

Idaho Arts Charter School, Inc.

Year Ended June 30, 2022

Audited Financial Statements



IDAHO ARTS CHARTER SCHOOL, INC.

Table of Contents

Financial Section

Independent Auditor's Report..... 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 5

Statement of Activities 6

Fund Financial Statements

Balance Sheet – Governmental Funds..... 7

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... 10

Notes to Financial Statements 13

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds..... 27

Schedule of Employer’s Share of Net Pension Asset and Liability and Schedule of Employer Contributions 29

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds..... 30

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 35

Schedule of Expenditures of Federal Awards..... 40

Other Reports and Schedules

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*..... 41

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 43

Schedule of Findings and Questioned Costs..... 46



Independent Auditor's Report

Board of Directors
Idaho Arts Charter School, Inc.

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Arts Charter School, Inc. (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Matter Giving Rise to the Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2022, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions on All Other Opinion Units Described Below

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and schedule of employer's share of net pension asset and liability and schedule of employer contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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, and historical context. We have applied certain limited procedures to the required supplementary 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.

Management has not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
July 29, 2022

IDAHO ARTS CHARTER SCHOOL, INC.

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$7,599,966
Receivables:	
Local Sources	0
State Sources	141,041
Federal Sources	1,600,311
Prepaid Expenses	36,821
Total Current Assets	<u>9,378,139</u>
Noncurrent Assets	
Nondepreciable Capital Assets	1,784,979
Depreciable Net Capital Assets	13,061,982
Net Pension Asset	94,602
Total Noncurrent Assets	<u>14,941,563</u>
Total Assets	<u>24,319,702</u>
Deferred Outflows of Resources	
Bond Sources - See Note E	774,690
Pension Items	1,907,446
Total Deferred Outflows of Resources	<u>2,682,136</u>
Total Assets and Deferred Outflows of Resources	<u>\$27,001,838</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$82,965
Salaries & Benefits Payable	594,153
Unspent Grant Allocation	1,403,446
Accrued Interest	74,998
Long-Term Liabilities, Current	543,120
Total Current Liabilities	<u>2,698,682</u>
Noncurrent Liabilities	
Long-Term Liabilities, Noncurrent	17,009,800
Total Noncurrent Liabilities	<u>17,009,800</u>
Total Liabilities	<u>19,708,482</u>
Deferred Inflows of Resources	
Pension Items	3,026,366
Total Deferred Inflows of Resources	<u>3,026,366</u>
Total Liabilities and Deferred Inflows of Resources	<u>22,734,848</u>
Net Position	
Net Investment in Capital Assets	(2,006,267)
Restricted:	
Special Programs	556,241
Capital Projects	200,805
Debt Service	1,308,731
Unrestricted	4,207,480
Total Net Position	<u>4,266,990</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$27,001,838</u>

See Accompanying Notes

IDAHO ARTS CHARTER SCHOOL, INC.

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions		
Governmental Activities					
Instructional Programs					
Elementary School	\$3,646,724		\$1,517,488		(\$2,129,236)
Secondary School	1,774,951		420,656		(1,354,295)
Special Education	699,747		221,001		(478,746)
Special Education Preschool	7,162		7,162		0
Support Service Programs					
Attendance - Guidance - Health	26,085		17,072		(9,013)
Special Education Support Services	343,923		282,210		(61,713)
Instruction Improvement	87,660		43,633		(44,027)
Instruction-Related Technology	113,677		130,080		16,403
Board of Education	13,326				(13,326)
District Administration	1,353,450		34,711		(1,318,739)
School Administration	38,217		38,217		0
Business Operation	9,089				(9,089)
Administrative Technology Service	0				0
Buildings - Care	330,397		45,785		(284,612)
Maintenance - Non-Student Occupied	0				0
Maintenance - Student Occupied	20,787				(20,787)
Maintenance - Grounds	29,577				(29,577)
Pupil-To-School Transportation	420,359		22,347		(398,012)
Non-Instructional Programs					
Child Nutrition	615,399		785,383		169,984
Community Services	193,243	\$196,254			3,011
Capital Assets - Student Occupied	387,462				(387,462)
Capital Assets - Non-Student Occupied	29				(29)
Debt Service - Principal	0				0
Debt Service - Interest	794,406				(794,406)
Total	<u>\$10,905,670</u>	<u>\$196,254</u>	<u>\$3,565,745</u>	<u>\$0</u>	<u>(7,143,671)</u>
General Revenues					
Local Revenues					5,900
State Revenues					8,662,724
Federal Revenues					0
Pension Revenue (Expense)					39,734
Total General Revenues					<u>8,708,358</u>
Change in Net Position					
					1,564,687
Net Position - Beginning					
					2,702,303
Net Position - Ending					
					<u>\$4,266,990</u>

IDAHO ARTS CHARTER SCHOOL, INC.

Balance Sheet - Governmental Funds

June 30, 2022

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Bond R & I Fund</u>	<u>Capital Construction Fund</u>
Assets				
Cash & Investments	\$5,478,224	\$288,501	\$1,308,731	
Receivables:				
Local Sources				
State Sources	141,041			
Federal Sources		40,692		
Prepaid Expenditures	36,821			
Due From Other Funds	174,032			
Total Assets	<u>\$5,830,118</u>	<u>\$329,193</u>	<u>\$1,308,731</u>	<u>\$0</u>
Liabilities				
Accounts Payable	\$24,576	\$54,536		
Due To Other Funds				
Salaries & Benefits Payable	573,444	16,930		
Unspent Grant Allocation	300	25,191		
Total Liabilities	<u>598,320</u>	<u>96,657</u>	<u>\$0</u>	<u>\$0</u>
Fund Balances				
Nonspendable	36,821			
Restricted:				
Special Programs		232,536		
Capital Projects				
Debt Service			1,308,731	
Unassigned	5,194,977			
Total Fund Balances	<u>5,231,798</u>	<u>232,536</u>	<u>1,308,731</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$5,830,118</u>	<u>\$329,193</u>	<u>\$1,308,731</u>	<u>\$0</u>

IDAHO ARTS CHARTER SCHOOL, INC.

Balance Sheet - Governmental Funds

June 30, 2022

	Nonmajor Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	\$524,510	\$7,599,966
Receivables:		
Local Sources	0	0
State Sources	0	141,041
Federal Sources	1,559,619	1,600,311
Prepaid Expenditures	0	36,821
Due From Other Funds	0	174,032
Total Assets	\$2,084,129	\$9,552,171
Liabilities		
Accounts Payable	\$3,853	\$82,965
Due To Other Funds	174,032	174,032
Salaries & Benefits Payable	3,779	594,153
Unspent Grant Allocation	1,377,955	1,403,446
Total Liabilities	1,559,619	2,254,596
Fund Balances		
Nonspendable	0	36,821
Restricted:		
Special Programs	323,705	556,241
Capital Projects	200,805	200,805
Debt Service	0	1,308,731
Unassigned	0	5,194,977
Total Fund Balances	524,510	7,297,575
Total Liabilities and Fund Balances	\$2,084,129	\$9,552,171

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances	\$7,297,575
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,846,961
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Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(17,627,918)
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Deferred outflow of resources related to bond refundings are not financial resources in the current period and therefore are not reported in the funds.	774,690
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Net pension asset/liability and related pension deferred outflows and deferred inflows are not due and payable in the current period and therefore are not reported in the funds.	(1,024,318)
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Net Position of Governmental Activities	<u><u>\$4,266,990</u></u>
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IDAHO ARTS CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Bond R & I Fund</u>	<u>Capital Construction Fund</u>
Revenues				
Local Revenue	\$207,111		\$1,690	\$29
State Revenue	8,662,724			
Federal Revenue	2,500	\$785,383		
Total Revenues	<u>8,872,335</u>	<u>785,383</u>	<u>1,690</u>	<u>29</u>
Expenditures				
Instructional Programs				
Elementary School	2,790,570			
Secondary School	1,585,587			
Special Education	478,746			
Special Education Preschool				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services	61,713			
Instruction Improvement	44,027			
Instruction-Related Technology				
Board of Education	13,326			
District Administration	1,294,386			
School Administration				
Business Operation	9,089			
Administrative Technology Service				
Buildings - Care	284,612			
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied	20,787			
Maintenance - Grounds	29,577			
Pupil-To-School Transportation	398,012			
Non-Instructional Programs				
Child Nutrition	14,707	651,365		
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				678,351
Debt Service - Principal			485,000	
Debt Service - Interest			793,600	
Total Expenditures	<u>7,025,139</u>	<u>651,365</u>	<u>1,278,600</u>	<u>678,351</u>
Excess (Deficiency) of Revenues Over Expenditures	1,847,196	134,018	(1,276,910)	(678,322)
Other Financing Sources (Uses)				
Transfers In			1,240,131	
Transfers Out	(1,240,131)		(200,805)	
Total Other Financing Sources (Uses)	<u>(1,240,131)</u>	<u>0</u>	<u>1,039,326</u>	<u>0</u>
Net Change in Fund Balances	607,065	134,018	(237,584)	(678,322)
Fund Balances - Beginning	4,624,733	98,518	1,546,315	678,322
Fund Balances - Ending	<u>\$5,231,798</u>	<u>\$232,536</u>	<u>\$1,308,731</u>	<u>\$0</u>

IDAHO ARTS CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues		
Local Revenue	\$196,254	\$405,084
State Revenue	147,152	8,809,876
Federal Revenue	2,427,780	3,215,663
Total Revenues	<u>2,771,186</u>	<u>12,430,623</u>
Expenditures		
Instructional Programs		
Elementary School	1,314,558	4,105,128
Secondary School	418,156	2,003,743
Special Education	221,001	699,747
Special Education Preschool	7,162	7,162
Support Service Programs		
Attendance - Guidance - Health	46,462	46,462
Special Education Support Services	282,210	343,923
Instruction Improvement	43,633	87,660
Instruction-Related Technology	120,947	120,947
Board of Education	0	13,326
District Administration	94,886	1,389,272
School Administration	38,217	38,217
Business Operation	0	9,089
Administrative Technology Service	0	0
Buildings - Care	45,785	330,397
Maintenance - Non-Student Occupied	0	0
Maintenance - Student Occupied	0	20,787
Maintenance - Grounds	0	29,577
Pupil-To-School Transportation	22,347	420,359
Non-Instructional Programs		
Child Nutrition	0	666,072
Community Services	193,243	193,243
Capital Assets - Student Occupied	0	0
Capital Assets - Non-Student Occupied	0	678,351
Debt Service - Principal	0	485,000
Debt Service - Interest	0	793,600
Total Expenditures	<u>2,848,607</u>	<u>12,482,062</u>
Excess (Deficiency) of Revenues Over Expenditures	(77,421)	(51,439)
Other Financing Sources (Uses)		
Transfers In	200,805	1,440,936
Transfers Out	0	(1,440,936)
Total Other Financing Sources (Uses)	<u>200,805</u>	<u>0</u>
Net Change in Fund Balances	123,384	(51,439)
Fund Balances - Beginning	401,126	7,349,014
Fund Balances - Ending	<u>\$524,510</u>	<u>\$7,297,575</u>

IDAHO ARTS CHARTER SCHOOL, INC.
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2022

Page 3 of 3

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds (\$51,439)

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. 379,544

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 558,620

Deferred outflow of resources related to bond refunding and bond premiums are amortized against interest expense over the term of the bond. (45,570)

In the statement of activities, interest is accrued on long-term liabilities, but the expenditure is reported when due in the governmental funds. 1,644

Changes in net pension asset/liability and related pension deferred outflows and deferred inflows do not provide or require current financial resources and therefore are not reflected in the funds. 721,888

Change in Net Position of Governmental Activities \$1,564,687

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Idaho Arts Charter School, Inc. (the School) is organized as a nonprofit corporation providing public charter school educational services as authorized by Section 33 of Idaho Code.

Idaho Code Section 33-5210(3) requires charter schools to comply with the same financial reporting requirements imposed on school districts, i.e. – on a governmental, rather than nonprofit, basis of accounting. Additionally, enabling legislation creates charter schools as public entities, i.e. – as public schools, subject to provisions common with other governmental entities as set forth in Idaho Code Section 33-5204. Accordingly, the School's basis of presentation follows the governmental, rather than nonprofit, reporting model.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to charter schools. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds, when present, are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

General Fund – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Debt Service Funds – Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt. Major debt service funds include the bond redemption and interest fund, which accounts for accumulation of funds for the periodic payment of principal and interest on long term debt.

Capital Projects Funds – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the capital construction fund, used to account for bond proceeds, facility construction and betterments.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants. Investments also

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

include U.S. government securities and are stated at fair value using quoted market prices (Level 1) or best available estimate.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

Compensated Absences – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Compensated absences will be paid by the fund in which the employee works.

Other Post-Employment Benefits – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis. Other post-employment benefits will be paid by the fund in which the employee works.

Pensions – For purposes of measuring the net pension asset/liability and pension revenue/expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from the Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension obligations will be paid by the fund in which the employee works.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

IDAHO ARTS CHARTER SCHOOL, INC.

Notes to Financial Statements

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

Income Taxes – The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business activities. The School's tax returns for the current year and prior two years are subject to examination by the IRS and state tax authorities, generally for three years after they are filed.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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

Custodial Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning custodial credit risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$5,533,184
Investments - Local Gov't Investment Pool	557,246
Investments - U.S. Government Securities	1,509,536
Total	\$7,599,966

Deposits – At year end, the carrying amounts of the School's deposits were \$5,533,184 and the bank balances were \$5,599,490. Of the bank balances, \$250,000 was insured, and the remainder was uninsured and uncollateralized.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

Investment Type	Investment Maturity Schedule (In Years)	
	Less Than 1	Total
Local Gov't Invest Pool	\$557,246	\$557,246
U.S. Gov't Securities	1,509,536	1,509,536
Total	\$2,066,782	\$2,066,782

Credit rate risk (Moody's rating scale):

Investment Type	Investment Rating Schedule		
	AAA	Not Rated	Total
Local Gov't Invest Pool		\$557,246	\$557,246
U.S. Gov't Securities	\$1,509,536		1,509,536
Total	\$1,509,536	\$557,246	\$2,066,782

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Total
State Sources			
Foundation Program	\$141,041		\$141,041
Total	\$141,041		\$141,041
Federal Sources			
Special Programs		\$1,600,311	\$1,600,311
Total		\$1,600,311	\$1,600,311

D. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$1,784,979			\$1,784,979
Construction in Progress	2,056,385	\$678,322	\$2,734,707	0
Total	3,841,364	678,322	2,734,707	1,784,979
Depreciable Capital Assets				
Buildings	12,678,762	2,745,834		15,424,596
Equipment	1,244,287	77,557		1,321,844
Subtotal	13,923,049	2,823,391	0	16,746,440
Accumulated Depreciation				
Buildings	2,409,348	308,492		2,717,840
Equipment	887,648	78,970		966,618
Subtotal	3,296,996	387,462	0	3,684,458
Total	10,626,053	2,435,929	0	13,061,982
Net Capital Assets	\$14,467,417	\$3,114,251	\$2,734,707	\$14,846,961

Depreciation expense of \$387,462 was charged to the capital assets – student occupied program.

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

E. LONG-TERM LIABILITIES

Bond Refunding in Previous Year – During the 2016/17 year, the School advance refunded its 2008 facility revenue bond issues with 2016 facility revenue refunding bonds. The principle amount of the bonds refunded was \$6,675,000.

The advance refunding of the 2008 series bonds with the new 2016 bonds resulted in a difference between the net carrying amount of the redeemed/defeased bonds (i.e. 2008 series) and the cost/reacquisition price of the new bonds (i.e. 2016 series) of \$1,048,182 which is reflected as a deferred outflow of resources in the statement of net position and being amortized over the life the bonds.

	Deferred Outflows of Resources
Difference between the net carrying amount of the redeemed/defeased bonds (i.e. 2008 series) and the cost/reacquisition price of the new bonds (i.e. 2016 series)	\$774,690
Total	\$774,690

Bonded Debt – At year end, the School’s bonded debt was as follows:

	Outstanding
2015A - \$5,650,000 - facilities revenue bonds (tax exempt) for capital improvements due in semiannual installments with interest at 5.00% through 2046/47, secured by real estate, paid through the bond redemption & interest	\$5,540,000
2016A - \$6,890,000 - facilities revenue refunding bonds (tax exempt) due in semiannual installments with interest at 4.00% - 5.00% through 2038/39, secured by real estate, paid through the bond redemption & interest fund	6,415,000
2021A - \$2,480,000 - facilities revenue bonds (tax exempt) for capital improvements due in semiannual installments with interest at 3.00% - 4.00% through 2054/55, secured by real estate, paid through the bond redemption & interest fund	2,480,000
2021B - \$2,345,000 - facilities revenue refunding bonds (taxable) due in semiannual installments with interest at 1.70% - 3.50% through 2042/43, secured by real estate, paid through the bond redemption & interest fund	2,190,000
Total	\$16,625,000

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

Maturities on the bonds are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
6/30/23	\$500,000	\$734,165
6/30/24	515,000	715,695
6/30/25	530,000	696,660
6/30/26	555,000	676,310
6/30/27	575,000	654,955
6/30/28-32	3,320,000	2,861,190
6/30/33-37	4,085,000	2,010,595
6/30/38-42	3,320,000	1,059,000
6/30/43-47	2,280,000	470,800
6/30/48-52	555,000	146,200
6/30/53-55	390,000	31,600
Total	<u>\$16,625,000</u>	<u>\$10,057,170</u>

Changes in long-term liabilities are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2015A F.R. Bonds	\$5,650,000		\$110,000	\$5,540,000	\$115,000
2016A F.R.R. Bonds	6,660,000		245,000	6,415,000	250,000
2021A F.R. Bonds	2,480,000			2,480,000	0
2021B F.R.R. Bonds	2,320,000		130,000	2,190,000	135,000
Note Payable	30,500		30,500	0	
Bond Premium	971,040		43,120	927,920	43,120
Total	<u>\$18,111,540</u>	<u>\$0</u>	<u>\$558,620</u>	<u>\$17,552,920</u>	<u>\$543,120</u>

Interest and related costs of \$794,406 were charged to the debt service – interest program in the statement of activities.

F. PENSION PLAN

Plan Description

The School contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The School's contributions were \$682,154 for the year ended June 30, 2022.

Pension Asset/Liabilities, Pension Revenue (Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School's proportion of the net pension asset was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the School's proportion was 0.11978285 percent.

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

For the year ended June 30, 2022, the School recognized pension revenue (expense) of \$39,734. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$139,383	\$54,989
Changes in assumptions or other inputs	1,085,909	
Net difference between projected and actual earnings on pension plan investments		2,971,377
Employer contributions subsequent to the measurement date	682,154	
Total	\$1,907,446	\$3,026,366

\$682,154 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an adjustment to the pension expense in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue (expense) as follows:

Year Ended		
6/30/23		(\$423,673)
6/30/24		(381,816)
6/30/25		(333,663)
6/30/26		(661,922)
Total		(\$1,801,074)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

IDAHO ARTS CHARTER SCHOOL, INC.

Notes to Financial Statements

The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension asset as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

IDAHO ARTS CHARTER SCHOOL, INC.
Notes to Financial Statements

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.15%	3.06%

Investment Policy Assumptions from PERSI November 2019

Portfolio Long-Term Expected Real Rate of Return*	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2021

Valuation Assumptions Chosen by PERSI Board

Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return*	6.35%

*Net of Investment Expenses

Discount Rate

The discount rate used to measure the total pension asset was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

IDAHO ARTS CHARTER SCHOOL, INC.

Notes to Financial Statements

Sensitivity of the School's proportionate share of the net pension asset to changes in the discount rate.

The following presents the School's proportionate share of the net pension asset calculated using the discount rate of 6.35 percent, as well as what the School's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
School's proportionate share of the net pension liability (asset)	\$3,288,568	(\$94,602)	(\$2,867,854)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Impacts on the School's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension asset or liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension asset or liability which is an estimated asset or liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension asset or liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan when deemed necessary), such deficits are not deemed to be of substantial concern.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund	
	Nonmajor Governmental	Total
Due To Fund		
General	\$174,032	\$174,032
Total	\$174,032	\$174,032

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

IDAHO ARTS CHARTER SCHOOL, INC.

Notes to Financial Statements

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General		\$1,240,131	Debt Service
Bond R & I	\$1,240,131	200,805	Debt Service, Maintenance
Nonmajor Governmental	200,805		Maintenance
Total	<u>\$1,440,936</u>	<u>\$1,440,936</u>	

IDAHO ARTS CHARTER SCHOOL, INC.

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2022

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Revenue	\$186,070	\$209,450	\$207,111	(\$2,339)
State Revenue	8,621,759	8,545,148	8,662,724	117,576
Federal Revenue	0	2,500	2,500	0
Total Revenues	8,807,829	8,757,098	8,872,335	115,237
Expenditures				
Instructional Programs				
Elementary School	3,297,047	3,314,231	2,790,570	523,661
Secondary School	1,667,611	1,667,611	1,585,587	82,024
Special Education	0	43,616	478,746	(435,130)
Special Education Preschool	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	0	0	0	0
Special Education Support Services	59,866	25,000	61,713	(36,713)
Instruction Improvement	56,459	56,459	44,027	12,432
Instruction-Related Technology	0	0	0	0
Board of Education	18,100	18,100	13,326	4,774
District Administration	1,392,117	1,392,117	1,294,386	97,731
School Administration	0	0	0	0
Business Operation	0	0	9,089	(9,089)
Administrative Technology Service	0	0	0	0
Buildings - Care	280,881	280,881	284,612	(3,731)
Maintenance - Non-Student Occupied	0	0	0	0
Maintenance - Student Occupied	35,000	35,000	20,787	14,213
Maintenance - Grounds	50,000	50,000	29,577	20,423
Pupil-To-School Transportation	390,000	390,000	398,012	(8,012)
Non-Instructional Programs				
Child Nutrition	14,727	14,727	14,707	20
Community Services	0	0	0	0
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	7,261,808	7,287,742	7,025,139	262,603 *
Excess (Deficiency) of Revenues Over Expenditures	1,546,021	1,469,356	1,847,196	377,840
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(1,281,473)	(1,281,473)	(1,240,131)	41,342
Total Other Financing Sources (Uses)	(1,281,473)	(1,281,473)	(1,240,131)	41,342
Net Change in Fund Balances	264,548	187,883	607,065	419,182
Fund Balances - Beginning	4,081,009	4,624,733	4,624,733	0
Fund Balances - Ending	\$4,345,557	\$4,812,616	\$5,231,798	\$419,182

*Total expenditures (over) under appropriations are: \$303,945

IDAHO ARTS CHARTER SCHOOL, INC.

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2022

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Revenue	\$0	\$0	\$0	\$0
Federal Revenue	523,641	583,141	785,383	202,242
Total Revenues	<u>523,641</u>	<u>583,141</u>	<u>785,383</u>	<u>202,242</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	523,641	583,141	651,365	(68,224)
Total Expenditures	<u>523,641</u>	<u>583,141</u>	<u>651,365</u>	<u>(68,224) *</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	134,018	134,018
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	134,018	134,018
Fund Balances - Beginning	<u>128,651</u>	<u>98,518</u>	<u>98,518</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$128,651</u></u>	<u><u>\$98,518</u></u>	<u><u>\$232,536</u></u>	<u><u>\$134,018</u></u>
				<u><u>(\$68,224)</u></u>

**Total expenditures (over) under appropriations are:*

IDAHO ARTS CHARTER SCHOOL, INC.
Schedule of Employer's Share of Net Pension Asset and Liability
and Schedule of Employer Contributions
PERSI - Base Plan

Schedule of Employer's Share of Net Pension Asset and Liability*

Fiscal Year Ended June 30	Employer's Portion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Employer's Proportional Share of the Net Pension as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
2015	0.0762439%	\$561,274	\$2,065,548	27.17%	94.95%
2016	0.0804677%	\$1,059,629	\$2,253,878	47.01%	91.38%
2017	0.0818867%	\$1,659,969	\$2,394,938	69.31%	87.26%
2018	0.1024505%	\$1,610,346	\$3,182,041	50.61%	90.68%
2019	0.1098943%	\$1,620,960	\$3,535,707	45.85%	91.69%
2020	0.1141644%	\$1,303,155	\$3,877,491	33.61%	93.79%
2021	0.1193066%	\$2,770,457	\$4,248,358	65.21%	88.22%
2022	0.1197829%	(\$94,602)	\$4,471,131	-2.12%	100.36%

*As of the measurement date of the net pension (asset) liability.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$255,139	\$255,139	\$0	\$2,253,878	11.32%
2016	\$271,107	\$271,107	\$0	\$2,394,938	11.32%
2017	\$360,207	\$360,207	\$0	\$3,182,041	11.32%
2018	\$400,242	\$400,242	\$0	\$3,535,707	11.32%
2019	\$438,932	\$438,932	\$0	\$3,877,491	11.32%
2020	\$507,254	\$507,254	\$0	\$4,248,358	11.94%
2021	\$533,853	\$533,853	\$0	\$4,471,131	11.94%
2022	\$682,154	\$682,154	\$0	\$5,713,183	11.94%

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

IDAHO ARTS CHARTER SCHOOL, INC.
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	Albertsons	Student Activity	Technology	Substance Abuse
Assets				
Cash & Investments	\$54,680	\$208,741	\$48,614	\$11,670
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Prepaid Expenditures				
Due From Other Funds				
Total Assets	\$54,680	\$208,741	\$48,614	\$11,670
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	\$0	\$0	\$0	\$0
Fund Balances				
Nonspendable				
Restricted:				
Special Programs	54,680	208,741	48,614	11,670
Capital Projects				
Debt Service				
Unassigned				
Total Fund Balances	54,680	208,741	48,614	11,670
Total Liabilities and Fund Balances	\$54,680	\$208,741	\$48,614	\$11,670

IDAHO ARTS CHARTER SCHOOL, INC.
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	Title I-A			
	ESSER III	ESSA IBP	ESSER I	ESSER II
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$1,281,279	\$29,406	\$40	\$3,448
Prepaid Expenditures				
Due From Other Funds				
Total Assets	\$1,281,279	\$29,406	\$40	\$3,448
Liabilities				
Accounts Payable	\$3,853			
Due To Other Funds	99,923	\$11,152	\$40	\$3,448
Salaries & Benefits Payable				
Unspent Grant Allocation	1,177,503	18,254		
Total Liabilities	1,281,279	29,406	40	3,448
Fund Balances				
Nonspendable				
Restricted:				
Special Programs				
Capital Projects				
Debt Service				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Fund Balances	\$1,281,279	\$29,406	\$40	\$3,448

IDAHO ARTS CHARTER SCHOOL, INC.
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	IDEA Part B 611 School Age 3-21	IDEA Part B 619 Pre-School Age 3-5	IDEA Part B ARPA	School Based Medicaid
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources				\$41,535
Prepaid Expenditures				
Due From Other Funds				
Total Assets	\$0	\$0	\$0	\$41,535
Liabilities				
Accounts Payable				
Due To Other Funds				\$41,535
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	\$0	\$0	\$0	41,535
Fund Balances				
Nonspendable				
Restricted:				
Special Programs				
Capital Projects				
Debt Service				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Fund Balances	\$0	\$0	\$0	\$41,535

IDAHO ARTS CHARTER SCHOOL, INC.
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	Title II-A	CRF		ELC
	ESSA SEI	K-4 / K-12 Learning Loss	SLFRF	Grant
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$4,921			\$70,188
Prepaid Expenditures				
Due From Other Funds				
Total Assets	<u>\$4,921</u>	<u>\$0</u>	<u>\$0</u>	<u>\$70,188</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$1,142			\$4,117
Salaries & Benefits Payable	3,779			
Unspent Grant Allocation				66,071
Total Liabilities	<u>4,921</u>	<u>\$0</u>	<u>\$0</u>	<u>70,188</u>
Fund Balances				
Nonspendable				
Restricted:				
Special Programs				
Capital Projects				
Debt Service				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$4,921</u>	<u>\$0</u>	<u>\$0</u>	<u>\$70,188</u>

IDAHO ARTS CHARTER SCHOOL, INC.
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>CRF Substitute Recruitment</u>	<u>Charter School Grant</u>	<u>School Building Maintenance</u>	
Assets				
Cash & Investments			\$200,805	\$524,510
Receivables:				
Local Sources				0
State Sources				0
Federal Sources		\$128,802		1,559,619
Prepaid Expenditures				0
Due From Other Funds				0
Total Assets	<u>\$0</u>	<u>\$128,802</u>	<u>\$200,805</u>	<u>\$2,084,129</u>
Liabilities				
Accounts Payable				\$3,853
Due To Other Funds		\$12,675		174,032
Salaries & Benefits Payable				3,779
Unspent Grant Allocation		116,127		1,377,955
Total Liabilities	<u>\$0</u>	<u>128,802</u>	<u>\$0</u>	<u>1,559,619</u>
Fund Balances				
Nonspendable				0
Restricted:				
Special Programs				323,705
Capital Projects			200,805	200,805
Debt Service				0
Unassigned				0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>200,805</u>	<u>524,510</u>
Total Liabilities and Fund Balances	<u>\$0</u>	<u>\$128,802</u>	<u>\$200,805</u>	<u>\$2,084,129</u>

IDAHO ARTS CHARTER SCHOOL, INC.
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Albertsons</u>	<u>Student Activity</u>	<u>Technology</u>	<u>Substance Abuse</u>
Revenues				
Local Revenue		\$196,254		
State Revenue			\$130,080	\$17,072
Federal Revenue				
Total Revenues	<u>\$0</u>	<u>196,254</u>	<u>130,080</u>	<u>17,072</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				
Special Education				
Special Education Preschool				
Support Service Programs				
Attendance - Guidance - Health				46,462
Special Education Support Services				
Instruction Improvement				
Instruction-Related Technology			120,947	
Board of Education				
District Administration	60,175			
School Administration				
Business Operation				
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services		193,243		
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>60,175</u>	<u>193,243</u>	<u>120,947</u>	<u>46,462</u>
Excess (Deficiency) of Revenues Over Expenditures	(60,175)	3,011	9,133	(29,390)
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(60,175)	3,011	9,133	(29,390)
Fund Balances - Beginning	<u>114,855</u>	<u>205,730</u>	<u>39,481</u>	<u>41,060</u>
Fund Balances - Ending	<u>\$54,680</u>	<u>\$208,741</u>	<u>\$48,614</u>	<u>\$11,670</u>

IDAHO ARTS CHARTER SCHOOL, INC.
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2022

	Special Revenue Funds			
	ESSER III	Title I-A ESSA IBP	ESSER I	ESSER II
Revenues				
Local Revenue				
State Revenue				
Federal Revenue	\$103,946	\$125,259	\$627	\$922,738
Total Revenues	<u>103,946</u>	<u>125,259</u>	<u>627</u>	<u>922,738</u>
Expenditures				
Instructional Programs				
Elementary School	94,204	125,259	627	889,122
Secondary School				
Special Education				
Special Education Preschool				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology Service				
Buildings - Care	5,888			33,616
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation	3,854			
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>103,946</u>	<u>125,259</u>	<u>627</u>	<u>922,738</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

IDAHO ARTS CHARTER SCHOOL, INC.
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

	Special Revenue Funds			
	IDEA Part B 611 School Age 3-21	IDEA Part B 619 Pre-School Age 3-5	IDEA Part B ARPA	School Based Medicaid
Revenues				
Local Revenue				
State Revenue				
Federal Revenue	\$170,881	\$2,738	\$54,544	\$282,210
Total Revenues	<u>170,881</u>	<u>2,738</u>	<u>54,544</u>	<u>282,210</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				
Special Education	170,881		50,120	
Special Education Preschool		2,738	4,424	
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				282,210
Instruction Improvement				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>170,881</u>	<u>2,738</u>	<u>54,544</u>	<u>282,210</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

IDAHO ARTS CHARTER SCHOOL, INC.
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

	Special Revenue Funds			
	Title II-A	CRF		ELC
	ESSA SEI	K-4 / K-12 Learning Loss	SLFRF	Grant
Revenues				
Local Revenue				
State Revenue				
Federal Revenue				
	\$35,333	\$70,834	\$130,748	\$38,217
Total Revenues	<u>35,333</u>	<u>70,834</u>	<u>130,748</u>	<u>38,217</u>
Expenditures				
Instructional Programs				
Elementary School		35,225	130,748	
Secondary School		14,868		
Special Education				
Special Education Preschool				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement	35,333			
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				38,217
Business Operation				
Administrative Technology Service				
Buildings - Care		2,248		
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation		18,493		
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>35,333</u>	<u>70,834</u>	<u>130,748</u>	<u>38,217</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

IDAHO ARTS CHARTER SCHOOL, INC.
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>CRF Substitute Recruitment</u>	<u>Charter School Grant</u>	<u>School Building Maintenance</u>	
Revenues				
Local Revenue				\$196,254
State Revenue				147,152
Federal Revenue	\$43,406	\$446,299		2,427,780
Total Revenues	<u>43,406</u>	<u>446,299</u>	<u>\$0</u>	<u>2,771,186</u>
Expenditures				
Instructional Programs				
Elementary School	39,373			1,314,558
Secondary School		403,288		418,156
Special Education				221,001
Special Education Preschool				7,162
Support Service Programs				
Attendance - Guidance - Health				46,462
Special Education Support Services				282,210
Instruction Improvement		8,300		43,633
Instruction-Related Technology				120,947
Board of Education				0
District Administration		34,711		94,886
School Administration				38,217
Business Operation				0
Administrative Technology Service				0
Buildings - Care	4,033			45,785
Maintenance - Non-Student Occupied				0
Maintenance - Student Occupied				0
Maintenance - Grounds				0
Pupil-To-School Transportation				22,347
Non-Instructional Programs				
Child Nutrition				0
Community Services				193,243
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	<u>43,406</u>	<u>446,299</u>	<u>0</u>	<u>2,848,607</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	(77,421)
Other Financing Sources (Uses)				
Transfers In			200,805	200,805
Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>200,805</u>	<u>200,805</u>
Net Change in Fund Balances	0	0	200,805	123,384
Fund Balances - Beginning	0	0	0	401,126
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$200,805</u>	<u>\$524,510</u>

IDAHO ARTS CHARTER SCHOOL, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture			
<i>Passed Through Idaho Dept of Education:</i>			
Child Nutrition Cluster:			
COVID-19 - School Breakfast Program	10.553	202121/202222N850347	\$118,881
COVID-19 - National School Lunch Program*	10.555	202121/202222N850347	532,484
Total Child Nutrition Cluster			<u>651,365</u>
Total US Dept of Agriculture			<u>651,365</u>
US Dept of Treasury			
<i>Passed Through Idaho Dept of Education:</i>			
COVID-19 - Coronavirus Relief Fund	21.019	20-1892-0-1-806	114,240
COVID-19 - Coronavirus State & Local Fiscal Recovery Fund	21.027	SLFRP0142	130,748
Total US Dept of Treasury			<u>244,988</u>
US Dept of Education			
<i>Passed Through Idaho Dept of Education:</i>			
Title I Grants to Local Educational Agencies	84.010A	S010A210012	125,259
Special Education Cluster:			
Special Education - Grants to States	84.027A	H027A210088	170,881
COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021	84.027X	H027X210088	50,120
Total	84.027		<u>221,001</u>
Special Education - Preschool Grants	84.173A	H173A210030	2,738
COVID-19 - Individuals with Disabilities Education Act/American Rescue Plan Act of 2021	84.173X	H173X210030	4,424
Total	84.173		<u>7,162</u>
Total Special Education Cluster			<u>228,163</u>
Supporting Effective Instruction State Grants	84.367A	S367A210011	35,333
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D20/210043	923,365
COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund	84.425U	S425U210043	103,776
COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210013	170
Total	84.425		<u>1,027,311</u>
<i>Passed Through Bluum:</i>			
Charter Schools	84.282	CSP-2018-23-9919024508	446,299
Total US Dept of Education			<u>1,862,365</u>
US Dept of Health and Human Services			
<i>Passed Through Idaho Dept of Education:</i>			
COVID-19 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SM082129	2,500
<i>Passed Through Idaho Dept of Health and Welfare:</i>			
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	HC263800	38,217
Total US Dept of Health and Human Services			<u>40,717</u>
Total Expenditures of Federal Awards			<u>\$2,799,435</u>

NOTES:

A. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

B. Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***C. Nonmonetary Assistance** - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$22,180.



**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Directors
Idaho Arts Charter School, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Idaho Arts Charter School, Inc. (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated July 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
July 29, 2022



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Idaho Arts Charter School, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Idaho Arts Charter School, Inc.'s (the School's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
July 29, 2022

IDAHO ARTS CHARTER SCHOOL, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report being issued: Unmodified

- Each Major Fund
- Aggreg Remain Fund Info

Qualified

- Gov't Activities

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Major program identification:

- a. Child Nutrition Cluster – AL #10.553, 10.555
- b. COVID-19 - Elementary and Secondary School Emergency Relief Fund – AL #84.425D, COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund – AL #84.425U, COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund – Homeless Children and Youth – 84.425W

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as a low-risk auditee? No