

CROWN POINTE ACADEMY
BASIC FINANCIAL STATEMENTS
June 30, 2009

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**JOHN CUTLER
& ASSOCIATES**

Board of Directors
Crown Pointe Academy
Westminster, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Crown Pointe Academy, component unit of School District No. 50, Adams County, Colorado, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Academy, as listed in the table of contents. These financial statements are the responsibility of Crown Pointe Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Crown Pointe Academy, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crown Pointe Academy's basic financial statements. The individual fund financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

October 12, 2009

Managements Discussion and Analysis

As management of the Crown Pointe Academy Charter School, we offer readers of the Crown Pointe Academy Charter School financial statements this narrative overview and analysis of the financial activities of the Crown Pointe Academy Charter School for the fiscal year ended June 30, 2009.

Financial Highlights

The assets of the Crown Pointe Academy Charter School exceeded its liabilities at the close of the most recent fiscal year by \$1,551,288 (net assets).

At the close of the fiscal year the Crown Pointe Academy Charter School's governmental funds reported a combined ending fund balance of \$1,578,111, an increase of \$277,001 or 21%.

The general fund ending fund balance increased to \$1,421,147, an increase of \$306,414 or 27.5%.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Crown Pointe Academy Charter School's basic financial statements. The Crown Pointe Academy Charter School's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Crown Pointe Academy Charter School's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Crown Pointe Academy Charter School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Crown Pointe Academy Charter School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the Crown Pointe Academy Charter School supported primarily by per pupil operating revenue (PPOR) or property taxes passed through from the District (Westminster 50). The governmental activities of the Crown Pointe Academy Charter School include instruction and supporting services expense.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Crown Pointe Academy Charter School, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Crown Pointe Academy Charter School can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Crown Pointe Academy Charter School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital reserve fund because they are considered to be major funds.

Crown Pointe Academy Charter School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. Governmental fund budgets are also adopted for the capital reserve fund, and grants fund. Budgetary to actual comparisons are provided for these three funds on pages 20-22.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School's own programs. Fiscal year 2008/2009 will be the third year Crown Pointe School will use Fiduciary Funds to account for the Student Spanish Trip, Student School Store, Student Spanish Club and the Student Council activities. Total assets and liabilities of the student activity agency fund were \$20,338 for the period ending June 30, 2009.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 7-19.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Crown Pointe Academy Charter School, assets exceeded liabilities by \$1,551,288 as the close of the most recent fiscal year.

Crown Pointe Academy Charter School's Net Assets

	Governmental Activities <u>June 30, 2009</u>	Governmental Activities <u>June 30, 2008</u>
Current and other assets	\$ 1,766,507	\$ 1,528,398
Capital assets	816,815	782,324
Total Assets	<u>2,583,322</u>	<u>2,310,722</u>
Current liabilities	208,865	281,832
Long-Term liabilities	823,169	815,000
Total Liabilities	<u>1,032,034</u>	<u>1,096,832</u>
Net assets		
Invested in capital assets, Net of related debt	1,815	(57,676)
Restricted for		
Emergencies Tabor	60,000	50,000
Debt Service	150,258	179,555
Unrestricted	<u>1,339,215</u>	<u>1,042,011</u>
Total Net Assets	<u>\$ 1,551,288</u>	<u>\$ 1,213,890</u>

The largest portion of the Crown Pointe Academy Charter School's assets (67 %) is cash/investments. 32 % percent reflects its investment in capital assets, less accumulated depreciation. The School's net assets increased by \$337,398 or 27.8% in accordance with the FY 2008/2009 budget.

**Crown Pointe Academy Charter School's Change in Net Assets
For the Years Ended June 30, 2009 and June 30, 2008**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Program Revenue:		
Charges for Services	\$ 38,216	\$ 23,931
Operating Grants and Contributions	74,864	58,132
Total Program Revenue	<u>113,080</u>	<u>82,063</u>
General Revenue:		
Per Pupil Operating Revenue	1,997,219	1,723,751
Capital Construction	38,994	85,001
Investment Earnings	43,305	54,375
Other	84,603	17,931
Total General Revenue	<u>2,164,121</u>	<u>1,881,058</u>
Total Revenue	<u>2,277,201</u>	<u>1,963,121</u>
Expenses:		
Current:		
Instruction	1,229,193	1,108,523
Supporting Services	651,522	659,802
Interest on Long-Term Debt	59,088	61,467
Total Expenses	<u>1,939,803</u>	<u>1,829,792</u>
Increase in Net Assets	337,398	133,329
Beginning Net Assets, July 1	<u>1,213,890</u>	<u>1,080,561</u>
Ending Net Assets, June 30	<u>\$ 1,551,288</u>	<u>\$ 1,213,890</u>

Financial Analysis of the Government's Funds

As noted earlier, the Crown Pointe Academy Charter School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the Crown Pointe Academy Charter School's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Crown Pointe Academy Charter School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$1,578,111, an increase of \$277,001. The capital reserve fund ending fund balance had a decrease of \$29,297. The Grants fund ending fund balance decreased \$116. Total revenues increased approximately \$314,080 during FY 2008/2009. \$273,468 or 87% of the increase was due to enrollment growth.

General Fund Budgetary Highlights

The School approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. For the 2008/2009 fiscal year the state requirement for instructional supplies and materials spending in the general fund was \$184 per funded pupil count (FPC). Also, \$298 per FPC was the required transfer for capital reserve and insurance reserve spending. The capital reserve fund transfer and instructional supply spending requirements for FY 2009/2010 have been suspended due to the economy. It is not know at this time if the spending requirements will be reinstated for FY 10/11.

Capital Asset and Debt Administration

Capital assets. The Crown Pointe Academy Charter School's investment in capital assets increased to \$1,222,404 from \$1,182,730. Total accumulated depreciation was \$453,614 resulting in net capital assets of \$816,815 for the period ending June 30, 2009.

Long-term debt. Crown Pointe Academy Charter School entered into a lease agreement with the Crown Pointe Academy Building Corporation in February, 2000. Under the terms of the agreement, Crown Pointe will make monthly lease payments ranging from \$5,830 to \$7,273, commencing March 15, 2000, through July 15, 2025. Additional capital funding of \$85,000 will be paid by the Westminster 50 School District beginning with FY 2007/2008 for five consecutive years. Any capital construction grant funding received by Crown Pointe Academy will offset the gross payment. The agreement was signed by the Westminster 50 Board of Directors in August 2007. The agreement was related to the voter approved bond election that occurred in the fall of 2006. See note 6 for the debt service payment schedule.

Economic Factors and Next Year's Budget

In November of 2000 voters in Colorado approved a provision to the Colorado constitution providing that K-12 funding would increase at pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. This provision stabilizes and removes funding from the political process. As a result of this provision the single most important factor in projecting School revenues is estimated future inflation. The FY 2009/2010 budget projects the Crown Pointe Academy Charter School's general fund balance will increase.

Requests for Information

This financial report is designed to provide a general overview of the Crown Pointe Academy Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bart A. Skidmore, CPA, 7281 Irving Street, Westminster CO 80030.

BASIC FINANCIAL STATEMENTS

CROWN POINTE ACADEMY

STATEMENT OF NET ASSETS

June 30, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ 1,723,867	\$ 1,478,960
Accounts Receivable	17,517	35,120
Deposits	13,100	1,100
Prepaid Items	12,023	13,218
Capital Assets, Not Being Depreciated	48,025	-
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>768,790</u>	<u>782,324</u>
 TOTAL ASSETS	 <u>2,583,322</u>	 <u>2,310,722</u>
LIABILITIES		
Accounts Payable	11,562	26,267
Accrued Expenses	20,042	67,536
Accrued Salaries and Benefits	139,176	126,598
Accrued Interest	28,638	29,544
Due to Agency Fund	9,447	327
Noncurrent Liabilities		
Due Within One Year	33,169	31,560
Due in More Than One Year	<u>790,000</u>	<u>815,000</u>
 TOTAL LIABILITIES	 <u>1,032,034</u>	 <u>1,096,832</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,815	(57,676)
Restricted for		
Emergency Reserves	60,000	50,000
Debt Service	150,258	179,555
Unrestricted	<u>1,339,215</u>	<u>1,042,011</u>
 TOTAL NET ASSETS	 <u>\$ 1,551,288</u>	 <u>\$ 1,213,890</u>

The accompanying notes are an integral part of the financial statements.

CROWN POINTE ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2009	2008
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	\$ 1,229,193	\$ -	\$ 74,164	\$ -	\$ (1,155,029)	\$ (1,050,391)
Supporting Services	651,522	38,216	700	38,994	(573,612)	(550,870)
Interest on Long-Term Debt	59,088	-	-	-	(59,088)	(61,467)
Total Governmental Activities	<u>\$ 1,939,803</u>	<u>\$ 38,216</u>	<u>\$ 74,864</u>	<u>\$ 38,994</u>	<u>(1,787,729)</u>	<u>(1,662,728)</u>
GENERAL REVENUES						
Per Pupil Revenue					1,997,219	1,723,751
Investment Earnings					43,305	54,375
Other					84,603	17,931
TOTAL GENERAL REVENUES					<u>2,125,127</u>	<u>1,796,057</u>
CHANGE IN NET ASSETS					337,398	133,329
NET ASSETS, Beginning					<u>1,213,890</u>	<u>1,080,561</u>
NET ASSETS, Ending					<u>\$ 1,551,288</u>	<u>\$ 1,213,890</u>

The accompanying notes are an integral part of the financial statements.

CROWN POINTE ACADEMY

BALANCE SHEET
ALL GOVERNMENTAL FUNDS
June 30, 2009

	<u>GENERAL</u>	<u>CAPITAL RESERVE FUND</u>	<u>NON-MAJOR GRANT FUND</u>	<u>TOTAL</u>	
				<u>2009</u>	<u>2008</u>
ASSETS					
Cash and Investments	\$ 1,571,847	\$ 145,314	\$ 6,706	\$ 1,723,867	\$ 1,478,960
Accounts Receivable	17,517	-	-	17,517	35,120
Prepaid Expenses	12,023	-	-	12,023	13,218
Deposits	-	13,100	-	13,100	1,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,601,387</u>	<u>\$ 158,414</u>	<u>\$ 6,706</u>	<u>\$ 1,766,507</u>	<u>\$ 1,528,398</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 3,406	\$ 8,156	\$ -	\$ 11,562	\$ 26,267
Accrued Expenses	20,042	-	-	20,042	67,536
Accrued Salaries and Benefits	139,176	-	-	139,176	126,598
Accrued Compensated Absences	8,169	-	-	8,169	6,560
Due to Agency Fund	9,447	-	-	9,447	327
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>180,240</u>	<u>8,156</u>	<u>-</u>	<u>188,396</u>	<u>227,288</u>
FUND BALANCES					
Reserved for Emergencies	60,000	-	-	60,000	50,000
Reserved for Prepaid Expenses	12,023	-	-	12,023	13,218
Unreserved, Reported in					
General Fund	1,349,124	-	-	1,349,124	1,051,515
Special Revenue Funds			6,706	6,706	6,822
Debt Service Fund	-	150,258	-	150,258	179,555
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>1,421,147</u>	<u>150,258</u>	<u>6,706</u>	1,578,111	1,301,110
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,601,387</u>	<u>\$ 158,414</u>	<u>\$ 6,706</u>		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	816,815	782,324
Long-term liabilities, including building lease (\$815,000), and accrued interest (\$28,638) are not due and payable in the current period and are not reported in the funds.	<u>(843,638)</u>	<u>(869,544)</u>
Net assets of governmental activities	<u>\$ 1,551,288</u>	<u>\$ 1,213,890</u>

The accompanying notes are an integral part of the financial statements.

CROWN POINTE ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	GENERAL	CAPITAL RESERVE FUND	NON-MAJOR GRANT FUND	TOTAL	
				2009	2008
REVENUES					
Local Sources	\$2,161,907	\$ 1,346	\$ 790	\$2,164,043	\$1,905,163
State Sources	70,244	-	-	70,244	17,500
Federal Sources	40,458	-	2,456	42,914	40,458
TOTAL REVENUES	2,272,609	1,346	3,246	2,277,201	1,963,121
EXPENDITURES					
Instruction	1,192,567	-	-	1,192,567	1,066,877
Supporting Services	603,510	28,614	3,362	635,486	643,766
Debt Service					
Principal	-	25,000	-	25,000	20,000
Interest and Fiscal Charges	-	59,994	-	59,994	62,373
Capital Outlay	-	87,153	-	87,153	76,426
TOTAL EXPENDITURES	1,796,077	200,761	3,362	2,000,200	1,869,442
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	476,532	(199,415)	(116)	277,001	93,679
OTHER FINANCING SOURCES (USES)					
Transfers In	-	170,118	-	170,118	130,517
Transfers Out	(170,118)	-	-	(170,118)	(130,517)
TOTAL OTHER FINANCING SOURCES (USES)	(170,118)	170,118	-	-	-
NET CHANGE IN FUND BALANCES	306,414	(29,297)	(116)	277,001	93,679
FUND BALANCES, Beginning	1,114,733	179,555	6,822	1,301,110	1,207,431
FUND BALANCES, Ending	<u>\$1,421,147</u>	<u>\$ 150,258</u>	<u>\$ 6,706</u>	<u>\$1,578,111</u>	<u>\$1,301,110</u>

The accompanying notes are an integral part of the financial statements.

CROWN POINTE ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds	\$ 277,001
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount capital outlay \$87,699, exceeded depreciation expense (\$53,208), for the year.	34,491
Repayments of bond principal \$25,000, and decrease in accrued interest \$906 are expenditures in the governmental funds but reduce long-term liabilities in the statement of net assets.	<u>25,906</u>
Change in net assets of governmental activities	<u>\$ 337,398</u>

The accompanying notes are an integral part of the financial statements.

CROWN POINTE ACADEMY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	\$ 10,891
Due from General Fund	<u>9,447</u>
 TOTAL ASSETS	 <u><u>\$ 20,338</u></u>
 LIABILITIES	
Due to Student Groups	 <u>20,338</u>
 TOTAL NET ASSETS	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Crown Pointe Academy (the “Academy”) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Academy.

The Crown Pointe Academy Building Corporation (the “Building Corporation”) is considered to be financially accountable to the Academy. The purpose of the Building Corporation is to provide a mechanism to issue and pay debt on behalf of the School. The Building Corporation is considered to be part of the Academy for financial reporting purposes because its resources are entirely for the direct benefit of the Academy and is reported as a debt service fund. This entity is not a subsidiary of the Academy. Separate financial statements are not available.

The Academy is a component unit of Adams County School District No. 50.

Government-Wide and Fund Financial Statements

The Academy financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Academy.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first and the unrestricted resources as they are needed.

The Academy reports the following major governmental funds:

General Fund - This fund is the general operating fund of the Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Reserve Fund - This fund is used to account for the capital and debt service activities of the Academy.

Assets, Liabilities and Fund Balance/Net Assets

Investments - Investments are recorded at fair value.

Capital Assets - Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Assets (Continued)

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings and improvements, 25 years; equipment, 7 years.

Long-term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Assets/Fund Equity - In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Compensated Absences

The Academy's policy allows employees to accumulate sick and vacation leave. Upon termination of employment, employees will be compensated for any leave days that were accrued and unpaid at a rate of \$50 per day.

Compensated absences are recognized as current salary costs when paid. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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

Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy purchases commercial insurance for these risks of loss.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Academy's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: *STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*

Budgets and Budgetary Accounting

A budget is adopted for all funds on a basis consistent with generally accepted accounting principles.

Academy management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2009, State regulatory commissioners have indicated that all financial institutions holding deposits for the Academy are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Academy has no policy regarding custodial credit risk for deposits.

At June 30, 2009, the Academy had deposits with financial institutions with a carrying amount of \$385,498. The bank balances with the financial institutions were \$424,005. Of these balances, \$250,000 was covered by federal depository insurance and \$174,005 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

As of June 30, 2009, the Academy has the following investments:

	<u>Fair Value</u>	<u>Maturity(Years)</u>
Money Market Mutual Fund	\$ 675,458	N/A
Colotrust	397,681	N/A
Csafe	73,130	N/A
Government Agency (FHLB)	<u>202,641</u>	2.7
Total	<u>\$ 1,348,910</u>	

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 3: CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Academy's money market mutual fund had an AAAM rating by Standard and Poor's. The Agency Security has rating by Standard and Poor's of AAA.

The Academy had invested \$470,811 in the Colorado Government Liquid Asset Trust and Colorado Surplus Asset Trust Fund (ColoTrust and Csafe), investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. ColoTrust is rated AAA and Csafe is rate AAAM by Standard and Poor's.

The Academy has no policy for managing credit risk or interest rate risk.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2009 is summarized below.

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities				
Capital Assets, Not				
Depreciated				
Construction in Progress	\$ _____ -	\$ <u>48,025</u>	\$ _____ -	\$ <u>48,025</u>
Capital Assets, Being				
Depreciated				
Leasehold Improvements	\$ 1,109,808	\$ 39,674	\$ -	\$ 1,149,482
Furniture and Fixtures	16,767	-	-	16,767
Equipment	<u>56,155</u>	<u>-</u>	<u>-</u>	<u>56,155</u>
Total Capital Assets, Being				
Depreciated	<u>1,182,730</u>	<u>39,674</u>	<u>-</u>	<u>1,222,404</u>
Accumulated Depreciation				
Leasehold Improvements	343,023	45,186	-	388,209
Furniture and Fixtures	16,767	-	-	16,767
Equipment	<u>40,616</u>	<u>8,022</u>	<u>-</u>	<u>48,638</u>
Total Accumulated				
Depreciation	<u>400,406</u>	<u>53,208</u>	<u>-</u>	<u>453,614</u>
Total Capital Assets, Being				
Depreciated, Net	<u>782,324</u>	<u>(13,534)</u>	<u>-</u>	<u>768,790</u>
Net Capital Assets	<u>\$ 782,324</u>	<u>\$ 34,491</u>	<u>\$ -</u>	<u>\$ 816,815</u>

Depreciation has been charged to the Instructional program of the Academy.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2009, were \$139,176. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the General Fund.

NOTE 6: LONG-TERM DEBT

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2009:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due In</u> <u>One Year</u>
Building Lease	\$ 840,000	\$ -	\$ 25,000	\$ 815,000	\$ 25,000
Accrued Vacation	<u>6,560</u>	<u>1,609</u>	<u>-</u>	<u>8,169</u>	<u>8,169</u>
Total	<u>\$ 846,560</u>	<u>\$ 1,609</u>	<u>\$ 25,000</u>	<u>\$ 823,169</u>	<u>\$ 33,169</u>

Accrued vacation is expected to be paid by revenues generated by the General Fund.

Building Lease

In February, 2000, the Colorado Educational and Facilities Authority (CECFA) issued \$965,000 Charter School Revenue Bonds, Series 2000. Proceeds from the bonds were loaned to the Academy under a lease agreement to construct the Academy's building, and to make certain improvements to the building. The Academy is required to make equal lease payments to the Trustee, for payment of the bonds. Monthly principal and interest payments are due under the lease agreements, with interest accruing at 7.25%. The lease matures in July, 2025.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 6: LONG-TERM DEBT

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 25,000	\$ 59,087	\$ 84,087
2011	30,000	57,275	87,275
2012	30,000	55,100	85,100
2013	30,000	52,925	82,925
2014	35,000	50,750	85,750
2015 - 2019	210,000	213,150	423,150
2020 - 2024	300,000	125,062	425,062
2025 - 2026	<u>155,000</u>	<u>17,038</u>	<u>172,038</u>
Total	<u>\$ 815,000</u>	<u>\$ 630,387</u>	<u>\$ 1,445,387</u>

NOTE 7: INTERFUND TRANSFERS

Interfund transfers at June 30, 2009 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Reserve	General Fund	<u>\$ 170,118</u>

The General Fund is required by State statute to transfer \$298 per pupil to the Capital Reserve Fund or use this amount for insurance costs.

NOTE 8: DEFINED BENEFIT PENSION PLAN

Plan Description. The Academy contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Academy are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 8: *DEFINED BENEFIT PENSION PLAN* (Continued)

PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA

Funding Policy. The Academy is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the Academy are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the Academy it is 10.15 % of covered salary. A portion of the Academy's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 9). If the Academy rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. The Academy is also required to pay an amortization equalization disbursement equal to 2.8 % of the total payroll for the calendar year 2009, (1.9 % of total payroll for the calendar year 2008). For the years ending June 30, 2007, 2008, and 2009, the Academy's employer contributions for the SDTF were \$84,682, 80,830, and \$138,712, respectively, equal to their required contributions for the year.

NOTE 9: *POSTEMPLOYMENT HEALTHCARE BENEFITS*

Plan Description. The Academy contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 9: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy. The Academy is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Academy are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the years ending June 30, 2007, 2008, and 2009, the Academy's employer contributions to the HCTF were \$7,921, \$10,306, and \$11,320, respectively, equal to their required contributions for each year.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Operating Lease

The Academy entered into an operating lease for modular buildings. Monthly lease payments ranging from \$1,100 to \$1,250 are due through April 30, 2010. Future minimum lease payments are as follows:

Year Ended

June 30

2010

\$ 12,500

Total rent expense for the year ended June 30, 2009 for this lease was \$28,200.

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. As of June 30, 2009, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Academy believes it has complied with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2009, the reserve of \$60,000 was recorded as a reservation of fund balance in the General Fund.

NOTE 11: SUBSEQUENT EVENT

The Academy has entered into a contract to purchase land for the construction of a new facility. The purchase of the land and the construction of the facility are dependent on issuance of \$7,920,000 in revenue bonds through the Colorado Educational and Cultural Facilities Authority. The bonds are scheduled to be issued in October 2009.

REQUIRED SUPPLEMENTARY INFORMATION

CROWN POINTE ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2009

	2009		VARIANCE Positive (Negative)	ACTUAL 2008
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Earnings on Investments	\$ 42,500	\$ 41,869	\$ (631)	\$ 50,388
Pupil Activities	9,350	10,341	991	3,051
School Lunch	32,000	27,875	(4,125)	20,880
Per Pupil Operating Revenue	1,855,186	1,997,219	142,033	1,723,751
Grants and Donations	-	10,208	10,208	174
Other Revenue	90,000	74,395	(15,605)	17,931
State Sources				
Grants and Donations	25,000	70,244	45,244	17,500
Federal Sources				
Grants and Donations	44,000	40,458	(3,542)	40,458
TOTAL REVENUES	<u>2,098,036</u>	<u>2,272,609</u>	<u>174,573</u>	<u>1,874,133</u>
EXPENDITURES				
Instruction				
Salaries	863,618	877,408	(13,790)	791,890
Employee Benefits	262,461	227,802	34,659	187,700
Purchased Services	29,400	21,176	8,224	12,861
Supplies and Materials	52,706	63,758	(11,052)	71,414
Property	7,500	2,198	5,302	3,012
Other	-	225	(225)	-
Total Instruction	<u>1,215,685</u>	<u>1,192,567</u>	<u>23,118</u>	<u>1,066,877</u>
Supporting Services				
Salaries	258,961	246,568	12,393	245,299
Employee Benefits	69,592	51,513	18,079	47,884
Purchased Services	158,784	222,631	(63,847)	211,539
Supplies and Materials	87,412	79,808	7,604	64,088
Property	5,000	1,448	3,552	2,178
Other	1,547	1,542	5	56,237
Contingency	161,337	-	161,337	-
Total Supporting Services	<u>742,633</u>	<u>603,510</u>	<u>139,123</u>	<u>627,225</u>
TOTAL EXPENDITURES	<u>1,958,318</u>	<u>1,796,077</u>	<u>162,241</u>	<u>1,694,102</u>
EXCESS OF REVENUES OVER EXPENDITURES	139,718	476,532	336,814	180,031
OTHER FINANCING USES				
Transfers Out	<u>(139,718)</u>	<u>(170,118)</u>	<u>(30,400)</u>	<u>(130,517)</u>
NET CHANGE IN FUND BALANCES	-	306,414	306,414	49,514
FUND BALANCE, Beginning	<u>-</u>	<u>1,114,733</u>	<u>1,114,733</u>	<u>1,065,219</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$1,421,147</u>	<u>\$1,421,147</u>	<u>\$1,114,733</u>

Please See the accompanying independent auditors' report.

CROWN POINTE ACADEMY

BUDGETARY COMPARISON SCHEDULE
 CAPITAL RESERVE FUND
 Year Ended June 30, 2009

	2009			VARIANCE	ACTUAL 2008
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Earnings on Investments	\$ -	\$ -	\$ 1,346	\$ 1,346	\$ 3,244
Miscellaneous Revenue	-	-	-	-	56,000.00
Grants and Contributions	-	-	-	-	29,001.00
TOTAL REVENUES	-	-	1,346	1,346	88,245
EXPENDITURES					
Purchased Services	30,088	30,587	28,614	1,973	-
Debt Service					
Principal	20,000	25,000	25,000	-	20,000
Interest and Fiscal Charges	64,000	64,000	59,994	4,006	62,373
Capital Outlay	25,630	225,413	87,153	138,260	76,426
TOTAL EXPENDITURES	139,718	345,000	200,761	144,239	158,799
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(139,718)	(345,000)	(199,415)	145,585	(70,554)
OTHER FINANCING SOURCES					
Operating Transfers In	139,718	345,000	170,118	(174,882)	130,517
NET CHANGE IN FUND BALANCES	-	-	(29,297)	(29,297)	59,963
FUND BALANCE, Beginning	-	-	179,555	179,555	119,592
FUND BALANCE, Ending	\$ -	\$ -	\$ 150,258	\$ 150,258	\$ 179,555

See the accompanying independent auditors' report.

INDIVIDUAL FUND FINANCIAL STATEMENTS

CROWN POINTE ACADEMY

BUDGETARY COMPARISON SCHEDULE
 GRANTS FUND
 Year Ended June 30, 2009

	2009			VARIANCE	ACTUAL 2008
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources	\$ 270	\$ 1,770	\$ 790	\$ (980)	\$ 743
Federal Sources	1,500	4,230	2,456	(1,774)	-
TOTAL REVENUES	1,770	6,000	3,246	(2,754)	743
EXPENDITURES					
Purchases Services	1,500	4,230	2,332		-
Supplies and Materials	270	1,770	1,030	740	16,541
TOTAL EXPENDITURES	1,770	6,000	3,362	740	16,541
NET CHANGE IN FUND BALANCES	-	-	(116)	(116)	(15,798)
FUND BALANCE, Beginning	-	-	6,822	6,822	22,620
FUND BALANCE, Ending	\$ -	\$ -	\$ 6,706	\$ 6,706	\$ 6,822

See the accompanying independent auditors' report.

CROWN POINTE ACADEMY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2009

	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 11,076	\$ 39,958	\$ 30,696	\$ 20,338
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Accrued Liabilities - Due to Student Groups	\$ 11,076	\$ 39,958	\$ 30,696	\$ 20,338
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See the accompanying independent auditors' report