

COEUR D'ALENE CHARTER  
ACADEMY, INC.

FINANCIAL STATEMENTS  
JUNE 30, 2007

**Coeur d'Alene Charter Academy, Inc.**  
**June 30, 2007**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



Magnuson, McHugh & Company, P.A.

CPAs and Consultants

## INDEPENDENT AUDITORS' REPORT

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

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, 2007, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Coeur d'Alene Charter Academy, Inc.'s management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the Coeur d'Alene Charter Academy, Inc. as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2006, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 - 6 and 25 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Magnuson, McHugh, & Co.

*Magnuson, McHugh & Company, P.A.*

Coeur d'Alene, Idaho  
October 15, 2007

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

# **Coeur d'Alene Charter Academy, Inc.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2007**

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, 2007.

### **FINANCIAL HIGHLIGHTS**

- Student population increased with an opening day enrollment of 482. This represented an increase of 21% over the previous year. Higher enrollment coupled with an increase in state appropriations produced an increase in state revenue of 11%. The increased enrollment required additional staffing and the expansion of facilities.
- The General fund balance and net assets rose due to conservative use of governmental resources.
- The Building Trust Fund (fiduciary fund) realized a 56% increase in the fund balance after another successful auction and donations from the community.

### **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 additional 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 nonmajor 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 assets 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 assets over a period in time (fiscal year).

# Coeur d'Alene Charter Academy, Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2007

### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

#### Government-wide Statements (Continued)

- The bottom line on these statements, net assets, 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 nonmajor 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 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 Assets

One indicator of the Academy's financial position is net assets. Assets exceeded liabilities by \$1,595,592 as of June 30, 2007. This represented a 12% increase over last year. The largest portion of the net assets 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 assets.

**Coeur d'Alene Charter Academy, Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2007**

**FINANCIAL ANALYSIS (CONTINUED)**

**Net Assets (Continued)**

**Table 1  
Statement of Net Assets  
June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current and other assets	\$ 842,866	\$ 668,409
Capital assets, net of accumulated depreciation	<u>2,725,869</u>	<u>2,406,213</u>
Total assets	<u>3,568,735</u>	<u>3,074,622</u>
<b>LIABILITIES</b>		
Long-term liabilities outstanding	1,690,579	1,409,846
Other liabilities	<u>282,564</u>	<u>235,227</u>
Total liabilities	<u>1,973,143</u>	<u>1,645,073</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,035,290	996,367
Restricted	6,445	21,635
Unrestricted	<u>553,857</u>	<u>411,547</u>
Total net assets	<u>\$1,595,592</u>	<u>\$1,429,549</u>

**Changes in Net Assets**

Table 2, below, shows the changes in net assets for the fiscal year ended 2007. Total revenues exceeded expenses by \$166,043. 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 Assets  
Government Activities 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>REVENUES</b>		
Program revenues:		
Charge for services	\$ 45,179	\$ 38,559
Operating grants and contributions		6,929
Capital grants and contributions	18,933	20,720
General revenues:		
State revenues	2,746,069	2,290,377
Interest and investment earnings	39,763	24,807
Contributions	<u>6,329</u>	<u>13,706</u>
Total revenues	<u>2,856,273</u>	<u>2,395,098</u>
<b>EXPENSES</b>		
Instructional services	1,888,257	1,595,983
Support services	712,872	610,598
Interest on long-term debt	<u>89,101</u>	<u>79,730</u>
Total expenses	<u>2,690,230</u>	<u>2,286,311</u>
Change in net assets	<u>\$ 166,043</u>	<u>\$ 108,787</u>



**Coeur d'Alene Charter Academy, Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2007**

**FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Funds**

The Academy completed the year with a total governmental fund balance of \$560,302 which is up from the prior year fund balance by \$160,223, or 40%. \$33,103 is a result of a prior period adjustment (see note 11, pg24). The remaining \$127,120 can be attributed to increased revenues due to enrollment expansion without an equally correlated increase in non-capital asset related expenditures. Capital asset related expenditures were offset by proceeds from a long-term note.

**Table 3  
Statement of Revenues and Expenditure  
Governmental Funds  
For the year ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>	<u>Total % Change</u>
<b>REVENUES</b>			
Interest	\$ 39,763	\$ 24,807	60%
Other local revenue	56,860	52,266	9%
State support	<u>2,753,321</u>	<u>2,318,025</u>	<u>19%</u>
Total revenue	<u>2,849,944</u>	<u>2,395,098</u>	<u>19%</u>
<b>EXPENDITURES</b>			
Instructional programs	1,720,060	1,454,996	18%
Support service programs	702,424	605,123	16%
Capital asset program	491,972	182,730	169%
Debt service (P&I)	<u>178,368</u>	<u>155,972</u>	<u>14%</u>
Total expenditures	<u>3,092,824</u>	<u>2,398,821</u>	<u>29%</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from notes	370,000		
Transfers in	494,035	150,207	
Transfers out	<u>(494,035)</u>	<u>(150,207)</u>	
Total other financing sources (uses)	<u>370,000</u>	<u>                    </u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 127,120</u>	<u>\$ (3,723)</u>	

**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 2006-2007 was amended January 16, 2007, to reflect projected changes in revenues and expenses.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (page 25) shows the changes in the budget and a comparison with actual results. The net change in the general fund balance at year end was due to facility expansion progress, increased enrollment, and conservative planning and budgeting.

# **Coeur d'Alene Charter Academy, Inc.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2007**

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

An overview of capital asset changes for the fiscal year is contained in note 5 on page 21 (notes to financial statements). The majority of changes are due to construction projects in progress; the addition of two modular buildings; and, the depreciation of assets. Total capital assets, after accumulated depreciation, at the end of the fiscal year are \$2,725,869.

#### **Long-Term Debt**

Two notes are currently held by bankcda on Academy real property (note 7, pg 22). Terms of a previously existing note are on a variable interest rate (currently 5.5%). The rate does not change in the first five years of the note (through November 2008). This note with bankcda allowed us to lower our interest rate on debt and extend the payoff on long-term debts. We continued to accelerate our principal payments on this note by \$2,000/mo. in the fiscal year 2006-2007. The payments are under the limit for early payment penalties. The new note with bankcda provided funds for the purchase of our modular classroom addition. The rate on the note is fixed at 5.95% for the term of the loan. There are no early payment penalties on this note. We will continue to accelerate the reduction of debt at a level that prevents penalties and is prudent 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 in Kootenai County and growth in population related to families with school age children will impact the demand for charter school public education.
- The Academy will need to continue resource allocation in capital investments to keep pace with the growth and development of programs and enrollment.

### **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](mailto:gmobile@cdacharter.org).

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

**Coeur d'Alene Charter Academy, Inc.**

**STATEMENT OF NET ASSETS**

**June 30, 2007**

**ASSETS**

Cash and cash equivalents	\$ 794,936
Receivables	47,930
Capital assets not being depreciated:	
Land	321,646
Construction in progress	103,516
Capital assets net of accumulated depreciation	<u>2,300,707</u>
Total assets	<u>3,568,735</u>

**LIABILITIES**

Accounts payable	11,715
Accrued payroll and benefits	240,573
Deferred revenue	4,783
Deposits	25,493
Long-term liabilities:	
Due within one year	74,165
Due in more than one year	<u>1,616,414</u>
Total liabilities	<u>1,973,143</u>

**NET ASSETS**

Invested in capital assets, net of related debt	1,035,290
Restricted for:	
Grant purposes	6,445
Unrestricted	<u>553,857</u>
Total net assets	<u>\$ 1,595,592</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene Charter Academy, Inc.**

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2007**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets Governmental Activities</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>FUNCTIONS/PROGRAMS:</b>					
<b>Governmental Activities:</b>					
Instruction programs:					
Secondary	\$ 1,812,344	\$ 45,179		\$ 18,933	\$ (1,748,232)
Interscholastic & school activity	75,913				(75,913)
Support services programs:					
Attendance-guidance-health	79,025				(79,025)
School administration	327,952				(327,952)
Business operations	133,017				(133,017)
Custodial & maintenance	170,649				(170,649)
Transportation	2,229				(2,229)
Interest on long-term debt	89,101				(89,101)
Total governmental activities	<u>\$ 2,690,230</u>	<u>\$ 45,179</u>	<u>\$ -</u>	<u>\$ 18,933</u>	<u>(2,626,118)</u>
General revenues:					
State revenue					2,746,069
Interest and investment earnings					39,763
Contributions					6,329
Total general revenues					<u>2,792,161</u>
Change in net assets					166,043
Net assets - July 1, 2006					1,396,446
Prior period adjustment					33,103
Net assets - June 30, 2007					<u>\$ 1,595,592</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**Coeur d'Alene Charter Academy, Inc.**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2007**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 791,894		\$ 3,042	\$ 794,936
Accounts receivable	44,527		3,403	47,930
Total assets	<u>\$ 836,421</u>	<u>\$ -</u>	<u>\$ 6,445</u>	<u>\$ 842,866</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 11,715			\$ 11,715
Accrued payroll and benefits	240,573			240,573
Deferred revenues	4,783			4,783
Deposits	25,493			25,493
Total liabilities	<u>282,564</u>			<u>282,564</u>
Fund balances:				
Reserved for:				
Grant purposes			6,445	6,445
Unreserved:				
Undesignated	553,857			553,857
Total fund balances	<u>553,857</u>		<u>6,445</u>	<u>560,302</u>
Total liabilities and fund balances	<u>\$ 836,421</u>	<u>\$ -</u>	<u>\$ 6,445</u>	<u>\$ 842,866</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene Charter Academy, Inc.**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2007**

Total fund balances at June 30, 2007 - Governmental Funds		\$	560,302
Cost of capital assets at June 30, 2007	\$	3,639,446	
Less: Accumulated depreciation as of June 30, 2007			
Buildings		(441,670)	
Equipment and furniture		(460,691)	
Land Improvements		(11,216)	2,725,869
			<u>2,725,869</u>
Long-term liabilities at June 30, 2007			
Long-term debt payable			<u>(1,690,579)</u>
			<u>(1,690,579)</u>
Net assets at June 30, 2007		\$	<u><u>1,595,592</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene Charter Academy, Inc.**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the year ended June 30, 2007**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
<b>REVENUES</b>				
Interest income	\$ 39,763			\$ 39,763
Other local revenue	56,860	\$ 7,252		64,112
State assistance and reimbursements	2,714,833		\$ 31,236	2,746,069
Total revenues	<u>2,811,456</u>	<u>7,252</u>	<u>31,236</u>	<u>2,849,944</u>
<b>EXPENDITURES</b>				
Instruction programs:				
Secondary programs	1,644,290			1,644,290
Interscholastic & school activity programs	75,770			75,770
Total instruction programs	<u>1,720,060</u>			<u>1,720,060</u>
Support services programs:				
Attendance, guidance and health program	79,025			79,025
School administration program	320,514		3,327	323,841
Business operations program	131,337			131,337
Custodial and maintenance program	166,013			166,013
Transportation program	2,208			2,208
Total support services programs	<u>699,097</u>		<u>3,327</u>	<u>702,424</u>
Capital asset program	63,365	412,979	15,628	491,972
Debt service program:				
Principal retirement	89,267			89,267
Interest	89,101			89,101
Total debt service program	<u>178,368</u>			<u>178,368</u>
Total expenditures	<u>2,660,890</u>	<u>412,979</u>	<u>18,955</u>	<u>3,092,824</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>150,566</u>	<u>(405,727)</u>	<u>12,281</u>	<u>(242,880)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from notes	370,000			370,000
Transfers out	(427,798)	(16,695)	(49,542)	(494,035)
Transfers in	49,542	411,647	32,846	494,035
Total other financing sources (uses)	<u>(8,256)</u>	<u>394,952</u>	<u>(16,696)</u>	<u>370,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	142,310	(10,775)	(4,415)	127,120
<b>FUND BALANCES, beginning</b>	378,444	10,775	10,860	400,079
<b>Prior period adjustment</b>	33,103			33,103
<b>FUND BALANCES, ending</b>	<u>\$ 553,857</u>	<u>\$ -</u>	<u>\$ 6,445</u>	<u>\$ 560,302</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.



**Coeur d'Alene Charter Academy, Inc.**

**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, 2007**

Total net changes in fund balances for year ended June 30, 2007	\$ 127,120
Add: Capital outlay which is considered expenditures	491,972
Less: Depreciation expense for the year ended June 30, 2007	(178,645)
Add: Donated capital assets	6,329
Add: Loan payments considered as an expenditure	89,267
Less: Proceeds from notes considered as other financing source	<u>(370,000)</u>
Change in net assets for year ended June 30, 2007	<u><u>\$ 166,043</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

Coeur d'Alene Charter Academy, Inc.

STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2007

	<u>Expendable Building Trust</u>	<u>Student Body Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 260,018	\$ 36,952
Total assets	<u>260,018</u>	<u>36,952</u>
<b>LIABILITIES</b>		
Sales tax liability	93	
Due to student groups		36,952
Total liabilities	<u>93</u>	<u>36,952</u>
<b>NET ASSETS</b>		
Held in trust	<u>\$ 259,925</u>	<u>\$</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene Charter Academy, Inc.**

**STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007**

	<b><u>Expendable Building Trust</u></b>
<b>ADDITIONS</b>	
Contributions	\$ 132,502
Total additions	<u>132,502</u>
<b>DEDUCTIONS</b>	
Business operations program	16,662
Auction expenses	<u>22,933</u>
Total deductions	<u>39,595</u>
<b>Change in net assets</b>	92,907
<b>NET ASSETS, beginning of year</b>	<u>167,018</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 259,925</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2007

### 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. 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.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources used to construct or acquire capital improvements/additions.

The other governmental funds (non-major funds) of the Academy account for other resources in which the use is restricted to a particular purpose.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2007

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Fund Accounting (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The funds accounted for in this category by the Academy are the agency and trust funds. The trust fund is an expendable building trust 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.

#### C. Basis of Presentation

Government-wide Financial Statements – The statement of net assets 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.

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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2007

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

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.

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.

#### 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, 2007, investments were limited to a money market account and certificates of deposit.

(Continued)

**Coeur d'Alene Charter Academy, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Cash and Cash Equivalents (Continued)**

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.

**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 assets 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 \$5,000 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 \$5,000 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.

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.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2007

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Fund Balance Reserves

Coeur d'Alene Charter Academy, Inc. reserves those portions of fund equity that are legally segregated for a specific future use or that do not represent available expendable resources and therefore are not available for expenditure or appropriation. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods.

#### I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets 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.

#### J. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

#### K. 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 Education and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended June 30, 2007.

#### L. 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.

#### M. 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).

(Continued)



**Coeur d'Alene Charter Academy, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. 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:

- a) The Academy publishes a proposed budget for public review.
- b) Public hearings are set for comments.
- c) Prior to July 1, the budget is adopted by resolution of the Board of Directors and published.
- d) 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, 2007, 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.

**NOTE 3: CASH AND INVESTMENTS**

The carrying amount of the Academy's deposits with financial institutions was \$1,091,906 and the bank balance was \$1,102,054. Investments of the Academy are funds held by bankcda. The bank balance and investments are categorized as follows:

Amount insured by the FDIC or other agencies	\$ 458,391
Amount uninsured	<u>643,663</u>
Total bank balance	<u>\$1,102,054</u>

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

Statement of Net Assets (pg 7)	\$ 794,936
Statement of Net Assets - Fiduciary Funds (pg 13)	
Expendable Building Trust	260,018
Student Body Agency Funds	<u>36,952</u>
Total	<u>\$1,091,906</u>

Market value materially approximates cost at June 30, 2007. Idaho State Code allows the District 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 District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

(Continued)

**Coeur d'Alene Charter Academy, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007**

**NOTE 4: 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, 2007.

**NOTE 5: CAPITAL ASSETS**

Following is a recap of capital assets for the fiscal year ended June 30, 2007:

	<u>Balance 6/30/06</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	<u>Balance 6/30/07</u>
Governmental activities:					
Capital Assets, not being depreciated.					
Land	\$ 321,646				\$ 321,646
Construction in progress	77,627	\$ 25,889			103,516
Total capital assets, not being depreciated.	<u>399,273</u>	<u>25,889</u>			<u>425,162</u>
Capital Assets being depreciated:					
Land Improvements	160,806	7,253			168,059
Buildings and Improvements	2,006,240	36,974			2,043,214
Equipment and Furniture	574,826	428,185			1,003,011
Total capital assets being depreciated	<u>2,741,872</u>	<u>472,412</u>			<u>3,214,284</u>
Less accumulated depreciation for:					
Land Improvements	6,843	4,373			11,216
Buildings and Improvements	365,928	75,742			441,670
Equipment and Furniture	362,161	98,530			460,691
Total accumulated depreciation	<u>734,932</u>	<u>178,645</u>			<u>913,577</u>
Total capital assets being, being depreciated, net	<u>2,006,940</u>	<u>293,767</u>			<u>2,300,707</u>
Governmental activities capital assets, net	<u>\$ 2,406,213</u>	<u>\$ 319,656</u>			<u>\$ 2,725,869</u>

Depreciation expense of \$178,645 for the year ended June 30, 2007 was charged to the following governmental functions:

**INSTITUTIONAL SERVICES:**

Secondary	\$168,054
Activity program	143
School Administration	4,111
Business Operation	1,680
Maintenance	4,636
Transportation	<u>21</u>
Total	<u>\$178,645</u>

(Continued)

**Coeur d'Alene Charter Academy, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

Following is a recap of the June 30, 2007 balances by generic location:

	<u>Secondary</u>	<u>Administration and Other</u>	<u>Total</u>
Land		\$ 321,646	\$ 321,646
Land improvements		168,059	168,059
Buildings & improvements		2,146,730	2,146,730
Equipment and furniture	\$362,010	<u>641,001</u>	<u>1,003,011</u>
Total	<u>\$362,010</u>	<u>\$3,277,436</u>	<u>\$3,639,446</u>

**NOTE 6: ACCRUED PAYROLL AND BENEFITS**

Accrued payroll includes amounts due contracted teachers and other employees at June 30, 2007, which were not paid until July and August 2007, in conformity with contractual stipulations.

**NOTE 7: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES**

<u>Payee</u>	<u>Terms</u>	<u>Security</u>	<u>2007</u>
bankcda	\$11,007.64 per month including variable interest rate of index 1.5% (current interest rate of 5.5%), Until November 20, 2013 at which time the balance is dues.	Real property located at: 4904 N. Duncan Drive Coeur d'Alene, ID 83815  4916 N. Duncan Drive Coeur d'Alene, ID 83815	\$1,329,300
bankcda	\$3,115.50 per month including an interest rate of 5.95% until November 20, 2011 at which time The balance is due.	Real property located at: 4904 N. Duncan Drive Coeur d'Alene, ID 838145	\$361,279

A summary of long-term debt is as follows:

	<u>Balance 6-30-06</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6-30-07</u>
bankcda	\$1,409,846		\$80,546	\$1,329,300
bankcda		<u>\$370,000</u>	<u>8,721</u>	<u>361,279</u>
Total	<u>\$1,409,846</u>	<u>\$370,000</u>	<u>\$89,267</u>	<u>1,690,579</u>
Less amount due within one year				<u>(74,165)</u>
				<u>\$1,616,414</u>

(Continued)

**Coeur d'Alene Charter Academy, Inc.**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007**

**NOTE 7: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES (continued)**

Long-term debt maturities for the next five years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 74,165	\$ 95,312
2009	78,546	90,931
2010	83,186	86,291
2011	88,101	81,377
2012 - 2013	<u>1,366,581</u>	<u>125,596</u>
	<u>\$1,690,579</u>	<u>\$479,507</u>

**NOTE 8: 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 member 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. Financial reports for the plan are available from PERSI upon request.

After five 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.

The contribution requirements of Coeur d'Alene Charter Academy and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2007, the required contribution rate as a percentage of covered payroll for members was 6.23%. The employer rate as a percentage of covered payroll was 10.39%. The academy's contributions required and paid were \$177,431, \$131,544 and \$121,406 for the three years ended June 30, 2007, 2006, and 2005, respectively.

**NOTE 9: FUND BALANCE RESERVES AND DESIGNATIONS**

Reservations of fund balances are created to identify a portion of the fund balance that is not appropriable for other future expenditures and are explained as follows:

Reserved for Projects in Process – This reserve relates to amounts to be used for major construction activities of the Academy and amounts to be spent from the plant facilities fund for nonmajor fixed asset purchases.

Reserved for Grant Purposes – This reserve relates to amounts to be used for grant programs.

(Continued)

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2007**

**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 a \$500 deductible for comprehensive and a \$500 deductible for 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 in the amount of \$313,520.

**NOTE 11: PRIOR PERIOD ADJUSTMENT**

The Academy had a prior period adjustment due to an over statement of expenses for SUTA in prior years. The State Department of Education should have been paying this on behalf of the Academy. Consequently, in the current period the effect of the error is shown as an increase to prior-year fund balance and net assets in the amount of \$33,103.

**NOTE 12: SUBSEQUENT EVENTS**

Two contracts were signed in June 2007 for the remodeling of four science classrooms. The contracts totaling \$92,196 stipulated a completion date within 60 days. Subsequent events related to the building permit process suspended work in July. No payments had been made on those contracts as of August 31, 2007 and the project is now due to be completed sometime in October 2007.

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

**Coeur d'Alene Charter Academy, Inc.**

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the year ended June 30, 2007**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest income	\$ 16,000	\$ 26,000	\$ 39,763	\$ 13,763
Other local revenue	44,000	44,000	56,860	12,860
State assistance and reimbursements	2,388,877	2,441,000	2,714,833	273,833
Total revenues	<u>2,448,877</u>	<u>2,511,000</u>	<u>2,811,456</u>	<u>300,456</u>
<b>EXPENDITURES</b>				
Instructional services:				
Secondary program	1,632,596	1,718,271	1,644,290	73,981
Exceptional child and gifted and talented programs	5,000	5,000		5,000
Interscholastic and school activity programs	62,222	70,207	75,770	(5,563)
Total instructional services	<u>1,699,818</u>	<u>1,793,478</u>	<u>1,720,060</u>	<u>73,418</u>
Support services:				
Attendance, guidance and health program	64,181	75,180	79,025	(3,845)
School administration program	343,595	341,095	320,514	20,581
Business operations program	130,018	134,018	131,337	2,681
Custodial and maintenance program	176,228	176,228	166,013	10,215
Transportation program	2,000	2,000	2,208	(208)
Total support services	<u>716,022</u>	<u>728,521</u>	<u>699,097</u>	<u>29,424</u>
Capital asset program	<u>78,542</u>	<u>76,042</u>	<u>63,365</u>	<u>12,677</u>
Debt service program:				
Principal	72,000	72,000	89,267	(17,267)
Interest	108,000	108,000	89,101	18,899
Total debt service	<u>180,000</u>	<u>180,000</u>	<u>178,368</u>	<u>1,632</u>
Contingency Reserve	<u>103,165</u>	<u>99,257</u>		<u>99,257</u>
Total expenditures	<u>2,777,547</u>	<u>2,877,298</u>	<u>2,660,890</u>	<u>216,408</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(328,670)</u>	<u>(366,298)</u>	<u>150,566</u>	<u>516,864</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from notes	600,000	370,000	370,000	
Transfers in	49,542	49,542	49,542	
Transfers out	(700,000)	(431,688)	(427,798)	3,890
Total other financing sources (uses)	<u>(50,458)</u>	<u>(12,146)</u>	<u>(8,256)</u>	<u>3,890</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(379,128)</u>	<u>(378,444)</u>	<u>142,310</u>	<u>520,754</u>
<b>FUND BALANCES, beginning</b>	<u>379,128</u>	<u>378,444</u>	<u>378,444</u>	
<b>Prior period adjustment</b>			<u>33,103</u>	<u>33,103</u>
<b>FUND BALANCES, ending</b>	<u>\$</u>	<u>\$</u>	<u>\$ 553,857</u>	<u>\$ 553,857</u>

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION



**Coeur d'Alene Charter Academy, Inc.**

**COMBINING BALANCE SHEET - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2007**

	<u>Special Revenue Technology</u>	<u>Lottery</u>	<u>Total Nonmajor Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,042		\$ 3,042
Accounts receivable	3,403		3,403
Total assets	<u>\$ 6,445</u>	<u>\$ -</u>	<u>\$ 6,445</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable			
Total liabilities			
Fund balances:			
Reserved for:			
Grants	\$ 6,445		\$ 6,445
Total fund balances	<u>6,445</u>		<u>6,445</u>
Total liabilities and fund balances	<u>\$ 6,445</u>	<u>\$ -</u>	<u>\$ 6,445</u>

**Coeur d'Alene Charter Academy, Inc.**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
For the year ended June 30, 2007**

	<u>Special Revenue Technology</u>	<u>Lottery</u>	<u>Total Nonmajor Funds</u>
<b>REVENUES</b>			
State assistance and reimbursements	\$ 14,540	\$ 16,696	\$ 31,236
Total revenues	<u>14,540</u>	<u>16,696</u>	<u>31,236</u>
<b>EXPENDITURES</b>			
Instructional services:			
School administration program	3,327		3,327
Total instructional services	<u>3,327</u>		<u>3,327</u>
Capital asset program	15,628		15,628
Total expenditures	<u>18,955</u>		<u>18,955</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,415)</u>	<u>16,696</u>	<u>12,281</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out		(49,542)	(49,542)
Transfers in		32,846	32,846
Total other financing sources		<u>(16,696)</u>	<u>(16,696)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(4,415)</u>		<u>(4,415)</u>
<b>FUND BALANCES, beginning</b>	<u>10,860</u>		<u>10,860</u>
<b>FUND BALANCES, ending</b>	<u>\$ 6,445</u>	<u>\$ -</u>	<u>\$ 6,445</u>

**Coeur d'Alene Charter Academy, Inc.**

**AGENCY FUNDS  
SCHEDULE OF CHANGES IN DEPOSIT BALANCES  
OF STUDENT BODY FUNDS  
For the year ended June 30, 2007**

<u>Activity</u>	<u>Cash June 30, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash June 30, 2007</u>
Art	\$ 531	\$ 22		\$ 553
Associated Student Body	3,848	2,241	\$ 1,481	4,608
Band	604	744	265	1,083
Basketball	1,585	17,970	15,542	4,013
Bookstore	322	417		739
Chess	130			130
Choir	3,898	4,177	7,414	661
Classes 6-12	9,546	17,641	16,906	10,281
Drama	1,219	839	986	1,072
English	160	90	160	90
Forensics	156	219		375
French/SFS	906	199	292	813
Geography	117	702	702	117
Key Club	55	549	206	398
Latin	115	659	120	654
Miscellaneous	682	1,612	1,761	533
NHS	195	502	520	177
Scholastic Team	109	100	109	100
Science Club	120	472	398	194
Spanish	284	861	303	842
Staff Sunshine	416	300	462	254
Student Trips		538	529	9
Tennis	59	908	551	416
Volleyball	1,170	5,468	3,442	3,196
X-Country/Track	1,397	4,080	2,751	2,726
Yearbook	1,820	18,614	17,516	2,918
	<u>\$ 29,444</u>	<u>\$ 79,924</u>	<u>\$ 72,416</u>	<u>\$ 36,952</u>

REQUIRED BY GAO



# Magnuson, McHugh & Company, P.A.

## CPAs and Consultants

### 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  
Coeur d'Alene Charter Academy, Inc.  
Coeur d'Alene, ID 83814

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, 2007, which collectively comprise Coeur d'Alene Charter Academy, Inc.'s basic financial statements and have issued our report thereon dated October 15, 2007. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Coeur d'Alene Charter Academy, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coeur d'Alene Charter Academy's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Coeur d'Alene Charter Academy, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Coeur d'Alene Charter Academy, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Coeur d'Alene Charter Academy, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Coeur d'Alene Charter Academy, Inc.

#### **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*.

This report is intended for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Magnuson, McHugh, & Co., P.A.

*Magnuson, McHugh & Company, P.A.*

October 15, 2007

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