



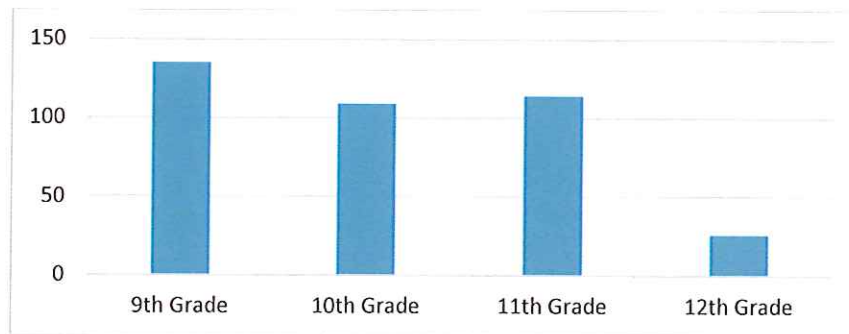
EAGLE RIDGE ACADEMY

Eagle Ridge Academy High School

Ben Ploeger – Head of School

Charter School Board of Directors

President	Lori Kohl	lmkohl@aps.k12.co.us
Vice President	Cathy Pellish	Cathy.Pellish@frontrange.edu
Secretary	Brian Cohen	briancohen@haselden.com
Treasurer	Shawn Otterson	shawn.otterson@yahoo.com
Director	Andrew Southard	andrew.southeast@flydenver.com



	October	Current	Projected	Waitlisted	Offered Seats
9th Grade	147	135	160	3	140
10th Grade	112	109	130	9	140
11th Grade	118	114	109	4	142
12th Grade	31	26	100	1	38
Total	408	384	499	17	460

Current Staff	
Teachers	22
New Teachers	1
Additional Support Staff	7
Admin	2

Previous Years Suspensions	85
Previous Years Expulsions	0
Current Years Suspensions	9
Current Year Expulsions	0

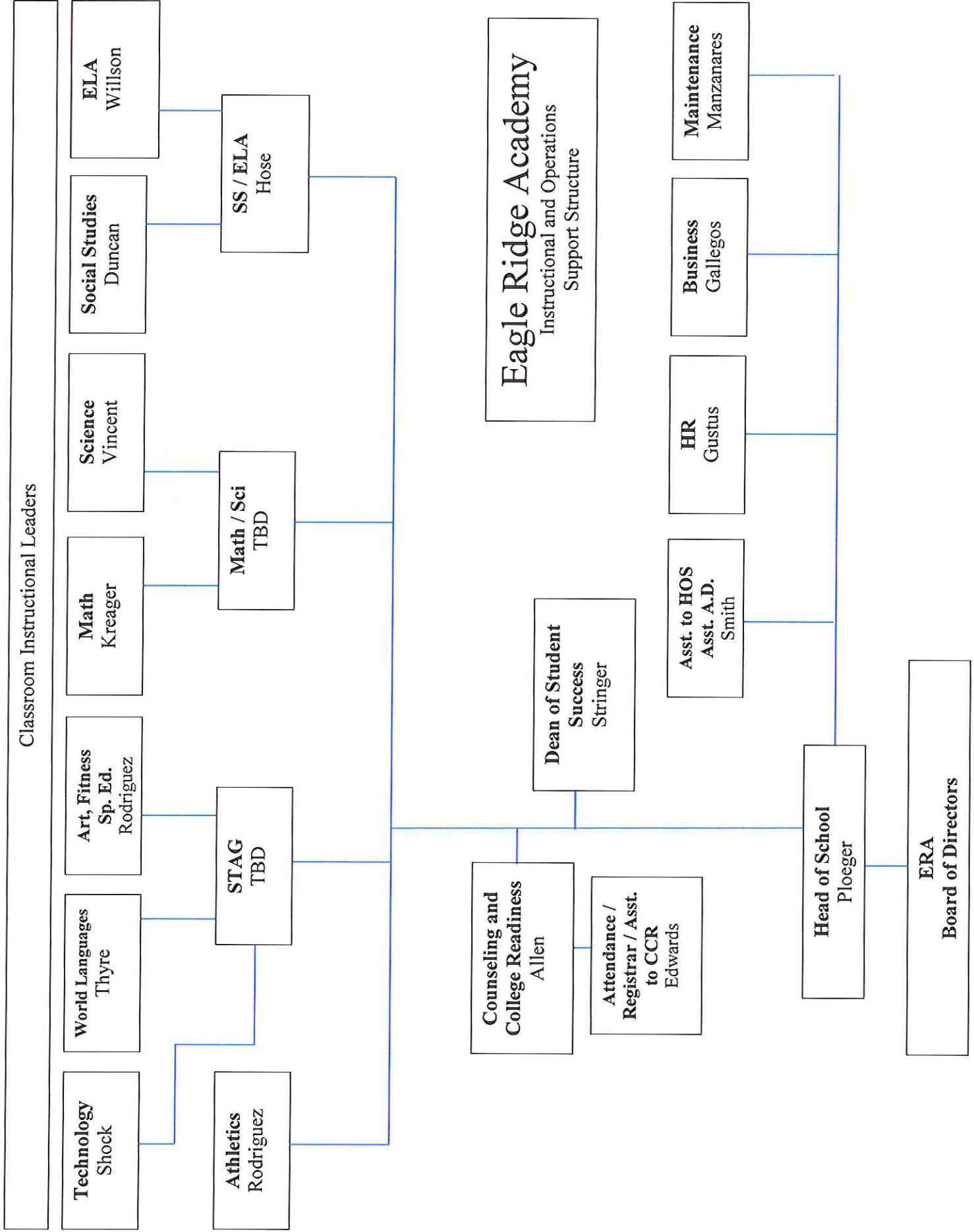


Eagle Ridge Academy

I AM A WARRIOR

2014-15 Board Meeting Calendar

August 13, 2014	5:30 PM Regular Board Meeting
September 10, 2014	5:30 PM Regular Board Meeting
October 8, 2014	5:30 PM Regular Board Meeting
November 12, 2014	5:30 PM Regular Board Meeting
December 10, 2014	5:30 PM Regular Board Meeting
January 7, 2015	5:30 PM Regular Board Meeting
February 11, 2015	5:30 PM Regular Board Meeting
March 11, 2015	5:30 PM Regular Board Meeting
April 8, 2015	5:30 PM Regular Board Meeting
May 13, 2015	5:30 PM Regular Board Meeting
May 27, 2015	5:30 PM Regular Board Meeting
June meeting held at end of May	
No meeting in July	



Performance

This is the plan type the school is required to adopt and implement, based on the 1 Year School Performance Framework. Schools are assigned a plan type based on the overall percent of points earned for the official year. The official percent of points earned is matched to the scoring guide below to determine the plan type. Additionally, failing to meet test administration and/or test participation assurances will result in a lower plan type category.

Plan Assignment	Framework Points Earned	Rating	% of Points Earned out of Points Eligible ²
Performance	at or above 60%		
Improvement	at or above 47% - below 60%		
Priority Improvement	at or above 33% - below 47%		
Turnaround	below 33%		
Meets 95% Participation Rate			
Test Participation ³			
TOTAL			73.2% (73.2 out of 100 points)

²Schools may not be eligible for all possible points on an indicator due to insufficient numbers of students. In these cases, the points are removed from the points eligible, so scores are not negatively impacted.

³Schools do not receive points for test participation. However, schools are assigned one plan type category lower than their points indicate if they do not (1) meet at least a 95% participation rate in all or all but one content area (reading, writing, math, science, social studies and COACT), or (2) for schools serving multiple levels (elementary, middle and high school grades, e.g., a 6-12 school), meet at least a 95% participation rate in all or all but one content area when individual content area rates are rolled up across school levels (elementary, middle and high school grades).

Test Participation Rates

Content Area	% of Students Tested				Participation Rating				Students Tested				Total Students		
	Elem	Middle	High	Overall	Elem	Middle	High	Overall	Elem	Middle	High	Overall	Elem	Middle	High
Reading	-	-	99.6%	99.6%	-	-	Meets	Meets	-	-	244	244	-	-	245
Mathematics	-	-	99.6%	99.6%	-	-	Meets	Meets	-	-	244	244	-	-	245
Writing	-	-	99.6%	99.6%	-	-	Meets	Meets	-	-	244	244	-	-	245
Science	-	-	-	-	-	-	-	-	-	-	-	0	-	-	0
Social Studies	-	-	-	-	-	-	-	-	-	-	-	0	-	-	0
Colorado ACT	-	-	99.1%	99.1%	-	-	Meets	Meets	-	-	113	113	-	-	114

Performance Indicators - PRELIMINARY DRAFT FOR DISTRICT REVIEW

Level: High

School: EAGLE RIDGE ACADEMY - 2399

District: SCHOOL DISTRICT 27J - 0040 (1 Year)

Academic Achievement	Points Earned	Points Eligible	% Points	Rating	N	% Proficient/Advanced	School's Percentile	Made Adequate Growth?
Reading	3	4		Meets	240	81.25	77	
Mathematics	3	4		Meets	240	50.83	84	
Writing	3	4		Meets	240	67.5	86	
Science	0	0		-	-	-	-	
Total	9	12	75%	Meets				
Academic Growth	Points Earned	Points Eligible	% Points	Rating	N	Median Growth Percentile	Median Adequate Growth Percentile	Made Adequate Growth?
Reading	2	4		Approaching	225	41	6	Yes
Mathematics	2	4		Approaching	227	54	56	No
Writing	3	4		Meets	226	53	28	Yes
English Language Proficiency (ACCESS)	0	0		-	N<20	-	-	-
Total	7	12	58.3%	Approaching				
Academic Growth Gaps	Points Earned	Points Eligible	% Points	Rating	Subgroup N	Subgroup Median Growth Percentile	Subgroup Median Adequate Growth Percentile	Made Adequate Growth?
Reading	7	12	58.3%	Approaching				
Free/Reduced Lunch Eligible	2	4		Approaching	52	40	12	Yes
Minority Students	3	4		Meets	83	45	12	Yes
Students with Disabilities	0	0		-	N<20	-	-	-
English Learners	0	0		-	N<20	-	-	-
Students needing to catch up	2	4		Approaching	41	45	66	No
Mathematics	7	12	58.3%	Approaching				
Free/Reduced Lunch Eligible	2	4		Approaching	52	49	91	No
Minority Students	3	4		Meets	83	57	85	No
Students with Disabilities	0	0		-	N<20	-	-	-
English Learners	0	0		-	N<20	-	-	-
Students needing to catch up	2	4		Approaching	82	53	99	No
Writing	9	12	75%	Meets				
Free/Reduced Lunch Eligible	3	4		Meets	52	55	44	Yes
Minority Students	3	4		Meets	83	57	38	Yes
Students with Disabilities	0	0		-	N<20	-	-	-
English Learners	0	0		-	N<20	-	-	-
Students needing to catch up	3	4		Meets	64	57	88	No
Total	23	36	63.9%	Meets				
Postsecondary and Workforce Readiness	Points Earned	Points Eligible	% Points	Rating	N	Rate/Score	Expectation	
Graduation Rate: 4yr/5yr/6yr/7yr	4	4		Exceeds	55/27/43/N<16	92.7/81.5/93/-%	80%	
Disaggregated Graduation Rate	1.75	2	87.5%	Exceeds				
Free/Reduced Lunch Eligible	1	1		Exceeds	24/N<16/N<16/N<16	91.7/-/-%	80%	
Minority Students	0.75	1		Meets	18/N<16/N<16/N<16	83.3/-/-%	80%	
Students with Disabilities	0	0		-	N<16/N<16/N<16/N<16	-/-/-%	80%	
English Learners	0	0		-	N<16/N<16/N<16/N<16	-/-/-%	80%	
Dropout Rate	4	4		Exceeds	486	0.6%	3.6%	
Colorado ACT Composite Score	3	4		Meets	113	21.8	20.0	
Total	12.75	14	91.1%	Exceeds				

Counts and ratings are not reported for metrics when the school does not meet the minimum student counts required for reportable data.

Graduation and Disaggregated Graduation Rates

The School Performance Framework reports use the 4-, 5-, 6- and 7-year graduation rates for the school and disaggregated student groups (students eligible for free/reduced lunch, minority students, students with disabilities and English learners).

This School's Graduation Rate and Disaggregated Graduation Rate:

Overall Graduation Rate (1-year)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	86.7	93	93	
2012	77.8	81.5		
2013	92.7			

Free/Reduced Lunch Graduation Rate (1-year)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	81.3	N<16	N<16	
2012	N<16	N<16		
2013	91.7			

Minority Student Graduation Rate (1-year)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	N<16	N<16	N<16	
2012	N<16	N<16		
2013	83.3			

Students with Disabilities Graduation Rate (1-year)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	N<16	N<16	N<16	
2012	N<16	N<16		
2013	N<16			

English Learners Graduation Rate (1-year)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	N<16	N<16	N<16	
2012	N<16	N<16		
2013	N<16			

Overall Graduation Rate (3-year aggregate)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	86.7	93	93	
2012	77.8	81.5		
2013	92.7			
Aggregated	87.4	87.3	90.9	N<16

Free/Reduced Lunch Graduation Rate (3-year aggregate)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	81.3	N<16	N<16	
2012	N<16	N<16		
2013	91.7			
Aggregated	84.9	79.3	81.3	N<16

Minority Student Graduation Rate (3-year aggregate)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	N<16	N<16	N<16	
2012	N<16	N<16		
2013	83.3			
Aggregated	75.6	73.1	N<16	N<16

Students with Disabilities Graduation Rate (3-year aggregate)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	N<16	N<16	N<16	
2012	N<16	N<16		
2013	N<16			
Aggregated	N<16	N<16	N<16	N<16

English Learners Graduation Rate (3-year aggregate)

	4-year	5-year	6-year	7-year
Anticipated Year of Graduation	N<16	N<16	N<16	N<16
2010				
2011	N<16	N<16	N<16	
2012	N<16	N<16		
2013	N<16			
Aggregated	N<16	N<16	N<16	N<16

Colorado calculates "on-time" graduation as the percent of students who graduate from high school four years after entering ninth grade. A student is assigned a graduating class when they enter ninth grade by adding four years to the year the student enters ninth grade. The formula anticipates, for example, that a student who entered ninth grade in fall 2006 would graduate with the Class of 2010.

For the 1-year SPF, schools earn points based on the highest value among the following: 2013 4-year graduation rate, 2012 5-year graduation rate, 2011 6-year graduation rate and 2010 7-year graduation rate (the shaded cells in the tables on the left). For the 3-year SPF, schools earn points based on the highest value among the following: aggregated 2010, 2011, 2012 and 2013 4-year graduation rate, aggregated 2010, 2011 and 2012 5-year graduation rate, aggregated 2010 and 2011 6-year graduation rate, or 2010 7-year graduation rate. For each of these rates, the aggregation is the result of adding the graduation totals for all available years and dividing by the sum of the graduation bases across all available years. For both 1-year and 3-year SPFs, the "best of" graduation rate is bolded and italicized here and on the Performance Indicators detail page.

Scoring Guide for Performance Indicators on the School Performance Framework Report

Performance Indicator	Scoring Guide	Rating	Point Value	Total Possible Points per EMH Level	Framework Points
Academic Achievement	The school's percentage of students scoring proficient or advanced was:		TCAP		
	• at or above the 90th percentile of all schools (using 2009-10 baseline).	Exceeds	4	16	
	• below the 90th percentile but at or above the 50th percentile of all schools (using 2009-10 baseline).	Meets	3	(4 for each subject area)	15
	• below the 50th percentile but at or above the 15th percentile of all schools (using 2009-10 baseline).	Approaching	2		
Academic Growth	• below the 15th percentile of all schools (using 2009-10 baseline).	Does Not Meet	1		
	Made ACP		TCAP	ACCESS	
	• at or above 60.	Exceeds	4	14	
	• below 60 but at or above 45.	Meets	3	(4 for each subject area and 2 for English language proficiency)	35
Academic Growth Gaps	• below 45 but at or above 30.	Approaching	2		
	• below 30.	Does Not Meet	1	0.5	
	Made ACP		TCAP		
	• at or above 60.	Exceeds	4	60	
Postsecondary and Workforce Readiness	• below 60 but at or above 45.	Meets	3	(4 for each of 5 subgroups in 3 subject areas)	15
	• below 45 but at or above 30.	Approaching	2		
	• below 30.	Does Not Meet	1		
	Graduation Rate and Disaggregated Graduation Rate: The school's graduation rate/disaggregated graduation rate was:	Overall	Disaggr.		
Postsecondary and Workforce Readiness	• at or above 90%.	Exceeds	4	1	
	• at or above 80% but below 90%.	Meets	3	0.75	
	• at or above 65% but below 80%.	Approaching	2	0.5	
	• below 65%.	Does Not Meet	1	0.25	
	Dropout Rate: The school's dropout rate was:			16	
	• at or below 1%.	Exceeds	4	(4 for each sub-indicator)	35
	• at or below the state average but above 1% (using 2009-10 baseline).	Meets	3		
	• at or below 10% but above the state average (using 2009-10 baseline).	Approaching	2		
	• above 10%.	Does Not Meet	1		
	Colorado ACT Composite Score: The school's average Colorado ACT composite score was:				
	• at or above 22.	Exceeds	4		
	• at or above the state average but below 22 (using 2009-10 baseline).	Meets	3		
	• at or above 17 but below the state average (using 2009-10 baseline).	Approaching	2		
	• below 17.	Does Not Meet	1		

Cut-Points for Each Performance Indicator

Achievement; Growth; Postsecondary Readiness	Cut Point: The school earned ... of the points eligible on this indicator.				Cut-Points for Plan Type Assignment			
	Exceeds	Meets	Approaching	Does Not Meet	Total Framework Points	Cut Point: The school earned ... of the total framework points eligible.		
Achievement; Growth; Postsecondary Readiness	• at or above 87.5%					Performance		
	• at or above 62.5% - below 87.5%					Improvement		
	• at or above 37.5% - below 62.5%					Priority Improvement		
	• below 37.5%					Turnaround		

School Plan Type Assignments

Plan description	
Performance Plan	The school is required to adopt and implement a Performance Plan.
Improvement Plan	The school is required to adopt and implement an Improvement Plan.
Priority Improvement Plan	The school is required to adopt and implement a Priority Improvement Plan.
Turnaround Plan	The school is required to adopt and implement a Turnaround Plan.

A school may not implement a Priority Improvement and/or Turnaround Plan for longer than a combined total of five consecutive years before the State Board of Education must direct the authorizing district's local school board or the Institute to restructure or close the school. The five consecutive school years commence on July 1 of the summer immediately following the fall in which the school is notified that it is required to implement a Priority Improvement or Turnaround Plan.

Reference - PRELIMINARY DRAFT FOR DISTRICT REVIEW

1-year vs. 3-year Report

Schools receive a 1-year and a 3-year aggregated School Performance Framework report. CDE produces a report on the basis of three years of data to enable more schools to be considered within the same performance framework. Some small schools may not have public data on the basis of a single year because of small N counts for some performance indicator metrics, but a report on the basis of three years of data increases the N count. Only one of the two sets of results (1-year or 3-year) will be the official plan type category for the school; the one under which the school has ratings on a greater number of the performance indicators, or, if it has ratings for an equal number of indicators, the one under which it earned a higher total percent of points. Note that some 3-year reports may be based on only two years of data if that is the only data available.

Reference Data for Key Performance Indicators

Academic Achievement

The Academic Achievement Indicator reflects a school's proficiency rate: the percentage of students proficient or advanced on Colorado's standardized assessments. This includes results from CSAP/TCAP and CSAPA/CoAlt in reading, mathematics, writing, and science, and results from Lectura and Escritura.

Data for all indicators are compared to baselines from the first year the performance framework reports were released.

Percent of Students Proficient or Advanced by Percentile Cut-Points - 1-year (2009-10 baseline)

	Reading			Math			Writing			Science		
	Elem	Middle	High	Elem	Middle	High	Elem	Middle	High	Elem	Middle	High
N of Schools	1008	479	327	1007	480	327	1007	480	327	912	407	286
15th percentile	49.18	50.44	54.92	48.60	29.72	15.97	32.48	34.96	30.95	19.67	23.85	27.50
50th percentile	71.65	71.43	73.33	70.89	52.48	33.52	53.52	57.77	50.00	47.53	48.00	50.00
90th percentile	89.10	88.24	87.23	89.34	75.00	54.79	76.83	79.67	72.24	75.96	75.11	72.41

Percent of Students Proficient or Advanced by Percentile Cut-Points - 3-year aggregate (2008-10 baseline)

	Reading			Math			Writing			Science		
	Elem	Middle	High	Elem	Middle	High	Elem	Middle	High	Elem	Middle	High
N of Schools	1032	507	362	1032	507	361	1032	507	362	972	469	347
15th percentile	50.00	50.56	53.34	48.73	29.69	13.49	32.56	36.84	30.00	20.46	25.00	27.93
50th percentile	72.05	71.35	72.21	70.11	51.63	30.53	54.84	58.34	49.57	45.36	48.72	50.00
90th percentile	88.21	87.40	86.17	87.48	74.41	52.19	76.51	79.17	71.00	72.65	71.26	71.45

Academic Growth and Academic Growth Gaps

The Academic Growth Indicator measures academic progress using the Colorado Growth Model. This indicator reflects 1) normative (median) growth: how the academic progress of the students in this school compared to that of other students statewide with a similar content proficiency (CSAP/TCAP) score history or a similar English language proficiency (ACCESS) score history, and 2) criterion referenced (adequate) growth: whether this level of growth was sufficient for the typical (median) student in the school to reach or maintain a specified level of proficiency within a given length of time. For CSAP/TCAP, students are expected to score proficient or advanced within three years or by 10th grade, whichever comes first. Students classified as English learners are expected to reach certain levels of language proficiency on ACCESS in set amounts of time. The median growth percentile required to earn each rating depends on whether or not the school met adequate growth (AGP).

	Made AGP	Did Not Make AGP
Exceeds	60-99	70-99
Meets	45-59	55-69
Approaching	30-44	40-54
Does Not Meet	1-29	1-39

The Academic Growth Gaps Indicator disaggregates the results of the Academic Growth Indicator, measuring the academic progress of historically disadvantaged student groups (students eligible for free/reduced lunch, minority students, students with disabilities, English learners) and students needing to catch up.

Postsecondary and Workforce Readiness

The Postsecondary and Workforce Readiness Indicator measures the preparedness of students for college or careers upon completing high school. This indicator reflects student graduation rates, disaggregated graduation rates, dropout rates, and mean Colorado ACT (COACT) composite scores.

State Mean Dropout Rate (2009-10 baseline)

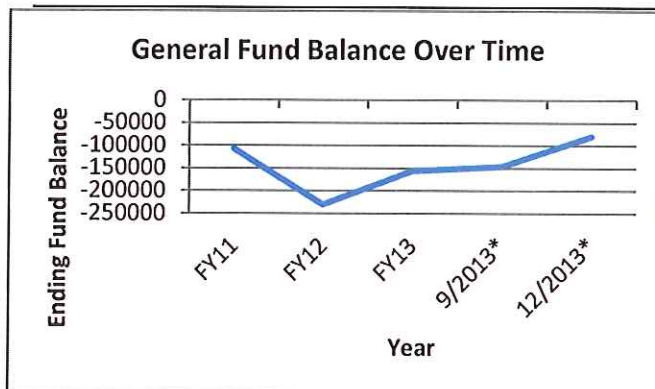
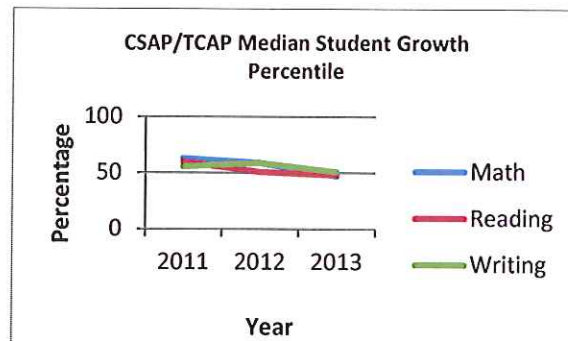
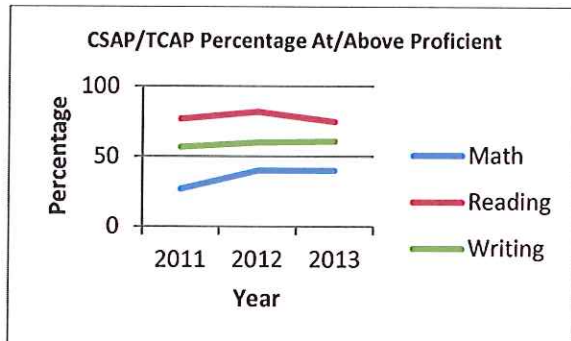
	N of Students	Mean Rate
1-year (2009)	416,953	3.6
3-year (2007-09)	1,238,096	3.9

State Mean COACT Composite Score (2009-10 baseline)

	N of Students	Mean Score
1-year (2010)	51,438	20.0
3-year (2008-10)	151,439	20.1



May 28, 2014



Vertical and Horizontal Curriculum Alignment	
Team	Status
Math	
Science	
ELA	
Social Studies	
STAG	

*Amounts provided for FY11, FY12, and FY13 are audited annual numbers. The amounts provided for September 2013 and December 2013 are unaudited estimates.

Funded Student Count:

FY11: 225

FY12: 301

FY13: 407

FY14: 408

Communication

The annual Stakeholder Satisfaction Survey shows improvement with stakeholders' perceptions of communication at ERA.

EAGLE RIDGE ACADEMY
Brighton, Colorado

FINANCIAL STATEMENTS
June 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eagle Ridge Academy
Brighton, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Ridge Academy, a component unit of Brighton School District 27J, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the component unit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Eagle Ridge Academy as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii – ix and 23 – 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013 on our consideration of Eagle Ridge Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eagle Ridge Academy's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Broomfield, Colorado
October 9, 2013

Management's Discussion and Analysis

As management of the Eagle Ridge Academy, we offer readers of the Eagle Ridge Academy financial statements this narrative overview and analysis of the financial activities of the Eagle Ridge Academy for the fiscal year ended June 30, 2013.

Financial Highlights

The liabilities of the Eagle Ridge Academy exceeded its assets at the close of the most recent fiscal year by \$1,460,217 (net position).

At the close of the fiscal year the Eagle Ridge Academy's governmental funds reported a combined ending fund balance of \$564,948.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Eagle Ridge Academy's basic financial statements. The Eagle Ridge Academy's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Eagle Ridge Academy's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Eagle Ridge Academy's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Eagle Ridge Academy is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows during future fiscal periods (e.g. uncollected grant revenues and earned but unpaid salaries and benefits).

The government-wide statement of activities distinguishes functions/programs of the Eagle Ridge Academy supported primarily by per pupil operating revenue (PPOR) or property taxes passed through from Brighton School District 27j (the District). The governmental activities of the Eagle Ridge Academy include instruction and supporting services expense.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Eagle Ridge Academy, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Eagle Ridge Academy are included as one category: governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Eagle Ridge Academy's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Eagle Ridge Academy maintains two individual governmental funds, the General Fund and Special Revenue Fund. They are presented separately in the fund financial statements as they are classified as major funds.

Eagle Ridge Academy adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and the Special Revenue Fund to demonstrate compliance with the budget.

The Brighton Charter School Building Corporation is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to Eagle Ridge Academy for governmental use. The Corporation provides services entirely to Eagle Ridge Academy. Due to this relationship, the Corporation is reported as if it were part of or blended with Eagle Ridge Academy's operations as a Special Revenue Fund.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 6-22.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Eagle Ridge Academy, liabilities exceeded assets by \$1,460,217 at the close of the most recent fiscal year.

Eagle Ridge Academy's Condensed Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Current and other assets	\$ 888,241	\$ 846,668
Capital assets	<u>8,056,942</u>	<u>8,237,570</u>
Total assets	<u>8,945,183</u>	<u>9,084,238</u>
Current liabilities	441,952	476,192
Other liabilities	<u>9,963,448</u>	<u>10,077,322</u>
Total liabilities	<u>10,405,400</u>	<u>10,553,514</u>
Net position		
Net investment in capital assets	(1,828,058)	(1,169,704)
Restricted for:		
Emergencies	83,722	76,000
Debt service	621,454	-
Unrestricted:	<u>(337,335)</u>	<u>(375,572)</u>
Total net position	<u>\$ (1,460,217)</u>	<u>\$ (1,469,276)</u>

Eagle Ridge Academy's overall net position decreased by \$54,963 during this fiscal year. However, several prior period adjustments were recorded during the 2013 fiscal year which may misconstrue additional comparisons between current and previous fiscal years.

Eagle Ridge Academy's Changes in Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Program Revenue:		
Charges for services	\$ 178,927	\$ 789,867
Operating grants and contributions	65,908	328,671
Capital grants and contributions	<u>35,681</u>	<u>23,772</u>
Total program revenue	<u>280,516</u>	<u>1,142,310</u>
General Revenue:		
Per pupil revenue	2,532,879	1,872,921
Investment income	473	-
Other	<u>8,159</u>	<u>100,820</u>
Total general revenue	<u>2,541,511</u>	<u>1,973,741</u>
Total revenue	<u>2,822,027</u>	<u>3,116,051</u>
Expenses:		
Current:		
Instruction	1,213,144	1,114,820
Supporting services	1,060,029	1,659,504
Interest on long-term debt	<u>603,817</u>	<u>598,800</u>
Total expenses	<u>2,876,990</u>	<u>3,373,124</u>
(Decrease) in net position	(54,963)	(257,073)
Net position, beginning (restated for year ended June 30, 2013)	<u>(1,405,254)</u>	<u>(1,212,203)</u>
Net position, ending	<u>\$ (1,460,217)</u>	<u>\$ (1,469,276)</u>

The statement of activities improved its decrease in net position from \$257,073 in the prior fiscal year to a decrease in net position of \$54,963 for the fiscal year ended June 30, 2013. The details of the changes in net position are shown above.

Financial Analysis of the Government's Funds

As noted earlier, the Eagle Ridge Academy uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of the Eagle Ridge Academy's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Eagle Ridge Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measure of Eagle Ridge Academy's net resources available for spending at the end of the fiscal year. Unassigned fund balance at the end of the fiscal year is \$(239,778); total fund balance for the General Fund is \$(155,956).

Total revenues during fiscal year 2013 were \$2,822,027 with \$2,532,879 (90%) related to Per Pupil Revenue (PPR). During the current year of operations, Eagle Ridge academy reported a student count of 407.

General Fund Budgetary Highlights

Eagle Ridge Academy approves a budget, no later than June, based on enrollment projections for the following school year. Adjustments are made to the budget in October after enrollment stabilizes. Eagle Ridge Academy approves an amended and/or supplemental budget during the year to true up the beginning fund balance and adjustment to the actual student count. Original General Fund Budget was \$2,958,241 and it was adjusted to \$2,754,751. Actual expenditures, including transfers out, were below budgeted expenditures by \$192,841.

Capital Asset and Debt Administration

Capital assets: Including the building and land of Eagle Ridge Academy, capital assets net of accumulated depreciation was \$8,056,942. During fiscal year 2013, capital assets were held by the Brighton Charter School Building Corporation on behalf of Eagle Ridge Academy. Accounting for the Corporation is represented in the Special Revenue Fund of the financial statements.

Long-term lease: The School participates in a long-term lease agreement with the Brighton Charter School Building Corporation. This agreement was entered into for the purpose of providing a High School building.

The construction of this building began in December 2006 and the building opened in September 2008. The monthly principal and interest payments are due under the lease agreements, with interest accruing at 6%. The lease ends in November 2036. Annual debt service ranges from \$363,875 to \$2,024,600 due at maturity with payments that began in calendar year 2008.

General comments:

During the 2012-13 school year, Eagle Ridge Academy continued to build on its academic strengths as well as evaluate and improve in other challenging areas. In August 2012 Eagle Ridge Academy formally changed Administration and has since made great strides towards furthering the mission and vision of Eagle Ridge Academy.

Eagle Ridge Academy's current mission and vision are as follows:

- **Vision:** It is the vision of Eagle Ridge Academy to join students, parents, educators and the community to produce an educational environment that nurtures, excites and motivates students to learn. Eagle Ridge empowers students to become independent and responsible thinkers, fosters academic and moral excellence, promotes creativity, and encourages students to seek out higher education opportunities.
- **Mission:** It is the mission of Eagle Ridge Academy to assist families in developing exemplary citizens by equipping students with fundamental knowledge enabling them to be culturally literate, prepared for college, and virtuous in character. We accomplish this through a rigorous curriculum of traditional content taught in a safe environment.

Eagle Ridge Academy continues to be one of the largest participants in the Concurrent Enrollment Program for Colorado where student earn college credits during their high school careers. Eagle Ridge Academy also continues to lead the District in TCAP and ACT scores. In school year 2012-13, ERA beat the Colorado State average for TCAP scores in five of the seven measured categories, and increased its ACT average score from practice to actual by two (2) points.

Eagle Ridge Academy has also managed to improve its financial position under current administration. During school year 2012-13, Eagle Ridge experienced its first ever positive net change in its General Fund's fund balance, reducing its fund deficit by \$259,644. Although Eagle Ridge Academy acknowledges greater financial advancements are still necessary, changes implemented during the current fiscal year have set the school on a steady course towards long term financial sustainability.

Through improving the financial viability of the school and advancing its strong academic foundation, we believe Eagle Ridge Academy will continue to build the proper framework to move ahead to greater achievement in the future.

Requests for Information

This financial report is designed to provide a general overview of the Eagle Ridge Academy's finances for all those with an interest in Eagle Ridge Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tara Gallegos, Business Manager, Eagle Ridge Academy, 3551 E. Southern Street, Brighton, Colorado 80601.

BASIC FINANCIAL STATEMENTS

**EAGLE RIDGE ACADEMY
STATEMENT OF NET POSITION
June 30, 2013**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 224,459
Restricted cash and investments	466,539
Accounts receivable, net of allowance	1,650
Bond issuance costs	195,593
Capital assets, not depreciated	50,000
Capital assets, depreciated, net of accumulated depreciation	<u>8,006,942</u>
TOTAL ASSETS	<u>8,945,183</u>
 LIABILITIES	
Accounts payable	75,535
Accrued expenses	10,408
Claims payable	10,529
Accrued salaries and benefits	31,228
Accrued interest	99,450
Noncurrent liabilities	
Due within one year to primary government	44,802
Due within one year - other	170,000
Due in more than one year to primary government	248,448
Due in more than one year - other	<u>9,715,000</u>
TOTAL LIABILITIES	<u>10,405,400</u>
 NET POSITION	
Net investment in capital assets	(1,828,058)
Restricted	
Emergencies	83,722
Debt service	621,454
Unrestricted	<u>(337,335)</u>
TOTAL NET POSITION	<u>\$ (1,460,217)</u>

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

**EAGLE RIDGE ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expenses)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Revenue and Changes in Net Position
PRIMARY GOVERNMENT					
Governmental activities					
Instructional	\$ 1,213,144	\$ 42,841	\$ 65,908	\$ 35,681	\$ (1,068,714)
Supporting services	1,060,029	136,086	-	-	(923,943)
Interest on long-term debt	<u>603,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(603,817)</u>
Total government activities	<u>\$ 2,876,990</u>	<u>\$ 178,927</u>	<u>\$ 65,908</u>	<u>\$ 35,681</u>	<u>(2,596,474)</u>
GENERAL REVENUES					
					2,532,879
					473
					<u>8,159</u>
TOTAL GENERAL REVENUES					<u>2,541,511</u>
CHANGE IN NET POSITION					(54,963)
Net position, beginning (restated, see Note 13)					<u>(1,405,254)</u>
Net position, ending					\$ (1,460,217)

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

EAGLE RIDGE ACADEMY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 224,459	\$ -	\$ 224,459
Restricted cash and investments	-	466,539	466,539
Accounts receivable	1,650	-	1,650
Advance receivable from other funds	-	254,365	254,365
TOTAL ASSETS	<u>\$ 226,109</u>	<u>\$ 720,904</u>	<u>\$ 947,013</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	75,535	-	75,535
Accrued salaries and benefits	31,228	-	31,228
Accrued expenses	10,408	-	10,408
Claims payable	10,529	-	10,529
Advance payable to other funds	254,365	-	254,365
TOTAL LIABILITIES	<u>\$ 382,065</u>	<u>\$ -</u>	<u>\$ 382,065</u>
FUND BALANCES			
Restricted			
Emergencies	83,722	-	83,722
Debt service	-	720,904	720,904
Unrestricted, unassigned	(239,678)	-	(239,678)
TOTAL FUND BALANCES	<u>(155,956)</u>	<u>720,904</u>	<u>564,948</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 226,109</u>	<u>\$ 720,904</u>	<u>\$ 947,013</u>
Amounts reported to governmental activities in the Statement of Net Position are different because:			
Total fund balances of governmental funds			\$ 564,948
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			8,056,942
Loan issuance cost assets reported in the governmental activities are a use of financial resources in the governmental funds and, therefore, are not capitalized in the governmental funds.			195,593
Long-term liabilities, including loans payable, are not due and payable in the current period, and therefore, are not reported in the governmental funds.			
Bonds and note payable			(10,178,250)
Accrued interest payable is recognized in the statement of net position but is not due and payable in the current period			<u>(99,450)</u>
Total net position of governmental activities			<u>\$ (1,460,217)</u>

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

EAGLE RIDGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources	\$ 2,719,965	\$ -	\$ 2,719,965
State and Federal sources	101,589	-	101,589
Intergovernmental	-	-	-
Investment income	-	473	473
TOTAL REVENUES	<u>2,821,554</u>	<u>473</u>	<u>2,822,027</u>
EXPENDITURES			
Current			
Instruction	989,008	-	989,008
Supporting services	810,163	-	810,163
Other uses	-	125	125
Debt service			
Principal	-	95,000	95,000
Interest	-	595,667	595,667
TOTAL EXPENDITURES	<u>1,799,171</u>	<u>690,792</u>	<u>2,489,963</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,022,383</u>	<u>(690,319)</u>	<u>332,064</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	762,739	762,739
Transfers Out	(762,739)	-	(762,739)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(762,739)</u>	<u>762,739</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	259,644	72,420	332,064
FUND BALANCES, Beginning (restated, see Note 13)	<u>(415,600)</u>	<u>648,484</u>	<u>232,884</u>
FUND BALANCES, Ending	<u>\$ (155,956)</u>	<u>\$ 720,904</u>	<u>\$ 564,948</u>

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

**EAGLE RIDGE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2013**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances of governmental funds	\$ 332,064
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense	(180,628)
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The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments	95,000
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Premiums, discounts, and deferred charges are amortized in the governmental activities but are recognized as expenses when incurred in the governmental funds.

	(8,149)
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Principal due on the notes payable to School District 27J (also known as the primary government) is reported in the statement of activities but is not reported as expenditures in governmental funds.

	<u>(293,250)</u>
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Change in net position of governmental activities	<u>\$ (54,963)</u>
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The accompanying notes are an integral part of the financial statements.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eagle Ridge Academy was formed in July 2010 pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Brighton School District 27J in the State of Colorado.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units. A summary of Eagle Ridge Academy's significant accounting policies consistently applied in the preparation of these financial statements follows:

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes:

The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the exercise of financial accountability over such agencies by the governmental unit's elected officials. Financial accountability is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Financial accountability implies that a governmental unit is dependent on another and the dependent unit should be reported as part of the other.

Eagle Ridge Academy has been determined to be a component unit of Brighton School District 27J (the District).

For financial reporting purposes, in conformance with GASB, Eagle Ridge Academy includes all funds, agencies, boards and commissions that are controlled by or dependent on its Board of Directors. Control by or dependence on Eagle Ridge Academy was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of Eagle Ridge Academy, obligation of Eagle Ridge Academy to finance any debts that may occur, or receipt of significant subsidies from Eagle Ridge Academy. Eagle Ridge Academy is not financially accountable for any other organization.

Eagle Ridge Academy has an affiliated finance corporation that was formed to provide facilities, equipment and other support to Eagle Ridge Academy.

Blended Component Unit

The Brighton Charter School Building Corporation (Corporation) is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to Eagle Ridge Academy for governmental use. The Corporation provides services entirely to Eagle Ridge Academy. Due to the above relationships, the Corporation is reported as if it were part of or blended with Eagle Ridge Academy's operations as a special revenue fund. No separate financial statements for the Corporation have been issued.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of Eagle Ridge Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included as program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of Eagle Ridge Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

General Fund – This fund is the general operating fund of Eagle Ridge Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – This fund is used to account for the activity of the Brighton Charter School Building Corporation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

All governmental funds use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue account is established when receipts exceed the related expenditures.

Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is Eagle Ridge Academy's policy to use restricted resources first and the unrestricted resources as they are needed.

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are reported at fair value.

Advance Receivable / Payable From / To Other Funds – During the course of operations, certain transactions occur between individual funds that are long-term in nature. The resulting receivables and payables are classified in the fund financial statement as advances to other funds or advances from other funds.

Receivables – Receivable consists primarily of amounts owed from State and local governments and other local entities. They are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Items – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by Eagle Ridge Academy as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements.

Capital assets of Eagle Ridge Academy are depreciated using the straight-line method. Eagle Ridge Academy depreciated the building over an estimated useful life of 50 years.

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Position – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which Eagle Ridge Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. Eagle Ridge Academy classified the long-term portion of advance receivable from other funds as nonspendable. Eagle Ridge Academy did not have any nonspendable resources as of June 30, 2013.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Eagle Ridge Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. Restricted balance related to Emergency Reserves as of June 30, 2013 is \$83,722. The Special Revenue Fund also has debt service restrictions totaling \$720,904 as of June 30, 2013.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (i.e. resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Eagle Ridge Academy did not have any committed resources as of June 30, 2013.

- Assigned – This classification includes amounts that are subject to a purpose constraint that represents an intended use, but does not meet the criteria to be classified as restricted or committed. The purpose of this assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Eagle Ridge classified the short term portion of advance receivable from other funds as assigned. Eagle Ridge Academy did not have any assigned resources as of June 30, 2013.
- Unassigned – This classification includes the residual fund balance for the General Fund.

Eagle Ridge Academy would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

Current Year GASB Statement Implementation

Effective July 1, 2012, Eagle Ridge Academy implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62) and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63).

GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Eagle Ridge Academy has already been following these standards.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which Eagle Ridge implemented in 2013, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming GASB Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 *Accounting and Financial Reporting for Pensions* (Statement No. 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Eagle Ridge Academy provides its employees with pension benefits through a multiple-employer cost-sharing defined benefit pension plan. Eagle Ridge Academy employees are in a program administered by the Public Employees' Retirement Association of Colorado (PERA). See further information about this plan in Note 8.

Statement No. 68 requires cost-sharing employers participating in the PERA program, such as Eagle Ridge Academy, to record their proportionate share, as defined in Statement No. 68, of PERA's unfunded pension liability. Eagle Ridge Academy has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. The requirement of Statement No. 68 to record a portion of PERA's unfunded liability will negatively impact Eagle Ridge Academy's future unrestricted net position. Statement No. 68 is effective for fiscal year 2015. At this time, management is unable to estimate the magnitude of this impact. Information regarding PERA's current funding status can be found in its Comprehensive Annual Financial Report.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget was adopted for the General Fund for fiscal year 2013, on a basis consistent with generally accepted accounting principles. A budget was not adopted for the Special Revenue Fund for fiscal year 2013.

Eagle Ridge management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board prior to June 30.

Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

Legal Compliance

The actual expenditures of the Special Revenue Fund exceeded the budgeted amounts by \$690,792, which may be in violation of the Local Government Budget Law. The legally adopted original budget for the General Fund has budgeted expenditures exceeding appropriations, and the legally adopted original and final budgets for the General Fund were not balanced in nature. These also may be violations of Local Government Budget Law.

Accountability

The General Fund had deficit fund balance of \$155,956. This deficit is expected to be reduced by stabilization in revenues and a decrease in expenditures in the coming years.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

Eagle Ridge Academy's deposits are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2013, Eagle Ridge Academy had deposits with financial institutions with a carrying amount of \$223,459. The bank balances with the financial institutions were \$467,539, all of which was covered by federal depository insurance or collateralized under PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Eagle Ridge Academy had invested \$467,539 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is a trust established by local Colorado government entities in 1988. Purchases and redemption are available daily at a net position value of \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. CSAFE is rated AAAM by Standard and Poor's.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

	<u>Maturity</u>	<u>Fair Value</u>
Investments		
Local government investment pool (CSAFE)	Less than one year	\$ <u>467,539</u>

Interest Rate Risk

Eagle Ridge Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments including bank obligation, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

The following is a reconciliation of cash and investments per this note to the basic financial statements:

Cash and investments at June 30, 2013 consisted of the following:

Deposits	\$ 223,459
Investments	<u>467,539</u>
Total	<u>\$ 690,998</u>

Restricted Cash and Investments

Cash in the amount of \$466,539 is restricted in the Special Revenue Fund (Brighton Charter School Building Corporation) for debt service requirements. This balance is made up of accounts set up for the payment of principal and interest, and a bond reserve requirement. Per the mortgage and loan agreement between the Corporation and the Colorado Educational and Cultural Facilities Authority (CECFA) regarding the Corporation's \$10,195,000 Charter School Revenue Bonds, further discussed in Note 6, the account set up for the bond reserve requirement is to maintain a balance of \$435,000.

For the year ended June 30, 2013, this account had a balance of \$240,345. In fiscal year 2011, \$249,500 had been authorized by the bondholders to be withdrawn from the bond reserve account to fund operational needs of Eagle Ridge Academy's General Fund. This amount is included in the financial statements as an Advance Payable balance in the General Fund and an Advance Receivable balance in the Special Revenue Fund for the year ended June 30, 2013. This amount is to be repaid from Eagle Ridge Academy's General Fund to the Special Revenue Fund beginning in September 2013 through 2017 according to an established schedule.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

There is another restricted cash account requirement between the Corporation and CECFA for the establishment of the Eagle Ridge Academy Repair and Replacement Fund. This requirement dictates an annual amount to be deposited on June 30 of each year of \$40,000 into the fund until the amount on deposit is at least equal to the Repair and Replacement Requirement of \$200,000 per the agreement. For the year ended June 30, 2013, \$1,000 was the balance of this restricted cash account as Eagle Ridge Academy obtained a waiver for this requirement from the bondholders for the year ended June 30, 2013.

The remaining balance of restricted cash in the Special Revenue Fund is made up of amounts restricted for bond principal and interest payments on the Corporation's Charter School Revenue Bonds.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 is summarized below.

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2013</u>
Business Type Activities				
Capital assets, not depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital assets, being depreciated				
Building	9,031,412	-	-	9,031,412
Accumulated depreciation:				
Building	(843,842)	(180,628)	-	(1,024,470)
Total capital assets, being depreciated, net	8,187,570	(180,628)	-	8,006,942
Total capital assets	<u>\$ 8,237,570</u>	<u>\$ (180,628)</u>	<u>\$ -</u>	<u>\$ 8,056,942</u>

Depreciation expense of \$180,628 was charged to the supporting services function/program of Eagle Ridge Academy.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 5 - ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2013, were \$31,228 in the General Fund.

NOTE 6 - LONG-TERM DEBT

Following is a summary of Eagle Ridge Academy's long-term debt transactions for the year ended June 30, 2013:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current	Long-Term
Bonds payable	\$ 9,980,000	\$ -	\$ 95,000	\$ 9,885,000	\$ 170,000	\$ 9,715,000
Note payable - 27J - Grants	-	224,011	-	224,011	44,802	179,209
Note payable - 27 J - Costs	-	69,239	-	69,239	-	69,239
Total	<u>\$ 9,980,000</u>	<u>\$ 293,250</u>	<u>\$ 95,000</u>	<u>\$ 10,178,250</u>	<u>\$ 214,802</u>	<u>\$ 9,963,448</u>

Bonds Payable

In December, 2006, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$10,195,000 Charter School Revenue Bonds dated December 11, 2006. On November 1, 2006, the Corporation entered into a mortgage and lease agreement with the Brighton Charter School to use the bond proceeds for the acquisition of land and the construction of an instructional facility. In July 2010, the lease agreement was terminated between the Corporation and the Brighton Charter School and Eagle Ridge Academy entered into a lease agreement with the Corporation. Eagle Ridge Academy is obligated under a lease agreement to make monthly lease payments to the Corporation for the use of educational facilities. The Corporation is required to make equal loan payments to UMB Bank ("the Trustee"), for payment of the bonds. The bonds accrue interest at 6.0% per annum. Interest payments are due semi-annually on May 1 and November 1. Principal payments are due annually on November 1, through 2036.

See Note 3 for certain restricted cash reserves to be maintained relating to Eagle Ridge Academy's bonds payable. Also, the debt agreement requires Eagle Ridge Academy to maintain certain fund balance requirements. As of June 30, 2013, Eagle Ridge Academy was out of compliance with these debt related fund balance requirements: (1) its unrestricted net position (formerly net assets), as computed in accordance with generally accepted accounting principles, as of the end of the fiscal year is to be not less than 5% of its total operating expenses for the fiscal year, and (2) it is to maintain emergency reserves in the amount required under Article X, Section 20(5) of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). However, Eagle Ridge Academy requested a waiver of these debt related fund balance requirements from its bondholders and received a waiver for this requirement for the year ended June 30, 2013.

EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Notes Payable

In fiscal year 2013, Eagle Ridge Academy entered into a Promissory Note with the District (also known as the primary government). In fiscal year 2012, the District repaid \$224,011 of grant expenditures on behalf of Eagle Ridge Academy back to the Colorado Department of Education (CDE). This repayment related to improper grant expenditures incurred by Eagle Ridge Academy during fiscal years 2011 and 2012 out of a federal grant, passed through CDE to the District then the Eagle Ridge Academy. These funds were required to be paid back to CDE during fiscal year 2013. The District repaid these funds directly to CDE due to Eagle Ridge Academy's cash flow issues. Starting on July 1, 2013 and continuing until the principal balance of the Note has been repaid in full, Eagle Ridge Academy is to pay \$3,733.52 per month for a term of 60 months. The promissory note bears no interest. As of June 30, 2013, \$44,802 is due in fiscal year 2014 and the remaining balance of \$179,198 is recorded as long term. This note payable is recorded as debt at the government-wide level only and not in Eagle Ridge Academy's General Fund as there was no impact at the fund level as expenditures related to this grant were previously recognized by Eagle Ridge Academy in prior years and no proceeds were received as these were paid directly by the District to CDE.

In fiscal year 2013, Eagle Ridge Academy entered into another Promissory Note with the District. Under the agreement, for fiscal years 2013, 2014 and 2015, the District waives collection of amounts due from Eagle Ridge Academy related to central administrative overhead costs and direct costs, with the exception of Charter School liaison services. For fiscal years 2016 and 2017, Eagle Ridge Academy is to submit payment to the District for one-half of total amounts accumulated during fiscal years 2013 through 2015 for central administrative overhead costs and direct costs, as well as all current payments due for these costs. Beginning in fiscal year 2018, Eagle Ridge Academy will resume the submission of current payments due for central administrative costs and direct costs, as well as any other currently due costs. During fiscal year 2013, \$45,177 in central administrative costs and \$24,062 in direct costs were incurred by the District and waived by the District relating to this agreement. As of June 30, 2013, a long term liability of \$69,239 is reported.

Annual debt service requirements to maturity for the long-term debt transactions are as follows:

<u>Year Ended June 30, 2013</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 214,802	\$ 585,450	\$ 800,252
2015	224,802	574,800	799,602
2016	234,802	563,550	798,352
2017	249,802	550,475	800,277
2018	329,041	538,725	867,766
2019 - 2023	1,280,000	2,474,700	3,754,700
2024 - 2028	1,715,000	2,022,225	3,737,225
2029 - 2033	2,290,000	1,417,650	3,707,650
2034 - 2037	<u>3,640,000</u>	<u>506,100</u>	<u>4,146,100</u>
	<u>\$ 10,178,249</u>	<u>\$ 9,233,675</u>	<u>\$ 19,411,924</u>

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, is as follows:

Advance Receivable / Payable From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	General Fund	<u>\$ 254,365</u>

Interfund Transfers:

Transfer Out	Transfer In	Amount
General Fund	Special Revenue Fund	<u>\$762,739</u>

During fiscal year 2012, Eagle Ridge Academy incurred \$30,000 worth of repairs to the facility's HVAC system. Payment for the repairs was paid by way of an advance from Eagle Ridge Academy's bond service requirement account, an account which is further discussed in Note 3. The advance was paid directly from the Trustee to the HVAC contractor during fiscal year 2012. Eagle Ridge Academy agreed to repay the advance, in full, with payments being made out of the General Fund. \$30,000 was to be repaid starting in August 2012 over a 12 month period. As of June 30, 2013, \$4,865 remains outstanding to be paid during fiscal year 2014.

The remaining \$249,500 making up the total interfund balance of \$254,365 is discussed in Note 3 pertaining to the bond reserve requirement.

Interfund transfer activity relates to Eagle Ridge Academy's General Fund subsidizing debt service payments to the Special Revenue Fund for payment of Eagle Ridge Academy's bonds payable further discussed in Note 6.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Eagle Ridge Academy contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of Eagle Ridge Academy are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Eagle Ridge Academy is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and Eagle Ridge Academy are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for Eagle Ridge Academy it is 10.15% of covered salary. A portion of Eagle Ridge Academy's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 8).

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

If Eagle Ridge Academy rehires a PERA retiree as an employee, or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, the member is required to contribute 8% of covered salary. Eagle Ridge Academy is also required to pay an amortization equalization disbursement equal to 6.4% of the total payroll for the calendar year 2013, (5.5% of total payroll for the calendar year 2012). For the years ending June 30, 2012 and 2013, Eagle Ridge Academy's employer contributions for the SDTF were \$137,840 and \$179,015, respectively, equal to the required contribution for each year.

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Eagle Ridge Academy contributes to the Health Care Trust Fund (HCTF), a cost sharing multiple-employer post employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Eagle Ridge Academy is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for Eagle Ridge Academy are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the years ending June 30, 2012 and 2013, Eagle Ridge Academy's employer contributions to the HCTF were \$9,266 and \$11,033, respectively, equal to the required contribution for each year.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Claims and Judgments

Eagle Ridge Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, Eagle Ridge Academy may be required to reimburse the grantor government.

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increased based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Eagle Ridge Academy believes it has complied with the Amendment. As required by the Amendment, Eagle Ridge Academy has established a reserve for emergencies. At June 30, 2013, the reserve of \$83,722 was recorded as a restriction of fund balance in the General Fund. However, at June 30, 2013, Eagle Ridge Academy did not maintain adequate reserve amounts according to TABOR due to a deficit unassigned fund balance. This may be a violation of Colorado Law.

NOTE 12 - RISK MANAGEMENT

Eagle Ridge Academy, in conjunction with Bromley East School and Belle Creek Charter School, has established a self-insurance collective purchasing arrangement for employee health benefits. Eagle Ridge Academy's premiums are determined at the beginning of each fiscal year and are deposited into a claims account throughout the year. The claims account is reported as cash with an offsetting liability in the General Fund. The self-insurance arrangement's fiscal year ends each September 30, and includes individual stop loss insurance of \$65,000 and aggregate maximum benefit of \$1,000,000.

Eagle Ridge Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Eagle Ridge Academy carries commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Liability for Unsubmitted Claims

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The carrying amount of claim liabilities are stated at anticipated cost for claims expected to be paid during the next year. The estimated claim liability of \$8,454 as of June 30, 2013 and \$6,921 as of June 30, 2012 represents an estimate of IBNR claims. This plan is included in Eagle Ridge Academy's General Fund within the financial statement line "claims payable."

**EAGLE RIDGE ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12 - RISK MANAGEMENT (CONTINUED)

Unpaid claims increased during fiscal year 2013 by claims incurred (including IBNR) of \$47,129 and was reduced by claims paid of \$45,596. Unpaid claims decreased during fiscal year 2012 from a beginning balance of \$11,633 by claims incurred (including IBNR) of \$34,133 and was reduced by claims paid of \$38,845. Claims did not exceed Eagle Ridge Academy's insurance coverage during fiscal years 2013, 2012, and 2011.

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

An adjustment was made to the July 1, 2012 beginning net position for the governmental activities on the statement of activities and to the beginning fund balance for the General Fund for the net amount of \$ (185,478) relating to adjustments to record amounts due to the Special Revenue Fund and to restate the IBNR liability to a correct beginning amount. The beginning fund balance was also adjusted by a net amount of \$1,638,138 for the Special Revenue Fund, which was the former Internal Service Fund. These adjustments were made to remove capital assets and debt activity to be on the modified accrual basis of accounting.

The adjustments are summarized as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Activities</u>
Net position / Fund balance – July 1, 2012 as originally stated	\$ (230,122)	\$ (989,654)	\$ (1,469,276)
Record advance payable to other funds	(249,500)	-	-
Restate IBNR liability	64,022	-	64,022
Remove bonds payable activity, accumulated depreciation and amortization, buildings, land and loan issuance costs (net effect)	-	-	-
	<u>-</u>	<u>1,638,138</u>	<u>-</u>
Net position / Fund balance – July 1, 2012, as restated	<u>\$ (415,600)</u>	<u>\$ 648,484</u>	<u>\$ (1,405,254)</u>

As mentioned previously, the Internal Service Fund of Eagle Ridge Academy had an ending fund balance as of June 30, 2012 of \$ (989,654) that was used to account for the activity of the Brighton Charter School Building Corporation. Through further analysis, it was determined that treatment of this activity should not be accounted for in an Internal Service Fund but rather in a Special Revenue Fund. As such, a restatement to close the Internal Service Fund as of July 1, 2012 occurred. The ending balance of this closed fund was established in the new Special Revenue Fund as of July 1, 2012. The net effect to establish the Special Revenue Fund as of July 1, 2012 is noted above to show the Internal Service Fund's fund balance at July 1, 2012, and then to remove bonds payable activity, accumulated depreciation and amortization, buildings, land and loan issuance costs to reach a restated beginning fund balance for the Special Revenue Fund as of July 1, 2012 of \$648,484.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local sources				
Per pupil revenue	\$ 2,488,800	\$ 2,529,098	\$ 2,532,879	\$ 3,781
Tuition and fees	115,000	124,672	178,927	54,255
Grants and donations	-	-	2,981	2,981
Other	9,000	2,500	5,178	2,678
State and Federal sources				
Grants and donations	294,008	99,389	101,589	2,200
TOTAL REVENUES	<u>2,906,808</u>	<u>2,755,659</u>	<u>2,821,554</u>	<u>65,895</u>
EXPENDITURES				
Instruction				
Salaries	747,360	772,401	678,039	94,362
Employee benefits	251,660	260,585	254,050	6,535
Supplies and materials	50,000	46,000	56,919	(10,919)
Total Instruction	<u>1,049,020</u>	<u>1,078,986</u>	<u>989,008</u>	<u>89,978</u>
Supporting services				
School administration				
Salaries	346,800	330,258	327,767	2,491
Employee benefits	109,413	113,293	110,453	2,840
Purchased services	471,969	399,593	306,562	93,031
Supplies and materials	178,050	33,300	15,875	17,425
Property	797,989	768,489	5,507	762,982
Other	5,000	30,832	43,999	(13,167)
Total supporting services	<u>1,909,221</u>	<u>1,675,765</u>	<u>810,163</u>	<u>865,602</u>
TOTAL EXPENDITURES	<u>2,958,241</u>	<u>2,754,751</u>	<u>1,799,171</u>	<u>955,580</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(51,433)</u>	<u>908</u>	<u>1,022,383</u>	<u>1,021,475</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(762,739)	(762,739)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(762,739)</u>	<u>(762,739)</u>
NET CHANGE IN FUND BALANCE	<u>(51,433)</u>	<u>908</u>	<u>259,644</u>	<u>258,736</u>
FUND BALANCE, BEGINNING (restated, see Note 13)	<u>(265,000)</u>	<u>(230,122)</u>	<u>(415,600)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ (316,433)</u>	<u>\$ (229,214)</u>	<u>\$ (155,956)</u>	<u>\$ 258,736</u>

EAGLE RIDGE ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 473	\$ 473
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>473</u>	<u>473</u>
EXPENSES				
Current				
Other uses	-	-	125	(125)
Debt service				
Principal	-	-	95,000	(95,000)
Interest	-	-	595,667	(595,667)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>690,792</u>	<u>(690,792)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(690,319)</u>	<u>(690,319)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	762,739	762,739
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>762,739</u>	<u>762,739</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>72,420</u>	<u>72,420</u>
FUND BALANCE, Beginning (restated, see Note 13)	<u>-</u>	<u>-</u>	<u>648,484</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 720,904</u>	<u>\$ 72,420</u>



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Eagle Ridge Academy
Brighton, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Eagle Ridge Academy, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Eagle Ridge Academy's basic financial statements, and have issued our report thereon dated October 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle Ridge Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eagle Ridge Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle Ridge Academy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses: 2013-01, 2013-02, 2013-03, and 2013-04.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies: 2013-05 and 2013-06.

Board of Directors
Eagle Ridge Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eagle Ridge Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2013-01.

Eagle Ridge Academy's Response to Findings

Eagle Ridge Academy's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Eagle Ridge Academy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Broomfield, Colorado
October 9, 2013

**EAGLE RIDGE ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

Finding 2013-01 TABOR Compliance

Material Weakness, Material Noncompliance

Criteria: According to Section 5 of TABOR (Article X of the Constitution of the State of Colorado), state and local governments must maintain an emergency reserve of 3 percent of fiscal year spending.

Condition: During our testing, we noted that the fiscal year spending in the General Fund was \$2,790,738. In order to comply with the terms of TABOR, Eagle Ridge Academy should have a General Fund balance of at least \$83,722 to account for fund balance restrictions for TABOR and debt service. Eagle Ridge Academy's General Fund balance is \$(155,956). During our audit, we noted that Eagle Ridge Academy did not maintain adequate reserves to fund the amount required by TABOR.

Cause: From inception to August 2012, Eagle Ridge Academy was under the direction of an independent consulting firm who failed to manage school funds appropriately and created a severe fund balance deficiency, which the current administration of Eagle Ridge Academy inherited.

Effect: Eagle Ridge Academy is out of compliance with its agreement with Article X of the Constitution of the State of Colorado.

Recommendation:

We recommend that a process be established whereby Eagle Ridge Academy monitors compliance with all provisions of Article X of the Constitution of the State of Colorado. We recommend Eagle Ridge Academy implement a process whereby it budgets annually for TABOR reserve requirements at the beginning of each fiscal year. Appropriate fund balance levels should be factored into the budget process and actual financial results should be monitored for compliance with budget throughout the year. Actual results must be monitored against budgets periodically throughout the year to ensure Eagle Ridge Academy will maintain compliance with TABOR requirements.

Views of responsible officials and planned corrective actions:

Eagle Ridge Academy agrees the current fund balance deficit does not allow ERA to hold a TABOR reserve as required by statute. The District currently holds the reserve amount on behalf of Eagle Ridge Academy. Under current administration, however, Eagle Ridge Academy has established strong accounting controls and fiscal oversight to improve the financial condition of the school.

Contact: Ben Ploeger, Head of Schools, 303-655-0773

**EAGLE RIDGE ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

2013-02 Prior Period Adjustment for Note Payable

Material Weakness

Criteria: The Series 2006 Bonds were initially loaned to the Brighton Charter School Building Corporation (Building Corporation) for the lease of facilities to the Brighton Charter School (aka Eagle Ridge Academy). Effective July 1, 2010, the original lease was terminated between the Building Corporation and the Brighton Charter School and the Building Corporation in-turn leased the facilities to Eagle Ridge Academy. On July 1, 2010, a revised indenture agreement was entered into between the Colorado Education and Cultural Facilities Authority and UMB Bank. Per the agreement, the Building Corporation requested a portion of the principal due on the bonds be deferred, and the owners of the outstanding series 2006 Bonds consented to the deferral. Deferrals amounting to \$249,500 were transferred from Eagle Ridge Academy's Bond Reserve account to fund operational needs for Eagle Ridge Academy's General Fund.

Condition: In fiscal year 2012, a balance of \$249,500 was reported as a note receivable in the former Internal Service Fund (Building Corporation) and a long-term liability was recorded in the government-wide statement of net assets. Through procedures performed over the revised indenture agreement and bondholder requirement agreement, it was noted that no outside agent provided funds to the Building Corporation. Rather, the funds were deferred from the bondholders and were transferred from Eagle Ridge Academy's Bond Reserve account into Eagle Ridge Academy's general checking account. As such, a prior period adjustment was recorded for fiscal year 2013 to record the balance of \$249,500 as an Advance Payable in the General Fund, and an Advance Receivable in the Special Revenue Fund.

Cause: Eagle Ridge has previously relied on its auditors to prepare and calculate certain information necessary to prepare its financial statements.

Effect: General Fund liability balance was misstated in the prior year due to the incorrect recording of this transaction.

Recommendation:
We recommend that Eagle Ridge Academy implement a review process to fully understand agreements so that transactions can be analyzed and recorded appropriately.

Views of responsible officials and planned corrective actions:

Eagle Ridge Academy agrees with the prior period audit adjustment related to the \$249,500 Advance Payable. Eagle Ridge Academy, however, does have a review process in place for such transactions, and followed the established procedure when initially recording the transaction. Eagle Ridge Academy sought the input of the prior year's auditing firm and followed the auditor's recommendations. Eagle Ridge Academy has since changed auditing firms and will seek additional guidance from other sources when booking transactions not reoccurring in nature.

Contact: Ben Ploeger, Head of Schools, 303-655-0773

**EAGLE RIDGE ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

2013-03 Prior Period Adjustment for Claims Liability

Material Weakness

Criteria: Eagle Ridge Academy records self-insurance activity in the General Fund. The balance of the incurred but not reported (IBNR) liability account at the end of fiscal year 2012 was \$70,943. The balance of the incurred but not reported account at the end of fiscal year 2013 was \$148,330.

Condition: During the audit, we obtained the IBNR reports for the fiscal years ending June 30, 2013 and 2012. It was noted that the 2013 and 2012 reports showed IBNR balances of \$8,454 and \$6,921, respectively. As such, a prior period adjustment was posted to correct fund balance due to the overstatement of the IBNR liability at the end of fiscal year 2012. Additionally, through audit procedures performed, an adjustment was made to the June 30, 2013 IBNR balance.

Cause: Year-end IBNR balances were not adjusted to reflect the correct liability for Eagle Ridge Academy's self-insurance activity.

Effect: Eagle Ridge Academy's IBNR liability balances were overstated for the years ending June 30, 2013 and 2012.

Recommendation:

We recommend that a process be established whereby Eagle Ridge Academy monitors the IBNR balance at year-end and makes the necessary adjustments to account for changes in the IBNR balance. Eagle Ridge Academy can obtain the IBNR reports at the end of each fiscal year from its third party claims provider.

Views of responsible officials and planned corrective actions:

Similar to above, Eagle Ridge Academy reviewed historic accounting practices and involved prior year's auditing firm when recording the financial activity surrounding its self-insurance pool. In future years, Eagle Ridge Academy will revise its accounting of insurance expenses as well as liabilities at the end of each fiscal year to more closely represent the current recommended structures.

Contact: Ben Ploeger, Head of Schools, 303-655-0773

2013-04 Prior Period Adjustment for Brighton Charter School Building Corporation

Material Weakness

Criteria: GASB Codification 1300.116 – Number of General Funds states that the General Fund of a blended component unit should be reported as a Special Revenue Fund.

Condition: Through analysis of various agreement surrounding Eagle Ridge Academy and its relationship with the Brighton Charter School Building Corporation, it was determined that the Building Corporation should not be accounted for as an Internal Service Fund but rather should be accounted for as a Special Revenue Fund. A restatement as of July 1, 2012 was conducted to restate the activity from

**EAGLE RIDGE ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

**2013-04 Prior Period Adjustment for Brighton Charter School Building Corporation
(continued)**

Material Weakness (continued)

a full accrual basis of accounting as was done in fiscal year 2012 and now be accounted for on the modified accrual basis of accounting. This resulted primarily in removing the capital asset and debt related activity from the fund to be reported at the government-wide level only.

Cause: Eagle Ridge has previously relied on its auditors to interpret certain information necessary to report this activity.

Effect: This finding resulted in a restatement of the new Special Revenue Fund as of July 1, 2012 to show a beginning fund balance of \$648,484. Ending fund balance of the former Internal Service Fund at June 30, 2013 was \$(989,654).

Recommendation:

We recommend Eagle Ridge Academy staff conduct research and consult as necessary regarding the establishment of fund structures in the future to be able to determine funds are being accounted for correctly.

Views of responsible officials and planned corrective actions:

Again, Eagle Ridge Academy reviewed historic accounting practices and prior year auditing firm's recommendations regarding the Building Corporation. Eagle Ridge Academy has since modified its accounting of the Building Corporation and will continue to research and consult as necessary to ensure funds are being accounted for correctly.

Contact: Ben Ploeger, Head of Schools, 303-655-0773

Finding 2013-05 Fund Balance Compliance

Significant Deficiency

Criteria: As part of the Lease Agreement entered into on July 1, 2010 between the Brighton Charter School Building Corporation and Eagle Ridge Academy, Eagle Ridge Academy covenants that; a) commencing July 1, 2012 its unrestricted net position (as computed in accordance with generally accepted accounting principles) as of the end of each fiscal year shall be not less than 5% of its total operating expenses for such fiscal year; and b) it will maintain emergency reserves in the amount required under Article X, Section 20(5) of the Colorado Constitution.

Condition: During our audit, we noted Eagle Ridge Academy's unrestricted net position as shown on the Statement of Net Position is \$(337,335). Due to the unrestricted net position, Eagle Ridge Academy is not in compliance with the Lease Agreement restrictions. Also, as noted in Finding 2013-01, Eagle Ridge Academy is out of compliance with its TABOR reserve requirements. However, after discussions with Eagle Ridge Academy management regarding this covenant, Eagle Ridge Academy requested a waiver of these debt related fund balance

**EAGLE RIDGE ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

Finding 2013-05 Fund Balance Compliance (continued)

Significant Deficiency (continued)

requirements from its bondholders and received a waiver for this requirement for the year ended June 30, 2013.

Cause: Eagle Ridge has previously relied on its auditors to interpret and monitor certain information necessary to prepare its financial statements and disclosures.

Recommendation:

We recommend that a process be established whereby Eagle Ridge Academy monitors compliance with all debt and debt related covenants as well as all fund balance requirements. Eagle Ridge Academy should designate an employee responsible for becoming familiar with and summarizing all debt covenants and fund balance requirements.

Views of responsible officials and planned corrective actions:

We understand the necessity of compliance with the terms specified in the existing agreement. A waiver was granted from the bondholders after we made the request.

Contact: Ben Ploeger, Head of Schools, 303-655-0773

Finding 2013-06 Preparation of Financial Statements

Significant Deficiency

Criteria: Eagle Ridge Academy is required to maintain a general ledger necessary to support the preparation of its financial statements in accordance with generally accepted accounting principles. Eagle Ridge Academy engages CliftonLarsonAllen to prepare its audited financial statements, which consists of capitalizing and depreciating capital assets, converting the general ledger activity from modified accrual to full accrual basis of accounting for government-wide presentation in the financial statements, and drafting financial statements and associated footnote disclosures. However, as independent auditors, CliftonLarsonAllen cannot be considered part of Eagle Ridge Academy's financial statement internal control system.

Condition: In addition to the items noted above, in compiling Eagle Ridge Academy's financial statements, we were required to identify, calculate and record certain information, as follows:

- Liabilities related to Eagle Ridge Academy's IBNR
- Required debt service reserves of the Special Revenue Fund
- 2013 employee benefit contribution balances

Cause: Eagle Ridge has previously relied on its auditors to prepare and calculate certain information necessary to prepare its financial statements.

**EAGLE RIDGE ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

Finding 2013-06 Preparation of Financial Statements (continued)

Significant Deficiency (continued)

Effect: The possibility exists that Eagle Ridge Academy's financial statements as prepared by Eagle Ridge Academy's personnel would not provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected. These situations require that the Board of Directors consider Eagle Ridge Academy's financial activities and operations being reported as part of the Board of Directors' acceptance of the audited financial statements.

Recommendation:

We recommend Eagle Ridge Academy review and enhance its year-end closing procedures to ensure the general ledger and trial balances include all adjustments necessary to prepare its financial statements in accordance with generally accepted accounting principles. We will assist Eagle Ridge to identify all anticipated additional procedures.

Views of responsible officials and planned corrective actions:

Eagle Ridge Academy acknowledges several adjustments and process changes occurred during school year 2012-13. Eagle Ridge Academy will continuously evaluate its policies and procedures throughout the year to ensure compliance with all applicable rules and regulations. Eagle Ridge Academy will also evaluate use of all resources available at year end to reinforce accurate financial statements.

Contact: Ben Ploeger, Head of Schools, 303-655-0773