

FORREST M. BIRD CHARTER SCHOOLS, INC.

Sandpoint, Idaho

**Audited Financial Statements
For the Years Ended June 30, 2018 and 2017**

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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, 2018 and 2017 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, 2018 and 2017, 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 September 10, 2018, 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 *Government Auditing Standards* in considering Forrest M. Bird Charter Schools, Inc.'s internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
September 10, 2018

**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, 2018 and 2017, 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 September 10, 2018.

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
September 10, 2018

FINANCIAL STATEMENTS



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

STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash	1,693,899	1,264,966
Federal receivable	47,761	28,743
State support receivable	86,573	77,504
Other receivables	-	61,439
Prepaid expenses and other current assets	46,614	53,550
Total Current Assets	1,874,847	1,486,202
Property and Equipment		
Land	14,227	14,227
Buildings and land improvements	4,932,838	4,855,643
Fixtures and equipment	76,910	71,310
Less: accumulated depreciation	(1,370,908)	(1,242,279)
Net Property and Equipment	3,653,067	3,698,901
Total Assets	\$ 5,527,914	\$ 5,185,103
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	32,891	45,501
Salaries and benefits payable	275,415	263,186
Accrued interest	4,465	2,933
Deferred revenue	702,671	576,858
Due to students fund	27,153	16,326
Current portion of long-term debt	130,543	122,720
Total Current Liabilities	1,173,138	1,027,524
Long-term liabilities, less current portion	2,744,212	2,867,762
Net Assets		
Unrestricted	1,610,564	1,289,817
Total Liabilities and Net Assets	\$ 5,527,914	\$ 5,185,103

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

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	2018	2017
Revenue, Grants, and Other Support		
Federal support	179,017	166,818
State support	2,786,428	2,766,865
Local support	2,009,169	2,263,315
Interest	1,432	1,119
Total Revenue, Grants and Other Support	4,976,046	5,198,117
Expense		
Program (instructional)	1,847,520	1,740,813
Administrative (support)	2,472,207	2,742,907
Capital objects	56,114	32,258
Debt-service interest	135,376	131,019
Depreciation	131,462	128,514
Loss on disposition	12,620	-
Total Expense	4,655,299	4,775,511
Change in net assets	320,747	422,606
Net assets - beginning of year	1,289,817	867,211
Net assets - end of year	\$ 1,610,564	\$ 1,289,817

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

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Cash received from state support	2,777,359	2,774,918
Cash received from federal support	159,999	166,213
Cash received from local grant	3,350,000	3,350,000
Cash received from interest	1,432	1,119
Other cash received	(1,140,959)	(2,139,498)
Cash paid for interest	(133,844)	(132,350)
Cash paid to suppliers and employees	(4,371,079)	(4,499,604)
Net Cash Provided by (Used in) Operating Activities	642,908	(479,202)
Cash Flows from Investing Activities		
Cash paid for property and equipment	(98,248)	-
Cash Flows from Financing Activities		
Payment on long-term debt	(115,727)	(117,220)
Net Increase (Decrease) in Cash	428,933	(596,422)
Cash - Beginning of Year	1,264,966	1,861,388
Cash - End of Year	\$ 1,693,899	\$ 1,264,966
Reconciliation of Change in Net Assets to Net		
Cash Provided by (Used In) Operating Activities:		
Change in net assets	320,747	422,606
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	131,462	128,514
Loss on disposition of property and equipment	12,620	-
Decrease (increase) in federal support receivable	(19,018)	(605)
Decrease (increase) in state support receivable	(9,069)	8,053
Decrease (increase) in other receivable	61,439	(58,385)
Decrease (increase) in prepaid expenses	6,936	(22,191)
Increase (decrease) in accrued interest	1,532	(1,331)
Increase (decrease) in accounts payable	(12,610)	8,324
Increase (decrease) in deferred revenue	125,813	(994,428)
Increase (decrease) in due to student funds	10,827	(1,185)
Increase (decrease) in salaries and benefits payable	12,229	31,426
Net Cash Provided by (Used in) Operating Activities	\$ 642,908	\$ (479,202)

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

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

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>2018</u>	<u>2017</u>
Debt service	131,520	120,501
Other	65,465	51,529
Total	<u>\$196,985</u>	<u>\$172,030</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, 2018 and 2017, the reserve amounts required by the USDA are \$131,520 and \$120,501, respectively.

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.

NOTE 2 Summary of Significant Accounting Policies (Continued)

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 2016, 2017, and 2018 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, 2018 and 2017 was \$131,462 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, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</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.	1,393,833	1,431,143
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.	443,658	461,217
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.	171,762	176,691
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, 2018 and 2017 was 4.75% and 4.00% respectively. The note matures December 2028.	501,700	531,281
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>363,802</u>	<u>390,150</u>
Total Long Term Debt	2,874,755	2,990,482
Less Current Portion	<u>(130,543)</u>	<u>(122,720)</u>
Net Long-term Debt	<u><u>\$ 2,744,212</u></u>	<u><u>\$ 2,867,762</u></u>

NOTE 3 Long-Term Debt (Continued)

Future debt service is as follows:

Fiscal Year	
<u>Ended June 30,</u>	
2019	130,543
2020	133,303
2021	139,560
2022	146,113
2023	152,973
Thereafter	<u>2,172,263</u>
Total	<u>\$ 2,874,755</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>2018</u>	<u>% of Total Revenue</u>
Idaho Department of Education	\$2,786,428	56.46%
J.A. Kathryn Albertson Foundation	\$1,874,187	37.67%
	<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%

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.

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. For the year ended June 30, 2018, 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 \$234,430, \$222,842, and \$208,729, for the three years ended June 30, 2018, 2017, and 2016, 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, 2017, the most recent available audited financial statement of PERSI at the time of issuance, the Plan was reported to be 90.68% 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, 2017 the School's proportion was 0.0633810% and the estimated net pension liability was \$996,240.

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 2018 and 2017. At fiscal year-end 2018 cash exceeds FDIC insurance by \$1,503,557. At fiscal year-end 2017 cash exceeded FDIC insurance by \$1,083,468.

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, 2018, 2017, 2016, and 2015, the School received cash deposits totaling \$8,900,000 from the J.A. & K Albertson Foundation to implement the Idaho P-TECH Network described in Note 7. As of June 30, 2018, the School had spent \$8,197,329 of the award. The remaining amount of \$702,671 is being deferred in the financial statements and will be recognized in fiscal year June 30, 2019.

NOTE 9 Subsequent Event

Since its inception PTECH's funding from the J.A. & K Albertson Foundation has provided nearly all the resources necessary to cover the costs of PTECH's operations. Mid fiscal 2018 management was advised that the J.A. & K Albertson Foundation would discontinue funding. Management was unable to secure long-term funding from other sources so effective June 30, 2018 no further students will be admitted to the PTECH program. The Foundation has agreed to provide limited funding through June of 2020 to support legacy students who are still involved with the program until they graduate. In response to the elimination of funding management has reduced staff to a level sufficient to meet the needs of existing students, still in the program, and will be operating on a much smaller budget until June 2020.

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, 2018 and 2017, and have issued our report thereon dated September 10, 2018, 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
September 10, 2018

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

SCHEDULE I - STATEMENT OF FUNCTIONAL EXPENSE
For the Year Ended June 30, 2018

	<u>Program (Instructional)</u>	<u>Administrative (Support)</u>	<u>Non- Instructional</u>	<u>Total</u>
Salaries	1,235,375	915,323	-	2,150,698
Benefits	400,803	256,947	-	657,750
Purchased services	148,709	1,125,668	-	1,274,377
Supply-materials	62,633	174,269	-	236,902
Capital objects	-	-	56,114	56,114
Debt service interest	-	-	135,376	135,376
Depreciation	-	-	131,462	131,462
Loss on disposition	-	-	12,620	12,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expense	<u>\$ 1,847,520</u>	<u>\$ 2,472,207</u>	<u>\$ 335,572</u>	<u>\$ 4,655,299</u>

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 II - STATEMENT OF NET POSITION
June 30, 2018

ASSETS

Current Assets:

Cash	1,693,899
Federal receivable	47,761
State support receivable	86,573
Prepaid expenses and other current assets	46,614
Total current assets	<u>1,874,847</u>

Noncurrent Assets:

Land	14,227
Buildings and land improvements	4,932,838
Fixtures and equipment	76,910
Less: accumulated depreciation	<u>(1,370,908)</u>
Total noncurrent assets	<u>3,653,067</u>

Total assets 5,527,914

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 418,247

LIABILITIES

Current Liabilities:

Accounts payable and other current liabilities	339,924
Unearned revenue	702,671
Current portion of long-term debt	130,543
Total current liabilities	<u>1,173,138</u>

Noncurrent Liabilities:

Noncurrent portion of long-term debt	2,744,212
Net pension liability	996,240
Total noncurrent liabilities	<u>3,740,452</u>

Total liabilities 4,913,590

DEFERRED INFLOWS OF RESOURCES

Pension related items 149,442

NET POSITION

Net investment in capital assets	773,847
Restricted for debt service	131,520
Unrestricted	<u>(22,238)</u>

Total net position \$ 883,129

Adjustments to conform with GAAP:

Pension related items:

Deferred outflow of resources	(418,247)
Deferred inflow of resources	149,442
Net pension liability	996,240

Total adjustments to conform with GAAP 727,435

Net Assets - End of year (GAAP) \$ 1,610,564

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

SCHEDULE III - BALANCE SHEET
June 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Plant Facility</u>	<u>Totals</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash	1,041,458	652,441	-	1,693,899
Federal receivable	-	47,761	-	47,761
State support program receivable	86,573	-	-	86,573
Due from other funds	-	74,569	-	74,569
Prepaid expenses and other current assets	4,614	42,000	-	46,614
Total assets	<u>1,132,645</u>	<u>816,771</u>	<u>-</u>	<u>1,949,416</u>
Deferred outflows of resources	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,132,645</u>	<u>\$ 816,771</u>	<u>\$ -</u>	<u>\$ 1,949,416</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts payable	31,492	1,399	-	32,891
Accrued payroll and benefits	275,415	-	-	275,415
Accrued interest	4,465	-	-	4,465
Due to students fund	27,153	-	-	27,153
Due to other funds	27,333	47,236	-	74,569
Total liabilities	<u>365,858</u>	<u>48,635</u>	<u>-</u>	<u>414,493</u>
Deferred inflows of resources:				
Deferred revenue	-	702,671	-	702,671
Fund balance:				
Nonspendable	4,614	42,000	-	46,614
Restricted	131,520	23,465	-	154,985
Unrestricted	630,653	-	-	630,653
Total fund balance	<u>766,787</u>	<u>65,465</u>	<u>-</u>	<u>832,252</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,132,645</u>	<u>\$ 816,771</u>	<u>\$ -</u>	<u>\$ 1,949,416</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, 2018**

Total Fund Balances - Governmental Funds 832,252

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	5,023,975
Accumulated depreciation	(1,370,908)

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	418,247
Deferred inflow of resources	(149,442)

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	(2,874,755)
Net pension liability	(996,240)

Total Net Position - Governmental Activities \$ 883,129

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, 2018

	General Fund	PTech	Khan Grant	SDE Grant	Driver's Education	Professional Technical State	State Technology Grant	Substance Abuse	Title I-A, ESSA Improving Basic Programs	IDEA Part B (611 School Age 3-21)	Title IV-A ESSA Student Support and Academic Enrichment	Title V-B ESSA Rural Education Initiative	Title II-A, ESEA Supporting Effective Instruction	Plant Facility	Total
REVENUES															
Local	17,635	1,991,876	-	-	-	-	1,090	-	-	-	-	-	-	-	2,010,601
State	2,690,826	-	-	-	9,688	7,901	71,505	6,508	-	-	-	-	-	-	2,786,428
Federal	-	-	-	-	-	-	-	-	75,957	60,238	9,088	16,852	16,882	-	179,017
Total revenues	2,708,461	1,991,876	-	-	9,688	7,901	72,595	6,508	75,957	60,238	9,088	16,852	16,882	-	4,976,046
EXPENDITURES															
Instruction:															
Salaries	1,147,203	-	-	-	-	-	-	-	33,464	41,814	3,455	-	9,439	-	1,235,375
Benefits	379,333	-	-	-	-	-	-	-	8,984	9,689	597	300	1,900	-	400,803
Purchased services	21,213	104,552	-	-	9,688	-	-	-	-	7,985	-	1,100	4,171	-	148,709
Supply-material	5,514	20,621	-	-	-	7,708	-	-	14,925	147	251	13,467	-	-	62,633
Total instruction	1,553,263	125,173	-	-	9,688	7,708	-	-	57,373	59,635	4,303	14,867	15,510	-	1,847,520
Support:															
Salaries	205,443	695,281	-	-	-	-	12,932	-	1,667	-	-	-	-	-	915,323
Benefits	74,028	182,886	-	-	-	-	33	-	-	-	-	-	-	-	256,947
Purchased services	262,250	818,755	-	-	-	140	31,863	540	10,207	541	-	-	1,372	-	1,125,668
Supply-material	23,725	135,196	-	-	-	53	7,916	2,532	62	62	4,785	-	-	-	174,269
Total support	565,446	1,832,118	-	-	-	193	52,744	3,072	11,874	603	4,785	-	1,372	-	2,472,207
Capital objects	26,924	34,585	-	-	-	-	6,963	-	6,710	-	-	1,985	-	77,195	154,362
Debt services:															
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	115,727	115,727
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	135,376	135,376
Total debt services	-	-	-	-	-	-	-	-	-	-	-	-	-	251,103	251,103
Total expenditures	2,145,633	1,991,876	-	-	9,688	7,901	59,707	3,072	75,957	60,238	9,088	16,852	16,882	328,298	4,725,192
Excess (deficiency) of revenues over (under) expenditures	562,828	-	-	-	-	-	12,888	3,436	-	-	-	-	-	(328,298)	250,854
Other financing sources (uses):															
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	-	328,298	328,298
Transfer out	(328,298)	-	-	-	-	-	-	-	-	-	-	-	-	-	(328,298)
Total other financing sources (uses)	(328,298)	-	-	-	-	-	-	-	-	-	-	-	-	328,298	-
Net change in fund balance	234,530	-	-	-	-	-	12,888	3,436	-	-	-	-	-	-	250,854
Fund balance beginning of year	532,257	-	2	33,148	-	-	121	15,345	-	525	-	-	-	-	581,398
Fund balance end of year	\$ 766,787	\$ -	\$ 2	\$ 33,148	\$ -	\$ -	\$ 13,009	\$ 18,781	\$ -	\$ 525	\$ -	\$ -	\$ -	\$ -	\$ 832,252

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, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Interest	1,432	-	1,432
Contributions/donations	6,124	-	6,124
Other	10,079	2,400	7,679
Total local	<u>17,635</u>	<u>2,400</u>	<u>15,235</u>
State:			
Base support	2,062,523	2,009,827	52,696
Transportation	117,816	77,000	40,816
Exceptional child support	10,573	-	10,573
Benefit support	249,253	254,412	(5,159)
Lottery	22,029	22,400	(371)
Other state support	228,632	187,265	41,367
Total state	<u>2,690,826</u>	<u>2,550,904</u>	<u>139,922</u>
Total revenues	<u>2,708,461</u>	<u>2,553,304</u>	<u>155,157</u>
EXPENDITURES			
Instruction:			
Salaries	1,147,203	989,939	(157,264)
Benefits	379,333	363,483	(15,850)
Purchased services	21,213	51,000	29,787
Supply-materials	5,514	11,916	6,402
Total instruction	<u>1,553,263</u>	<u>1,416,338</u>	<u>(136,925)</u>
Support:			
Salaries	205,443	353,288	147,845
Benefits	74,028	122,859	48,831
Purchased services	262,250	282,000	19,750
Supply-materials	23,725	29,250	5,525
Total support	<u>565,446</u>	<u>787,397</u>	<u>221,951</u>
Capital objects	<u>26,924</u>	<u>25,000</u>	<u>(1,924)</u>
Total expenditures	<u>2,145,633</u>	<u>2,228,735</u>	<u>83,102</u>
Excess(deficiency) of revenues over(under) expenditures	562,828	324,569	238,259
Other financing sources (uses):			
Transfer out	<u>(328,298)</u>	<u>-</u>	<u>(328,298)</u>
Change in fund balance	234,530	<u>\$ 324,569</u>	<u>\$ (90,039)</u>
Fund balance - beginning of year	<u>532,257</u>		
Fund balance - end of year (budget basis)	766,787		
Adjustments to conform with GAAP:			
Capitalized capital objects	76,910		
Accumulated depreciation	<u>(71,777)</u>		
Net Assets - End of Year (GAAP)	<u>\$ 771,920</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, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION			
Secondary:			
Salaries	1,079,822	933,371	(146,451)
Benefits	358,938	345,697	(13,241)
Purchased services	21,213	51,000	29,787
Supply-materials	5,514	11,916	6,402
Total Secondary	<u>1,465,487</u>	<u>1,341,984</u>	<u>(123,503)</u>
Special Education Program:			
Salaries	67,381	56,568	(10,813)
Benefits	20,395	17,786	(2,609)
Total Special Education Program	<u>87,776</u>	<u>74,354</u>	<u>(13,422)</u>
TOTAL INSTRUCTION			
Salaries	1,147,203	989,939	(157,264)
Benefits	379,333	363,483	(15,850)
Purchased services	21,213	51,000	29,787
Supply-materials	5,514	11,916	6,402
Total Instruction	<u>\$ 1,553,263</u>	<u>\$ 1,416,338</u>	<u>\$ (136,925)</u>
SUPPORT			
Instructional Improvement Program:			
Purchased services	6,323	6,000	(323)
School Administration Program:			
Salaries	149,020	293,620	144,600
Benefits	58,878	107,094	48,216
Purchased Services	30,127	53,400	23,273
Supply-materials	10,705	11,500	795
Total School Administration Program	<u>248,730</u>	<u>465,614</u>	<u>216,884</u>
Building-Care Program (Custodial):			
Salaries	21,754	59,668	37,914
Benefits	7,494	15,765	8,271
Purchased services	46,547	51,600	5,053
Supply-materials	6,741	5,000	(1,741)
Total Building-Care Program (Custodial)	<u>82,536</u>	<u>132,033</u>	<u>49,497</u>
Maintenance - Student Occupied Bldgs:			
Salaries	34,669	-	(34,669)
Benefits	7,656	-	(7,656)
Purchased services	1,082	12,000	10,918
Supply-materials	3,291	12,000	8,709
Total Maintenance - Student Occupied Bldgs	<u>46,698</u>	<u>12,000</u>	<u>(22,698)</u>
Maintenance - Grounds:			
Purchased services	21,031	12,000	(9,031)
Supply-materials	2,988	750	(2,238)
Total Maintenance - Grounds	<u>24,019</u>	<u>12,750</u>	<u>(11,269)</u>
Pupil-To-School Transportation:			
Purchased services	153,900	-	(153,900)
Pupil-Activity Transportation:			
Purchased services	3,240	147,000	143,760
TOTAL SUPPORT			
Salaries	205,443	353,288	147,845
Benefits	74,028	122,859	48,831
Purchased services	262,250	282,000	19,750
Supply-materials	23,725	29,250	5,525
Total Support	<u>\$ 565,446</u>	<u>\$ 787,397</u>	<u>\$ 221,951</u>
CAPITAL ASSET PROGRAM	<u>\$ 26,924</u>	<u>\$ 25,000</u>	<u>\$ (1,924)</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, 2018

	PTech	Khan Grant	SDE Grant	Driver's Education	Professional Technical State	State Technology Grant	Substance Abuse	Title I-A, ESSA Improving Basic Programs	IDEA Part B (611 School Age 3-21)	Title IV-A ESSA Student Support and Academic Enrichment	Title V-B ESSA Rural Education Initiative	Title II-A, ESEA Supporting Effective Instruction	Total
REVENUES													
Local	1,991,876	-	-	-	-	1,090	-	-	-	-	-	-	1,992,966
State	-	-	-	9,688	7,901	71,505	6,508	-	-	-	-	-	95,602
Federal	-	-	-	-	-	-	-	75,957	60,238	9,088	16,852	16,882	179,017
Total revenues	1,991,876	-	-	9,688	7,901	72,595	6,508	75,957	60,238	9,088	16,852	16,882	2,267,585
EXPENDITURES													
Instruction:													
Salaries	-	-	-	-	-	-	-	33,464	41,814	3,455	-	9,439	88,172
Benefits	-	-	-	-	-	-	-	8,984	9,689	597	300	1,900	21,470
Purchased services	104,552	-	-	9,688	-	-	-	-	7,985	-	1,100	4,171	127,496
Supplies-materials	20,621	-	-	-	7,708	-	-	14,925	147	251	13,467	-	57,119
Total instruction	125,173	-	-	9,688	7,708	-	-	57,373	59,635	4,303	14,867	15,510	294,257
Support:													
Salaries	695,281	-	-	-	-	12,932	-	1,667	-	-	-	-	709,880
Benefits	182,886	-	-	-	-	33	-	-	-	-	-	-	182,919
Purchased services	818,755	-	-	-	140	31,863	540	10,207	541	-	-	1,372	863,418
Supplies-materials	135,196	-	-	-	53	7,916	2,532	-	62	4,785	-	-	150,544
Total support	1,832,118	-	-	-	193	52,744	3,072	11,874	603	4,785	-	1,372	1,906,761
Capital objects	34,585	-	-	-	-	6,963	-	6,710	-	-	1,985	-	50,243
Total expenditures	1,991,876	-	-	9,688	7,901	59,707	3,072	75,957	60,238	9,088	16,852	16,882	2,251,261
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	12,888	3,436	-	-	-	-	-	16,324
Change in fund balance	-	-	-	-	-	12,888	3,436	-	-	-	-	-	16,324
Fund balance-beginning of year	-	2	33,148	-	-	121	15,345	-	525	-	-	-	49,141
Fund balance-end of year	-	2	33,148	-	-	13,009	18,781	-	525	-	-	-	65,465
Adjustments to conform with GAAP:													
Capitalized capital objects	-	-	7,158	-	-	-	-	-	-	-	-	-	7,158
Depreciation expense	-	-	(5,724)	-	-	-	-	-	-	-	-	-	(5,724)
Net Assets - End of Year (GAAP)	\$ -	\$ 2	\$ 34,582	\$ -	\$ -	\$ 13,009	\$ 18,781	\$ -	\$ 525	\$ -	\$ -	\$ -	\$ 66,899

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, 2018

REVENUES		-
EXPENDITURES		
Debt service principal	115,727	
Debt service interest	135,376	
Capital objects	<u>77,195</u>	
Total expenditures		<u>328,298</u>
Excess (deficiency) of revenues over(under) expenditures		(328,298)
Other financing sources:		
Transfer in	<u>328,298</u>	
Total other financing sources		<u>328,298</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		4,939,907
Accumulated depreciation		(1,293,407)
Long-term debt		<u>(2,874,755)</u>
Net assets - end of year (GAAP)		<u><u>\$ 771,745</u></u>