

**COEUR D'ALENE CHARTER  
ACADEMY, INC.**

**FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Coeur d'Alene Charter Academy, Inc.**  
**June 30, 2013**

**TABLE OF CONTENTS**

**FINANCIAL SECTION:**

<b>Independent Auditors' Report</b> .....	1 – 2
<b>Management's Discussion and Analysis</b> .....	3 – 7

**Basic Financial Statements:**

District-wide Financial Statements:

Statement of Net Position.....	8
Statement of Activities.....	9

Fund Financial Statements:

Balance Sheet – Governmental Funds .....	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	13
Statement of Net Position – Fiduciary Funds .....	14
Statement of Changes in Net Position – Fiduciary Funds.....	15
Notes to the Financial Statements.....	16 – 25

**Required Supplementary Information:**

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: General Fund.....	26
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**Other Supplementary Information:**

Agency Funds – Schedule of Changes in Deposit Balances of Student Body Funds .....	27
--	----

**REPORT REQUIRED BY GAO:**

Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	28 – 29
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

## **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, 2013, 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. We have also audited each fiduciary fund type of Coeur d'Alene Charter Academy, Inc., as of and for the year ended June 30, 2013, as displayed in Coeur d'Alene Charter Academy, Inc.'s basic financial statements.

### **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, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fiduciary fund of Coeur d'Alene Charter Academy, Inc., as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT (CONCLUDED)

### **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 26* 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 October 15, 2013 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.

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

Magnuson, McHugh, & Co.

October 15, 2013

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2013**

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, 2013.

### **FINANCIAL HIGHLIGHTS**

- The Academy experienced a substantial increase in student population, the 13th of our 14 year history. The year over year increase in beginning enrollment was 10.7%.
- Due to the increased student population, generous local donors, and a slowly improving economy our actual revenue exceeded budget projections by 11.5%.
- Conservative use of funds and increased revenues allowed us to begin 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, 2013

### 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 \$2,458,995 as of June 30, 2013. This represented a .01% decrease 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). Although net position decreased, the amount was minor and is viewed as a success given the economic climate (Table 2). 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, 2013

### FINANCIAL ANALYSIS (CONTINUED)

#### Net Position (Continued)

**Table 1**  
**Statement of Net Position**  
**June 30, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
Current and other assets	\$ 1,259,949	\$ 1,265,680
Capital assets, net of accumulated depreciation	3,900,402	4,039,621
Total assets	5,160,351	5,305,301
<b>LIABILITIES</b>		
Long-term liabilities outstanding	2,284,853	2,431,346
Other liabilities	416,503	412,120
Total liabilities	2,701,356	2,843,466
<b>NET POSITION</b>		
Net investment in capital assets	1,615,549	1,608,275
Unrestricted	843,446	853,560
	\$ 2,458,995	\$ 2,461,835

#### Changes in Net Position

Table 2, below, shows the changes in net position for the fiscal year ended 2013. Total expenses exceeded revenues by \$2,840. The improvement over last year is largely attributed to increased student population (producing increased state revenue) combined with controlled growth of related expenses. 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, 2013 and 2012**

	2013	2012
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 111,124	\$ 87,296
General revenues:		
State revenues	3,550,860	3,164,982
Interest and investment earnings	6,245	7,978
Federal assistance	-	94,660
Other local support	74,995	92,990
Total revenues	3,743,224	3,447,906
<b>EXPENSES</b>		
Instructional services	2,823,278	2,726,856
Support services	830,628	832,037
Interest on long-term debt	92,158	95,839
Total expenses	3,746,064	3,654,732
<b>CHANGE IN NET POSITION</b>	\$ (2,840)	\$ (206,826)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2013**

**FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Funds**

The Academy completed the year with a total governmental fund balance of \$843,446 which is down from the prior year fund balance by \$10,114, or 1.18%. As earlier stated in relation to net position, the change is viewed as positive given the economic climate 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 2012-2013 was amended by minor amounts through the year.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (page 26) shows the changes in the budget and a comparison with actual results. The net change in the general fund balance at year end was mitigated by conservative planning and budgeting.

**Table 3  
Statement of Revenues and Expenditures  
and Changes in Fund Balance-Governmental Funds  
For the Years Ending June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>	<b>Total % Change</b>
<b>REVENUES</b>			
Interest	\$ 6,245	\$ 7,978	-22%
Other local revenue	186,119	180,286	3%
State support	3,550,860	3,164,982	12%
Federal Assistance	-	94,660	-100%
Total revenues	<u>3,743,224</u>	<u>3,447,906</u>	9%
<b>EXPENDITURES</b>			
Instructional services programs	2,656,299	2,562,175	4%
Support services programs	822,549	824,087	0%
Capital asset program	35,839	438,371	-92%
Debt service (P&I)	238,651	232,553	3%
Total expenses	<u>3,753,338</u>	<u>4,057,186</u>	-7%
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from notes	-	350,000	100%
Transfers in	20,045	334,061	-94%
Transfers out	(20,045)	(334,061)	-94%
Total other financing sources (uses)	<u>-</u>	<u>350,000</u>	100%
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (10,114)</u></u>	<u><u>\$ (259,280)</u></u>	-96%

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2013**

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

#### **Capital Assets**

An overview of capital asset changes for the fiscal year is contained in note 5 on page 22 and 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 \$3,900,402.

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

Four notes currently held by bankcda on Academy real property (note 7, pg 24) were renegotiated in January 2012 to reduce the interest rates. The notes are now 3.85% with the balance due in January 2021. All other terms are unchanged. A fifth note, also at 3.85%, was executed on June 28th, 2013 with a 10 year term. The note was for construction of the high school addition and was completely drawn in October 2013. 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 recovery from the recession and some improvement in tax revenues. There is still a great deal of 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 may impact the economy, which in turn will affect the stability of future revenues and expenses.

### **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 POSITION**

**June 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 1,245,114
Receivables	14,835
Capital assets not being depreciated:	722,465
Capital assets net of accumulated depreciation	<u>3,177,937</u>
Total assets	<u>5,160,351</u>

**LIABILITIES**

Accounts payable	12,375
Accrued payroll and benefits	349,368
Deposits	54,760
Long-term liabilities:	
Due within one year	153,789
Due in more than one year	<u>2,131,064</u>
Total liabilities	<u>2,701,356</u>

**NET POSITION**

Net investment in capital assets	1,615,549
Unrestricted	<u>843,446</u>
Total net position	<u>\$ 2,458,995</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, 2013**

	<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	\$ 2,743,745	\$ 111,124	\$ -	\$ -	\$ (2,632,621)
Interscholastic & school activity	79,533	-	-	-	(79,533)
Support services programs:					
Attendance-guidance-health	90,552	-	-	-	(90,552)
Instructional related technology program	15,466	-	-	-	(15,466)
School administration	349,606	-	-	-	(349,606)
Business operations	143,178	-	-	-	(143,178)
Custodial & maintenance	227,095	-	-	-	(227,095)
Transportation	4,731	-	-	-	(4,731)
Interest on long-term debt	92,158	-	-	-	(92,158)
Total governmental activities	<u>\$ 3,746,064</u>	<u>\$ 111,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,634,940)</u>
General revenues:					
State revenue					3,550,860
Other local support					74,995
Interest and investment earnings					6,245
Total general revenues					<u>3,632,100</u>
Change in net position					(2,840)
Net position - July 1, 2012					<u>2,461,835</u>
Net position - June 30, 2013					<u>\$ 2,458,995</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, 2013**

	*		
	<b>General</b>	<b>Technology Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,238,361	\$ 6,753	\$ 1,245,114
Accounts receivable	14,835	-	14,835
Total assets	<u>\$ 1,253,196</u>	<u>\$ 6,753</u>	<u>\$ 1,259,949</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 12,375	\$ -	\$ 12,375
Accrued payroll and benefits	347,672	1,696	349,368
Deposits	54,760	-	54,760
Total liabilities	<u>414,807</u>	<u>1,696</u>	<u>416,503</u>
 Fund balances:			
Restricted for technology	-	5,057	5,057
Assigned to:			
Debt retirement	245,000	-	245,000
Building maintenance and repairs	50,000	-	50,000
Contractual employee salary and benefit commitments for FY 2014	543,389	-	543,389
Total fund balances	<u>838,389</u>	<u>5,057</u>	<u>843,446</u>
 Total liabilities and fund balances	<u>\$ 1,253,196</u>	<u>\$ 6,753</u>	<u>\$ 1,259,949</u>

\* Not a major fund

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 POSITION  
June 30, 2013**

Total fund balances at June 30, 2013 - Governmental Funds		\$	843,446
Cost of capital assets at June 30, 2013	\$	5,887,625	
Less: Accumulated depreciation as of June 30, 2013			
Buildings		(916,471)	
Equipment and furniture		(1,015,294)	
Land improvements		<u>(55,458)</u>	3,900,402
Long-term liabilities at June 30, 2013:			
Long-term debt payable			<u>(2,284,853)</u>
Net position at June 30, 2013		\$	<u><u>2,458,995</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, 2013**

	General	* Technology Fund	* Capital Projects	* Plant Facilities Lottery	Total
<b>REVENUES</b>					
Interest income	\$ 6,245	\$ -	\$ -	\$ -	\$ 6,245
Other local revenue	186,119	-	-	-	186,119
State assistance and reimbursements	3,520,138	30,722	-	-	3,550,860
Total revenues	<u>3,712,502</u>	<u>30,722</u>	<u>-</u>	<u>-</u>	<u>3,743,224</u>
<b>EXPENDITURES</b>					
Instruction programs:					
Secondary programs	2,576,766	-	-	-	2,576,766
Interscholastic & school activity programs	79,533	-	-	-	79,533
Total instruction programs	<u>2,656,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,656,299</u>
Support services programs:					
Attendance, guidance and health program	90,552	-	-	-	90,552
Instructional related technology program	-	15,466	-	-	15,466
School administration program	344,948	-	-	-	344,948
Business operations program	143,178	-	-	-	143,178
Custodial and maintenance program	223,674	-	-	-	223,674
Transportation program	4,731	-	-	-	4,731
Total support services programs	<u>807,083</u>	<u>15,466</u>	<u>-</u>	<u>-</u>	<u>822,549</u>
Capital asset program	<u>1,821</u>	<u>13,973</u>	<u>10,660</u>	<u>9,385</u>	<u>35,839</u>
Debt service program:					
Principal retirement	146,493	-	-	-	146,493
Interest	92,158	-	-	-	92,158
Total debt service program	<u>238,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,651</u>
Total expenditures	<u>3,703,854</u>	<u>29,439</u>	<u>10,660</u>	<u>9,385</u>	<u>3,753,338</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>8,648</u>	<u>1,283</u>	<u>(10,660)</u>	<u>(9,385)</u>	<u>(10,114)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	10,660	9,385	20,045
Transfers out	(20,045)	-	-	-	(20,045)
Total other financing sources (uses)	<u>(20,045)</u>	<u>-</u>	<u>10,660</u>	<u>9,385</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(11,397)</u>	<u>1,283</u>	<u>-</u>	<u>-</u>	<u>(10,114)</u>
<b>FUND BALANCES, beginning</b>	<u>849,786</u>	<u>3,774</u>	<u>-</u>	<u>-</u>	<u>853,560</u>
<b>FUND BALANCES, ending</b>	<u>\$ 838,389</u>	<u>\$ 5,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 843,446</u>

\* Not a major fund

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, 2013**

Total net changes in fund balances for year ended June 30, 2013	\$ (10,114)
Add: Capital outlay which is considered expenditures	35,839
Less: Depreciation expense for the year ended June 30, 2013	(175,058)
Add: Loan payments considered as an expenditure	146,493
Change in net position for the year ended June 30, 2013	<u>\$ (2,840)</u>

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

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

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2013**

	<b>Expendable Building Trust</b>	<b>Scholarship Trust</b>	<b>Student Body Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 62,903	\$ 38,938	\$ 90,095
Total assets	<u>62,903</u>	<u>38,938</u>	<u>90,095</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	90,095
Total liabilities	<u>-</u>	<u>-</u>	<u>90,095</u>
<b>NET POSITION</b>			
Held in trust	<u>\$ 62,903</u>	<u>\$ 38,938</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 POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2013**

	<b>Expendable Building Trust</b>	<b>Expendable Scholarship Trust</b>
<b>ADDITIONS</b>		
Contributions	\$ 31,485	\$ 6,190
Interest earnings	182	113
Total additions	<u>31,667</u>	<u>6,303</u>
<b>DEDUCTIONS</b>		
Contribution expense	5,872	-
Auction expenses	8,610	-
Scholarships	-	3,000
Total deductions	<u>14,482</u>	<u>3,000</u>
<b>Change in net position</b>	17,185	3,303
<b>NET POSITION, beginning of year</b>	<u>45,718</u>	<u>35,635</u>
<b>NET POSITION, end of year</b>	<u><u>\$ 62,903</u></u>	<u><u>\$ 38,938</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, 2013

### 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. During the year ended June 30, 2013, the Academy implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. 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.

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.

*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.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### B. Fund Accounting (Continued)

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.

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.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

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

#### C. Basis of Presentation (Continued)

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.

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.

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2013**

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

**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, 2013, 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.

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.

(Continued)



# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

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

#### G. Accrued Liabilities and Long-term Obligations (Continued)

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. Fund Balance Reserves

Coeur d'Alene Charter Academy, Inc. follows GASB Statement 54 and classifies its fund balances as non spendable, restricted, committed, assigned, and unassigned, as applicable.

#### I. Net Position

Net position represent 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.

#### J. 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.

#### 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 Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended June 30, 2013.

#### 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.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### 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). 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: 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:

- 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, 2013, 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.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### NOTE 3: CASH AND CASH EQUIVALENTS

The carrying amount of the Academy's deposits with financial institutions was \$1,437,050 and the bank balance was \$1,441,097. 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	\$ 1,006,501
Amount collateralized with securities held in trust, but not in the Academy's name	434,596
Total deposits without exposure to custodial credit risk	\$ 1,441,097

The carrying amount is displayed as follows in the financial statements:	
Statement of net position (page 8)	\$ 1,245,114
Statement of net position - fiduciary funds (page 14)	
Expendable building trust	62,903
Expendable scholarship trust	38,938
Student body agency funds	90,095
Total	\$ 1,437,050

Market value materially approximates cost at June 30, 2013. 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.

### 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, 2013.

### NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2013:

	Balance 6/30/12	Increases	Decreases	Balance 6/30/13
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.	722,465	-	-	722,465
Capital assets being depreciated:				
Land improvements	284,517	10,660	-	295,177
Buildings and improvements	3,589,133	9,385	-	3,598,518
Equipment and furniture	1,255,671	15,794	-	1,271,465
Total capital assets being depreciated	5,129,321	35,839	-	5,165,160
Less accumulated depreciation for:				
Land improvements	45,436	10,022	-	55,458
Buildings and improvements	834,467	82,004	-	916,471
Equipment and furniture	932,262	83,032	-	1,015,294
Total accumulated depreciation	1,812,165	175,058	-	1,987,223
Total capital assets being, depreciated, net	3,317,156	(139,219)	-	3,177,937
Governmental activities capital assets, net	\$ 4,039,621	\$(139,219)	\$ -	\$ 3,900,402

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$175,058 for the year ended June 30, 2013 was charged to the following governmental functions:

<u>Institutional Services:</u>	
Secondary	\$ 166,979
School administration	4,658
Maintenance	3,421
Total	\$ 175,058

Following is a recap of the June 30, 2013 balances by generic location:

	<u>Administration</u>		<u>Total</u>
	<u>Secondary</u>	<u>and Other</u>	
Land	\$ -	\$ 621,646	\$ 621,646
Land improvements	-	295,177	295,177
Buildings and improvements	-	3,699,337	3,699,337
Equipment and furniture	570,151	701,314	1,271,465
	\$ 570,151	\$ 5,317,474	\$ 5,887,625

### NOTE 6: ACCRUED PAYROLL AND BENEFITS

Accrued payroll includes amounts due contracted teachers and other employees at June 30, 2013, which were not paid until July and August 2013, 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>2012</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	\$906,131
bankcda	\$2,814.49 per month including an interest rate of 3.85% until January 2021 at which time the balance of \$30,465.13 is due.	Real property located at: 4904 N. Duncan Drive Coeur d'Alene, ID 83815	\$242,196
bankcda	\$3,435.63 per month including an interest rate of 3.85% until January 2021 at which time the balance of \$412,858.09 is due.	Real property located at: 4921 N. Duncan Drive 4904 N. Duncan Drive Coeur d'Alene, ID 83815	\$575,046
bankcda	\$2,263.52 per month including an interest rate of 3.85% until January 2021 at which time the balance of \$89,021.51 is due.	Real property located at: 4921 N. Duncan Drive 4904 N. Duncan Drive Coeur d'Alene, ID 83815	\$242,783
bankcda	\$2,571.88 per month including an interest rate of 3.85% until June 2021 at which time the balance of \$148,366.47 is due.	Real property located at: 4921 N. Duncan Drive 4904 N. Duncan Drive Coeur d'Alene, ID 83815	\$318,697

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### NOTE 7: 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	\$ 975,195	\$ -	\$ 69,064	\$ 906,131	\$ 72,682
bankcda	266,006	-	23,810	242,196	25,017
bankcda	593,314	-	18,268	575,046	19,312
bankcda	260,098	-	17,315	242,783	18,205
bankcda	336,733	-	18,036	318,697	18,573
	<u>\$ 2,431,346</u>	<u>\$ -</u>	<u>\$ 146,493</u>	<u>\$ 2,284,853</u>	<u>\$ 153,789</u>

Long-term debt maturities are as follows:

Year	Principal	Interest	Total
2013	\$ 153,789	\$ 85,152	\$ 238,941
2014	158,566	80,375	238,941
2015	164,666	74,275	238,941
2016	171,617	67,324	238,941
2017	178,231	60,710	238,941
2018-2021	1,457,984	125,937	1,583,921
	<u>\$ 2,284,853</u>	<u>\$ 493,773</u>	<u>\$ 2,778,626</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 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](http://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, 2013, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. Coeur d'Alene Charter Academy, Inc.'s contributions required and paid were \$258,849, \$241,565 and \$230,338 for the three years ended June 30, 2013, 2012, and 2011, respectively.

(Continued)

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 9: 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. There are no restricted items.

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, 2013:

- \$245,000 for debt retirement.
- \$50,000 for building maintenance and repairs.
- \$543,389 for contractual employee salary and benefit commitments for FY 2014.

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, Inc.**

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2013**

	<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	\$ 5,000	\$ 5,000	\$ 6,245	\$ 1,245
Other local revenue	115,000	115,000	186,119	71,119
State assistance and reimbursements	3,060,742	3,209,870	3,520,138	310,268
Total revenues	<u>3,180,742</u>	<u>3,329,870</u>	<u>3,712,502</u>	<u>382,632</u>
<b>EXPENDITURES</b>				
Instructional services:				
Secondary program	2,555,373	2,708,370	2,576,766	131,604
Interscholastic and school activity programs	95,843	96,343	79,533	16,810
Total instructional services	<u>2,651,216</u>	<u>2,804,713</u>	<u>2,656,299</u>	<u>148,414</u>
Support services:				
Attendance, guidance and health program	88,977	93,300	90,552	2,748
School administration program	376,876	389,844	344,948	44,896
Business operations program	150,155	150,155	143,178	6,977
Custodial and maintenance program	235,413	235,413	223,674	11,739
Transportation program	5,000	5,000	4,731	269
Total support services	<u>856,421</u>	<u>873,712</u>	<u>807,083</u>	<u>66,629</u>
Capital asset program	<u>5,000</u>	<u>6,000</u>	<u>1,821</u>	<u>4,179</u>
Debt service program:				
Principal	140,000	140,000	146,493	(6,493)
Interest	105,000	105,000	92,158	12,842
Total debt service	<u>245,000</u>	<u>245,000</u>	<u>238,651</u>	<u>6,349</u>
Contingency reserve	<u>170,272</u>	<u>133,612</u>	<u>-</u>	<u>133,612</u>
Total expenditures	<u>3,927,909</u>	<u>4,063,037</u>	<u>3,703,854</u>	<u>359,183</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(747,167)</u>	<u>(733,167)</u>	<u>8,648</u>	<u>741,815</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(50,000)</u>	<u>(64,000)</u>	<u>(20,045)</u>	<u>43,955</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(64,000)</u>	<u>(20,045)</u>	<u>43,955</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(797,167)</u>	<u>(797,167)</u>	<u>(11,397)</u>	<u>785,770</u>
<b>FUND BALANCES, beginning</b>	<u>797,167</u>	<u>797,167</u>	<u>849,786</u>	<u>52,619</u>
<b>FUND BALANCES, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 838,389</u>	<u>\$ 838,389</u>



FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

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

**AGENCY FUNDS  
SCHEDULE OF CHANGES IN DEPOSIT BALANCES  
OF STUDENT BODY FUNDS  
For the Year Ended June 30, 2013**

<b>Activity</b>	<b>Cash June 30, 2012</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Transfers</b>	<b>Cash June 30, 2013</b>
Associated Student Body	\$ 1,275	\$ 3,101	\$ 3,267	\$ -	\$ 1,109
Band	9,847	24,057	18,766	-	15,138
Basketball - boys	541	7,137	6,502	-	1,176
Basketball - girls	1,930	4,799	5,813	-	916
Bookstore	1,469	737	-	-	2,206
Chess	500	415	615	-	300
Choir	3,772	13,725	9,691	-	7,806
Classes 6-12	8,868	6,158	6,645	(472)	7,909
Drama	3,613	9,809	9,053	-	4,369
Writing Symposium	90	2,471	1,965	-	596
Forensics	1,504	1,408	2,123	-	789
French/SFS	949	279	897	-	331
French trip	-	6,710	6,022	-	688
Civics programs	20	4,559	4,300	-	279
Key club	691	-	-	-	691
Latin	101	29	-	-	130
London trip	-	8,397	5,671	-	2,726
Miscellaneous	4,503	201	753	472	4,423
NHS	338	408	367	-	379
P & C LeBlanc	-	5,000	-	-	5,000
Scholastic team	774	141	245	-	670
Science club	786	-	-	-	786
Soccer	1,691	7,177	5,511	-	3,357
Spanish	833	-	-	-	833
Staff sunshine	820	236	477	-	579
Washington DC trips	1,239	7,471	8,544	-	166
Tennis	943	1,832	1,783	-	992
Trail Creek	4,607	15,595	14,816	-	5,386
Volleyball	462	8,111	4,645	-	3,928
X-Country/Track	638	4,237	3,971	-	904
Yearbook	7,450	26,934	18,851	-	15,533
	<u>\$ 60,254</u>	<u>\$ 171,134</u>	<u>\$ 141,293</u>	<u>\$ -</u>	<u>\$ 90,095</u>

REPORT REQUIRED BY GAO

**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**

**Independent Auditors' Report**

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, 2013, 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 October 15, 2013.

**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*.

**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 (CONCLUDED)**

**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.

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

Magnuson, McHugh & Company, P.A.

October 15, 2013