

CROWN POINTE ACADEMY
BASIC FINANCIAL STATEMENTS

June 30, 2010

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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, 2010, 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, 2010, 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 25, 2010

BASIC FINANCIAL STATEMENTS

CROWN POINTE ACADEMY

STATEMENT OF NET ASSETS

June 30, 2010

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and Investments	\$ 1,717,462	\$ 1,723,867
Restricted Cash and Investments	2,021,985	-
Accounts Receivable	228,016	17,517
Deposits	1,100	13,100
Prepaid Items	15,733	12,023
Bond Issuance Costs	531,688	-
Capital Assets, Not Being Depreciated	6,825,566	48,025
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>715,295</u>	<u>768,790</u>
TOTAL ASSETS	<u>12,056,845</u>	<u>2,583,322</u>
LIABILITIES		
Accounts Payable	1,266,809	11,562
Accrued Expenses	24,852	20,042
Accrued Salaries and Benefits	167,752	139,176
Accrued Interest	195,586	28,638
Accrued Compensated Absences	-	9,447
Deferred Revenues	400	-
Noncurrent Liabilities		
Due Within One Year	39,322	33,169
Due in More Than One Year	<u>8,515,000</u>	<u>790,000</u>
TOTAL LIABILITIES	<u>10,209,721</u>	<u>1,032,034</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,016,693	1,815
Restricted for		
Emergency Reserves	80,000	60,000
Debt Service	183,065	150,258
Unrestricted	<u>567,366</u>	<u>1,339,215</u>
TOTAL NET ASSETS	<u>\$ 1,847,124</u>	<u>\$ 1,551,288</u>

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

CROWN POINTE ACADEMY

BALANCE SHEET
ALL GOVERNMENTAL FUNDS
June 30, 2010

	GENERAL	CAPITAL RESERVE FUND	NON-MAJOR GRANT FUND	TOTAL	
				2010	2009
ASSETS					
Cash and Investments	\$ 1,666,400	\$ 43,366	\$ 7,696	\$ 1,717,462	\$ 1,723,867
Accounts Receivable	228,016	-	-	228,016	17,517
Prepaid Expenses	14,375	1,358	-	15,733	12,023
Deposits	-	1,100	-	1,100	13,100
TOTAL ASSETS	\$ 1,908,791	\$ 45,824	\$ 7,696	\$ 1,962,311	\$ 1,766,507
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 15,106	\$ 25,502	\$ -	\$ 40,608	\$ 11,562
Accrued Expenses	24,852	-	-	24,852	20,042
Accrued Salaries and Benefits	167,752	-	-	167,752	139,176
Accrued Compensated Absences	-	-	-	-	8,169
Due to Agency Fund	400	-	-	400	9,447
TOTAL LIABILITIES	208,110	25,502	-	233,612	188,396
FUND BALANCES					
Reserved for Emergencies	80,000	-	-	80,000	60,000
Reserved for Prepaid Expenses	14,375	1,358	-	15,733	12,023
Unreserved, Reported in					
General Fund	1,606,306	-	-	1,606,306	1,349,124
Special Revenue Funds	-	18,964	7,696	26,660	156,964
TOTAL FUND BALANCES	1,700,681	20,322	7,696	1,728,699	1,578,111
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,908,791	\$ 45,824	\$ 7,696		

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.	763,320	816,815
Long-term liabilities, including building lease (\$790,000), accrued interest (\$28,638), and accrued compensated absences (\$9,322), are not due and payable in the current period and are not reported in the funds.	(827,960)	(843,638)
Internal Service funds are used by management to charge the lease costs to governmental funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.	183,065	-
Net assets of governmental activities	<u>\$ 1,847,124</u>	<u>\$ 1,551,288</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, 2010

	GENERAL	CAPITAL RESERVE FUND	NON-MAJOR GRANT FUND	TOTAL	
				2010	2009
REVENUES					
Local Sources	\$ 2,523,509	\$ 3,080	\$ 924	\$ 2,527,513	\$ 2,164,043
State Sources	186,378	-	-	186,378	70,244
Federal Sources	41,253	-	2,796	44,049	42,914
TOTAL REVENUES	2,751,140	3,080	3,720	2,757,940	2,277,201
EXPENDITURES					
Instruction	1,351,643	-	-	1,351,643	1,192,567
Supporting Services	1,033,366	29,045	2,730	1,065,141	635,486
Debt Service					
Principal	-	25,000	-	25,000	25,000
Interest and Fiscal Charges	-	84,433	-	84,433	59,994
Capital Outlay	-	81,135	-	81,135	87,153
TOTAL EXPENDITURES	2,385,009	219,613	2,730	2,607,352	2,000,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	366,131	(216,533)	990	150,588	277,001
OTHER FINANCING SOURCES (USES)					
Transfers In	-	86,597	-	86,597	170,118
Transfers Out	(86,597)	-	-	(86,597)	(170,118)
TOTAL OTHER FINANCING SOURCES (USES)	(86,597)	86,597	-	-	-
NET CHANGE IN FUND BALANCES	279,534	(129,936)	990	150,588	277,001
FUND BALANCES, Beginning	1,421,147	150,258	6,706	1,578,111	1,301,110
FUND BALANCES, Ending	<u>\$ 1,700,681</u>	<u>\$ 20,322</u>	<u>\$ 7,696</u>	<u>\$ 1,728,699</u>	<u>\$ 1,578,111</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, 2010

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

Net change in fund balances - total governmental funds	\$ 150,588
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 depreciation expense for the year.	(53,495)
Repayments of bond principal \$25,000, and decrease in accrued compensated absences (\$9,322), are expenditures in the governmental funds but reduce long-term liabilities in the statement of net assets.	15,678
The Internal Service fund is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the internal service fund is reported with the governmental activities.	<u>183,065</u>
Change in net assets of governmental activities	<u>\$ 295,836</u>

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

CROWN POINTE ACADEMY

STATEMENT OF NET ASSETS
 PROPRIETARY FUND TYPES

June 30, 2010

	Governmental Activities- Internal Service Fund
	<u> </u>
ASSETS	
Current Assets	
Restricted Cash and Investments	\$ 2,021,985
Total Current Assets	<u>2,021,985</u>
Long-term Assets	
Bond Issue Costs, net of Accumulated Amortization	531,688
Capital Assets, Not Depreciated	<u>6,777,541</u>
Total Long-term Assets	<u>7,309,229</u>
TOTAL ASSETS	<u>9,331,214</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,226,201
Interest Payable	166,948
Bonds Payable - Current Portion	<u>-</u>
Total Current Liabilities	<u>1,393,149</u>
Long-Term Liabilities	
Bonds Payable	<u>7,755,000</u>
TOTAL LIABILITIES	<u>9,148,149</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,044,526
Unrestricted	<u>(861,461)</u>
TOTAL NET ASSETS	<u>\$ 183,065</u>

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

CROWN POINTE ACADEMY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES
Year Ended June 30, 2010

	Governmental Activities- <u>Internal Service Fund</u>
OPERATING REVENUES	
Rent	<u>\$ 386,000</u>
TOTAL OPERATING REVENUES	<u>386,000</u>
OPERATING EXPENSES	
Purchased Services	7,379
Amortization	<u>13,731</u>
TOTAL OPERATING EXPENSES	<u>21,110</u>
OPERATING INCOME	<u>364,890</u>
NON-OPERATING INCOME (EXPENSES)	
Investment Income	5,262
Interest Expense	<u>(272,176)</u>
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(266,914)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	97,976
Capital Contribution	<u>85,089</u>
NET INCOME	183,065
NET ASSETS, Beginning	<u>-</u>
NET ASSETS, Ending	<u>\$ 183,065</u>

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

CROWN POINTE ACADEMY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended June 30, 2010
 Increase (Decrease) in Cash

	Governmental <u>Activities-</u> Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	\$ 386,000
Cash Paid to Suppliers	(7,379)
Net Cash Provided by Operating Activities	<u>378,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>5,262</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(5,551,340)
Capital Contributions	85,089
Proceeds from the Issuance of Bonds	7,755,000
Interest Expense	(105,228)
Payment of Bond Issuance Costs	(545,419)
Net Cash Used by Financing Activities	<u>1,638,102</u>
NET INCREASE IN CASH	2,021,985
CASH, Beginning	<u>-</u>
CASH, Ending	<u><u>\$ 2,021,985</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	<u>\$ 364,890</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Amortization Expense	<u>13,731</u>
Total Adjustments	<u>13,731</u>
Net Cash Provided for Operating Activities	<u><u>\$ 378,621</u></u>

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

CROWN POINTE ACADEMY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 25,514</u>
TOTAL ASSETS	<u><u>25,514</u></u>
LIABILITIES	
Due to Student Groups	<u>25,514</u>
TOTAL NET ASSETS	<u><u>\$ 25,514</u></u>

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

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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 an internal 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's 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.

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.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Additionally, the Academy reports the following fund types:

The *Internal Service Fund* is used to account for activity of Building Corporation.

The *Fiduciary Fund* is used to account for the student activity funds.

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.

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.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for all funds except for the Building Corporation 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.

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, 2010, 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, 2010, the Academy had deposits with financial institutions with a carrying amount of \$802,075. The bank balances with the financial institutions were \$831,481. Of these balances, \$250,000 was covered by federal depository insurance and \$581,481 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

As of June 30, 2010, the Academy has the following investments:

	<u>Fair Value</u>	<u>Maturity(Years)</u>
Money Market Mutual Fund	\$ 150,001	N/A
Colotrust	608,613	N/A
Csafe	3,188	N/A
Corporate Bonds	1,003,920	.08
Government Agencies	<u>1,197,164</u>	.55
Total	<u>\$ 2,962,886</u>	

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 Corporate Bond has a rating of BAA1 from Moody's.

The Academy had invested \$611,801 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.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 3: CASH AND INVESTMENTS (Continued)

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.

Restricted Cash and Investments

Cash and investments in the amount of \$2,021,985 is restricted for capital projects and debt service.

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2010 is summarized below.

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
Governmental Activities				
Capital Assets, Not				
Depreciated				
Construction in Progress	\$ 48,025	\$ 6,777,541	\$ -	\$ 6,825,566
Capital Assets, Being				
Depreciated				
Leasehold Improvements	1,149,482	-	-	1,149,482
Furniture and Fixtures	16,767	-	-	16,767
Equipment	56,155	-	-	56,155
Total Capital Assets, Being				
Depreciated	1,222,404	-	-	1,222,404

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 4: CAPITAL ASSETS (Continued)

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
Accumulated Depreciation				
Leasehold Improvements	388,209	42,817	-	431,026
Furniture and Fixtures	16,767	3,162	-	19,929
Equipment	<u>48,638</u>	<u>7,516</u>	<u>-</u>	<u>56,154</u>
Total Accumulated Depreciation	<u>453,614</u>	<u>53,495</u>	<u>-</u>	<u>507,109</u>
 Total Capital Assets, Being Depreciated, Net	 <u>768,790</u>	 <u>(53,495)</u>	 <u>-</u>	 <u>715,295</u>
 Net Capital Assets	 <u>\$ 816,815</u>	 <u>\$ 6,724,046</u>	 <u>\$ -</u>	 <u>\$ 7,540,861</u>

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

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, 2010, were \$167,752. 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, 2010:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2010</u>	Due In <u>One Year</u>
2000 Building Lease	\$ 840,000	\$ -	\$ 25,000	\$ 790,000	\$ 30,000
2009 Building Lease	-	7,755,000	-	7,755,000	-
Accrued Vacation	<u>8,169</u>	<u>1,153</u>	<u>-</u>	<u>9,322</u>	<u>9,322</u>
 Total	 <u>\$ 823,169</u>	 <u>\$ 7,756,153</u>	 <u>\$ 25,000</u>	 <u>\$ 8,554,322</u>	 <u>\$ 39,322</u>

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

CROWN POINTE ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 6: LONG-TERM DEBT(Continued)

2000 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.

2009 Building Lease

In September, 2009, the Colorado Educational and Facilities Authority (CECFA) issued \$7,755,000 Charter School Revenue Bonds, Series 2009. Proceeds from the bonds were loaned to the Academy under a lease agreement to acquire land and construct a new building for the Academy. 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 rates ranging from 3.0% to 5.0%. The lease matures in July, 2039.

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 30,000	\$ 421,525	\$ 451,525
2012	125,000	417,925	542,925
2013	165,000	412,300	577,300
2014	175,000	406,000	581,000
2015	175,000	399,087	574,087
2016 - 2020	1,025,000	1,863,726	2,888,726
2021 - 2025	1,325,000	1,572,310	2,897,310
2026 - 2030	1,340,000	1,207,139	2,547,139
2031 - 2035	1,610,000	853,250	2,463,250
2036 - 2039	<u>2,575,000</u>	<u>383,125</u>	<u>2,958,125</u>
Total	<u>\$ 8,545,000</u>	<u>\$ 7,936,387</u>	<u>\$ 16,481,387</u>

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 7: INTERFUND TRANSFERS

Interfund transfers at June 30, 2010 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Reserve	General Fund	<u>\$ 86,597</u>

The General Fund transferred funds to the Capital Reserve fund to cover the debt service payments for the 2000 Building Lease.

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. 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 3.7 % of the total payroll for the calendar year 2010, (2.8 % of total payroll for the calendar year 2009). For the years ending June 30, 2008, 2009, and 2010, the Academy's employer contributions for the SDTF were \$80,830, \$138,712, and \$169,137, respectively, equal to their required contributions for the year.

CROWN POINTE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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).

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, 2008, 2009, and 2010, the Academy's employer contributions to the HCTF were \$10,306, \$11,320, and \$12,885, respectively, equal to their required contributions for each year.

NOTE 10: COMMITMENTS AND CONTINGENCIES

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, 2010, 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, 2010

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, 2010, the reserve of \$80,000 was recorded as a reservation of fund balance in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CROWN POINTE ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2010

	2010		VARIANCE Positive (Negative)	ACTUAL 2009
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Earnings on Investments	\$ 42,392	\$ 48,488	\$ 6,096	\$ 41,869
Charges for Services	8,100	11,208	3,108	10,341
School Lunch	31,500	-	(31,500)	27,875
Per Pupil Operating Revenue	2,275,827	2,322,157	46,330	1,997,219
Grants and Donations	-	4,476	4,476	10,208
Other Revenue	85,000	137,180	52,180	74,395
State Sources				
Grants and Donations	68,500	186,378	117,878	70,244
Federal Sources				
Grants and Donations	-	41,253	41,253	40,458
TOTAL REVENUES	<u>2,511,319</u>	<u>2,751,140</u>	<u>239,821</u>	<u>2,272,609</u>
EXPENDITURES				
Instruction				
Salaries	902,953	990,694	(87,741)	877,408
Employee Benefits	240,385	274,522	(34,137)	227,802
Purchased Services	23,100	29,121	(6,021)	21,176
Supplies and Materials	72,050	56,258	15,792	63,758
Property	-	918	(918)	2,198
Other	-	130	(130)	225
Total Instruction	<u>1,238,488</u>	<u>1,351,643</u>	<u>(113,155)</u>	<u>1,192,567</u>
Supporting Services				
Salaries	297,366	293,324	4,042	246,568
Employee Benefits	56,114	60,828	(4,714)	51,513
Purchased Services	763,685	621,758	141,927	222,631
Supplies and Materials	93,750	53,593	40,157	79,808
Property	9,000	1,189	7,811	1,448
Other	2,500	2,674	(174)	1,542
Contingency	50,416	-	50,416	-
Total Supporting Services	<u>1,272,831</u>	<u>1,033,366</u>	<u>239,465</u>	<u>603,510</u>
TOTAL EXPENDITURES	<u>2,511,319</u>	<u>2,385,009</u>	<u>126,310</u>	<u>1,796,077</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	366,131	366,131	476,532
OTHER FINANCING USES				
Transfers Out	-	(86,597)	(86,597)	(170,118)
NET CHANGE IN FUND BALANCES	-	279,534	279,534	306,414
FUND BALANCE, Beginning	-	1,421,147	1,421,147	1,114,733
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 1,700,681</u>	<u>\$ 1,700,681</u>	<u>\$ 1,421,147</u>

Please See the accompanying independent auditors' report.

CROWN POINTE ACADEMY

BUDGETARY COMPARISON SCHEDULE
 CAPITAL RESERVE FUND
 Year Ended June 30, 2010

	2010		VARIANCE Positive (Negative)	ACTUAL 2009
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources				
Earnings on Investments	\$ -	\$ 3,080	\$ 3,080	\$ 1,346
TOTAL REVENUES	-	3,080	3,080	1,346
EXPENDITURES				
Purchased Services	30,000	29,045	955	28,614
Debt Service				
Principal	25,000	25,000	-	25,000
Interest and Fiscal Charges	57,275	84,433	(27,158)	59,994
Capital Outlay	386,000	81,135	304,865	87,153
TOTAL EXPENDITURES	498,275	219,613	278,662	200,761
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(498,275)	(216,533)	281,742	(199,415)
OTHER FINANCING SOURCES				
Operating Transfers In	498,275	86,597	(411,678)	170,118
NET CHANGE IN FUND BALANCES	-	(129,936)	(129,936)	(29,297)
FUND BALANCE, Beginning	-	150,258	150,258	179,555
FUND BALANCE, Ending	\$ -	\$ 20,322	\$ 20,322	\$ 150,258

See the accompanying independent auditors' report.

INDIVIDUAL FUND FINANCIAL STATEMENTS

CROWN POINTE ACADEMY
 BUDGETARY COMPARISON SCHEDULE
 GRANTS FUND
 Year Ended June 30, 2010

	2010		VARIANCE Positive (Negative)	ACTUAL 2009
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Local Sources	\$ 270	\$ 924	\$ 654	\$ 790
Federal Sources	1,500	2,796	1,296	2,456
TOTAL REVENUES	<u>1,770</u>	<u>3,720</u>	<u>1,950</u>	<u>3,246</u>
EXPENDITURES				
Purchased Services	-	-	-	2,332
Supplies and Materials	1,770	2,730	(960)	1,030
TOTAL EXPENDITURES	<u>1,770</u>	<u>2,730</u>	<u>(960)</u>	<u>3,362</u>
NET CHANGE IN FUND BALANCES	-	990	990	(116)
FUND BALANCE, Beginning	<u>-</u>	<u>6,706</u>	<u>6,706</u>	<u>6,822</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 7,696</u>	<u>\$ 7,696</u>	<u>\$ 6,706</u>

See the accompanying independent auditors' report.

CROWN POINTE ACADEMY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2010

	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 20,338	\$ 52,538	\$ 47,362	\$ 25,514
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Accrued Liabilities -				
Due to Student Groups	\$ 20,338	\$ 52,538	\$ 47,362	\$ 25,514
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See the accompanying independent auditors' report