

COEUR D'ALENE CHARTER ACADEMY, INC.

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2014

Prepared By

Anderson
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Coeur d'Alene Charter Academy, Inc.

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FINANCIAL SECTION
INDEPENDENT AUDITORS' REPORT

Anderson

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coeur d'Alene Charter Academy, Inc.
Coeur d'Alene, ID 83814

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coeur d'Alene Charter Academy, Inc. as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Coeur d'Alene Charter Academy, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Coeur d'Alene Charter Academy, Inc.'s 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 auditor's 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, each major fund, and the aggregate remaining fund information of Coeur d'Alene Charter Academy, Inc., as of June 30, 2014, 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 3-7 and 27-28* 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coeur d'Alene Charter Academy, Inc.'s basic financial statements. The Agency Funds – Schedule of Changes in Deposit Balances of Student Body Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Agency Funds – Schedule of Changes in Deposit Balances of Student Body Funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Agency Funds – Schedule of Changes in Deposit Balances of Student Body Funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2014 on our consideration of Coeur d'Alene Charter Academy, Inc.'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 results 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 Coeur d'Alene Charter Academy, Inc.'s internal control over financial reporting and compliance.



Anderson Bros. CPA's, P.A.
September 25, 2014

FINANCIAL SECTION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Coeur d'Alene Charter Academy, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2014

The following discussion and analysis provides an overview of Coeur d'Alene Charter Academy's (the "Academy") financial performance for activities during the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- Due to a stable student population, generous local donors, and a slowly improving economy our actual revenue exceeded final budget projections by 7.8%.
- Conservative use of funds and increased revenues allowed us to continue reversing the effects of net asset and fund balance reductions experienced during the recession period.

OVERVIEW OF FINANCIAL STATEMENTS

The Academy's annual financial statements are comprised of four parts: management's discussion and analysis, basic financial statements, required supplementary information, and other supplementary information.

- The basic financial statements include two accounting formats and related notes that provide further details to the information presented in those statements.
- Government-wide statements report a compilation of the Academy's financial information.
- Fund financial statements focus on individual parts of the Academy's financial activities and provide more details on operations.
- Notes to the financial statements provide explanations and disclosures to some of the information in the statements so that readers have a deeper understanding of the Academy's financial picture.
- Required supplementary information contains the general fund budgetary comparison schedule. This statement shows a condensed version of the budget planning for the fiscal year and how the actual results varied from the plan.
- The statements conclude with other supplementary information on non-major and fiduciary funds that are utilized by the Academy for special purposes or held in trust for other organizations. This section provides more detail on the funds reported in aggregate in the previous fund financial statements.

Government-wide Statements

The government-wide statements report information in an accounting method similar to statements provided by private sector companies. The statement of net position indicates the financial position of the Academy at a given point in time (in this case the last day of the fiscal year). The statement of activities reports programmatic expenses and revenues that result in the change in net position over a period in time (fiscal year).

Coeur d'Alene Charter Academy, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2014

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Government-wide Statements (Continued)

- The bottom line on these statements, net position, is one measure of the overall financial position of the Academy. An increase or decrease from a prior year may indicate improvement or decline of the financial position.
- To gain a complete picture of the overall financial condition of the Academy the reader should consider additional factors that include student enrollment, community growth, legislative appropriations, and State economic conditions.
- In the government-wide financial statements, the Academy's activities are all classified as governmental activities. These activities are largely supported by Idaho State general fund revenue derived from income and sales tax. The Academy does not receive funding from local property tax revenues.

Fund Financial Statements

The fund financial statements provide detailed information about the general fund, a compilation of the non-major funds (other governmental), and fiduciary funds. Funds are accounting devices used to track the source of funding and spending on particular programs. This enables the Academy to demonstrate compliance with various regulatory requirements. A balance sheet and statement of revenues, expenditures and changes in fund balances is provided along with reconciliation to the government-wide statements. The reconciliation statements provide a tie between fund statements and government-wide statements that allow the user to connect the overall financial picture with the more detailed one.

Fund Types

Governmental Funds - Most of the Academy's basic services are included in governmental funds. They generally focus on the sources and the uses of cash and other financial assets that provide the basic programmatic services of the Academy. The governmental funds statements provide a more detailed view as to whether there were sufficient resources to finance the Academy's programs. It can also indicate the availability of resources for future use. Governmental fund information does not report on long-term commitments as is reported on the government-wide statements. Therefore, an explanation of the differences between the governmental funds and the government-wide statements is included as a separate statement.

Fiduciary/Agency Funds - The Academy is responsible as a trustee, or fiduciary, for student organizations and the scholarship and a building trust fund. These funds may only be used for their intended purpose and only by those to whom the assets belong. The Academy excludes these activities from government-wide statements because they cannot be used for its operations.

FINANCIAL ANALYSIS

Net Position

One indicator of the Academy's financial position is net position. Assets exceeded liabilities by \$2,559,349 as of June 30, 2014. This represented a 4.1% increase in net position over last year. The largest portion of net position is reflected in investment in capital assets (e.g. buildings and real property, electronic equipment, furniture and fixtures). Table 1 on the following page provides a summary of the Academy's net position.

Coeur d'Alene Charter Academy, Inc.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

FINANCIAL ANALYSIS (CONTINUED)

Net Position (Continued)

**Table 1
Statements of Net Position
June 30, 2014 and 2013**

	2014	2013
ASSETS		
Current and other assets	\$ 1,329,489	\$ 1,259,949
Capital assets, net of accumulated depreciation	3,781,397	3,900,402
Total assets	<u>5,110,886</u>	<u>5,160,351</u>
LIABILITIES		
Long-term liabilities outstanding	2,132,344	2,284,853
Other liabilities	419,193	416,503
Total liabilities	<u>2,551,537</u>	<u>2,701,356</u>
NET POSITION		
Net investment in capital assets	1,649,053	1,615,549
Restricted	15,318	-
Unrestricted	894,978	843,446
Total net position	<u>\$ 2,559,349</u>	<u>\$ 2,458,995</u>

Changes in Net Position

Table 2, below, shows the changes in net position for the fiscal year ended 2014. Total revenues exceeded expenses by \$100,354. The improvement over last year is largely attributed to controlled growth of expenses and increased state revenue. Expenses reflect the fact that all of the Academy's activities revolve around the instruction and support of school programs.

**Table 2
Changes in Net Position
For the Years Ending June 30, 2014 and 2013**

	2014	2013
REVENUES		
Program revenues:		
Charges for services	\$ 100,808	\$ 111,124
General revenues:		
State revenues	3,740,909	3,550,860
Interest and investment earnings	6,076	6,245
Other local support	82,718	74,995
Total revenues	<u>3,930,511</u>	<u>3,743,224</u>
EXPENSES		
Instructional services	2,834,896	2,823,278
Support services	882,294	830,628
Non-instruction	26,646	-
Interest on long-term debt	86,321	92,158
Total expenses	<u>3,830,157</u>	<u>3,746,064</u>
CHANGES IN NET POSITION	<u>\$ 100,354</u>	<u>\$ (2,840)</u>

Coeur d'Alene Charter Academy, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2014

FINANCIAL ANALYSIS (CONTINUED)

Governmental Funds

The Academy completed the year with a total governmental fund balance of \$910,296 which is an improvement from the prior year fund balance by \$66,850, or 7.9%. As earlier stated in relation to net position, the change is viewed as a reflection of improved state funding and the stability in operations represented in Table 3.

General Fund Budgetary Highlights

The beginning budget for the Academy is presented to the public and adopted in June of the preceding year. Typically, an amended budget is adopted in December or January of the fiscal year based on attendance and employment figures that are not available earlier. Revenue received by the State is largely based on those figures. The budget for 2013-2014 was amended in December 2013 and had a few minor amendments later in the year.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (page 27) shows the changes in the budget and a comparison with actual results. The net change in the general fund balance at year-end shows conservative spending and improving revenues.

Table 3
Statements of Revenues, Expenditures
and Changes in Fund Balance-Governmental Funds
For the Years Ending June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Total % Change</u>
REVENUES			
Interest	\$ 6,076	\$ 6,245	-2.71%
Other local revenue	183,526	186,119	-1.39%
State support	3,740,909	3,550,860	5.35%
Total revenues	<u>3,930,511</u>	<u>3,743,224</u>	<u>5.00%</u>
EXPENDITURES			
Instructional services	2,665,587	2,656,299	0.35%
Support services	874,247	822,549	6.29%
Non-instruction	26,646	-	100.00%
Capital asset program	58,351	35,839	62.81%
Debt service (P&I)	238,830	238,651	0.08%
Total expenditures	<u>3,863,661</u>	<u>3,753,338</u>	<u>2.94%</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	17,760	20,045	-11.40%
Transfers out	(17,760)	(20,045)	11.40%
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>0.00%</u>
NET CHANGE IN FUND BALANCE	<u>\$ 66,850</u>	<u>\$ (10,114)</u>	<u>760.96%</u>

Coeur d'Alene Charter Academy, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

An overview of capital asset changes for the fiscal year is contained in note 4 on page 23 (notes to financial statements). The majority of changes are due to depreciation of assets. Total capital assets, after accumulated depreciation, at the end of the fiscal year are \$3,781,397.

Long-Term Debt

Five notes currently held by bankcda on Academy real property (note 6, pg 24 & 25) were renegotiated in January 2011 to reduce the interest rates. The notes are now 3.85% with the balance due in January 2021. All other terms are unchanged. We will continue to use debt with prudence and maintain it at a level that meets the capital needs of the institution and is not detrimental to our overall financial health.

FACTORS BEARING ON THE ACADEMY'S FUTURE

Currently known circumstances that will impact the Academy's financial status in the future:

- The economy continues to be the primary driver in determining future state tax revenues. The State of Idaho is experiencing a slow but steady recovery from the recession which has resulted in some improvement in tax revenues. There is still some uncertainty and we will continue to operate in a manner that is conservative in relation to expenditures and the known sources of revenue.
- Projected enrollment for the coming year is flat. State funding should be marginally up but human resource expenses will present challenges for the coming year.
- Health reform and continued political conflict on the federal and state level will continue to drive a major part of the future revenues and expenses of the Academy.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Academy's finances and to demonstrate our accountability for the resources we receive from all sources. If you have questions about this report or need additional information, contact the Coeur d'Alene Charter Academy, 4904 N. Duncan Dr., Coeur d'Alene, ID 83815 or email gmobile@cdacharter.org.

FINANCIAL SECTION
BASIC FINANCIAL STATEMENTS

Coeur d'Alene Charter Academy

STATEMENT OF NET POSITION

June 30, 2014

ASSETS

Cash and cash equivalents	\$ 1,267,131
Receivables	62,358
Capital assets not being depreciated	722,465
Capital assets, net of accumulated depreciation	<u>3,058,932</u>
Total assets	<u>5,110,886</u>

LIABILITIES

Accounts Payable	11,068
Accrued payroll and benefits	355,715
Deposits	52,410
Noncurrent liabilities:	
Due within one year	159,846
Due in more than one year	<u>1,972,498</u>
Total liabilities	<u>2,551,537</u>

NET POSITION

Net investment in capital assets	1,649,053
Restricted	15,318
Unrestricted	<u>894,978</u>
Total Net Position	<u>\$ 2,559,349</u>

*See accompanying notes to the financial statements
and independent auditors' report*

Coeur d'Alene Charter Academy

Statement of Activities For the Year Ended June 30, 2014

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
Instruction programs:			
Secondary	\$ 2,760,944	\$ 100,808	\$ (2,660,136)
Interscholastic & school activity	73,952		(73,952)
Support services programs:			
Attendance-guidance-health	105,712		(105,712)
Instructional related technology program	8,087		(8,087)
School administration	361,385		(361,385)
Business operations	178,706		(178,706)
Custodial and maintenance	227,464		(227,464)
Transportation	940		(940)
Non-instruction enterprise operations	26,646		(26,646)
Interest on long-term debt	86,321		(86,321)
Total Governmental Activities	<u>\$ 3,830,157</u>	<u>\$ 100,808</u>	<u>(3,729,349)</u>
 General revenues:			
State revenue			3,740,909
Other local support			82,718
Interest and investment earnings			6,076
Total general revenues			<u>3,829,703</u>
Change in Net Position			100,354
Net position - July 1, 2013			2,458,995
Net position - June 30, 2014			<u>\$ 2,559,349</u>

See accompanying notes to the financial statements
and independent auditors' report

Coeur d'Alene Charter Academy

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2014

	General Fund	* Technology Fund	* Plant Facilities Lottery	Total
ASSETS				
Cash and cash equivalents	\$ 1,251,813	\$ 3,671	\$ 11,647	\$ 1,267,131
Receivables	62,358	-	-	62,358
Total assets	<u>\$ 1,314,171</u>	<u>\$ 3,671</u>	<u>\$ 11,647</u>	<u>\$ 1,329,489</u>
LIABILITIES				
Accounts payable	\$ 11,068	\$ -	\$ -	\$ 11,068
Accrued payroll and benefits	355,715	-	-	355,715
Deposits	52,410	-	-	52,410
Total liabilities	<u>419,193</u>	<u>-</u>	<u>-</u>	<u>419,193</u>
FUND BALANCES				
Restricted	-	3,671	11,647	15,318
Assigned	894,978	-	-	894,978
Total fund balances	<u>894,978</u>	<u>3,671</u>	<u>11,647</u>	<u>910,296</u>
Total liabilities and fund balances	<u>\$ 1,314,171</u>	<u>\$ 3,671</u>	<u>\$ 11,647</u>	<u>\$ 1,329,489</u>

* Not a major fund

*See accompanying notes to the financial statements
and independent auditors' report*

Coeur d'Alene Charter Academy

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2014

Total fund balances at June 30, 2014 - Governmental Funds		\$	910,296
Cost of capital assets at June 30, 2014	\$	5,945,976	
Less: Accumulated depreciation as of June 30, 2014			
Buildings		(998,945)	
Equipment and furniture		(1,099,621)	
Land improvements		<u>(66,013)</u>	3,781,397
Long-term liabilities at June 30, 2014:			
Long-term debt payable			<u>(2,132,344)</u>
Net position of governmental activities at June 30, 2014		\$	<u><u>2,559,349</u></u>

*See accompanying notes to the financial statements
and independent auditors' report*

Coeur d'Alene Charter Academy

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	General Fund	* Technology Fund	* Plant Facilities Lottery Fund	Total
REVENUES				
Interest income	\$ 6,076	\$ -	\$ -	\$ 6,076
Other local revenue	183,526	-	-	183,526
State assistance and reimbursements	3,678,807	48,075	14,027	3,740,909
Total revenues	<u>3,868,409</u>	<u>48,075</u>	<u>14,027</u>	<u>3,930,511</u>
 Instruction programs:				
Secondary programs	2,591,635	-		2,591,635
Interscholastic & school activity programs	73,952	-		73,952
Total instruction programs	<u>2,665,587</u>	<u>-</u>	<u>-</u>	<u>2,665,587</u>
Support services programs:				
Attendance, guidance and health program	105,712	-		105,712
Instructional related technology program		8,087		8,087
School administration program	356,731	-		356,731
Business operations program	178,706	-		178,706
Custodial and maintenance program	224,071	-		224,071
Transportation program	940	-		940
Total support services programs	<u>866,160</u>	<u>8,087</u>	<u>-</u>	<u>874,247</u>
Non-instruction enterprise operations	26,646	-	-	26,646
Capital asset program	32,357	23,614	2,380	58,351
Debt service program:				
Principal retirement	152,509	-		152,509
Interest	86,321	-		86,321
Total debt service program	<u>238,830</u>	<u>-</u>	<u>-</u>	<u>238,830</u>
Total expenditures	<u>3,829,580</u>	<u>31,701</u>	<u>2,380</u>	<u>3,863,661</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	38,829	16,374	11,647	66,850
OTHER FINANCING SOURCES (USES)				
Transfers in	17,760	-		17,760
Transfers out	-	(17,760)		(17,760)
Total other financing sources (uses)	<u>17,760</u>	<u>(17,760)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	56,589	(1,386)	11,647	66,850
FUND BALANCES, beginning	838,389	5,057	-	843,446
FUND BALANCES, ending	<u>\$ 894,978</u>	<u>\$ 3,671</u>	<u>\$ 11,647</u>	<u>\$ 910,296</u>

*See accompanying notes to the financial statements
and independent auditors' report*

Coeur d'Alene Charter Academy

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

Total net changes in fund balances for the year ended June 30, 2014	\$ 66,850
Add: Capital outlay which is considered expenditures	58,351
Less: Depreciation expense for the year ended June 30, 2014	(177,356)
Add: Loan payments considered as an expenditure	152,509
Change in net position of governmental activities for the year ended June 30, 2014	<u>\$ 100,354</u>

*See accompanying notes to the financial statements
and independent auditors' report*

Coeur d'Alene Charter Academy

STATEMENT OF NET POSITION FIDUCIARY FUNDS June 30, 2014

	Expendable Building Trust Fund	Expendable Scholarship Trust Fund	Student Body Agency Funds
ASSETS			
Cash and cash equivalents	\$ 90,687	\$ 35,795	\$ 98,741
Total assets	<u>90,687</u>	<u>35,795</u>	<u>98,741</u>
LIABILITIES			
Due to student groups	-	-	98,741
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 98,741</u>
NET POSITION			
Held in trust	<u>\$ 90,687</u>	<u>\$ 35,795</u>	

*See accompanying notes to the financial statements
and independent auditors' report*

Coeur d'Alene Charter Academy

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2014

	Expendable Building Trust Fund	Expendable Scholarship Trust Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions	\$ 36,770	\$ 3,255
Interest earnings	261	102
Total additions	<u>37,031</u>	<u>3,357</u>
DEDUCTIONS		
Contribution expense	-	-
Auction expenses	9,247	-
Scholarships	-	6,500
Total deductions	<u>9,247</u>	<u>6,500</u>
CHANGE IN NET POSITION	27,784	(3,143)
NET POSITON, beginning of year	<u>62,903</u>	<u>38,938</u>
NET POSITION, end of year	<u>\$ 90,687</u>	<u>\$ 35,795</u>

*See accompanying notes to the financial statements
and independent auditors' report*

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coeur d'Alene Charter Academy, Inc. (the "Academy") operates under the direction of a Board of Directors, who oversees the operation of the Academy and governs the decisions made by the Principal. The Academy is engaged in the education of students on the secondary level. Coeur d'Alene Charter Academy, Inc. does not exercise sufficient control over other governmental agencies and authorities to warrant including them as a part of the Academy's entity.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Academy consists of all funds, departments, boards, and agencies that are not legally separate from Coeur d'Alene Charter Academy Inc. For the Academy this includes general operations, debt service, and student and supportive service activities.

Component units are legally separate organizations for which the Academy is financially accountable. Component units may also include organizations that are fiscally dependent on the Academy, that is, the Academy approves their budget, the issuance of their debt, or the levying of taxes. The Academy has no component units.

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Academy's accounting policies are described below:

B. Fund Accounting

The Academy uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Academy functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Academy are grouped into the categories governmental and fiduciary.

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Academy's major governmental funds:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to the laws of the state of Idaho.

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

Additionally, the Academy reports the following governmental funds:

Capital Projects Fund – The capital projects fund is used to account for financial resources used to construct or acquire capital improvements/additions. This fund is currently not in use.

Technology Fund – The Technology fund is used to account for financial resources provided to the Academy through the State of Idaho for technology related functions.

Plant Facilities Lottery Fund – The Plant Facilities Lottery fund is used to account for financial resources used for Plant Facilities capital outlay.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The funds accounted for in this category by the Academy are the agency and trust funds. The trust funds are an expendable building fund and a scholarship fund maintained and distributed by the Academy. The agency fund accounts for assets held by the Academy as an agent for school organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the Academy as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The Academy has activities that are considered to be governmental as opposed to business-type activity.

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Academy's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Academy, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Academy.

Fund Financial Statements – Fund financial statements report detailed information about the Academy. The focus of governmental fund statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are also reported on the fund statements and noted with an asterisk to indicate that they are non-major funds.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Academy available means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees, and rentals.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

E. Cash and Cash Equivalents

On the financial statements, cash received by the Academy is pooled for investment purposes and is presented as "Cash and Cash Equivalents" for the following funds: General fund and non-major funds. Interest earned in the pooled accounts is allocated to the general fund.

During the fiscal year ended June 30, 2014, investments were limited to money market accounts and certificates of deposit.

For presentation on the financial statements, investments with an original maturity of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. It also includes certificates of deposit with a maturity beyond three months as the entity is able to access the funds at any time with minimal penalty.

F. Capital Assets

General capital assets usually result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of \$500 to \$50,000 depending on the nature of the item (i.e. buildings with a cost of \$50,000 or more are capitalized and equipment with a cost of \$500 or more are capitalized). The Academy does not possess any infrastructure. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets (continued)

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	40 yrs
Buildings/improvements	40 yrs
Modular equipment	10 yrs
Improvements	10 yrs
Furniture	7 yrs
Equipment	5 yrs

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of notes, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources.

In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations paid from governmental funds are not recognized as a liability in the fund financial statements until due.

H. Net Position Flow Assumption

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy, or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

I. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the government that can, by adoption of a policy prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the policy remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors has by policy authorized the finance committee to assign fund balance. The Board of Directors may also assign fund balance as it does with appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

K. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenses/expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenses/expenditures to the funds that initially paid for them are not presented on the financial statements.

The current year transfers included a transfer from the technology fund to the general fund for technology expenditures within the general fund.

L. Extraordinary and Special Items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended June 30, 2014.

M. Estimates

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

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Income Taxes

Coeur d'Alene Charter Academy, Inc. is a nonprofit organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3). In accordance with generally accepted accounting principles, the organization is required to disclose certain information regarding potential liabilities regarding its tax positions it currently takes or has taken in prior years. Currently, there are no unrecognized tax benefits or liabilities that need to be recognized during current year or due to a tax position taken in a prior year. Therefore, the cumulative effect of the change on net position of applying provisions of the requirement in this first year of adoption is none. If the organization were to have a potential liability for such taxes, it would also accrue interest and penalties as a liability in the financial statements. The organization expects no unrecognized tax benefits that will be incurred within the next year of the date of these financial statements. There are no tax years that are currently under examination by federal or state tax authorities.

NOTE 2: CASH AND CASH EQUIVALENTS

The carrying amount of the Academy's deposits with financial institutions was \$1,492,354 and the bank balance was \$1,508,620. Investments of the Academy are funds held by bankcda, Mountain West Bank, INB, and Washington Trust Bank.

Deposits without exposure to custodial credit risk:

Amount insured by FDIC or other agencies	\$ 1,024,048
Amount collateralized with securities held in trust, but not in the Academy's name	483,946
Total deposits without exposure to custodial credit risk	<u>\$ 1,507,994</u>

Deposits with exposure to custodial credit risk:

Amounts uninsured-exposed to custodial credit risk	\$ 626
Total bank balance (deposits)	<u>\$ 1,508,620</u>

The carrying amount is displayed as follows in the financial statements:

Statement of net position (page 8)	\$ 1,267,131
Statement of net position - fiduciary funds (page 14)	
Expendable building trust	90,687
Expendable scholarship trust	35,795
Student body agency funds	98,741
Total carrying amount	<u>\$ 1,492,354</u>

Market value materially approximates cost at June 30, 2014. Idaho State Code allows the Academy to invest idle monies in certain categories. No violations of those categories have occurred during the year. Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it.

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 3: ACCOUNTS RECEIVABLE

State of Idaho – The amount due from the state represents unreceived distributions and reimbursements from state administered funds applicable to the year ended June 30, 2014.

NOTE 4: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2014:

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 621,646	\$ -	\$ -	\$ 621,646
Construction in progress	100,819	-	-	100,819
Total capital assets, not being depreciated	<u>722,465</u>	-	-	<u>722,465</u>
Capital assets being depreciated:				
Land improvements	295,177	-	-	295,177
Buildings and improvements	3,598,518	-	-	3,598,518
Equipment and furniture	1,271,465	58,351	-	1,329,816
Total capital assets being depreciated	<u>5,165,160</u>	<u>58,351</u>	-	<u>5,223,511</u>
Less accumulated depreciation for:				
Land improvements	55,458	10,555	-	66,013
Buildings and improvements	916,471	82,474	-	998,945
Equipment and furniture	1,015,294	84,327	-	1,099,621
Total accumulated depreciation	<u>1,987,223</u>	<u>177,356</u>	-	<u>2,164,579</u>
Total capital assets being depreciated, net	<u>3,177,937</u>	<u>(119,005)</u>	-	<u>3,058,932</u>
Total governmental activities capital assets, net	<u>\$ 3,900,402</u>	<u>\$ (119,005)</u>	<u>\$ -</u>	<u>\$ 3,781,397</u>

Depreciation expense of \$177,356 for the year ended June 30, 2014 was charged to the following governmental functions:

Institutional Services:

Secondary	\$ 169,309
School administration	4,654
Custodial and maintenance	3,393
	<u>\$ 177,356</u>

Following is a recap of the June 30, 2014 balances by generic location:

	Secondary	Custodial & Maintenance	Administration and Other	Total
Land	\$ 621,646	\$ -	\$ -	\$ 621,646
Construction in progress	100,819	-	-	100,819
Land improvements	295,177	-	-	295,177
Buildings and improvements	3,598,518	-	-	3,598,518
Equipment and furniture	1,207,087	51,645	71,084	1,329,816
	<u>\$ 5,823,247</u>	<u>\$ 51,645</u>	<u>\$ 71,084</u>	<u>\$ 5,945,976</u>

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 5: ACCRUED PAYROLL AND BENEFITS

Accrued payroll includes amounts due contracted teachers and other employees at June 30, 2014, which were not paid until July and August 2014, in conformity with contractual stipulations.

NOTE 6: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES

<u>Pavee</u>	<u>Terms</u>	<u>Security</u>	<u>2013</u>
bankcda	\$8,826.20 per month including an interest rate of 3.85% until January 2021 at which time the balance of \$292,506.52 is due.	Real property located at: 4904 N. Duncan Drive Coeur d'Alene, ID 83815 4916 N. Duncan Drive Coeur d'Alene, ID 83815	\$834,319
bankcda	\$2,814.49 per month including an interest rate of 3.85% until January 2021 at which time the of \$30,465.13 is due.	Real property located at: 4904 N. Duncan Drive Coeur d'Alene, ID 83815 balance	\$217,439
bankcda	\$3,435.63 per month including an interest rate of 3.85% until January 2021 at which time the \$412,858.09 is due.	Real property located at: 4921 N. Duncan Drive 4904 N. Duncan Drive balance of Coeur d'Alene, ID 83815	\$555,862
bankcda	\$2,263.52 per month including an interest rate of 3.85% until January 2021 at which time the \$89,021.51 is due.	Real property located at: 4921 N. Duncan Drive 4904 N. Duncan Drive balance of Coeur d'Alene, ID 83815	\$224,780
bankcda	\$2,571.88 per month including an interest rate of 3.85% until June 2021 at which time the \$148,366.47 is due.	Real property located at: 4921 N. Duncan Drive 4904 N. Duncan Drive balance of Coeur d'Alene, ID 83815	\$299,944

Coeur d'Alene Charter Academy, Inc.

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES (CONTINUED)

A summary of long-term debt is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Amount Due Within One Year
bankcda	\$ 906,131	\$ -	\$ 71,812	\$ 834,319	\$ 75,575
bankcda	242,196	-	24,757	217,439	26,013
bankcda	575,046	-	19,184	555,862	20,015
bankcda	242,783	-	18,003	224,780	18,930
bankcda	318,697	-	18,753	299,944	19,313
	<u>\$ 2,284,853</u>	<u>\$ -</u>	<u>\$ 152,509</u>	<u>\$ 2,132,344</u>	<u>\$ 159,846</u>

Long-term debt maturities are as follows:

Year	Principal	Interest	Total
2015	\$ 159,846	\$ 79,095	\$ 238,941
2016	164,866	74,075	238,941
2017	171,417	67,524	238,941
2018	178,231	60,710	238,941
2019	185,313	53,628	238,941
2020-2021	1,272,671	46,533	1,319,204
	<u>\$ 2,132,344</u>	<u>\$ 381,565</u>	<u>\$ 2,513,909</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the members and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand-alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website at www.persi.idaho.gov.

The actuarially determined contribution requirements of Coeur d'Alene Charter Academy, Inc. and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2014, the required contribution rate as a percentage of covered payrolls for members was 6.79% for general members. The employer rate as a percentage of covered payroll was 11.32% for general members. Coeur d'Alene Charter Academy, Inc.'s contributions required and paid were \$276,906, \$258,849 and \$241,565 for the three years ended June 30, 2014, 2013, and 2012, respectively.

Coeur d'Alene Charter Academy, Inc.

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

NOTE 8: FUND BALANCE ITEMS

Non-spendable items – balances in permanent funds and inventories that are precluded from conversion to cash. There are no non-spendable items.

Restricted items – resources restricted to a specific purpose by enabling legislation, external parties or constitutional provisions. The restrictions are as follows:

Restricted for technology	\$ 3,671
Restricted for plant facilities	11,647
Total restricted fund balances	<u>\$ 15,318</u>

Committed items – balances with constraints imposed by the Board of Directors that can only be changed by Board action. There are no committed items.

Assigned items – amounts intended for a specific purpose by the Board of Directors and are appropriations of existing fund balances. The Board has the following assignments as of June 30, 2014:

Debt retirement	\$ 240,000
Building improvements	307,976
Contractual employee salary and benefit commitments for fye 2015	277,045
Classroom technology	35,000
Security and safety equipment	25,000
Professional development stipends	8,837
PTO donated purchases	1,120
Total assigned fund balances	<u>\$ 894,978</u>

All items are represented in the Maintenance & Operations Fund #100.

Unassigned items – amounts available for any purpose. These items represent the remaining balances in governmental funds after other reservations. There are no unassigned items.

NOTE 10: RISK MANAGEMENT

The Academy pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Academy is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Academy contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

An outside insurance company protects professional liability with a \$3,000,000 liability per occurrence and a \$5,000,000 aggregate umbrella. Vehicles are also covered by the same insurance company with no deductible for comprehensive or collision. Automobile liability has a \$3,000,000 single limit of liability.

The Academy provides life, with accidental death and dismemberment insurance, as well as medical, dental and vision insurance to most employees through an insurance company.

FINANCIAL SECTION
REQUIRED SUPPLEMENTARY INFORMATION

Coeur d'Alene Charter Academy

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest income	\$ 5,000	\$ 5,000	\$ 6,076	\$ 1,076
Other local revenue	108,250	176,250	183,526	7,276
State assistance and reimbursements	3,436,989	3,407,143	3,678,807	271,664
Total revenues	<u>3,550,239</u>	<u>3,588,393</u>	<u>3,868,409</u>	<u>280,016</u>
EXPENDITURES:				
Instruction programs:				
Secondary programs	2,638,860	2,650,154	2,591,635	58,519
Interscholastic & school activity programs	96,659	96,659	73,952	22,707
Total instruction programs	<u>2,735,519</u>	<u>2,746,813</u>	<u>2,665,587</u>	<u>81,226</u>
Support services programs:				
Attendance, guidance and health program	90,039	109,612	105,712	3,900
Special services program	5,000	5,000	-	5,000
School administration program	376,934	387,406	356,731	30,675
Business operations program	162,751	180,222	178,706	1,516
Custodial and maintenance program	245,444	250,669	224,071	26,598
Transportation program	5,000	5,000	940	4,060
Total support services programs	<u>885,168</u>	<u>937,909</u>	<u>866,160</u>	<u>71,749</u>
Enterprise operations	-	31,500	26,646	4,854
Capital asset program	20,000	55,000	32,357	22,643
Debt service program:				
Principal retirement	150,000	159,000	152,509	6,491
Interest	95,000	81,000	86,321	(5,321)
Total debt service program	<u>245,000</u>	<u>240,000</u>	<u>238,830</u>	<u>1,170</u>
Total expenditures	<u>3,885,687</u>	<u>4,011,222</u>	<u>3,829,580</u>	<u>181,642</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(335,448)	(422,829)	38,829	461,658
OTHER FINANCING SOURCES (USES)				
Transfers in	17,760	17,760	17,760	-
Transfers out	(350,918)	(292,520)	-	292,520
Contingency reserve	(140,800)	(140,800)	-	140,800
Total other financing sources (uses)	<u>(473,958)</u>	<u>(415,560)</u>	<u>17,760</u>	<u>433,320</u>
NET CHANGE IN FUND BALANCES	(809,406)	(838,389)	56,589	894,978
FUND BALANCES, beginning	809,406	838,389	838,389	-
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 894,978</u>	<u>\$ 894,978</u>

Coeur d'Alene Charter Academy, Inc.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2014

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general, special revenue, debt services, and capital project funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund, special revenue funds, and debt service funds. This is in conformance with Idaho State Statutes which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The Academy publishes a proposed budget for public review.
- Public hearings are set for comments.
- Prior to July 1, the budget is adopted by resolution of the Board of Directors and published.
- The final budget is then filed with the State Department of Education. Expenditures may not legally exceed budgeted appropriations at the fund level.

During the fiscal year ended June 30, 2014, the budget was amended to reflect revised revenue and expense estimates. The amendment was properly approved by the Board of Directors.

Lapsing of Appropriations – At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

FINANCIAL SECTION
OTHER SUPPLEMENTARY INFORMATION

Coeur d'Alene Charter Academy

**AGENCY FUNDS
SCHEDULE OF CHANGES IN DEPOSIT BALANCES
OF STUDENT BODY FUNDS
For the Year Ended June 30, 2014**

Activity	Cash June 30, 2013	Receipts	Disbursements	Transfers	Cash June 30, 2014
Academic Team	\$ 670	\$ 196	\$ 360	\$ -	\$ 506
Associated student body	1,109	3,331	2,625	-	1,815
Band	15,138	49,234	35,427	-	28,945
Basketball - boys	1,176	4,244	5,194	-	226
Basketball - girls	916	3,332	3,842	-	406
Bookstore	2,206	744	590	-	2,360
Chess	300	205	57	-	448
Choir	7,806	13,506	12,507	-	8,805
Civics programs	279	4,528	4,807	-	-
Classes 6-12	7,909	9,442	10,645	(1,169)	5,537
Drama	4,369	9,889	9,610	-	4,648
French/SFS	331	10	340	-	1
French trip	688	-	688	-	-
International travel	2,726	6,547	2,946	-	6,327
Journalism/Yearbook	15,533	28,334	30,952	-	12,915
Key club	691	-	-	-	691
5096	130	-	-	-	130
Miscellaneous	4,423	751	675	1,169	5,668
NHS	379	879	968	-	290
P & C LeBlanc	5,000	-	-	-	5,000
Region 1	-	340	-	-	340
Science club	786	-	-	-	786
Soccer	3,357	3,586	5,096	-	1,847
Spanish	833	-	-	-	833
Speech and debate	789	978	964	-	803
Staff sunshine	579	214	352	-	441
Tennis	992	1,827	1,291	-	1,528
Trail creek	5,386	15,503	16,772	-	4,117
Volleyball	3,928	5,219	7,065	-	2,082
Washington DC trips	166	5,105	5,285	-	(14)
Writing symposium	596	2,247	2,134	-	709
X-Country/Track	904	3,954	4,307	-	551
	<u>\$ 90,095</u>	<u>\$ 174,145</u>	<u>\$ 165,499</u>	<u>\$ -</u>	<u>\$ 98,741</u>

REPORT REQUIRED BY GAO



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**INDEPENDENT AUDITOR'S 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**

To the Board of Directors
Coeur d'Alene Charter Academy, Inc.
Coeur d'Alene, ID 83814

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coeur d'Alene Charter Academy, Inc., as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Coeur d'Alene Charter Academy, Inc.'s basic financial statements and have issued our report thereon dated September 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coeur d'Alene Charter Academy, Inc.'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 Coeur d'Alene Charter Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Coeur d'Alene Charter Academy, Inc.'s internal control.

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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coeur d'Alene Charter Academy, Inc.'s financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results 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.

A handwritten signature in cursive script that reads "Anderson Bros".

Anderson Bros. CPA's, P.A.
September 25, 2014