes to financial statements.

GROVES ACADEMY
STATEMENTS OF CASH FLOWS

	June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,995,089	\$ 973,471
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	468,721	298,272
Amortization of bond costs	109,175	-
Unrealized (gain) loss on investments	(233,228)	265,081
Permanently restricted contributions	-	(2,000)
Changes in operating assets and liabilities:		
Pledges receivable, net	(1,178,422)	(929,759)
Accounts receivable, net	(11,234)	1,578
Prepaid expenses	(10,876)	11,417
Accounts payable	(9,031)	(3,854)
Deferred revenue	19,284	(52,860)
Accrued payroll and related taxes	59,579	60,389
Net cash provided by operating activities	1,209,057	621,735
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,153,258)	(828,024)
Proceeds from sale of investments	779,534	250,000
Purchases of property and equipment	(3,911,372)	(520,286)
Net cash used by investing activities	(4,285,096)	(1,098,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	500,000	-
Proceeds from issuance of revenue bonds	5,890,807	-
Payments on revenue bonds	(3,500,000)	-
Receipt of permanently restricted contributions	-	302,000
Net cash provided by financing activities	2,890,807	302,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(185,232)	(174,575)
CASH AND CASH EQUIVALENTS		
Beginning of year	456,639	631,214
End of year	\$ 271,407	\$ 456,639
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 156,205	\$ -
Noncash investing and financing activities:		
Property and equipment additions in accounts payable	3,020	34,121
Bond escrow account financed from bond proceeds	1,998,377	-
Bonds issuance costs financed from bond proceeds	200,816	-
Bond issuance costs in accounts payable	16,778	-

See notes to financial statements.

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

1. The Organization and Summary of Significant Accounting Policies –

Organizational Purpose

The mission of Groves Academy (Groves or the School) is to enable people with learning, attention and language disorders to achieve success in school and in life. As an independent K-12 school, we provide small classes and specialized staff to teach students the skills needed to learn independently, engage in self-advocacy, and develop social competence. As an outreach center, we contribute to the understanding of learning difficulties through programs and services for families, educators and other professionals. As a learning community, we value our differences and provide a responsive and respectful environment. The School is located in St. Louis Park, Minnesota, and can service approximately 250 students.

The programs through which the School accomplishes its mission are as follows:

The Day School

The primary goal for students at Groves is to strengthen their basic academic skills. Curriculum and instruction for students in grades 1 – 12 are based on the belief that students with learning disabilities learn best when instruction addresses individual strengths and weaknesses. To facilitate this belief, each student's cognitive, academic and social strengths and weaknesses are identified, and an individual educational program is designed. Students are grouped into small classes, methods and material are geared toward individual needs, and students are actively engaged in learning through multi-sensory instruction. Teachers guide students' learning by combining professional expertise with compassion, recognizing that the foundation of learning is the human relationship developed between teacher and student. Many students return successfully to mainstream education after they have made significant progress in academics, learning strategies and self-advocacy while at Groves.

Outreach Programs

Groves Outreach programs are designed to provide support, training and collaboration to students, families and professionals whose lives have been touched by learning, language, and attention disorders.

Summer School

Two two-week sessions of small group tutorials, individualized academic instruction, and social activity groups provide summer support and instruction for students who have academic or social needs.

Groves Post Secondary Program (GPS)

The Groves Post Secondary Program (GPS) is designed to help high school graduates make the successful transition to more independence by offering support in a variety of contexts. The program consists of three distinct components, including academic tutoring in specific college classes, an internship in the community, and participation in a custom furniture making business.

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – (continued)

Diagnostic Assessment Services

Diagnostic Assessment Services are provided to Groves' students and to children (and adults) who are not enrolled at Groves. Individual psychological and educational assessments are designed to identify cognitive strengths and weaknesses, academic and emotional needs, and learning style preferences. Recommendations are made that will assist parents, schools and other professionals or agencies.

After School Tutorial Services

After school tutorial services are offered for Groves' students and for students not enrolled at Groves. Members of the Groves faculty provide 1:1 tutoring services. Tutoring is usually a combination of remedial work and assistance with regular school work. Teaching techniques and material are specifically designed to meet each student's background and needs.

Saturday Social Skills Groups

Saturday Social Skills classes are designed for students ages 8 - 15 who experience difficulty with social interactions. Classes are taught by Groves' faculty and are open to Groves' students and children who are not enrolled at Groves. Recreational activities combined with direct instruction help children to develop positive peer relationships and social communication skills.

College Fair and Post-secondary Options

This annual event is offered free of charge to the general public. It brings together a wide range of colleges and post-secondary options which offer programs and accommodations for high school graduates who have learning, attention and language disorders along with other academic challenges.

Community Outreach

Conferences, speakers, in-service training and research opportunities are offered to parents and professionals who have an interest in learning disabilities and attention deficit disorders. Support can be personalized in response to specific requests or generalized to larger groups of parents, teachers, or other people who work with children.

Financial Statement Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted - Resources over which the Board of Trustees has discretionary control. Designated amounts, if any, represent those revenues which the Board has set aside for a particular purpose.

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – (continued)

Financial Statement Presentation – (continued)

Temporarily Restricted - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted - Those resources subject to donor imposed restriction that they be maintained permanently by the Organization. Income earned, including capital appreciation on related investments is used for unrestricted or temporarily restricted purposes.

Temporarily restricted contributions whose restrictions are met in the same period are recorded as unrestricted contributions.

Tax Exempt Status

The School qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable state regulations. Therefore no tax provision is included in the financial statements. The School has been classified as an organization that is not a private foundation under the Internal Revenue Code and contributions by donors are considered tax deductible.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures of the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Groves considers all highly liquid investments, except those held for investment, with an original maturity of three months or less, to be cash equivalents.

The Organization maintains cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – (continued)

Pledges Receivable

Unconditional pledges to give cash and other assets are reported at fair value at the date the promise is received. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. Management establishes an allowance for uncollectible pledges receivable as necessary.

Conditional pledges are not included as support until such time as the conditions are substantially met. The School received a conditional contribution of \$1,500,000 in 2009. The contribution was recognized as support as matching contributions were received for the capital campaign. At June 30, 2009, approximately \$617,000 of matching contributions were received and a similar amount of the conditional contribution was recognized as temporarily restricted gifts and contributions in 2009. In 2010, \$883,000 of matching contributions were received and a similar amount of the conditional contributions were received and recognized as temporarily restricted gifts and contributions.

Accounts Receivable

The Organization provides an allowance for bad debts based on management judgment considering historical information. Services are provided on an unsecured basis. Payment is required 30 days after receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectability. Accounts for which no payments have been received for 12 months are written off, with no further accrual of interest. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for uncollectible accounts receivable was approximately \$2,400 and \$3,100 at June 30, 2010 and 2009, respectively.

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. Acquisitions of property and equipment in excess of \$750 and all expenditures for repairs, maintenance, improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair market value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. The School reports expirations of donor restrictions when the donated or acquired assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment is depreciated using the straight-line method over their estimated useful lives ranging from three to forty years.

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – (continued)

Bond Issuance Costs

Bond issuance costs are amortized using the straight-line method over the bond term.

Valuation of Investments and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net investment gains and losses includes the School's gains and losses on investments bought and sold as well as held during the year.

Scholarships and Financial Aid

Tuition and fees reflect the School's normal tuition rates for all enrolled students. Scholarships are granted on the basis of financial need and available funding.

Donated Services

Amounts have been reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation.

Deferred Revenue

Payments received by the Organization for future classes are deferred and subsequently recognized as revenue in the year for which the payment applies.

Functional Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, are allocated on the best estimates of management.

Reclassifications

Reclassifications were made to the 2009 financial statements to conform to the 2010 presentation. The reclassifications had no effect on previously reported net assets, change in net assets, or net cash flows.

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

2. Pledges Receivable –

Pledges receivable consisted of:

	June 30,	
	<u>2010</u>	<u>2009</u>
Amounts due in:		
Less than one year	\$ 1,252,387	\$ 826,545
One to five years	<u>1,138,200</u>	<u>315,660</u>
	2,390,587	1,142,205
Allowance for uncollectible pledges	(19,178)	(2,318)
Unamortized discount	<u>(75,600)</u>	<u>(22,500)</u>
	<u>\$ 2,295,809</u>	<u>\$ 1,117,387</u>

The imputed interest rate used for computing the discount on long-term pledges was 3%.

3. Property and Equipment –

Property and equipment consisted of the following:

	June 30,	
	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 167,559	\$ 167,559
Buildings and improvements	11,648,585	7,944,196
Equipment	1,562,003	1,216,860
Vehicles	<u>52,124</u>	<u>36,924</u>
	13,430,271	9,365,539
Less accumulated depreciation	<u>3,446,886</u>	<u>2,978,165</u>
	9,983,385	6,387,374
Construction in progress	<u>43,380</u>	<u>227,841</u>
	<u>\$ 10,026,765</u>	<u>\$ 6,615,215</u>

4. Investments and Fair Value Measurements –

The framework for measuring fair value provided by accounting principles generally accepted in the United States of America (GAAP) provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

4. Investments and Fair Value Measurements – (continued)

The three levels of the fair value hierarchy under GAAP are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010 and 2009. Wells Fargo Bank, N.A. (Wells Fargo) manages the School's investment assets and provides investment advice to the School.

Corporate obligations: Valued at the quoted market price of obligations held by the School at year end.

Mutual funds: Valued at the net asset value of shares held by the School at year end.

Endowment TEI Fund L.P.: Valued based on information reported by Wells Fargo using the values of the underlying investment interest held by the Endowment Master Fund, L.P.

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

4. Investments and Fair Value Measurements – (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the School's investment assets at fair value as of June 30, 2010:

	Assets at Fair Value as of June 30, 2010			
	Level 1	Level 2	Level 3	Total
Current				
Municipal income mutual fund	\$ 816,471	\$ -	\$ -	\$ 816,471
Money market funds	107	-	-	107
	<u>816,578</u>	<u>-</u>	<u>-</u>	<u>816,578</u>
Noncurrent				
Mutual funds:				
Municipal income	103,591	-	-	103,591
Domestic fixed income	591,085	-	-	591,085
Domestic equity	220,172	-	-	220,172
International equity	79,716	-	-	79,716
Real estate fund	17,299	-	-	17,299
	<u>1,011,863</u>	<u>-</u>	<u>-</u>	<u>1,011,863</u>
Money market funds	75,989	-	-	75,989
Corporate obligations	787,968	-	-	787,968
Endowment TEI Fund, L.P.	-	-	112,251	112,251
	<u>1,875,820</u>	<u>-</u>	<u>112,251</u>	<u>1,988,071</u>
	<u>\$ 2,692,398</u>	<u>\$ -</u>	<u>\$ 112,251</u>	<u>\$ 2,804,649</u>

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

4. Investments and Fair Value Measurements – (continued)

The following table sets forth by level, within the fair value hierarchy, the School's investment assets at fair value as of June 30, 2009:

	Assets at Fair Value as of June 30, 2009			
	Level 1	Level 2	Level 3	Total
Current				
Money market funds	\$ 422,245	\$ -	\$ -	\$ 422,245
Noncurrent				
Mutual funds	754,814	-	-	754,814
Money market funds	397,129	-	-	397,129
Corporate obligations	521,601	-	-	521,601
Endowment TEI Fund, L.P.	-	-	101,908	101,908
	<u>1,673,544</u>	<u>-</u>	<u>101,908</u>	<u>1,775,452</u>
	\$ <u>2,095,789</u>	\$ <u>-</u>	\$ <u>101,908</u>	\$ <u>2,197,697</u>

The following table sets forth a summary of changes in the fair value of the School's level 3 assets. The net change in fair value is included in the statement of activities.

	Investments
Balance as of June 30, 2008	\$ 127,947
Net unrealized depreciation in fair value of investment	<u>(26,039)</u>
Balance as of June 30, 2009	101,908
Net unrealized appreciation in fair value of investments	<u>10,343</u>
Balance as of June 30, 2010	\$ <u>112,251</u>

5. Bond Issuance Costs –

The School incurred approximately \$108,400 and \$109,200 in connection with the 2010 and 2009 bond issues, respectively (Note 7). The \$109,200 was expensed in 2010 when the 2009 bond issue was refinanced. Amortization expense is estimated to be approximately \$10,800 for each of 2011 to 2015.

6. Bank Line of Credit –

The School has a \$500,000 bank line of credit bearing interest at the greater of the prime rate plus .15%, or 5%, expiring November 30, 2010, and secured by the School's personal property. The prime rate was 3.25% at June 30, 2010 and 2009.

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

7. Revenue Bonds Payable and Major Remodeling/Expansion –

Beginning on June 4, 2009, the School began a \$4.3 million remodeling and expansion construction project. The project was substantially completed on August 24, 2009. The construction included the creation of a new multimedia and technology center, a new library, a new woodshop, a new art room and ceramic studio, seven additional classrooms, removal of two 56-year-old boilers and installation of an HVAC system for the older half of the building (approximately 50,000 square feet), a new playground with an improved playing field, a renovated kitchen and dining hall, a new student center, an updated technology program including laptops for all middle and high school students, and a redesigned parking lot with safer drop-off and pick-up areas.

In order to fully utilize the remodeled space and classroom capacity, a \$2 million administrative wing addition was planned for the summer of 2010. The administrative addition will free-up square footage in the existing building for five additional classrooms and will provide for future student growth by providing additional space for administrative offices, including the head of school, director of education, admissions office, director of finance and the business office, development office, student counseling offices, tutoring rooms, and conference and meeting rooms.

To help finance the project, tax-exempt City of St. Louis Park Revenue Bonds in the amount of \$3.5 million were issued in July 2009 through a private placement. A capital campaign fundraising program was commenced in the spring of 2009 to finance the construction project and repayment of the bonds.

On June 30, 2010, tax-exempt City of St. Louis Park Educational Facilities Revenue Bonds of approximately \$4.5 million were issued through a private placement. The School used the proceeds to repay the remaining \$2.5 million due on the 2009 bond issue and to finance the construction project occurring in the summer of 2010.

Under a loan agreement, the 2010 bond issue requires interest at 4.80% and semi-annual principal and interest payments of \$145,137 through December 2019, with the remaining balance due June 2020. The City pledged and assigned substantially all its rights under the loan agreement to Wells Fargo. The loan agreement is collateralized by substantially all of the School's land, buildings, personal property, and any rental or other income generated from the School's property.

Interest expense, including interest on the line of credit, was \$157,698 for 2010.

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

7. Revenue Bonds Payable and Major Remodeling/Expansion – (continued)

Future maturities of the revenue bonds are as follows:

Year Ending June 30,	Amount
2011	\$ 70,793
2012	74,232
2013	77,838
2014	81,619
2015	85,584
Thereafter	<u>4,199,934</u>
	<u>\$4,590,000</u>

8. Net Assets –

Temporarily Restricted

Temporarily restricted net assets consisted of the following:

	June 30,	
	<u>2010</u>	<u>2009</u>
Programs	\$ 53,077	\$ 71,236
Scholarships	557,889	452,672
Capital campaign	<u>2,021,040</u>	<u>1,211,732</u>
	<u>\$ 2,632,006</u>	<u>\$ 1,735,640</u>

Permanently Restricted

Permanently restricted net assets of \$1,807,900 as of June 30, 2010 and 2009, represented contributed amounts to be held indefinitely. The income from such endowment assets is restricted for scholarships and certain program expenses and is reported as temporarily restricted revenue.

Net Assets Released from Restrictions

Net assets released were released from restrictions during 2010 and 2009 for program expenses and scholarships.

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

9. Endowment –

The School's endowment consisted of four individual donor-restricted funds established primarily for the purpose of providing scholarships. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of Groves Academy has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the School and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the School

The School has no Board designated endowment funds. Donor-restricted endowment net assets, supported by long-term investments, consisted of the following:

	June 30,	
	2010	2009
Permanently restricted	\$ 1,807,900	\$ 1,807,900
Temporarily restricted	180,171	11,636
Unrestricted	-	(44,084)
	<u>\$ 1,988,071</u>	<u>\$ 1,775,452</u>

(continued)

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

9. Endowment – (continued)

Changes in endowment net assets consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2008	\$ -	\$ 198,208	\$ 1,505,900	\$ 1,704,108
Investment income	-	49,882	-	49,882
Net depreciation	(28,246)	(236,454)	-	(264,700)
Investment fees	(15,838)	-	-	(15,838)
Pledge receivables collected	-	-	302,000	302,000
Endowment net assets at June 30, 2009	<u>(44,084)</u>	<u>11,636</u>	<u>1,807,900</u>	<u>1,775,452</u>
Investment income	-	54,264	-	54,264
Net appreciation	44,084	188,283	-	232,367
Investment fees	-	(22,012)	-	(22,012)
Appropriation of endowment assets for expenditure	-	(52,000)	-	(52,000)
Endowment net assets at June 30, 2010	<u>\$ -</u>	<u>\$ 180,171</u>	<u>\$ 1,807,900</u>	<u>\$ 1,988,071</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the School to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$44,084 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred during the year ended June 30, 2010. There were no such deficiencies as of June 30, 2010.

Return Objectives, Strategies, and Spending Policy

The School has adopted investment objectives for endowment assets to preserve capital, maintain liquidity, and maximize yield. The School's policy is to have the endowments professionally managed and invested conservatively.

Annual endowment draws are not required and are made at the discretion of the School's Finance/Investment Committee. Endowment draws are restricted to scholarship funding and cannot be made for any other purpose.

GROVES ACADEMY

NOTES TO FINANCIAL STATEMENTS

10. Retirement Plan –

The School contributes to a defined contribution plan a percentage of eligible employees' compensation. School contributions were \$119,786 and \$115,642 for the years ended June 30, 2010 and 2009, respectively.

11. Major Sources of Revenue and Concentration of Risk –

Two contributors comprised 80% of the pledges receivable balance at June 30, 2010. One of these contributors along with another contributor comprised 76% of the pledges receivable balance at June 30, 2009.

The Organization received approximately 24% of its support and revenue from two contributors in 2010. The Organization received approximately 11% of its support and revenue from one of these contributors in 2009.

12. Lease Commitments –

The School leases copier equipment under an operating lease expiring May 2011. Rent expense under the lease was \$20,759 for each year ended June 30, 2010 and 2009. The future minimum lease payments are approximately \$19,000 for the year ending June 30, 2011.

13. Subsequent Events –

Management has evaluated subsequent events through October 27, 2010, the date which the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors and Finance Committee
Groves Academy
St. Louis Park, Minnesota

Our report on our audit of the financial statements of Groves Academy for the year ended June 30, 2010, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 20 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 on it.

Lurie Besikof Lapidus & Company, LLP

Lurie Besikof Lapidus & Company, LLP

October 27, 2010

phone 612 377.4404
fax 612 377 1325

address 2501 Wayzata Boulevard
Minneapolis, MN 55405

website www.lblco.com

GROVES ACADEMY

SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010
(with comparative totals for 2009)

	Program Services			Management and General			Total June 30, 2010	Total June 30, 2009
	Day School	Diagnostic Center	Outreach	Management and General	Facilities	Total		
Salaries and wages	\$ 2,136,050	\$ 176,115	\$ 219,709	\$ 573,988	\$ 114,004	\$ 687,992	\$ 3,384,885	\$ 3,047,631
Payroll tax expense	177,272	13,335	12,027	39,470	7,886	47,356	261,954	232,425
Employee benefits	260,441	14,611	689	71,519	10,977	82,496	378,889	318,567
Total salaries and benefits	2,573,763	204,061	232,425	684,977	132,867	817,844	4,025,728	3,598,623
Consulting	-	-	-	-	-	-	49,986	49,986
Dues and memberships	5,291	-	-	460	-	460	6,026	7,668
Fundraising	-	-	-	-	-	-	105,081	87,993
Instructional and operating supplies	85,416	904	2,111	5,085	51	5,136	93,858	76,228
Insurance	16,266	700	-	31,562	661	32,223	49,189	43,120
Professional development	8,406	284	-	208	-	208	9,139	8,838
Professional fees	-	-	-	38,428	-	38,428	38,428	75,769
Student activities	75,010	-	15,047	-	-	-	90,057	89,455
Telephone	6,067	502	627	1,650	328	1,978	9,647	8,122
Miscellaneous	112,033	4,223	33,206	79,432	4,298	83,730	292,507	252,971
Total direct costs	308,489	6,613	50,991	156,825	5,338	162,163	743,918	685,973
Custodial and maintenance	-	-	-	-	-	-	-	174,124
Heat and utilities	66,665	431	215	2,009	1,364	3,373	71,760	78,962
Repairs and maintenance	72,860	471	235	2,196	1,490	3,686	78,428	53,170
Total operating and maintenance	139,525	902	450	4,205	2,854	7,059	150,188	306,256
Total expenses before depreciation and other expenses	3,021,777	211,576	283,866	846,007	141,059	987,066	4,919,834	4,590,852
Depreciation	435,442	2,812	1,406	13,124	8,906	22,030	468,721	298,272
Interest expense	146,502	946	473	4,416	2,996	7,412	157,698	-
Amortization of bond issuance costs	101,424	655	328	3,057	2,074	5,131	109,176	-
Investment fees	-	-	-	22,185	-	22,185	22,185	-
Total depreciation and other expenses	683,368	4,413	2,207	42,782	13,976	56,758	757,780	298,272
Total Expenses	\$ 3,705,145	\$ 215,989	\$ 286,073	\$ 888,789	\$ 155,035	\$ 1,043,824	\$ 5,677,614	\$ 4,889,124

See independent auditor's report on supplementary information

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box **X**

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

Part II: Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).		
Type or print File by the extended due date for filing your return See instructions	Name of exempt organization GROVES ACADEMY	Employer identification number 41-0979871
	Number, street, and room or suite no. If a P.O. box, see instructions. 3200 HIGHWAY 100 SOUTH	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. ST. LOUIS PARK, MN 55416	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

• The books are in the care of **3200 HIGHWAY 100 SOUTH - ST. LOUIS PARK, MN 55416**
 Telephone No **952-915-4258** FAX No _____

• If the organization does not have an office or place of business in the United States, check this box

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until MAY 15, 2011.

5 For calendar year _____, or other tax year beginning JUL 1, 2009, and ending JUN 30, 2010.

6 If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension
TAXPAYER IS WAITING FOR ADDITIONAL INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$ 0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$ 0.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$ 0.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature *M. R. ...* Title CPA Date 2/3/11