

FORREST M. BIRD CHARTER SCHOOLS, INC.

Sandpoint, Idaho

**Audited Financial Statements
For the Years Ended June 30, 2017 and 2016**

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, 2017 and 2016 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, 2017 and 2016, 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 16, 2017, 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 16, 2017

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

To the Board of Directors
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, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2017.

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 for 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 16, 2017

FINANCIAL STATEMENTS



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

STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash	1,264,966	1,861,388
Federal receivable	28,743	28,138
State support receivable	77,504	85,557
Other receivables	61,439	3,054
Prepaid expenses and other current assets	53,550	31,359
Total Current Assets	1,486,202	2,009,496
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	(1,242,279)	(1,113,765)
Net Property and Equipment	3,698,901	3,827,415
Total Assets	\$ 5,185,103	\$ 5,836,911
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	45,501	37,177
Salaries and benefits payable	263,186	231,760
Accrued interest	2,933	4,264
Deferred revenue	576,858	1,571,286
Due to students fund	16,326	17,511
Current portion of long-term debt	122,720	117,732
Total Current Liabilities	1,027,524	1,979,730
Long-term liabilities, less current portion	2,867,762	2,989,970
Net Assets		
Unrestricted	1,289,817	867,211
Total Liabilities and Net Assets	\$ 5,185,103	\$ 5,836,911

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

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue, Grants, and Other Support		
Federal support	166,818	148,364
State support	2,766,865	2,450,026
Local support	2,263,315	2,139,138
Interest	1,119	568
	<hr/>	<hr/>
Total Revenue, Grants and Other Support	5,198,117	4,738,096
	<hr/>	<hr/>
Expense		
Program (instructional)	1,740,813	1,662,157
Administrative (support)	2,742,907	2,368,417
Capital objects	32,258	136,930
Debt-service interest	131,019	129,298
Depreciation	128,514	128,514
	<hr/>	<hr/>
Total Expense	4,775,511	4,425,316
	<hr/>	<hr/>
Change in net assets	422,606	312,780
Net assets - beginning of year	867,211	554,431
	<hr/>	<hr/>
Net assets - end of year	<u>\$ 1,289,817</u>	<u>\$ 867,211</u>

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

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Cash received from state support	2,774,918	2,427,331
Cash received from federal support	166,213	134,704
Cash received from local grant	3,350,000	3,350,000
Cash received from interest	1,119	568
Other cash received	(2,139,498)	26,511
Cash paid for interest	(132,350)	(133,311)
Cash paid to suppliers and employees	(4,499,604)	(4,184,179)
Net Cash Provided by (Used in) Operating Activities	(479,202)	1,621,624
Cash Flows from Investing Activities	-	-
Cash Flows from Financing Activities		
Payment on long-term debt	(117,220)	(116,258)
Net Increase (Decrease) in Cash	(596,422)	1,505,366
Cash - Beginning of Year	1,861,388	356,022
Cash - End of Year	\$ 1,264,966	\$ 1,861,388
Reconciliation of Change in Net Assets to Net		
Cash Provided by (Used In) Operating Activities:		
Change in net assets	422,606	312,780
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	(605)	(13,660)
Decrease (increase) in state support receivable	8,053	(22,695)
Decrease (increase) in other receivable	(58,385)	(3,054)
Decrease (increase) in prepaid expenses	(22,191)	40,017
Increase (decrease) in accrued interest	(1,331)	(4,013)
Increase (decrease) in accounts payable	8,324	(61,933)
Increase (decrease) in deferred revenue	(994,428)	1,240,427
Increase (decrease) in due to student funds	(1,185)	17,163
Increase (decrease) in salaries and benefits payable	31,426	(11,922)
Net Cash Provided by (Used in) Operating Activities	\$ (479,202)	\$ 1,621,624

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

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 Organization

The Forrest M. Bird Charter Schools, Inc. (the School) is a non-profit state-funded public School. The School serves 6th through 12th grade. 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.

Limitations on unrestricted net assets at year-end consisted of:

	<u>2017</u>	<u>2016</u>
Debt service	120,501	109,482
Other	51,529	45,140
Total	<u>\$172,030</u>	<u>\$154,622</u>

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, 2017 and 2016, the reserve amounts required by the USDA are \$120,501 and \$109,482, respectively.

The 2016 amount of \$109,482 was presented as a restricted net asset in the prior year and has been reclassified as unrestricted net assets with limitations in the current year for comparability.

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.

NOTE 2 Summary of Significant Accounting Policies (Continued)

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 is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business. The School's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2015, 2016, and 2017 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, 2017 and 2016 was \$128,514 and \$128,514, respectively.

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 - Idaho Department of Education requires the School to submit financial information in accordance with accounting principles generally accepted in the United States of America for governmental entities. This information is included as supplemental information to the basic financial statements. The General Fund accounts for activities for general operations and the other funds presented are used to account for activities related to restricted funds and grants the School received. 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.

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 a material subsequent events has occurred. See note 9 for further details.

NOTE 3 Long-Term Debt

Long-term debt for the School as of June 30, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</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.	1,431,143	1,466,904
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.	461,217	477,898
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.	176,691	181,404
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, 2017 was 4.00%. The note matures December 2028.	531,281	566,154
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>390,150</u>	<u>415,342</u>
Total Long Term Debt	2,990,482	3,107,702
Less Current Portion	<u>(122,720)</u>	<u>(117,732)</u>
Net Long-term Debt	<u>\$ 2,867,762</u>	<u>\$ 2,989,970</u>

NOTE 3 Long-Term Debt (Continued)

Future debt service is as follows:

Fiscal Year	
<u>Ended June 30,</u>	
2018	122,720
2019	127,929
2020	133,365
2021	139,039
2022	144,961
Thereafter	<u>2,322,468</u>
Total	<u>\$ 2,990,482</u>

NOTE 4 Major Funding Sources

The School received a majority of its revenue from the Idaho Department of Education and J.A. Kathryn Albertson Foundation.

	<u>2017</u>	<u>% of Total Revenue</u>
Idaho Department of Education	\$2,766,865	53.23%
J.A. Kathryn Albertson Foundation	\$2,219,604	42.70%
	<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%

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, 2017, the required contribution rate as a percentage of covered payroll for members was

NOTE 5 Employee's Retirement System (Continued)

6.79%. The employer rate as a percentage of covered payroll was 11.32%. The School's contributions required and paid were \$222,842, \$208,729, and \$199,688, for the three years ended June 30, 2017, 2016, and 2015, 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, 2016, the most recent available audited financial statement of PERSI at the time of issuance, the Plan was reported to be 87.26% 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, 2016 the School's proportion was 0.0631022% and the estimated net pension liability was \$1,279,179.

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.

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 2017 and 2016. At fiscal year-end 2017 cash exceeds FDIC insurance by \$1,083,468. At fiscal year-end 2016 cash exceeded FDIC insurance by \$1,693,776.

NOTE 7 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 8 Deferred Revenue

During fiscal year end June 30, 2017, 2016, 2015, and 2014, the School received cash deposits totaling \$6,900,000 from the J.A. & K Albertson Foundation to implement the Idaho P-TECH Network described in Note 7. As of June 30, 2017, the School had spent \$6,323,142 of the award. The remaining amount of \$576,858 is being deferred in the financial statements and will be recognized in fiscal year June 30, 2018.

NOTE 9 Subsequent Event

After year-end management determined that it was necessary to replace the nine roof top HVAC units. The contracted cost for these expenditures was \$76,925. As of the date the financial statements were issued the work had not yet been completed.

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. as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon dated October 16, 2017, 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 supplementary information presented on pages 15 through 24 are presented for 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 financials 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.

Emphasis of Matter

We draw your attention to Note 2 which requires Forrest M. Bird Charter Schools, Inc. to submit to the Idaho State Department of Education financial statements in accordance with accounting principles generally accepted in the United States of America for governmental entities. Schedules II through IX have been presented for this purpose. Our opinion is not modified with respect to this matter.

Hayden Ross, PLLC

Moscow, Idaho
October 16, 2017

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

SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE
For the Year Ended June 30, 2017

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instructional</u>	<u>Total</u>
Salaries	1,144,489	912,297	-	2,056,786
Benefits	377,417	256,921	-	634,338
Purchased services	159,829	1,349,677	-	1,509,506
Supply-materials	59,078	224,012	-	283,090
Capital objects	-	-	32,258	32,258
Debt service interest	-	-	131,019	131,019
Depreciation	-	-	128,514	128,514
Total Expense	<u>\$ 1,740,813</u>	<u>\$ 2,742,907</u>	<u>\$ 291,791</u>	<u>\$ 4,775,511</u>

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

SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE (Continued)
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
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

SCHEDULE II - STATEMENT OF NET POSITION
June 30, 2017

ASSETS

Current Assets:

Cash	1,264,966
Federal receivable	28,743
State support receivable	77,504
Other receivables	61,439
Prepaid expenses and other current assets	53,550
Total current assets	<u>1,486,202</u>

Noncurrent Assets:

Land	14,227
Buildings and land improvements	4,855,643
Fixtures and equipment	71,310
Less: accumulated depreciation	<u>(1,242,279)</u>
Total noncurrent assets	<u>3,698,901</u>

Total assets 5,185,103

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 873,879

LIABILITIES

Current Liabilities:

Accounts payable and other current liabilities	327,946
Unearned revenue	576,858
Current portion of long-term debt	<u>122,720</u>
Total current liabilities	<u>1,027,524</u>

Noncurrent Liabilities:

Noncurrent portion of long-term debt	2,867,762
Net pension liability	<u>1,279,179</u>
Total noncurrent liabilities	<u>4,146,941</u>

Total liabilities 5,174,465

DEFERRED INFLOWS OF RESOURCES

Pension related items 418,370

NET POSITION

Net investment in capital assets	705,486
Restricted for debt service	120,501
Unrestricted	<u>(359,840)</u>

Total net position \$ 466,147

Adjustments to conform with GAAP:

Pension related items:

Deferred outflow of resources	(873,879)
Deferred inflow of resources	418,370
Net pension liability	<u>1,279,179</u>

Total adjustments to conform with GAAP 823,670

Net Assets - End of year (GAAP) \$ 1,289,817

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

SCHEDULE III - BALANCE SHEET
June 30, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Plant Facility</u>	<u>Totals</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash	787,915	477,051	-	1,264,966
Federal receivable	-	28,743	-	28,743
State support program receivable	135,889	-	-	135,889
Other receivable	3,054	-	-	3,054
Due from other funds	-	171,993	-	171,993
Prepaid expenses	53,550	-	-	53,550
Total assets	<u>980,408</u>	<u>677,787</u>	<u>-</u>	<u>1,658,195</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 980,408</u>	<u>\$ 677,787</u>	<u>\$ -</u>	<u>\$ 1,658,195</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts payable	20,746	23,570	-	44,316
Accrued payroll and benefits	263,186	-	-	263,186
Accrued interest	2,933	-	-	2,933
Due to students fund	17,511	-	-	17,511
Due to other funds	143,775	28,218	-	171,993
Total liabilities	<u>448,151</u>	<u>51,788</u>	<u>-</u>	<u>499,939</u>
Deferred inflows of resources:				
Deferred revenue	<u>-</u>	<u>576,858</u>	<u>-</u>	<u>576,858</u>
Fund balance:				
Nonspendable	53,550	-	-	53,550
Restricted	120,501	49,141	-	169,642
Unrestricted	358,206	-	-	358,206
Total fund balance	<u>532,257</u>	<u>49,141</u>	<u>-</u>	<u>581,398</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 980,408</u>	<u>\$ 677,787</u>	<u>\$ -</u>	<u>\$ 1,658,195</u>

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

**SCHEDULE IV - RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2017**

Total Fund Balances - Governmental Funds 581,398

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	(1,242,279)

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	873,879
Deferred inflow of resources	(418,370)

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	(2,990,482)
Net pension liability	(1,279,179)

Total Net Position - Governmental Activities \$ 466,147

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, 2017

	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
REVENUES													
Local	41,962	2,219,604	-	-	-	-	2,868	-	-	-	-	-	2,264,434
State	2,681,132	-	-	-	11,500	6,320	61,521	6,392	-	-	-	-	2,766,865
Federal	10,431	-	-	-	-	-	-	-	72,302	56,391	27,694	-	166,818
Total revenues	2,733,525	2,219,604	-	-	11,500	6,320	64,389	6,392	72,302	56,391	27,694	-	5,198,117
EXPENDITURES													
Instruction:													
Salaries	1,047,942	-	-	-	-	-	-	-	45,533	38,944	12,070	-	1,144,489
Benefits	355,896	-	-	-	-	-	-	-	9,373	10,227	1,921	-	377,417
Purchased services	21,300	115,756	-	-	11,500	-	-	-	-	6,150	5,123	-	159,829
Supply-material	30,984	23,556	-	-	-	-	-	24	3,523	991	-	-	59,078
Total instruction	1,456,122	139,312	-	-	11,500	-	-	24	58,429	56,312	19,114	-	1,740,813
Support:													
Salaries	232,731	667,566	-	-	-	-	10,000	-	2,000	-	-	-	912,297
Benefits	87,098	169,823	-	-	-	-	-	-	-	-	-	-	256,921
Purchased services	242,611	1,063,174	-	-	-	1,000	22,360	-	11,873	79	8,580	-	1,349,677
Supply-material	33,041	179,729	-	-	-	600	10,642	-	-	-	-	-	224,012
Total support	595,481	2,080,292	-	-	-	1,600	43,002	-	13,873	79	8,580	-	2,742,907
Capital objects	6,043	-	-	-	-	4,849	21,366	-	-	-	-	-	32,258
Debt services:													
Principal	-	-	-	-	-	-	-	-	-	-	-	117,220	117,220
Interest	-	-	-	-	-	-	-	-	-	-	-	131,019	131,019
Total debt services	-	-	-	-	-	-	-	-	-	-	-	248,239	248,239
Total expenditures	2,057,646	2,219,604	-	-	11,500	6,449	64,368	24	72,302	56,391	27,694	248,239	4,764,217
Excess (deficiency) of revenues over (under) expenditures	675,879	-	-	-	-	(129)	21	6,368	-	-	-	(248,239)	433,900
Other financing sources (uses):													
Transfer in	-	-	-	-	-	129	-	-	-	-	-	248,239	248,368
Transfer out	(248,368)	-	-	-	-	-	-	-	-	-	-	-	(248,368)
Total other financing sources (uses)	(248,368)	-	-	-	-	129	-	-	-	-	-	248,239	-
Net change in fund balance	427,511	-	-	-	-	-	21	6,368	-	-	-	-	433,900
Fund balance beginning of year	104,746	-	2	33,148	-	-	100	8,977	-	525	-	-	147,498
Fund balance end of year	\$ 532,257	\$ -	\$ 2	\$ 33,148	\$ -	\$ -	\$ 121	\$ 15,345	\$ -	\$ 525	\$ -	\$ -	\$ 581,398

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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Interest	1,119	-	1,119
Other	40,843	2,400	38,443
Total local	<u>41,962</u>	<u>2,400</u>	<u>39,562</u>
State:			
Base support	2,157,367	1,922,737	234,630
Transportation	70,060	77,000	(6,940)
Benefit support	215,562	229,031	(13,469)
Lottery	21,336	19,000	2,336
Other state support	216,807	167,700	49,107
Total state	<u>2,681,132</u>	<u>2,415,468</u>	<u>265,664</u>
Total revenues	<u>2,733,525</u>	<u>2,417,868</u>	<u>315,657</u>
EXPENDITURES			
Instruction:			
Salaries	1,047,942	909,168	(138,774)
Benefits	355,896	352,165	(3,731)
Purchased services	21,300	31,000	9,700
Supply-materials	30,984	10,600	(20,384)
Total instruction	<u>1,456,122</u>	<u>1,302,933</u>	<u>(153,189)</u>
Support:			
Salaries	232,731	217,348	(15,383)
Benefits	87,098	97,753	10,655
Purchased services	242,611	334,064	91,453
Supply-materials	33,041	76,200	43,159
Total support	<u>595,481</u>	<u>725,365</u>	<u>129,884</u>
Capital objects	<u>6,043</u>	<u>50,000</u>	<u>43,957</u>
Total expenditures	<u>2,057,646</u>	<u>2,078,298</u>	<u>20,652</u>
Excess(deficiency) of revenues over(under) expenditures	675,879	339,570	336,309
Other financing sources (uses):			
Transfer out	<u>(248,368)</u>	<u>-</u>	<u>(248,368)</u>
Change in fund balance	427,511	<u>\$ 339,570</u>	<u>\$ 87,941</u>
Fund balance - beginning of year	<u>104,746</u>		
Fund balance - end of year (budget basis)	532,257		
Adjustments to conform with GAAP:			
Capitalized capital objects	71,310		
Accumulated depreciation	<u>(71,310)</u>		
Net Assets - End of Year (GAAP)	<u>\$ 532,257</u>		

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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION			
Secondary:			
Salaries	995,951	857,177	(138,774)
Benefits	340,227	341,767	1,540
Purchased services	21,300	31,000	9,700
Supply-materials	30,984	10,600	(20,384)
Total Secondary	<u>1,388,462</u>	<u>1,240,544</u>	<u>(147,918)</u>
Special Education Program:			
Salaries	51,991	51,991	-
Benefits	15,669	10,398	(5,271)
Total Special Education Program	<u>67,660</u>	<u>62,389</u>	<u>(5,271)</u>
TOTAL INSTRUCTION			
Salaries	1,047,942	909,168	(138,774)
Benefits	355,896	352,165	(3,731)
Purchased services	21,300	31,000	9,700
Supply-materials	30,984	10,600	(20,384)
Total Instruction	<u>\$ 1,456,122</u>	<u>\$ 1,302,933</u>	<u>\$ (153,189)</u>
SUPPORT			
Instructional Improvement Program:			
Purchased services	741	6,000	5,259
School Administration Program:			
Salaries	173,405	165,492	(7,913)
Benefits	71,921	81,314	9,393
Purchased Services	30,268	42,300	12,032
Supply-materials	15,159	12,000	(3,159)
Total School Administration Program	<u>290,753</u>	<u>301,106</u>	<u>10,353</u>
Building-Care Program (Custodial):			
Salaries	21,522	51,856	30,334
Benefits	6,085	16,439	10,354
Purchased services	47,280	93,764	46,484
Supply-materials	6,716	20,000	13,284
Total Building-Care Program (Custodial)	<u>81,603</u>	<u>182,059</u>	<u>100,456</u>
Maintenance - Student Occupied Bldgs:			
Salaries	37,804	-	(37,804)
Benefits	9,092	-	(9,092)
Purchased services	5,610	10,000	4,390
Supply-materials	10,614	44,000	33,386
Total Maintenance Grounds	<u>63,120</u>	<u>10,000</u>	<u>(9,120)</u>
Maintenance - Grounds:			
Purchased services	11,399	7,000	(4,399)
Supply-materials	552	200	(352)
Total Maintenance - Grounds	<u>11,951</u>	<u>7,200</u>	<u>(4,751)</u>
Transportation:			
Purchased services	147,313	175,000	27,687
TOTAL SUPPORT			
Salaries	232,731	217,348	(15,383)
Benefits	87,098	97,753	10,655
Purchased services	242,611	334,064	91,453
Supply-materials	33,041	76,200	43,511
Total Support	<u>\$ 595,481</u>	<u>\$ 725,365</u>	<u>\$ 130,236</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, 2017

	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
REVENUES											
Local	2,219,604	-	-	-	-	2,868	-	-	-	-	2,222,472
State	-	-	-	11,500	6,320	61,521	6,392	-	-	-	85,733
Federal	-	-	-	-	-	-	-	72,302	56,391	27,694	156,387
Total revenues	<u>2,219,604</u>	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>6,320</u>	<u>64,389</u>	<u>6,392</u>	<u>72,302</u>	<u>56,391</u>	<u>27,694</u>	<u>2,464,592</u>
EXPENDITURES											
Instruction:											
Salaries	-	-	-	-	-	-	-	45,533	38,944	12,070	96,547
Benefits	-	-	-	-	-	10,000	-	9,373	10,227	1,921	31,521
Purchased services	115,756	-	-	11,500	-	22,360	-	-	6,150	5,123	160,889
Supplies-materials	23,556	-	-	-	-	10,642	24	3,523	991	-	38,736
Total instruction	<u>139,312</u>	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>-</u>	<u>43,002</u>	<u>24</u>	<u>58,429</u>	<u>56,312</u>	<u>19,114</u>	<u>327,693</u>
Support:											
Salaries	667,566	-	-	-	-	-	-	2,000	-	-	669,566
Benefits	169,823	-	-	-	-	-	-	-	-	-	169,823
Purchased services	1,063,174	-	-	-	1,000	-	-	11,873	79	8,580	1,084,706
Supplies-materials	179,729	-	-	-	600	-	-	-	-	-	180,329
Total support	<u>2,080,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>13,873</u>	<u>79</u>	<u>8,580</u>	<u>2,104,424</u>
Capital objects	-	-	-	-	4,849	21,366	-	-	-	-	26,215
Total expenditures	<u>2,219,604</u>	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>6,449</u>	<u>64,368</u>	<u>24</u>	<u>72,302</u>	<u>56,391</u>	<u>27,694</u>	<u>2,458,332</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(129)	21	6,368	-	-	-	6,260
Other financing sources:											
Transfer in	-	-	-	-	129	-	-	-	-	-	129
Change in fund balance	-	-	-	-	-	21	6,368	-	-	-	6,389
Fund balance-beginning of year	-	2	33,148	-	-	100	8,977	-	525	-	42,752
Fund balance-end of year	-	2	33,148	-	-	121	15,345	-	525	-	49,141
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>\$ 121</u>	<u>\$ 15,345</u>	<u>\$ -</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 51,529</u>

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

PLANT FACILITY FUND
SCHEDULE IX - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2017

REVENUES		-
EXPENDITURES		
Debt service principal	117,220	
Debt service interest	<u>131,019</u>	
Total expenditures		<u>248,239</u>
Excess (deficiency) of revenues over(under) expenditures		(248,239)
Other financing sources:		
Transfer in	<u>248,239</u>	
Total other financing sources		<u>248,239</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		(1,166,199)
Long-term debt		<u>(2,990,482)</u>
Net assets - end of year (GAAP)		<u><u>\$ 706,031</u></u>