

**FORREST M. BIRD CHARTER SCHOOLS, INC.**

Sandpoint, Idaho

**Audited Financial Statements**  
**For the Years Ended June 30, 2016 and 2015**

# **FORREST M. BIRD CHARTER SCHOOLS, INC.**

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**Sandpoint, Idaho**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Forrest M. Bird Charter Schools, Inc.  
Sandpoint, Idaho 83864

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Forrest M. Bird Charter Schools, Inc. (an Idaho nonprofit corporation) which comprise the statements of financial position as of June 30, 2016 and 2015 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 the 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forrest M. Bird Charter Schools, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2016, on our consideration of Forrest M. Bird Charter Schools, 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 Governmental Auditing standards in considering Forrest M. Bird Charter Schools, Inc.'s internal control over financial reporting and compliance.

*Hayden Ross, PLLC*

Moscow, Idaho  
October 17, 2016

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

To the Board of Trustees  
Forrest M. Bird Charter Schools, Inc.  
Sandpoint, Idaho 83864

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Forrest M. Bird Charter Schools, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Forrest M. Bird Charter Schools, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Forrest M. Bird Charter Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Forrest M. Bird Charter Schools, 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 financials 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 was for the limited purpose described in the first paragraph of the section and was not designed to identify all deficiencies in the internal control that might be material weakness or significant deficiencies. Given these limitations, during our

audit we did not identify any deficiencies in internal control 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 Forrest M. Bird Charter Schools, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of your audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 organization's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

*Hayden Ross, PLLC*

Moscow, Idaho  
October 17, 2016



## **FINANCIAL STATEMENTS**



**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
Sandpoint, Idaho

**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets		
Cash	1,861,388	356,022
Federal receivable	28,138	14,478
State support receivable	85,557	62,862
Other receivables	3,054	-
Prepaid expenses and other current assets	31,359	71,376
Total Current Assets	2,009,496	504,738
Property and Equipment		
Land	14,227	14,227
Buildings and land improvements	4,855,643	4,855,643
Fixtures and equipment	71,310	71,310
Less: accumulated depreciation	(1,113,765)	(985,251)
Net Property and Equipment	3,827,415	3,955,929
Total Assets	\$ 5,836,911	\$ 4,460,667
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	37,177	99,110
Salaries and benefits payable	231,760	243,682
Accrued interest	4,264	8,277
Deferred revenue	1,571,286	330,859
Due to students fund	17,511	348
Current portion of long-term debt	117,732	112,951
Total Current Liabilities	1,979,730	795,227
Long-term liabilities, less current portion	2,989,970	3,111,009
Net Assets		
Unrestricted	757,729	455,968
Restricted for Debt Service	109,482	98,463
Total Net Assets	867,211	554,431
Total Liabilities and Net Assets	\$ 5,836,911	\$ 4,460,667

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
**Sandpoint, Idaho**

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**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenue, Grants, and Other Support</b>		
Federal support	148,364	175,171
State support	2,450,026	2,523,726
Local support	2,139,138	1,803,909
Interest	568	510
	<hr/>	<hr/>
Total Revenue, Grants and Other Support	<u>4,738,096</u>	<u>4,503,316</u>
<b>Expense</b>		
Program (instructional)	1,662,157	1,630,935
Administrative (support)	2,368,417	2,180,041
Capital objects	136,930	359,055
Debt-service interest	129,298	140,583
Depreciation	128,514	128,514
	<hr/>	<hr/>
Total Expense	<u>4,425,316</u>	<u>4,439,128</u>
Change in net assets	312,780	64,188
Net assets - beginning of year	<u>554,431</u>	<u>490,243</u>
Net assets - end of year	<u>\$ 867,211</u>	<u>\$ 554,431</u>

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
Sandpoint, Idaho

**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from state support	2,427,331	2,543,577
Cash received from federal support	134,704	160,693
Cash received from local grant	3,350,000	875,450
Cash received from interest	568	510
Other cash received	26,511	200,510
Cash paid for interest	(133,311)	(250)
Cash paid to suppliers and employees	(4,184,179)	(4,368,217)
Net Cash Provided by (Used in) Operating Activities	1,621,624	(587,727)
<b>Cash Flows from Investing Activities</b>	-	-
<b>Cash Flows from Financing Activities</b>		
Payment on long-term debt	(116,258)	(108,737)
<b>Net Increase (Decrease) in Cash</b>	1,505,366	(696,464)
<b>Cash - Beginning of Year</b>	356,022	1,052,486
<b>Cash - End of Year</b>	\$ 1,861,388	\$ 356,022
<b>Reconciliation of Change in Net Assets to Net</b>		
<b>Cash Provided by Operating Activities:</b>		
Change in net assets	312,780	64,188
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation	128,514	128,514
Decrease (increase) in federal support receivable	(13,660)	(14,478)
Decrease (increase) in state support receivable	(22,695)	19,851
Decrease (increase) in other receivable	(3,054)	-
Decrease (increase) in prepaid expenses	40,017	(49,861)
Increase (decrease) in accrued interest	(4,013)	(250)
Increase (decrease) in accounts payable	(61,933)	(13,352)
Increase (decrease) in deferred revenue	1,240,427	(727,949)
Increase (decrease) in due to student funds	17,163	(14,806)
Increase (decrease) in salaries and benefits payable	(11,922)	20,416
<b>Net Cash Provided by (Used in) Operating Activities</b>	\$ 1,621,624	\$ (587,727)

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
**Sandpoint, Idaho**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2016 and 2015**

**NOTE 1      Organization**

The Forrest M. Bird Charter Schools, Inc. (the School) is a non-profit state-funded public School. The School serves 6<sup>th</sup> through 12<sup>th</sup> grades. The School was approved in January 2001 by the Lake Pend Oreille School District Board of Trustees. The expansion to a high School was approved by the Lake Pend Oreille School District Board of Trustees in August of 2008.

**NOTE 2      Summary of Significant Accounting Policies**

**Restricted Support** - The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The School reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

**Basis of Accounting** - The School uses the accrual basis of accounting. Revenues are recognized as earned, and expenses are recognized when incurred.

**Cash** - The School has no requirement to hold cash in separate accounts.

**Accounts Receivable** - No allowance for uncollectible accounts is calculated by the School since all receivables were deemed to be collectible.

**Income Tax Status** - The School's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2015, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

**Property and Equipment** - The cost of property and equipment is depreciated over the estimated useful lives of the assets. Major expenditures costing at least \$5,000 which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed on the straight-line method for financial reporting purposes. The useful lives of property and equipment for purposes of computing depreciation are 5 to 7 years for office furniture and equipment and 40 years for buildings. Depreciation expense for the years ending June 30, 2016 and 2015 was \$128,514 and \$128,514, respectively.

## NOTE 2 Summary of Significant Accounting Policies (Continued)

**Use of Estimates** - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses, and actual results may differ from estimated amounts.

**Statement of Cash Flows** - For purposes of the Statement of Cash Flows, the School considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

**Reports Required by the State** - The income statements required by the State included in the supplemental information report the unrestricted activity. The General Fund accounts for activities for general operations. The Special Revenue Funds account for the activities from the grants the School received. The School Plant Facility Fund accounts for activities related to the building facilities used by the School. The effects of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*, have been recorded in the Statement of Net Position. See note 5 for additional information.

**Subsequent Events** - Subsequent events have been evaluated through the date of the auditor's report. This is the date the financial statement were available to be issued. The School has concluded that no material subsequent events have occurred.

## NOTE 3 Long-Term Debt

Long-term debt for the School as of June 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
United States Department of Agriculture (USDA) secured by land, building, and equipment payable at \$8,118 per month including interest at 4.25%. The note matures July 2040.	1,466,904	1,501,179
Mountain West Bank (MWB) secured by land, building, and equipment, payable at \$3,409 per month including interest at 5.08%. The note matures February 2035.	477,898	492,273
United States Department of Agriculture (USDA) secured by land, building, and equipment, payable at \$1,065 per month including interest at 4.5%. The note matures March 2039.	181,404	185,909

**NOTE 3 Long-Term Debt (continued)**

	<u>2016</u>	<u>2015</u>
Columbia Bank secured by land, building, and equipment, payable at \$4,592 per month including interest. Interest is computed at a variable rate referenced to the prime rate as reported in the Wall Street Journal. The interest rate to be applied to unpaid principal will be at a rate of 2.0% over the prime rate. The interest rate at June 30, 2016 was 3.50%. The note matures December 2028.	566,154	605,173
United States Department of Agriculture (USDA) secured by land, building, and equipment, payable at \$3,614 per month including interest at 4.5%. The note matures January 2029.	<u>415,342</u>	<u>439,426</u>
Total Long Term Debt	3,107,702	3,223,960
Less Current Portion	<u>(117,732)</u>	<u>(112,951)</u>
Net Long-term Debt	<u>\$ 2,989,970</u>	<u>\$ 3,111,009</u>

Future debt service is as follows:

<b>Fiscal Year</b>	
<b><u>Ended June 30,</u></b>	
2017	117,732
2018	122,720
2019	127,929
2020	133,365
2021	139,039
Thereafter	<u>2,466,917</u>
Total	<u>\$ 3,107,702</u>

#### **NOTE 4 Major Funding Sources**

The School received a majority of its revenue from the Idaho Department of Education.

	<u>2016</u>	<u>% of Total Revenue</u>
Idaho Department of Education	\$2,450,026	51.7%
J.A. Kathryn Albertson Foundation	\$2,110,137	44.53%
	<u>2015</u>	<u>% of Total Revenue</u>
Idaho Department of Education	\$2,523,726	56.0%
J.A. Kathryn Albertson Foundation	\$1,803,909	40.1%

#### **NOTE 5 Employee's Retirement System**

Public Employee Retirement System of Idaho (PERSI), The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and charter School 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.

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2016, the required contribution rate as a percentage of covered payroll for members was 6.79%. The employer rate as a percentage of covered payroll was 11.32%. The School's contributions required and paid were \$208,729, \$199,688, and \$141,700, for the three years ended June 30, 2016, 2015, and 2014, respectively.

PERSI is subject to pronouncement issued by the Governmental Accounting Standards Board (GASB) and was required to implement GASB 67, Financial Reporting for Pension Plan-an amendment of GASB Statement No. 25, effective as of June 30, 2014. The statement established standards and specified the required approach for measuring the pension liability of contributing entities for benefits provided through the pension plan (the net pension liability). As of June 30, 2014, the most recent available audited financial statement of PERSI at the time of issuance, the Plan was reported to be 91.38% funded. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2015 the School's proportion was 0.0629803% and the estimated net pension liability was \$829,348.



## **NOTE 5 Employee's Retirement System (continued)**

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees.

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 [www.persi.idaho.gov](http://www.persi.idaho.gov).

## **NOTE 6 Concentration of Credit Risk**

Forrest M. Bird Charter Schools, Inc. maintains five checking accounts at a single bank. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 at an institution for fiscal year-end 2016 and 2015. At fiscal year-end 2016 cash exceeds FDIC insurance by \$1,693,776. At fiscal year-end 2015 cash exceeded FDIC insurance by \$124,239.

## **NOTE 7 Restricted Net Assets**

The United States Department of Agriculture (USDA) loaned monies to the Forrest M. Bird Charter Schools Inc. for the construction of the high School building. One of the requirements of the loans is a debt service reserve account be established and funded by the School at a rate of one-tenth of the annual payment per year until a total of one annual payment has been accumulated. As of June 30, 2016 and 2015, the reserve amounts required by the USDA are \$109,482 and \$98,463, respectively.

## **NOTE 8 P-TECH Operating Agreement**

On July 12, 2013 the School entered into an operating agreement with Pathways in Technology Early College High School (P-TECH) Network of Idaho, LLC, to help provide early college access and professional technical training to high School students in Idaho no matter their physical location. The School will serve as the sole member of P-TECH and will operate as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. P-TECH shall operate as an independent entity separate from the School and any other entity and is required to be governed by a Board of Managers separate from the School. The School will have one representative on the P-TECH Board of Managers. The School will provide support services for P-TECH including IT support, accounting services, institutional expertise, and education capabilities. The School may bill P-TECH for such services.

## **NOTE 9      Deferred Revenue**

During fiscal year end June 30, 2016, 2015, and 2014, the School received cash deposits totaling \$5,750,000 from the J.A. & K Albertson Foundation to implement the Idaho P-TECH Network described in Note 8. As of June 30, 2016, the School had spent \$4,178,714 of the award. The remaining amount of \$1,571,286 is being deferred in the financial statements and will be recognized in fiscal year June 30, 2016.

## **NOTE 10      Going Concern Consideration**

As of June 30, 2015 the School's current liabilities of \$795,227 exceeded its current assets of \$504,738 by \$290,489. At the end of fiscal 2015 the effect of these circumstances was that the School may have not had enough current assets to cover its current obligations if those obligations came due before the School collected more current assets. This factor raised doubt about the School's ability to continue as a going concern.

At June 30, 2015, the Board of Directors and management were aware of the situation. The School expected to increase revenue in the near future by maintaining enrollment for the 2015-2016 School year which was expected to result in an increase in revenue due to the increase in state support. Also, the School expected to receive \$81,250 in additional state foundation payments for building maintenance calculated at approximately \$250 per student. The School was also expecting to receive Federal funding from Title I, Title II, and IDEA Part B in the amount of approximately \$146,000 for the 2015-2016 School year.

As of June 30, 2016 the School's current assets of \$2,009,496 exceed its current liabilities of \$1,979,730 by \$29,766. During fiscal 2016 the expectations that the Board of Directors and management outlined when addressing the going concern consideration at the end of fiscal 2015 were realized. For the year ended June 30, 2016 revenue increased by \$234,780 from the prior year and management was able to reduce expenses by \$13,812 for an increase in net assets of \$312,780.

Further note that during the 2015-2016 school year management discovered that the Average Daily Attendance (ADA) reported to the state had been understated. The reporting inaccuracies resulted in the School receiving less state support than they were entitled to. During fiscal year 2016 management corrected the ADA reporting. The School is in the process of correcting and resubmitting ADA reports for the 2014 and 2015 fiscal years which may result in the State reimbursing the School for lost funding in those years. Based on these results the Board of Directors and management no longer believes that there is any doubt about the School's ability to continue as a going concern.

## **SUPPLEMENTARY INFORMATION**



## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors  
Forrest M. Bird Charter Schools, Inc.  
Sandpoint, Idaho 83864

We have audited the financial statements of Forrest M. Bird Charter Schools, Inc. (an Idaho non-profit corporation) as of and for the years ended June 30, 2016 and 2015, and have issued our report thereon dated October 17, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedules of functional expenses and Schedules I – IX are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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.

*Hayden Ross, PLLC*

Moscow, Idaho  
October 17, 2016

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
**Sandpoint, Idaho**

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**SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE**  
**For the Year Ended June 30, 2016**

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non-Instructional</u>	<u>Total</u>
Salaries	1,004,897	925,228	-	1,930,125
Benefits	322,423	252,311	-	574,734
Purchased services	274,022	1,093,192	-	1,367,214
Supply-materials	60,815	97,686	-	158,501
Capital objects	-	-	136,930	136,930
Debt service interest	-	-	129,298	129,298
Depreciation	-	-	128,514	128,514
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expense	<u>\$ 1,662,157</u>	<u>\$ 2,368,417</u>	<u>\$ 394,742</u>	<u>\$ 4,425,316</u>

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
**Sandpoint, Idaho**

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**SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE (Continued)**  
**For the Year Ended June 30, 2015**

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non-Instructional</u>	<u>Total</u>
Salaries	1,056,363	767,063	-	1,823,426
Benefits	339,846	200,629	-	540,475
Purchased services	160,953	1,124,533	-	1,285,486
Supply-materials	73,773	87,816	-	161,589
Capital objects	-	-	359,055	359,055
Debt service interest	-	-	140,583	140,583
Depreciation	-	-	128,514	128,514
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expense	<u>\$ 1,630,935</u>	<u>\$ 2,180,041</u>	<u>\$ 628,152</u>	<u>\$ 4,439,128</u>

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
Sandpoint, Idaho

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**SCHEDULE II - STATEMENT OF NET POSITION**  
June 30, 2016

**ASSETS**

Current Assets:

Cash	1,861,388
Federal receivable	28,138
State support receivable	85,557
Other receivables	3,054
Prepaid expenses and other current assets	31,359
Total current assets	<u>2,009,496</u>

Noncurrent Assets:

Land	14,227
Buildings and land improvements	4,855,643
Fixtures and equipment	71,310
Less: accumulated depreciation	<u>(1,113,765)</u>
Total noncurrent assets	<u>3,827,415</u>

Total assets 5,836,911

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related items 562,823

**LIABILITIES**

Current Liabilities:

Accounts payable and other current liabilities	290,712
Unearned revenue	1,571,286
Current portion of long-term debt	<u>117,732</u>
Total current liabilities	<u>1,979,730</u>

Noncurrent Liabilities:

Noncurrent portion of long-term debt	2,989,970
Net pension liability	<u>829,348</u>
Total noncurrent liabilities	<u>3,819,318</u>

Total liabilities 5,799,048

**DEFERRED INFLOWS OF RESOURCES**

Pension related items 534,941

**NET POSITION**

Net investment in capital assets	719,713
Restricted for Debt Service	109,482
Unrestricted	<u>(763,450)</u>

Total net position \$ 65,745

Adjustments to conform with GAAP

Pension related items:

Deferred outflow of resources	(562,823)
Deferred inflow of resources	534,941
Net pension liability	<u>829,348</u>

Total adjustments to conform with GAAP 801,466

Net Assets - End of year (GAAP) \$ 867,211

**FORREST M. BIRD CHARTER SCHOOLS, INC.**

Sandpoint, Idaho

**SCHEDULE III - BALANCE SHEET**

June 30, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Plant Facility</u>	<u>Totals</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Assets:				
Cash	281,396	1,579,992	-	1,861,388
Federal receivable	-	28,138	-	28,138
State support program receivable	85,557	-	-	85,557
Other receivable	3,054	-	-	3,054
Prepaid expenses	21,775	9,584	-	31,359
Due from other funds	-	50,777	-	50,777
Total assets	<u>391,782</u>	<u>1,668,491</u>	<u>-</u>	<u>2,060,273</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 391,782</u></b>	<b><u>\$ 1,668,491</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,060,273</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	10,757	26,420	-	37,177
Accrued payroll and benefits	231,760	-	-	231,760
Accrued interest	4,264	-	-	4,264
Due to students fund	17,511	-	-	17,511
Due to other funds	22,744	28,033	-	50,777
Total liabilities	<u>287,036</u>	<u>54,453</u>	<u>-</u>	<u>341,489</u>
Deferred inflows of resources:				
Deferred revenue	<u>-</u>	<u>1,571,286</u>	<u>-</u>	<u>1,571,286</u>
Fund balance:				
Unrestricted	82,971	-	-	82,971
Nonspendable	21,775	9,584	-	31,359
Restricted	<u>-</u>	<u>33,168</u>	<u>-</u>	<u>33,168</u>
Total fund balance	<u>104,746</u>	<u>42,752</u>	<u>-</u>	<u>147,498</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b><u>\$ 391,782</u></b>	<b><u>\$ 1,668,491</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,060,273</u></b>



**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
**Sandpoint, Idaho**

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**SCHEDULE IV - RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
June 30, 2016**

Total Fund Balances - Governmental Funds 147,498

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	4,941,180
Accumulated depreciation	(1,113,765)

Certain pension related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:

Deferred outflow of resources	562,823
Deferred inflow of resources	(534,941)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Note payable	(3,107,702)
Net pension liability	(829,348)

Total Net Position - Governmental Activities \$ 65,745

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
Sandpoint, Idaho

**SCHEDULE V - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
For the Year Ended June 30, 2016

	General Fund	PTech	Khan Grant	SDE Grant	Driver's Education	Professional Technical State	State Technology Grant	Substance Abuse	Title I-A, ESEA Improving Basic Programs	IDEA Part B School-Age	Title II-A, ESEA Improving Teacher Quality	Plant Facility	Total
<b>REVENUES</b>													
Local:	28,944	2,110,137	-	-	-	-	100	-	-	525	-	-	2,139,706
State:	2,398,799	-	-	-	7,563	7,900	29,732	6,032	-	-	-	-	2,450,026
Federal:	7,604	-	-	-	-	-	-	-	56,087	54,165	30,508	-	148,364
Total revenues	2,435,347	2,110,137	-	-	7,563	7,900	29,832	6,032	56,087	54,690	30,508	-	4,738,096
<b>EXPENDITURES</b>													
Instruction:													
Salaries	939,649	-	-	-	-	-	-	-	29,027	31,711	4,510	-	1,004,897
Benefits	307,530	-	-	-	-	-	-	-	5,396	8,053	1,444	-	322,423
Purchased services	30,615	215,205	-	-	7,563	-	-	-	-	9,435	11,204	-	274,022
Supplies-materials	10,242	33,032	3,422	-	-	3,162	-	105	8,542	1,648	662	-	60,815
Total instruction	1,288,036	248,237	3,422	-	7,563	3,162	-	105	42,965	50,847	17,820	-	1,662,157
Support:													
Salaries	220,376	693,019	-	-	-	-	10,000	-	1,833	-	-	-	925,228
Benefits	70,525	181,786	-	-	-	-	-	-	-	-	-	-	252,311
Purchased services	254,480	809,372	-	-	-	1,010	6,143	-	8,552	947	12,688	-	1,093,192
Supplies-materials	29,570	58,713	-	265	-	43	6,584	-	140	2,371	-	-	97,686
Total support	574,951	1,742,890	-	265	-	1,053	22,727	-	10,525	3,318	12,688	-	2,368,417
Capital objects	500	119,010	2,765	1,368	-	3,685	7,005	-	2,597	-	-	-	136,930
Other services:													
Debt services - principal	-	-	-	-	-	-	-	-	-	-	-	116,259	116,259
Debt services - interest	-	-	-	-	-	-	-	-	-	-	-	137,574	137,574
Total other services	-	-	-	-	-	-	-	-	-	-	-	253,833	253,833
Total expenditures	1,863,487	2,110,137	6,187	1,633	7,563	7,900	29,732	105	56,087	54,165	30,508	253,833	4,421,337
Excess (deficiency) of revenues over expenditures	571,860	-	(6,187)	(1,633)	-	-	100	5,927	-	525	-	(253,833)	316,759
Other financing sources (uses):													
Transfer in	-	-	-	-	-	-	-	-	-	-	-	253,833	253,833
Transfer out	(253,833)	-	-	-	-	-	-	-	-	-	-	-	(253,833)
Total other financing sources (uses)	(253,833)	-	-	-	-	-	-	-	-	-	-	253,833	-
Change in fund balance	318,027	-	(6,187)	(1,633)	-	-	100	5,927	-	525	-	-	316,759
Fund balance (deficit)-beginning of year	(213,281)	-	6,189	34,781	-	-	-	3,050	-	-	-	-	(169,261)
Fund balance-end of year	\$ 104,746	\$ -	\$ 2	\$ 33,148	\$ -	\$ -	\$ 100	\$ 8,977	\$ -	\$ 525	\$ -	\$ -	\$ 147,498

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
Sandpoint, Idaho

**GENERAL FUND**  
**SCHEDULE VI - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2016

	Actual	Budget	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Local:			
Interest	568	-	568
Other	28,376	3,440	24,936
Total local	28,944	3,440	25,504
State:			
Base support	1,893,375	1,728,998	164,377
Transportation	109,802	110,000	(198)
Benefit support	193,173	214,497	(21,324)
Lottery	19,915	12,000	7,915
Other state support	182,534	120,250	62,284
Total state	2,398,799	2,185,745	213,054
Federal:			
Other indirect	7,604	-	7,604
Total revenues	2,435,347	2,189,185	246,162
<b>EXPENDITURES</b>			
Instruction:			
Salaries	939,649	903,292	(36,357)
Benefits	307,530	307,338	(192)
Purchased services	30,615	34,798	4,183
Supply-materials	10,242	4,750	(5,492)
Total instruction	1,288,036	1,250,178	(37,858)
Support:			
Salaries	220,376	215,403	(4,973)
Benefits	70,525	82,753	12,228
Purchased services	254,480	240,544	(13,936)
Supply-materials	29,570	56,099	26,529
Total support	574,951	594,799	19,848
Capital objects	500	5,000	4,500
Total expenditures	1,863,487	1,849,977	(13,510)
Excess(deficiency) of revenues over(under) expenditures	571,860	339,208	232,652
Other financing sources (uses):			
Transfer out	(253,833)	-	(253,833)
Change in fund balance	318,027	\$ 339,208	\$ (21,181)
Fund balance (deficit) - beginning of year	(213,281)		
Fund balance - end of year (budget basis)	104,746		
Adjustments to conform with GAAP:			
Capitalized capital objects	71,310		
Accumulated depreciation	(69,011)		
Net Assets - End of Year (GAAP)	\$ 107,045		

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
Sandpoint, Idaho

**GENERAL FUND**  
**SCHEDULE VII - STATEMENT OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>INSTRUCTION</b>			
Secondary:			
Salaries	891,044	903,292	12,248
Benefits	292,221	307,338	15,117
Purchased services	30,615	34,798	4,183
Supply-materials	10,242	4,750	(5,492)
Total Secondary	<u>1,224,122</u>	<u>1,250,178</u>	<u>26,056</u>
Special Education Program:			
Salaries	48,605	-	(48,605)
Benefits	15,309	-	(15,309)
Total Special Education Program	<u>63,914</u>	<u>-</u>	<u>(63,914)</u>
<b>TOTAL INSTRUCTION</b>			
Salaries	939,649	903,292	(36,357)
Benefits	307,530	307,338	(192)
Purchased services	30,615	34,798	4,183
Supply-materials	10,242	4,750	(5,492)
Total Instruction	<u>\$ 1,288,036</u>	<u>\$ 1,250,178</u>	<u>\$ (37,858)</u>
<b>SUPPORT</b>			
Instructional Improvement Program:			
Purchased services	2,369	100	(2,269)
School Administration Program:			
Salaries	170,214	166,700	(3,514)
Benefits	57,223	69,384	12,161
Purchased Services	44,234	14,248	(29,986)
Supply-materials	10,324	53,599	43,275
Total School Administration Program	<u>281,995</u>	<u>303,931</u>	<u>21,936</u>
Maintenance - Student Occupied Buildings:			
Salaries	27,589	-	(27,589)
Benefits	7,316	-	(7,316)
Purchased services	46,440	58,286	11,846
Supply-materials	15,069	-	(15,069)
Total Maintenance - Student Occupied Buildings	<u>96,414</u>	<u>58,286</u>	<u>(38,128)</u>
Maintenance Grounds:			
Salaries	22,573	48,703	26,130
Benefits	5,986	13,369	7,383
Purchased services	2,363	-	(2,363)
Supply-materials	4,025	2,500	(1,525)
Total Maintenance Grounds	<u>34,947</u>	<u>-</u>	<u>29,625</u>
Maintenance - Grounds:			
Purchased services	8,002	7,590	(412)
Supply-materials	152	-	(152)
Total Maintenance - Grounds	<u>8,154</u>	<u>7,590</u>	<u>(564)</u>
Transportation:			
Purchased services	151,072	160,320	9,248
<b>TOTAL SUPPORT</b>			
Salaries	220,376	215,403	(4,973)
Benefits	70,525	82,753	12,228
Purchased services	254,480	240,544	(13,936)
Supply-materials	29,570	56,099	26,681
Total Support	<u>\$ 574,951</u>	<u>\$ 594,799</u>	<u>\$ 20,000</u>

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
Sandpoint, Idaho

**SPECIAL REVENUE FUNDS**  
**SCHEDULE VIII - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
For the Year Ended June 30, 2016

	PTech	Khan Grant	SDE Grant	Driver's Education	Professional Technical State	State Technology Grant	Substance Abuse	Title I-A, ESEA Improving Basic Programs	IDEA Part B School-Age	Title II-A, ESEA Improving Teacher Quality	Total
<b>REVENUES</b>											
Local:	2,110,137	-	-	-	-	100	-	-	525	-	2,110,762
State:	-	-	-	7,563	7,900	29,732	6,032	-	-	-	51,227
Federal:	-	-	-	-	-	-	-	56,087	54,165	30,508	140,760
Total revenues	<u>2,110,137</u>	<u>-</u>	<u>-</u>	<u>7,563</u>	<u>7,900</u>	<u>29,832</u>	<u>6,032</u>	<u>56,087</u>	<u>54,690</u>	<u>30,508</u>	<u>2,302,749</u>
<b>EXPENDITURES</b>											
Instruction:											
Salaries	-	-	-	-	-	150	-	29,027	31,711	4,510	65,398
Benefits	-	-	-	-	-	10,000	-	5,396	8,053	1,444	24,893
Purchased services	215,205	-	-	7,563	-	5,993	-	-	9,435	11,204	249,400
Supplies-materials	33,032	3,422	-	-	3,162	6,584	105	8,542	1,648	662	57,157
Total instruction	<u>248,237</u>	<u>3,422</u>	<u>-</u>	<u>7,563</u>	<u>3,162</u>	<u>22,727</u>	<u>105</u>	<u>42,965</u>	<u>50,847</u>	<u>17,820</u>	<u>396,848</u>
Support:											
Salaries	693,019	-	-	-	-	-	-	1,833	-	-	694,852
Benefits	181,786	-	-	-	-	-	-	-	-	-	181,786
Purchased services	809,372	-	-	-	1,010	-	-	8,552	947	12,688	832,569
Supplies-materials	58,713	-	265	-	43	-	-	140	2,371	-	61,532
Total support	<u>1,742,890</u>	<u>-</u>	<u>265</u>	<u>-</u>	<u>1,053</u>	<u>-</u>	<u>-</u>	<u>10,525</u>	<u>3,318</u>	<u>12,688</u>	<u>1,770,739</u>
Capital objects	119,010	2,765	1,368	-	3,685	7,005	-	2,597	-	-	136,430
Total expenditures	<u>2,110,137</u>	<u>6,187</u>	<u>1,633</u>	<u>7,563</u>	<u>7,900</u>	<u>29,732</u>	<u>105</u>	<u>56,087</u>	<u>54,165</u>	<u>30,508</u>	<u>2,304,017</u>
Change in fund balance	-	(6,187)	(1,633)	-	-	100	5,927	-	525	-	(1,268)
Fund balance-beginning of year	-	6,189	34,781	-	-	-	3,050	-	-	-	44,020
Fund balance-end of year	-	2	33,148	-	-	100	8,977	-	525	-	42,752
Adjustments to conform with GAAP:											
Capitalized capital objects	-	-	7,158	-	-	-	-	-	-	-	7,158
Depreciation expense	-	-	(4,770)	-	-	-	-	-	-	-	(4,770)
Net Assets - End of Year (GAAP)	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 35,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 45,140</u>

**FORREST M. BIRD CHARTER SCHOOLS, INC.**  
**Sandpoint, Idaho**

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**PLANT FACILITY FUND**  
**SCHEDULE IX - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2016**

<b>REVENUES</b>		-
<b>EXPENDITURES</b>		
Debt service principal	116,259	
Debt service interest	<u>137,574</u>	
Total expenditures		<u>253,833</u>
Excess (deficiency) of revenues over(under) expenditures		(253,833)
Other financing sources:		
Transfer in	<u>253,833</u>	
Total other financing sources		<u>253,833</u>
Change in fund balance		-
Fund balance-beginning of year		<u>-</u>
Fund balance-end of year (budget basis)		-
Adjustments to conform with GAAP:		
Capitalized capital objects		4,862,712
Accumulated depreciation		(1,039,984)
Long-term debt		<u>(3,107,702)</u>
Net assets - end of year (GAAP)		<u><u>\$ 715,026</u></u>