

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

**FINANCIAL STATEMENTS  
JUNE 30, 2012**

**Coeur d'Alene Charter Academy, Inc.**  
**June 30, 2012**

**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 Assets .....	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 Assets .....	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 Assets – Fiduciary Funds .....	14
Statement of Changes in Net Assets – 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
--	----

**Other Supplementary Information:**

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

**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
---	----

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



## 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, 2012, 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, 2012, and the respective changes in financial position 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 October 11, 2012, 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.

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 through 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 standard generally accepted in the United States of America, which consisted of inquiries of management and 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.

## INDEPENDENT AUDITORS' REPORT (CONCLUDED)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coeur d'Alene Charter Academy's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Magnuson, McHugh, & Co.

Coeur d'Alene, Idaho  
October 11, 2012

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2012**

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, 2012.

### **FINANCIAL HIGHLIGHTS**

- The Academy had another year of increased student population, the 12th of our 13 year history. The year over year increase in beginning enrollment was 2%.
- Due to the increased student population, generous local donors, and federal education funds our actual revenue exceeded budget projections.
- Conservative use of funds allowed us to mitigate net asset and fund balance reductions due to state funding issues.

### **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 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, 2012

### 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 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 Assets

One indicator of the Academy's financial position is net assets. Assets exceeded liabilities by \$2,461,835 as of June 30, 2012. This represented a 7.75% decrease in net assets over last year. The largest portion of net assets is reflected in investment in capital assets (e.g. buildings and real property, electronic equipment, furniture and fixtures). Although there was an increase in capital assets, net assets decreased (Table 2). 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, 2012**

**FINANCIAL ANALYSIS (CONTINUED)**

**Net Assets (Continued)**

**Table 1  
Statement of Net Assets  
June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current and other assets	\$ 1,265,680	\$ 1,549,796
Capital assets, net of accumulated depreciation	<u>4,039,621</u>	<u>3,773,881</u>
Total assets	<u>5,305,301</u>	<u>5,323,677</u>
<b>LIABILITIES</b>		
Long-term liabilities outstanding	2,431,346	2,218,060
Other liabilities	<u>412,120</u>	<u>436,956</u>
Total liabilities	<u>2,843,466</u>	<u>2,655,016</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,608,275	1,555,821
Unrestricted	<u>853,560</u>	<u>1,112,840</u>
	<u>\$ 2,461,835</u>	<u>\$ 2,668,661</u>

**Changes in Net Assets**

Table 2, below, shows the changes in net assets for the fiscal year ended 2012. Total expenses exceeded revenues by \$206,826. The decrease in net assets can be largely attributed to decreases in state revenues and increases in instructional services. 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  
For the Years Ending June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 87,296	\$ 95,802
Operating grants and contributions	-	100,000
General revenues:		
State revenues	3,164,982	3,332,719
Interest and investment earnings	7,978	13,022
Federal assistance	94,660	35,666
Other local support	92,990	12,187
Donated assets	-	1,457
Total revenues	<u>3,447,906</u>	<u>3,590,853</u>
<b>EXPENSES</b>		
Instructional services	2,726,856	2,543,981
Support services	832,037	830,191
Interest on long-term debt	95,839	109,625
Total expenses	<u>3,654,732</u>	<u>3,483,797</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (206,826)</u>	<u>\$ 107,056</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2012**

**FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Funds**

The Academy completed the year with a total governmental fund balance of \$853,560 which is down from the prior year fund balance by \$259,280, or 23.3%. The change can be attributed to decreases in state and local revenue and increased expenditures for instruction and capital assets. Capital Assets were paid primarily through proceeds from notes.

**Table 3  
Statement of Revenues and Expenditures  
and Changes in Fund Balance-Governmental Funds  
For the Years Ending June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>	<u>Total % Change</u>
<b>REVENUES</b>			
Interest	\$ 7,978	\$ 13,022	-39%
Other local revenue	180,286	207,989	-13%
State support	3,164,982	3,332,719	-5%
Federal Assistance	94,660	35,666	165%
Total revenues	<u>3,447,906</u>	<u>3,589,396</u>	<u>-4%</u>
<b>EXPENDITURES</b>			
Instructional services programs	2,562,175	2,377,306	8%
Support services programs	824,087	822,246	0%
Capital asset program	438,371	118,562	270%
Debt service (P&I)	232,553	229,443	1%
Total expenses	<u>4,057,186</u>	<u>3,547,557</u>	<u>14%</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from notes	350,000	-	100%
Transfers in	334,061	82,175	307%
Transfers out	<u>(334,061)</u>	<u>(82,175)</u>	<u>307%</u>
Total other financing sources (uses)	<u>350,000</u>	<u>-</u>	<u>100%</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (259,280)</u>	<u>\$ 41,839</u>	<u>-720%</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 2011-2012 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.

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2012**

### **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 and the completion of a new addition to the High School building. Total capital assets, after accumulated depreciation, at the end of the fiscal year are \$4,039,621.

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

Four notes currently held by bankcda on Academy real property (note 7, pg 24) were renegotiated in January 2011 to reduce the interest rates. The notes are now 3.85% with the balance due in January 2021. All other terms are unchanged. A fifth note, also at 3.85%, was executed on June 28<sup>th</sup>, 2012 with a 10 year term. The note was for construction of the High school addition and was completely drawn in October 2012. 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, as with the rest of the nation, is experiencing continued difficulties that will likely result in uncertain tax revenues. 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 (2012-2013) is up again. However, reductions in federal funding and changes in state funding will present challenges for the coming year.
- Uncertainty with school reform laws and initiatives on the November 2012 ballot will have a major impact on how future state revenue is disbursed to schools.

### **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, 2012

### ASSETS

Cash and cash equivalents	\$ 1,241,227
Receivables	24,453
Capital assets not being depreciated:	
Land	621,646
Construction in progress	100,819
Capital assets net of accumulated depreciation	<u>3,317,156</u>
Total assets	<u>5,305,301</u>

### LIABILITIES

Accounts payable	18,352
Accrued payroll and benefits	339,752
Deposits	54,016
Long-term liabilities:	
Due within one year	147,778
Due in more than one year	<u>2,283,568</u>
Total liabilities	<u>2,843,466</u>

### NET ASSETS

Invested in capital assets, net of related debt	1,608,275
Unrestricted	<u>853,560</u>
Total net assets	<u>\$ 2,461,835</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, 2012**

	<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	\$ 2,641,361	\$ 87,296	\$ -	\$ -	\$ (2,554,065)
Interscholastic & school activity	85,495	-	-	-	(85,495)
Support services programs:					
Attendance-guidance-health	86,036	-	-	-	(86,036)
School administration	371,562	-	-	-	(371,562)
Business operations	143,635	-	-	-	(143,635)
Custodial & maintenance	230,005	-	-	-	(230,005)
Transportation	799	-	-	-	(799)
Interest on long-term debt	95,839	-	-	-	(95,839)
Total governmental activities	<u>\$ 3,654,732</u>	<u>\$ 87,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,567,436)</u>
General revenues:					
State revenue					3,164,982
Federal assistance					94,660
Other local support					92,990
Interest and investment earnings					7,978
Total general revenues					<u>3,360,610</u>
Change in net assets					(206,826)
Net assets - July 1, 2011					<u>2,668,661</u>
Net assets - June 30, 2012					<u>\$ 2,461,835</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, 2012**

	*		
	<b>General</b>	<b>Technology Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,237,453	\$ 3,774	\$ 1,241,227
Accounts receivable	24,453	-	24,453
Total assets	<u>\$ 1,261,906</u>	<u>\$ 3,774</u>	<u>\$ 1,265,680</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 18,352	\$ -	\$ 18,352
Accrued payroll and benefits	339,752	-	339,752
Deposits	54,016	-	54,016
Total liabilities	<u>412,120</u>	<u>-</u>	<u>412,120</u>
 Fund balances:			
Restricted for technology	-	3,774	3,774
Assigned to:			
Debt retirement	245,000	-	245,000
Building maintenance and repairs	50,000	-	50,000
Contractual employee salary and benefit commitments for FY 2013	554,786	-	554,786
Total fund balances	<u>849,786</u>	<u>3,774</u>	<u>853,560</u>
 Total liabilities and fund balances	<u>\$ 1,261,906</u>	<u>\$ 3,774</u>	<u>\$ 1,265,680</u>

\* Not a major program

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, 2012**

Total fund balances at June 30, 2012 - Governmental Funds		\$	853,560
Cost of capital assets at June 30, 2012	\$	5,851,786	
Less: Accumulated depreciation as of June 30, 2012			
Buildings		(834,467)	
Equipment and furniture		(932,262)	
Land Improvements		<u>(45,436)</u>	4,039,621
Long-term liabilities at June 30, 2012:			
Long-term debt payable			<u>(2,431,346)</u>
Net assets at June 30, 2012		\$	<u><u>2,461,835</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, 2012**

	<b>General</b>	* <b>Technology Fund</b>	* <b>Capital Projects</b>	<b>Total</b>
<b>REVENUES</b>				
Interest income	\$ 7,978	\$ -	\$ -	\$ 7,978
Other local revenue	124,013	-	56,273	180,286
State assistance and reimbursements	3,144,185	20,797	-	3,164,982
Federal assistance	94,660	-	-	94,660
Total revenues	<u>3,370,836</u>	<u>20,797</u>	<u>56,273</u>	<u>3,447,906</u>
<b>EXPENDITURES</b>				
Instruction programs:				
Secondary programs	2,476,680	-	-	2,476,680
Interscholastic & school activity programs	85,495	-	-	85,495
Total instruction programs	<u>2,562,175</u>	<u>-</u>	<u>-</u>	<u>2,562,175</u>
Support services programs:				
Attendance, guidance and health program	86,036	-	-	86,036
School administration program	362,994	3,964	-	366,958
Business operations program	143,635	-	-	143,635
Custodial and maintenance program	226,659	-	-	226,659
Transportation program	799	-	-	799
Total support services programs	<u>820,123</u>	<u>3,964</u>	<u>-</u>	<u>824,087</u>
Capital asset program	<u>34,978</u>	<u>13,059</u>	<u>390,334</u>	<u>438,371</u>
Debt service program:				
Principal retirement	136,714	-	-	136,714
Interest	95,839	-	-	95,839
Total debt service program	<u>232,553</u>	<u>-</u>	<u>-</u>	<u>232,553</u>
Total expenditures	<u>3,649,829</u>	<u>17,023</u>	<u>390,334</u>	<u>4,057,186</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(278,993)</u>	<u>3,774</u>	<u>(334,061)</u>	<u>(609,280)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from notes	350,000	-	-	350,000
Transfers in	-	-	334,061	334,061
Transfers out	<u>(334,061)</u>	<u>-</u>	<u>-</u>	<u>(334,061)</u>
Total other financing sources (uses)	<u>15,939</u>	<u>-</u>	<u>334,061</u>	<u>350,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(263,054)</u>	<u>3,774</u>	<u>-</u>	<u>(259,280)</u>
<b>FUND BALANCES, beginning</b>	<u>1,112,840</u>	<u>-</u>	<u>-</u>	<u>1,112,840</u>
<b>FUND BALANCES, ending</b>	<u>\$ 849,786</u>	<u>\$ 3,774</u>	<u>\$ -</u>	<u>\$ 853,560</u>

\* Not a major program

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, 2012**

Total net changes in fund balances for year ended June 30, 2012	\$ (259,280)
Add: Capital outlay which is considered expenditures	438,371
Less: Depreciation expense for the year ended June 30, 2012	(172,631)
Add: Loan payments considered as an expenditure	136,714
Change in net assets for year ended June 30, 2012	<u>\$ (206,826)</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, 2012**

	<b>Expendable Building Trust</b>	<b>Scholarship Trust</b>	<b>Student Body Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 45,718	\$ 35,636	\$ 60,254
Total assets	<u>45,718</u>	<u>35,636</u>	<u>60,254</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	60,254
Total liabilities	<u>-</u>	<u>-</u>	<u>60,254</u>
<b>NET ASSETS</b>			
Held in trust	<u>\$ 45,718</u>	<u>\$ 35,636</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, 2012**

	<b>Expendable Building Trust</b>	<b>Expendable Scholarship Trust</b>
<b>ADDITIONS</b>		
Contributions	\$ 30,334	\$ 16,993
Interest earnings	381	215
Total additions	<u>30,715</u>	<u>17,208</u>
<b>DEDUCTIONS</b>		
Contribution expense	69,047	-
Auction expenses	7,749	-
Scholarships	-	10,000
Total deductions	<u>76,796</u>	<u>10,000</u>
<b>Change in net assets</b>	(46,081)	7,208
<b>NET ASSETS, beginning of year</b>	<u>91,799</u>	<u>28,428</u>
<b>NET ASSETS, end of year</b>	<u>\$ 45,718</u>	<u>\$ 35,636</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, 2012

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

#### B. Fund Accounting

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

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

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

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.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

### 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 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.

#### 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. Non major funds are also reported on the fund statements and noted with an asterisk to indicate that they are non major funds.

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

Fiduciary funds are reported using the economic resources measurement focus.

(Continued)

# Coeur d'Alene Charter Academy, Inc.

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2012

### 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, 2012, investments were limited to money market accounts and certificates of deposit.

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

**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 \$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.

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, 2012

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

#### 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 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 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, 2012.

#### 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). 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 assets 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.

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**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, 2012, 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 \$1,382,835 and the bank balance was \$1,385,470. Investments of the Academy are funds held by bankcda, Mountain West Bank, U.S. Bank and Washington Trust Bank. The bank balance and investments are categorized as follows:

Amount insured/collateralized by the FDIC or other agencies	\$1,385,470
Amount uninsured	<u>-</u>
Total bank balance	<u>\$1,385,470</u>

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

Statement of net assets (pg 8)	\$1,241,227
Statement of net assets - fiduciary funds (pg 14):	
Expendable building trust	45,718
Expendable scholarship trust	35,636
Student body agency funds	<u>60,254</u>
Total	<u>\$1,382,835</u>

Market value materially approximates cost at June 30, 2012. 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.

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

**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, 2012.

**NOTE 5: CAPITAL ASSETS**

Following is a recap of capital assets for the fiscal year ended June 30, 2012:

	<b>Balance 6/30/11</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfer</b>	<b>Balance 6/30/12</b>
Governmental activities:					
Capital assets, not being depreciated.					
Land	\$ 621,646	\$ -	\$ -	\$ -	\$ 621,646
Construction in progress	182,473	-	-	(81,654)	100,819
Total capital assets, not being depreciated.	<u>804,119</u>	<u>-</u>	<u>-</u>	<u>(81,654)</u>	<u>722,465</u>
Capital assets being depreciated:					
Land improvements	272,798	11,719	-	-	284,517
Buildings and improvements	3,128,864	378,615	-	81,654	3,589,133
Equipment and furniture	1,207,634	48,037	-	-	1,255,671
Total capital assets being depreciated	<u>4,609,296</u>	<u>438,371</u>	<u>-</u>	<u>81,654</u>	<u>5,129,321</u>
Less accumulated depreciation for:					
Land improvements	36,533	8,903	-	-	45,436
Buildings and improvements	758,521	75,946	-	-	834,467
Equipment and furniture	844,480	87,782	-	-	932,262
Total accumulated depreciation	<u>1,639,534</u>	<u>172,631</u>	<u>-</u>	<u>-</u>	<u>1,812,165</u>
Total capital assets being, depreciated, net	<u>2,969,762</u>	<u>265,740</u>	<u>-</u>	<u>81,654</u>	<u>3,317,156</u>
Governmental activities capital assets, net	<u>\$3,773,881</u>	<u>\$265,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,039,621</u>

Depreciation expense of \$172,631 for the year ended June 30, 2012 was charged to the following governmental functions:

**Institutional Services:**

Secondary	\$ 164,681
School administration	4,604
Maintenance	3,346
Total	<u>\$ 172,631</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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

Following is a recap of the June 30, 2012 balances by generic location:

	<u>Secondary</u>	<u>Administraton and Other</u>	<u>Total</u>
Land	\$ -	\$ 621,646	\$ 621,646
Land improvements	-	284,517	284,517
Buildings and improvements	-	3,689,952	3,689,952
Equipment and furniture	555,135	700,536	1,255,671
	<u>\$ 555,135</u>	<u>\$ 5,296,651</u>	<u>\$ 5,851,786</u>

**NOTE 6: ACCRUED PAYROLL AND BENEFITS**

Accrued payroll includes amounts due contracted teachers and other employees at June 30, 2012, which were not paid until July and August 2011, 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	\$975,195
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	\$266,006
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	\$593,314
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	\$260,098
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	\$260,098

(Continued)

## Coeur d'Alene Charter Academy, Inc.

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2012

#### 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	\$ 1,041,518	\$ -	\$ 66,323	\$ 975,195	\$ 69,897
bankcda	288,879	-	22,873	266,006	24,058
bankcda	610,940	-	17,626	593,314	18,454
bankcda	276,723	-	16,625	260,098	17,508
bankcda	-	350,000	13,267	336,733	17,861
	<u>\$ 2,218,060</u>	<u>\$ 350,000</u>	<u>\$ 136,714</u>	<u>\$ 2,431,346</u>	<u>\$ 147,778</u>

Long-term debt maturities are as follows:

Year	Principal	Interest	Total
2013	\$ 147,778	\$ 91,163	\$ 238,941
2014	152,504	86,437	238,941
2015	158,566	80,375	238,941
2016	164,666	74,275	238,941
2017	171,617	67,324	238,941
2018-2021	1,636,215	265,147	1,901,362
	<u>\$ 2,431,346</u>	<u>\$ 664,722</u>	<u>\$ 3,096,068</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, 2012, 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 \$241,565, \$230,338 and \$224,523 for the three years ended June 30, 2012, 2011, and 2010, respectively.

(Continued)

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**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, 2012:

- \$245,000 for Debt retirement.
- \$50,000 for building maintenance and repairs.
- \$554,786 for contractual employee salary and benefit commitments for FY 2013.

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, 2012**

	<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	\$ 10,000	\$ 10,000	\$ 7,978	\$ (2,022)
Other local revenue	85,000	85,000	124,013	39,013
State assistance and reimbursements	3,043,842	3,043,842	3,144,185	100,343
Federal assistance	92,762	92,762	94,660	1,898
Total revenues	<u>3,231,604</u>	<u>3,231,604</u>	<u>3,370,836</u>	<u>139,232</u>
<b>EXPENDITURES</b>				
Instructional services:				
Secondary program	2,560,001	2,560,001	2,476,680	83,321
Exceptional child and gifted and talented programs	5,000	5,000	-	5,000
Interscholastic and school activity programs	99,483	99,483	85,495	13,988
Total instructional services	<u>2,664,484</u>	<u>2,664,484</u>	<u>2,562,175</u>	<u>102,309</u>
Support services:				
Attendance, guidance and health program	91,258	91,258	86,036	5,222
School administration program	362,554	367,554	362,994	4,560
Business operations program	149,111	149,111	143,635	5,476
Custodial and maintenance program	275,654	275,654	226,659	48,995
Transportation program	3,000	3,000	799	2,201
Total support services	<u>881,577</u>	<u>886,577</u>	<u>820,123</u>	<u>66,454</u>
Capital asset program	<u>46,760</u>	<u>48,760</u>	<u>34,978</u>	<u>13,782</u>
Debt service program:				
Principal	115,000	115,000	136,714	(21,714)
Interest	135,000	135,000	95,839	39,161
Total debt service	<u>250,000</u>	<u>250,000</u>	<u>232,553</u>	<u>17,447</u>
Contingency reserve	<u>185,805</u>	<u>183,805</u>	<u>-</u>	<u>183,805</u>
Total expenditures	<u>4,028,626</u>	<u>4,033,626</u>	<u>3,649,829</u>	<u>383,797</u>
<b>(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>				
	<u>(797,022)</u>	<u>(802,022)</u>	<u>(278,993)</u>	<u>523,029</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from notes	290,000	350,000	350,000	-
Transfers out	(410,000)	(470,000)	(334,061)	135,939
Total other financing sources (uses)	<u>(120,000)</u>	<u>(120,000)</u>	<u>15,939</u>	<u>135,939</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(917,022)</u>	<u>(922,022)</u>	<u>(263,054)</u>	<u>658,968</u>
<b>FUND BALANCES, beginning</b>	<u>917,022</u>	<u>922,022</u>	<u>1,112,840</u>	<u>190,818</u>
<b>FUND BALANCES, ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 849,786</u>	<u>\$ 849,786</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, 2012**

Activity	Cash				Cash
	June 30, 2011	Receipts	Disbursements	Transfers	June 30, 2012
Art	\$ 18	\$ 3,299	\$ 3,317	\$ -	\$ -
Associated Student Body	754	2,726	2,205	-	1,275
Band	6,122	9,933	6,208	-	9,847
Basketball - boys	5,847	5,235	10,541	-	541
Basketball - girls	3,146	2,341	3,557	-	1,930
Bookstore	1,538	372	441	-	1,469
Chess	136	364	-	-	500
Choir	4,284	19,864	20,376	-	3,772
Classes 6-12	10,517	6,122	7,142	(629)	8,868
Drama	2,700	10,154	9,241	-	3,613
English	90	-	-	-	90
Forensics	88	2,431	1,015	-	1,504
French/SFS	813	1,914	1,778	-	949
Civics programs	76	4,016	4,072	-	20
Green team	70	-	-	(70)	-
Key club	691	-	-	-	691
Latin	101	-	-	-	101
Miscellaneous	3,936	3,907	3,969	629	4,503
NHS	215	208	85	-	338
Scholastic team	875	102	203	-	774
Science club	563	895	672	-	786
Soccer	-	1,621	-	70	1,691
Spanish	833	-	-	-	833
Staff sunshine	772	280	232	-	820
Student trips	562	7,331	6,654	-	1,239
Tennis	449	907	413	-	943
Trail Creek	2,932	16,931	15,256	-	4,607
Volleyball	1,466	5,453	6,457	-	462
X-Country/Track	1,206	4,952	5,520	-	638
Yearbook	7,236	22,257	22,043	-	7,450
	<u>\$ 58,036</u>	<u>\$ 133,615</u>	<u>\$ 131,397</u>	<u>\$ -</u>	<u>\$ 60,254</u>

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**

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

We have audited 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, 2012, which collectively comprise Coeur d'Alene Charter Academy, Inc.'s basic financial statements and have issued our report thereon dated October 11, 2012. 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

Management of Coeur d'Alene Charter Academy, Inc. is responsible for establishing and maintaining effective 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 the Coeur d'Alene Charter Academy, Inc.'s internal control over financial reporting.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 solely for the information and use of management, the Board of Directors, and others within the entity. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Magnuson, McHugh & Company, P.A.

October 11, 2012