

CROWN POINTE ACADEMY

FINANCIAL STATEMENTS

June 30, 2013

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Board of Directors
Crown Pointe Academy
Westminster, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crown Pointe Academy, component unit of Adams County School District 50, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of Crown Pointe Academy, as listed in the table of contents.

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.

Auditors' Responsibility

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 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 auditors' judgement, 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 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crown Pointe Academy as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in the year ended June 30, 2013, Crown Pointe Academy adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Supplementary Information)

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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



October 8, 2013

Management's Discussion and Analysis

As management of the Crown Pointe Academy, we offer readers of the Crown Pointe Academy's financial statements this narrative overview and analysis of the financial activities of the Crown Pointe Academy for the fiscal year ended June 30, 2013.

Financial Highlights

At the close of its 16th year of operation, the assets of the Crown Pointe Academy exceeded its liabilities by \$1,646,321 (net position) a decrease of \$62,383.

At the close of the fiscal year Crown Pointe Academy's governmental fund reported an ending fund balance of \$1,259,741, a decrease of \$62,688.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Crown Pointe Academy's basic financial statements. The Crown Pointe Academy'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's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position 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 financial statement of activities distinguish functions/programs of the Crown Pointe Academy supported primarily by per pupil revenue (PPR) or property, income, and sales taxes passed through from the District (Adams County School District 50) received from the County and State. The governmental activities of the Crown Pointe Academy include instruction and support expenditures.

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, like other governmental units or charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Crown Pointe Academy can be divided into three categories: governmental funds, proprietary 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.

Crown Pointe Academy maintains one governmental fund, the general fund. 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 which is considered to be major.

Crown Pointe Academy 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 and is presented on page 19.

Proprietary Funds. The Crown Pointe Academy Building Corporation, considered a component unit of the School, has one fund, an enterprise fund. It is presented with a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The fund ended the year with an increase in net position of \$62,452.

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 statements because the resources of those funds are not available to support the School's own programs. Total assets and liabilities of the student activity agency fund were \$49,324 for the period ending June 30, 2013.

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 9-18.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of Crown Pointe Academy, assets exceeded liabilities by \$1,646,321 at the close of the most recent fiscal year.

**Crown Pointe Academy's Net Position
Governmental and Business-Type Activities for the period ending June 30, 2013 and 2012 respectively:**

	June 30, 2013	June 30, 2012
Cash and Investments	\$1,297,714	\$1,444,596
Restricted Cash and Investments	886,737	851,312
Other Assets	71,437	122,742
Capital Assets, Net	7,006,185	7,139,222
Total Assets	9,262,073	9,557,872
Accrued Salaries, Benefits, and A/P	125,412	232,334
Accrued Interest	163,785	165,642
Noncurrent Liabilities	7,326,555	7,451,192
Total Liabilities	7,615,752	7,849,168
Net Position		
Net Investment in Capital Assets	177,140	207,793
Restricted for		
Emergencies Tabor	90,000	87,000
Debt Service	167,680	162,819
Repair & Replacement	50,122	25,030
Unrestricted	1,161,379	1,226,062
Total Net Position	\$1,646,321	\$1,708,704

The largest portion of the Crown Pointe Academy's Governmental and Business Type assets (75.6%) is in net capital assets. 23.6% percent of total assets represent cash and investments. .7% represents accounts receivable and prepaid assets. The government-wide net position reflects a decrease of 3.6% or \$62,383 over the prior year.

**Crown Pointe Academy's Change in Net Position
For the Year Ended June 30, 2013
Governmental and Business-Type Activities for the period ending June 30, 2013 and
2012 respectively:**

	June 30, 2013	June 30, 2012
Program Revenue:		
Charges for Services	\$ 25,771	\$ 19,447
Operating Grants and Contributions	82,704	96,497
Total Program Revenue	<u>108,475</u>	<u>115,944</u>
General Revenue:		
Per Pupil Operating Revenue	2,771,631	2,656,986
Capital Construction Revenue	38,842	30,665
Other	12,753	170,747
Total General Revenue	<u>2,823,226</u>	<u>2,858,398</u>
Total Revenue	<u>2,931,701</u>	<u>2,974,342</u>
Expenses:		
Current:		
Instruction	1,709,302	1,526,593
Supporting Services	786,030	1,037,512
Interest and Fiscal Charges	498,752	361,519
Total Expenses	<u>2,994,084</u>	<u>2,925,624</u>
Increase (Decrease) in Net Position	(62,383)	48,718
Beginning Net Position, June 30	<u>1,708,704</u>	<u>1,659,986</u>
Ending Net Position, June 30	<u>\$ 1,646,321</u>	<u>\$ 1,708,704</u>

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Crown Pointe's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Crown Pointe's financing requirements. In particular, unrestricted, unassigned 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, June 30, 2013, the School's governmental fund reported an ending fund balance of \$1,259,741, a decrease of \$62,688. \$40,000 of the decrease was planned with the balance being attributed to a loss recognized in the investment portfolio due to interest rate fluctuations. The investment loss is temporary and will be recovered in future years.

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. Total budget appropriations for FY 12/13 were \$3,101,740 with actual expenditures of \$2,990,261 resulting in a positive variance of \$111,479. Revenue for FY 12/13 fell short of budget expectations by \$52,796. The shortfall was primarily due to interest earnings/interest rate fluctuations related to the investment portfolio. Enrollment for FY 13/14 continues to grow and is currently estimated to exceed a 432 funded pupil count (450 students). We planned for a general fund deficit in FY 12/13 and currently project a surplus for FY 13/14 of \$24,997. This increase represents 2% of the beginning general fund balance.

Capital Asset and Debt Administration

Capital Assets. Crown Pointe Academy's net investment in capital assets is \$177,140. Total depreciation for FY 2012/2013 was \$133,037. There were no new capital asset purchases during the year. Total net capital assets were \$7,006,185 at 6/30/13. Please refer to Note 4 for a breakdown on capital assets.

Long-Term Lease Agreement

Crown Pointe Academy entered into a lease agreement with the Crown Pointe Academy Building Corporation in 2009 for use of the new facility. The bonds under which the lease was based were issued in October 2009. Under the terms of the new agreement, Crown Pointe will make monthly lease payments ranging from \$35,075 to \$42,354, commencing October 15, 2009, through June 15, 2039.

The School has agreed to maintain a repair and replacement reserve of \$150,000, to be funded with annual payments of \$25,000 commencing July 1, 2012. The School has agreed to maintain an unrestricted fund balance of not less than 8% of total operating expenses (excluding base rental payments) at the end of each fiscal year or approximately \$199,433 in addition to a revenue stabilization fund of \$210,000. The revenue stabilization fund will no longer be required as the School's funded pupil count exceeded 400 for two consecutive years at 10/1/2013. Total lease payments will be \$500,820 for FY 2013/14 and includes the State Treasurer fees.

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 with pupil growth, plus inflation, plus 1% for 10 years and thereafter, growth plus inflation. This provision expired in FY 10/11 and continues without the 1% increase. We are optimistic K-12 funding will rebound in the coming years. There is a ballot initiative underway to raise approximately one billion in revenue for K-12 education through a State income tax increase. This initiative will be voted on in November 2013.

Requests for Information

This financial report is designed to provide a general overview of the Crown Pointe Academy'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 Crown Pointe Academy, Attn: Bart A. Skidmore, CPA, 2900 W. 86th Avenue, Westminster, CO 80031.

BASIC FINANCIAL STATEMENTS

CROWN POINTE ACADEMY

STATEMENT OF NET POSITION

June 30, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 1,297,714	\$ -	\$ 1,297,714
Restricted Cash and Investments	-	886,737	886,737
Accounts Receivable	45,729	-	45,729
Prepaid Expenses	25,708	-	25,708
Internal Balances	16,002	(16,002)	-
Capital Assets, Not Being Depreciated	-	1,036,924	1,036,924
Capital Assets, Net of Accumulated Depreciation	-	5,969,261	5,969,261
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	1,385,153	7,876,920	9,262,073
LIABILITIES			
Accounts Payable	8,659	-	8,659
Accrued Salaries and Benefits	116,753	-	116,753
Accrued Interest Payable	-	163,785	163,785
Noncurrent Liabilities			
Due Within One Year	8,362	140,000	148,362
Due in More Than One Year	-	7,178,193	7,178,193
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	133,774	7,481,978	7,615,752
NET POSITION			
Net Investment in Capital Assets	-	177,140	177,140
Restricted for Debt Service	-	167,680	167,680
Restricted for Repair and Replacement	-	50,122	50,122
Restricted for Emergencies	90,000	-	90,000
Unrestricted	1,161,379	-	1,161,379
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 1,251,379	\$ 394,942	\$ 1,646,321

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

CROWN POINTE ACADEMY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	\$ 1,709,302	\$ 25,586	\$ 82,704
Supporting Services	786,030	185	-
Total Governmental Activities	2,495,332	25,771	82,704
Business-Type Activities			
Building Corporation	498,752	-	-
TOTAL PRIMARY GOVERNMENT	\$ 2,994,084	\$ 25,771	\$ 82,704
		GENERAL REVENUES	
		Per Pupil Revenue	
		Capital Construction	
		Contributions not Restricted to Specific Programs	
		Investment Income	
		Miscellaneous	
		TRANSFERS	
		TOTAL GENERAL REVENUES AND TRANSFERS	
		CHANGE IN NET POSITION	
		NET POSITION, Beginning	
		NET POSITION, Ending	

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

NET (EXPENSE) REVENUE
AND CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,601,012)	\$ -	\$ (1,601,012)
<u>(785,845)</u>	<u>-</u>	<u>(785,845)</u>
<u>(2,386,857)</u>	<u>-</u>	<u>(2,386,857)</u>
<u>-</u>	<u>(498,752)</u>	<u>(498,752)</u>
<u>(2,386,857)</u>	<u>(498,752)</u>	<u>(2,885,609)</u>
2,771,631	-	2,771,631
38,842	-	38,842
10,967	-	10,967
(11,712)	4,490	(7,222)
9,008	-	9,008
<u>(556,714)</u>	<u>556,714</u>	<u>-</u>
<u>2,262,022</u>	<u>561,204</u>	<u>2,823,226</u>
(124,835)	62,452	(62,383)
<u>1,376,214</u>	<u>332,490</u>	<u>1,708,704</u>
<u>\$ 1,251,379</u>	<u>\$ 394,942</u>	<u>\$ 1,646,321</u>

CROWN POINTE ACADEMY

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2013

	<u>GENERAL</u>
ASSETS	
Cash and Investments	\$ 1,297,714
Accounts Receivable	45,729
Prepaid Expenditures	25,708
Interfund Receivables	16,002
TOTAL ASSETS	\$ 1,385,153
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 8,659
Accrued Salaries and Benefits	116,753
TOTAL LIABILITIES	125,412
FUND BALANCE	
Nonspendable Prepaid Expenditures	25,708
Restricted for Emergencies	90,000
Unrestricted, Unassigned	1,144,033
TOTAL FUND BALANCE	1,259,741
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,385,153
 Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of Governmental Funds	\$ 1,259,741
Long-term liabilities are not due and payable in the current year, and therefore, are not reported in governmental funds. This amount represents accrued compensated absences.	(8,362)
Total Net Position of Governmental Activities	\$ 1,251,379

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

CROWN POINTE ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2013

	<u>GENERAL</u>
REVENUES	
Local Sources	\$ 2,805,665
State Sources	78,842
Federal Sources	42,704
TOTAL REVENUES	2,927,211
EXPENDITURES	
Instruction	1,706,881
Supporting Services	1,283,380
TOTAL EXPENDITURES	2,990,261
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,050)
OTHER FINANCING SOURCES (USES)	
Transfers In	25,362
Transfers Out	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	362
NET CHANGE IN FUND BALANCE	(62,688)
FUND BALANCE, Beginning	1,322,429
FUND BALANCE, Ending	\$ 1,259,741

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds	\$ (62,688)
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

This amount represents capital assets contributed to the Building Corporation.	(59,726)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in accrued compensated absences.

	(2,421)
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Change in Net Position of Governmental Activities	\$ (124,835)
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The accompanying notes are an integral part of the financial statements.

CROWN POINTE ACADEMY

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2013

	<u>BUILDING CORPORATION</u>
ASSETS	
CURRENT ASSETS	
Restricted Cash and Investments	\$ <u>886,737</u>
TOTAL CURRENT ASSETS	<u>886,737</u>
NONCURRENT ASSETS	
Capital Assets, Not Being Depreciated	1,036,924
Capital Assets, Net of Accumulated Depreciation	<u>5,969,261</u>
TOTAL NONCURRENT ASSETS	<u>7,006,185</u>
TOTAL ASSETS	<u>7,892,922</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued Interest Payable	163,785
Interfund Payables	16,002
Loan Payable, Current Portion	<u>140,000</u>
TOTAL CURRENT LIABILITIES	319,787
NONCURRENT LIABILITIES	
Loan Payable	<u>7,178,193</u>
TOTAL LIABILITIES	<u>7,497,980</u>
NET POSITION	
Net Investment in Capital Assets	177,140
Restricted for Debt Service	167,680
Restricted for Repair and Replacement	<u>50,122</u>
TOTAL NET POSITION	<u>\$ <u>394,942</u></u>

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

CROWN POINTE ACADEMY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
 Year Ended June 30, 2013

	<u>BUILDING CORPORATION</u>
OPERATING REVENUES	
Lease Revenue	\$ <u>497,350</u>
OPERATING EXPENSES	
Depreciation	133,037
Debt Service	
Interest and Fiscal Charges	<u>365,715</u>
TOTAL OPERATING EXPENSES	<u>498,752</u>
NET OPERATING INCOME (LOSS)	(1,402)
NONOPERATING REVENUES	
Investment Income	<u>4,490</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,088
Capital Contributions	59,726
Transfers In	25,000
Transfers Out	<u>(25,362)</u>
CHANGE IN NET POSITION	62,452
NET POSITION, Beginning	<u>332,490</u>
NET POSITION, Ending	\$ <u><u>394,942</u></u>

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

CROWN POINTE ACADEMY

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended June 30, 2013

Increase (Decrease) in Cash and Cash Equivalents

	<u>BUILDING CORPORATION</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Lease Payments Received	\$ 497,350
Loan Principal Paid	(135,000)
Loan Interest and Fiscal Charges Paid	<u>(359,630)</u>
Net Cash Provided by Operating Activities	<u>2,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments from Other Funds	25,000
Payments to Other Funds	<u>(25,362)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings Received	<u>17,065</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,423
CASH AND CASH EQUIVALENTS, Beginning	<u>867,314</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 886,737</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (1,402)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation Expense	133,037
Amortization of Discount	7,942
Changes in Assets and Liabilities	
Accrued Interest Payable	(1,857)
Loan Payable	<u>(135,000)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,720</u>
NONCASH TRANSACTIONS	
Contributed Capital Assets	<u>\$ 59,726</u>

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

CROWN POINTE ACADEMY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUND

June 30, 2013

	<u>SCHOOL ACTIVITY</u>
ASSETS	
Cash and Investments	\$ <u>49,324</u>
LIABILITIES	
Accounts Payable	\$ 5,037
Due to Student Groups	<u>44,287</u>
TOTAL LIABILITIES	\$ <u>49,324</u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Crown Pointe Academy (the “School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Adams County School District 50 (the “District”) in the State of Colorado.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board or if the organization is fiscally dependent on the School and the School is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the School.

The School includes the Crown Pointe Academy Building Corporation (the “Building Corporation”) within its reporting entity. The Building Corporation was formed exclusively for the purpose of holding title, as nominee or otherwise, to real and/or personal property for, and to make same available for use by, the School, and to otherwise provide facilities, equipment and other physical plant and related support to the School. The Building Corporation is blended into the School’s financial statements as an enterprise fund, and does not issue separate financial statements.

The School is a component unit of the District. The School’s charter is granted by the District and the majority of the School’s funding is provided by the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 revenues not properly included among program revenues are reported instead as *general revenues*.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for the governmental fund, the proprietary fund and the fiduciary fund, even though the latter is excluded from the School's government-wide financial statements. Major individual governmental and proprietary funds are reported as 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* as is the proprietary fund in the fund financial statements. 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. The agency fund utilizes the accrual basis of accounting.

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. Available means collected within the current year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The School reports the following major governmental fund:

General Fund - This fund is the general operating fund of the School. It is currently used to account for all financial activities of the School.

The School reports one major proprietary fund, as follows:

Building Corporation - This fund is used to account for the financial activities of the Building Corporation, primarily related to facilities and the related debt service.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the School reports the following fund type:

The *School Activity Fund* accounts for resources collected to support student activities. The School holds all resources in a purely custodial capacity.

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments - Cash equivalents include investments with an original maturity of three months or less. Investments are reported at fair value.

Accounts Receivable - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets - Capital assets, which include property and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the School as assets with an initial, individual cost of \$5,000 or more, 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 in the statement of net position in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	48 years
Furniture and Equipment	5 - 10 years

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Compensated Absences - Employees of the School are allowed to accumulate unused vacation and paid time off (PTO). Upon termination of employment from the School, an employee will be compensated for all accrued vacation time and PTO at 50% of their daily wage rate up to a maximum of \$50 per day. A long-term liability has been reported in the government-wide financial statements for these accrued compensated absences.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, 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 are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenses or expenditures.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

The School has not established a formal policy of its use of restricted and unrestricted fund balance. However, if both restricted and unrestricted fund balances are available, the School uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Risk Management

The School 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 School carries commercial insurance for these risks of loss.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2013, consisted of the following:

Cash on Hand	\$ 350
Deposits	272,339
Investments	<u>1,961,086</u>
Total	<u><u>\$ 2,233,775</u></u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 1,297,714
Restricted Cash and Investments	886,737
Agency Fund Cash and Investments	<u>49,324</u>
Total	<u><u>\$ 2,233,775</u></u>

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2013, the School had bank deposits of \$33,355 collateralized with securities held by the financial institution's agent but not in the School's name.

Investments

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

At June 30, 2013, the School and the Building Corporation had the following investments.

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>More Than 10</u>	<u>Fair Value</u>
Corporate Securities	A+	\$ -	\$ 74,589	\$ 74,589
U.S. Agency Securities	AA+	-	420,584	420,584
Money Market Fund	Not Rated	579,176	-	579,176
Local Government Investment Pool	AAAm	<u>886,737</u>	<u>-</u>	<u>886,737</u>
Total		<u>\$ 1,465,913</u>	<u>\$ 495,173</u>	<u>\$ 1,961,086</u>

Interest Rate Risk - State statutes limit investments in corporate securities to an original maturity of three years. U.S. Agency securities may not exceed an original maturity of five years, unless the governing board authorizes the investment for a period in excess five years.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk - State statutes limit investments in corporate securities to a minimum rating category of AA- or Aa3 or their equivalents by at least two nationally recognized statistical rating organizations (NRSROs). State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

Concentration of Credit Risk - At June 30, 2013, the School's investments in the Federal Farm Credit Bank, Federal Home Loan Bank, and Federal National Mortgage Association represented 10%, 5% and 7%, respectively, of total investments.

Local Government Investment Pool - At June 30, 2013, the Building Corporation had \$886,737 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At June 30, 2013, the Building Corporation held cash and investments of \$886,737 restricted by its loan agreement for future debt service and building repair and replacement.

NOTE 3: INTERFUND BALANCES AND TRANSACTIONS

In a previous fiscal year, the School paid \$16,002 in land acquisition costs, which are expected to be reimbursed by the Building Corporation.

During the year ended June 30, 2013, the General Fund transferred \$25,000 to the Building Corporation to fund the repair and replacement reserve. The Building Corporation distributed \$25,362 in excess investment earnings to the General Fund.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2013, are summarized below.

	<u>Balances</u> 6/30/12	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 6/30/13
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,036,924	\$ -	\$ -	\$ 1,036,924
Total Capital Assets, Not Being Depreciated	<u>1,036,924</u>	<u>-</u>	<u>-</u>	<u>1,036,924</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	6,351,281	-	-	6,351,281
Furniture and Equipment	<u>87,869</u>	<u>-</u>	<u>-</u>	<u>87,869</u>
Total Capital Assets, Being Depreciated	<u>6,439,150</u>	<u>-</u>	<u>-</u>	<u>6,439,150</u>
Accumulated Depreciation				
Buildings and Improvements	(262,684)	(131,542)	-	(394,226)
Furniture and Equipment	<u>(74,168)</u>	<u>(1,495)</u>	<u>-</u>	<u>(75,663)</u>
Total Accumulated Depreciation	<u>(336,852)</u>	<u>(133,037)</u>	<u>-</u>	<u>(469,889)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,102,298</u>	<u>(133,037)</u>	<u>-</u>	<u>5,969,261</u>
Business-Type Activities Capital Assets, Net	<u>\$ 7,139,222</u>	<u>\$ (133,037)</u>	<u>\$ -</u>	<u>\$ 7,006,185</u>

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended June 30, 2013:

	<u>Balances</u> 6/30/12	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> 6/30/13	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated Absences	<u>\$ 5,941</u>	<u>\$ 2,421</u>	<u>\$ -</u>	<u>\$ 8,362</u>	<u>\$ 8,362</u>
Business-Type Activities					
Building Loan	\$ 7,660,000	\$ -	\$ 135,000	\$ 7,525,000	\$ 140,000
Discount	<u>(214,749)</u>	<u>-</u>	<u>(7,942)</u>	<u>(206,807)</u>	<u>-</u>
Total	<u>\$ 7,445,251</u>	<u>\$ -</u>	<u>\$ 127,058</u>	<u>\$ 7,318,193</u>	<u>\$ 140,000</u>

Compensated absences are expected to be liquidated with revenues of the General Fund.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 5: LONG-TERM DEBT (Continued)

In September, 2009, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$7,755,000 Charter School Revenue Bonds, Series 2009. Proceeds of the bonds were loaned to the Building Corporation under a mortgage and loan agreement to acquire land and construct an educational facility. The School is obligated under a lease agreement to make monthly lease payments to the Building Corporation for using the facilities. The Building Corporation is required to make equal loan payments to the Trustee, for payment of the Bonds. Principal payments are due annually on July 15, through 2039. Interest payments are due semi-annually on January 15 and July 15, with interest accruing at rates ranging from 3% to 5%.

Future debt service requirements are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 140,000	\$ 355,250	\$ 495,250
2015	140,000	350,875	490,875
2016	145,000	345,700	490,700
2017	155,000	339,700	494,700
2018	160,000	333,400	493,400
2019 - 2023	910,000	1,557,138	2,467,138
2024 - 2028	1,150,000	1,315,813	2,465,813
2029 - 2033	1,455,000	1,005,013	2,460,013
2034 - 2038	1,870,000	592,500	2,462,500
2039 - 2040	<u>1,400,000</u>	<u>83,250</u>	<u>1,483,250</u>
Total	<u>\$ 7,525,000</u>	<u>\$ 6,278,639</u>	<u>\$ 13,803,639</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

Plan Description - The School 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, annual increases, and death benefits for members or their beneficiaries. All employees of the School 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 by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy - The contribution requirements of Plan members and the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members was 8% of covered salaries. The School's contribution rate for calendar years 2011, 2012 and 2013 was 14.75%, 15.65% and 16.55% of covered salaries, respectively. A portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund. The School's contributions to the SDTF for the years ended June 30, 2013, 2012 and 2011 were \$242,839, \$193,822 and \$184,640, respectively, equal to the required contributions for each year.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description - The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment 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 as described previously.

Funding Policy - The School is required to contribute at a rate of 1.02% of covered salaries for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The School's apportionment to the HCTF for the years ended June 30, 2013, 2012 and 2011 was \$15,167, \$12,958 and \$12,768, respectively, equal to the required amounts for each year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2013, significant amounts of related expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters approved the Tabor Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2013, the reserve, of \$90,000, was reported as restricted fund balance in the General Fund.

CROWN POINTE ACADEMY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 9: RECLASSIFICATION

For the year ended June 30, 2013, the School merged the Grants Fund with the General Fund for reporting purposes, as follows.

	General	Grants	Total
Fund Balances, June 30, 2012, as Originally Stated	\$ 1,322,835	\$ (406)	\$ 1,322,429
Merger	(406)	406	-
Fund Balances, June 30, 2012, as Restated	\$ 1,322,429	\$ -	\$ 1,322,429

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2013, the School adopted the standards of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, the Building Corporation's net position at June 30, 2012, was restated to remove debt issuance costs capitalized in previous years, as follows.

	Building Corporation
Net Position, June 30, 2012, as Originally Stated	\$ 612,813
Debt Issuance Costs, Net of Accumulated Amortization	(280,323)
Net Position, June 30, 2012, as Restated	\$ 332,490

REQUIRED SUPPLEMENTARY INFORMATION

CROWN POINTE ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources			
Per Pupil Revenue	\$ 2,811,053	\$ 2,771,631	\$ (39,422)
Student Fees	12,500	25,771	13,271
Contributions and Donations	-	10,967	10,967
Investment Income	30,280	(11,712)	(41,992)
Miscellaneous	6,500	9,008	2,508
Total Local Sources	<u>2,860,333</u>	<u>2,805,665</u>	<u>(54,668)</u>
State Sources			
Capital Construction	37,024	38,842	1,818
Special Education Grants	41,250	40,000	(1,250)
Total State Sources	<u>78,274</u>	<u>78,842</u>	<u>568</u>
Federal Sources			
Special Education Grants	41,400	42,704	1,304
TOTAL REVENUES	<u>2,980,007</u>	<u>2,927,211</u>	<u>(52,796)</u>
EXPENDITURES			
Salaries	1,507,587	1,495,086	12,501
Employee Benefits	460,696	460,372	324
Purchased Services	828,016	820,277	7,739
Supplies and Materials	211,200	195,433	15,767
Property	11,000	16,003	(5,003)
Other	2,500	3,090	(590)
Contingency	80,741	-	80,741
TOTAL EXPENDITURES	<u>3,101,740</u>	<u>2,990,261</u>	<u>111,479</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(121,733)</u>	<u>(63,050)</u>	<u>58,683</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	25,362	25,362
Transfers Out	-	(25,000)	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>362</u>	<u>362</u>
NET CHANGE IN FUND BALANCE	(121,733)	(62,688)	59,045
FUND BALANCE, Beginning	<u>1,200,000</u>	<u>1,322,429</u>	<u>122,429</u>
FUND BALANCE, Ending	<u>\$ 1,078,267</u>	<u>\$ 1,259,741</u>	<u>\$ 181,474</u>

See the accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The School is required by State statutes to adopt a budget on a basis consistent with generally accepted accounting principles.

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

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

SUPPLEMENTARY INFORMATION

CROWN POINTE ACADEMY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended June 30, 2013

	<u>BALANCES</u> 6/30/12	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCES</u> 6/30/13
School Activity Fund				
ASSETS				
Cash and Investments	\$ <u>37,636</u>	\$ <u>77,282</u>	\$ <u>65,594</u>	\$ <u>49,324</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 5,037	\$ -	\$ 5,037
Due to Student Groups	<u>37,636</u>	<u>77,282</u>	<u>70,631</u>	<u>44,287</u>
TOTAL LIABILITIES	\$ <u>37,636</u>	\$ <u>82,319</u>	\$ <u>70,631</u>	\$ <u>49,324</u>

See the accompanying Independent Auditors' Report.