

ARTEC CHARTER SCHOOL
COMPONENT OF ADVANCED REGIONAL TECHNICAL EDUCATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ARTEC Charter School
Rupert, ID 83350

We have audited the accompanying statement of financial position of the ARTEC Charter School, a component of Advanced Regional Technical Education, Inc. (a non-profit organization) as of June 30, 2009 and the related statements of activities and cash flow for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ARTEC Charter School as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2009, on our consideration of ARTEC Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

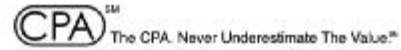
Our audit was conducted for the purpose of forming an opinion on the basic financial statements of ARTEC Charter School taken as a whole. The selected other supplementary information on pages 10-15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Condie Stoker & Robins, CPAs
September 10, 2009



Condie
Stoker &
Associates

CERTIFIED PUBLIC ACCOUNTANTS



A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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

To the Board of Directors
ARTEC Charter School
Rupert, ID 83350

We have audited the financial statements of the ARTEC Charter School, a component of Advanced Regional Technical Education, Inc. (a non-profit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered ARTEC Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ARTEC Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ARTEC Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Condie, Stoker & Robins, CPAs
September 10, 2009

ARTEC CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION JUNE 30, 2009

Assets:

Cash and Cash Equivalents (Note B)	18,063
Receivables:	
State of Idaho (Note C)	26,996
Federal (Note D)	<u>22,311</u>
Total Assets	<u><u>67,370</u></u>

Liabilities

Accounts Payable (Note G)	385
Deferred Revenue (Note K)	<u>2,059</u>
Total Liabilities	2,444

Fund Equity

Unrestricted General Fund	<u>64,926</u>
Total Net Assets	<u><u>67,370</u></u>

See accompanying notes to financial statements.

ARTEC CHARTER SCHOOL

STATEMENT OF ACTIVITIES FOR THE YEAR ENDING JUNE 30, 2009

Revenues:

Earnings on Investments	1,732
Other Local Revenue	-
State	1,500,170
Federal	231,471
	<hr/>
Total Revenues	1,733,373

Expenditures:

Instruction:

Secondary	1,521,171
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Support Services:

Instruction Improvement	190,032
Board of Education	2,746
District Administration	3,852
School Administration	85,705
Business Operation	-
Buildings Operation and Maintenance	6,935
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Total Expenditures	1,810,441
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Net Change in Net Assets	(77,068)
Net Assets at Beginning of Year	141,994
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Net Assets at End of Year	64,926
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See accompanying notes to financial statements.

ARTEC CHARTER SCHOOL

STATEMENT OF CASH FLOW FOR THE YEAR ENDING JUNE 30, 2009

Cash Flow From Operating Activities

Change in Net Assets	(77,068)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease in accounts receivable (deferred revenue)	(665)
Increase (Decrease) in current liabilities	<u>(75,739)</u>
Cash Flow Provided (Used) By Operating Activities	<u>(153,472)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(153,472)
Cash and Cash Equivalents at Beginning of Year	<u>171,535</u>
Cash and Cash Equivalents at End of Year	<u><u>18,063</u></u>

See accompanying notes to financial statements.

ARTEC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities – ARTEC Charter School is a component of Advanced Regional Technical Education, Inc., a non-profit organization designed to provide educational programs and services which Magic Valley school districts might individually be unable to offer, or which can be provided more economically or more efficiently in combination. The ARTEC Charter School is a regional professional-technical charter school consisting of a coalition of local school districts (Region IV), chambers of commerce, and the College of Southern Idaho. This coalition is dedicated to providing high-end professional-technical classes to Region IV high school students in a manner that will result in maximum benefit to students and to the area business community. The school began operation in the 2006-2007 fiscal year.

Funding for programs is principally from state and federal sources, including state school apportionment funds and Idaho Public Charter School grant awards.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid cash and investments with a maturity of three months or less to be cash and cash equivalents.

Property and Equipment and Depreciation – Property and equipment are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts, less accumulated depreciation. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated on a straight-line basis over their estimated useful lives. No property and equipment above the capitalization threshold of \$5,000 has been acquired as of year end, except that which was allocated to individual school districts for the operation of their applicable programs. These assets are considered to be the property of each affiliated school district and not the property of ARTEC Charter School.

NOTE B - CASH

Cash is stated in terms of U.S. dollars and has been reconciled with bank depositories. The company maintains cash balances at the local branch of D. L. Evans Bank. Accounts are FDIC insured up to \$250,000. At June 30, the company had no uninsured cash balances.

NOTE C - STATE RECEIVABLE

This represents the final 2008-2009 apportionment of State funds for the Organization.

NOTE D - FEDERAL RECEIVABLE

The federal government provides resources for certain programs conducted by the Organization. Each program is funded separately and distinctly, e.g., some are dollar amount requests of approved funds while others are dollar amount reimbursements for expenditures incurred. The amounts receivable represent accrual for reimbursement of program expenditures financed temporarily by other funds.

NOTE E - VOUCHERS PAYABLE AND ACCRUED LIABILITIES

Vouchers payable and accrued expenses are stated at cost and are recognized liabilities for goods and services rendered to the City as of September 30.

NOTE F – RELATED PARTY TRANSACTIONS

Payments were made in significant amounts to the following related party entities during the fiscal year. Most of these payments were in accordance with Memorandums of Understanding to provide facilities, equipment, materials and services for programs to ARTEC Charter School students, as well as reimbursements of direct costs.

Affiliated School Districts	
Buhl School District #412	109,241
Cassia School District #151	409,778
Gooding School District #231	166,535
Jerome School District #261	117,537
Kimberly School District #414	110,940
Minidoka School District #331	323,012
Twin Falls School District #	<u>407,830</u>
	<u><u>1,644,873</u></u>

NOTE H – INCOME TAXES

The Organization is a non-profit organization and has obtained exemption from federal and state income taxes under I.R.C. Section 501 (c)(3) and related Idaho State code provisions. Accordingly, no provision for income taxes has been made in the financial statements.

ARTEC CHARTER SCHOOL

COMBINING BALANCE SHEET JUNE 30, 2009

	<u>General</u>	<u>TTL V Charter Sub Grant</u>	<u>ITCL Tech Fund</u>	<u>Total</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	38,315	(22,311)	2,059	18,063
Receivables:				
State of Idaho	26,996	-	-	26,996
Federal	-	22,311	-	22,311
Interfund Loan Receivable	-	-	-	-
	<u>65,311</u>	<u>-</u>	<u>2,059</u>	<u>67,370</u>
Total Assets				
<u>Liabilities:</u>				
Accounts Payable	385	-	-	385
Salaries and Contracts Payable	-	-	-	-
Interfund Loan Payable	-	-	-	-
Deferred Revenue	-	-	2,059	2,059
	<u>385</u>	<u>-</u>	<u>2,059</u>	<u>2,444</u>
Total Liabilities				
<u>Fund Balances:</u>				
Unreserved, Undesignated	64,926	-	-	64,926
	<u>64,926</u>	<u>-</u>	<u>-</u>	<u>64,926</u>
Total Fund Balances				
	<u>65,311</u>	<u>-</u>	<u>2,059</u>	<u>67,370</u>
Total Liabilities and Fund Balances				

See independent auditor's report on other financial information.

ARTEC CHARTER SCHOOL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDING JUNE 30, 2009

	<u>General</u>	<u>TTL V Charter Startup Grant</u>	<u>TTL V Charter Sub Grant</u>	<u>ITCL Tech Fund</u>	<u>Total</u>
Revenues:					
Earnings on Investments	1,732	-	-	-	1,732
Other Local Revenue	-	-	-	-	-
State	1,492,288	-	-	7,882	1,500,170
Federal	-	173,463	58,008	-	231,471
	<u>1,494,020</u>	<u>173,463</u>	<u>58,008</u>	<u>7,882</u>	<u>1,733,373</u>
Total Revenues					
Expenditures:					
Instruction:					
Secondary	1,472,083	49,089	-	-	1,521,172
Support Services:					
Instruction Improvement	-	124,374	58,008	7,650	190,032
Board of Education	2,746	-	-	-	2,746
District Administration	3,852	-	-	-	3,852
School Administration	85,705	-	-	-	85,705
Business Operation	-	-	-	-	-
Buildings Operation and Maintenance	6,703	-	-	232	6,935
	<u>1,571,089</u>	<u>173,463</u>	<u>58,008</u>	<u>7,882</u>	<u>1,810,442</u>
Total Expenditures					
Excess (Deficit) Revenues Over Expenditures	(77,069)	-	-	-	(77,069)
Fund Balance at Beginning of Year	141,994	-	-	-	141,994
Fund Balance at End of Year	<u>64,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,925</u>

See independent auditor's report on other financial information.

ARTEC CHARTER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND - BUDGET AND ACTUAL FOR THE YEAR ENDING JUNE 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Earnings on Investments	-	2,500	1,732	(768)
Other Local Revenue	-	-	-	-
State	1,504,730	1,530,400	1,492,288	(38,112)
Total Revenues	1,504,730	1,532,900	1,494,020	(38,880)
<u>Expenditures:</u>				
<u>Instruction:</u>				
Secondary	1,423,730	1,476,001	1,472,083	3,918
<u>Support Services:</u>				
Instruction Improvement	39,000	1,500	-	1,500
Board of Education	5,000	3,600	2,746	854
District Administration	84,000	103,999	3,852	100,147
School Administration	75,000	84,800	85,705	(905)
Business Operation	-	-	-	-
Buildings Operation and Maintenance	8,000	5,000	6,703	(1,703)
Total Expenditures	1,634,730	1,674,900	1,571,089	103,811
Excess (Deficit) Revenues Over Expenditures	(130,000)	(142,000)	(77,069)	64,931
Fund Balance at Beginning of Year	130,000	142,000	141,994	(6)
Fund Balance at End of Year	0	0	64,925	64,925

See independent auditor's report on other financial information.

ARTEC CHARTER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ITCL TECH FUND - BUDGET AND ACTUAL FOR THE YEAR ENDING JUNE 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
State	4,000	8,100	7,882	(218)
Total Revenues	4,000	8,100	7,882	(218)
<u>Expenditures:</u>				
<u>Support Services:</u>				
Instruction Improvement	4,000	7,600	7,650	(50)
Buildings Operation and Maintenance	-	500	232	268
Total Expenditures	4,000	8,100	7,882	218
Excess (Deficit) Revenues Over Expenditures	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See independent auditor's report on other financial information.

ARTEC CHARTER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TTL V CHARTER STARTUP GRANT - BUDGET AND ACTUAL FOR THE YEAR ENDING JUNE 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Federal	150,000	173,390	173,463	73
Total Revenues	150,000	173,390	173,463	73
<u>Expenditures:</u>				
<u>Instruction:</u>				
Secondary	54,000	48,950	49,089	(139)
<u>Support Services:</u>				
Instruction Improvement	96,000	124,440	124,374	66
Total Expenditures	150,000	173,390	173,463	(73)
Excess (Deficit) Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	0	0	0	0

See independent auditor's report on other financial information.

ARTEC CHARTER SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TTL V CHARTER SUB GRANT - BUDGET AND ACTUAL FOR THE YEAR ENDING JUNE 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Federal	-	85,700	58,008	(27,692)
Total Revenues	-	85,700	58,008	(27,692)
<u>Expenditures:</u>				
Support Services:	-	-	-	
Instruction Improvement	-	85,700	58,008	27,692
Total Expenditures	-	85,700	58,008	27,692
Excess (Deficit) Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See independent auditor's report on other financial information.