

**NORTHERN COLORADO ACADEMY OF  
ARTS AND KNOWLEDGE**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

For the Year Ended June 30, 2017



**RECEIVED**

*By the Office of the State Auditor at 2:54 pm, Aug 25, 2017*

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
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**JUNE 30, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Northern Colorado Academy of Arts & Knowledge

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northern Colorado Academy of Arts & Knowledge, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northern Colorado Academy of Arts & Knowledge, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other-Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Colorado Academy of Arts & Knowledge's financial statements as a whole. The other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
August 25, 2017

Northern Colorado Academy of Arts & Knowledge dba Ted Paul Academy of Arts and Knowledge is a K-5 Public Charter School located in Fort Collins, Colorado that began operations in the fall of 2006. This Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Northern Colorado Academy of Arts & Knowledge administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2017.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Government-wide Financial Statements and Governmental Fund Financial Statements.

### **Fund Financial Statements:**

The governmental fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental activities including the Academy's major instruction and instructional support activities are reported in the General Fund. While governmental activities consist of functions that are mostly funded by intergovernmental revenues, business type activities consist of functions that are intended to recover all or most of their costs through user fees and charges. The Academy includes the T.R. Paul Academy Foundation as a business type component unit in its fund financial statements as the debt service requirements of the facility financing arrangement is designed to be funded by lease payments from the Academy.

In the governmental fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported on the balance sheet. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded on the balance sheet.

### **Government-wide Financial Statements:**

The Government-wide financial statements are maintained using the "full accrual" basis. They report all of the Academy's assets and liabilities, both current and long term, regardless if they are "currently available" or not. For example, capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Government-wide financial statements.

Northern Colorado Academy of Art & Knowledge  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2017

**Net Position Summary**

	Governmental Activities		Business-type Activities		Totals	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<b>Assets</b>						
Current assets	\$386,890	\$389,606	\$0	\$0	\$386,890	\$389,606
Other assets	0	0	\$0	\$0	0	0
Capital assets	303,194	272,205	0	0	303,194	272,205
Less: accumulated depreciation	<u>(204,139)</u>	<u>(180,895)</u>	<u>0</u>	<u>0</u>	<u>(204,139)</u>	<u>(180,895)</u>
Capital assets, net book value	99,055	91,310	0	0	99,055	91,310
Total assets	<u>\$485,945</u>	<u>\$480,916</u>	<u>\$0</u>	<u>\$0</u>	<u>\$485,945</u>	<u>\$480,916</u>
<b>Liabilities</b>						
Current liabilities	\$137,088	\$141,706	\$0	\$0	\$137,088	\$141,706
Long-term liabilities	60,000	50,000	0	0	60,000	50,000
Total liabilities	<u>\$197,088</u>	<u>\$191,706</u>	<u>\$0</u>	<u>\$0</u>	<u>\$197,088</u>	<u>\$191,706</u>
<b>Net position</b>						
Net investment (deficit) in capital assets	\$99,055	\$91,310	\$0	\$0	\$99,055	\$91,310
Restricted	55,700	47,700	0	0	55,700	47,700
Unrestricted	<u>134,102</u>	<u>150,200</u>	<u>0</u>	<u>0</u>	<u>134,102</u>	<u>150,200</u>
Total net position	<u>\$288,857</u>	<u>\$289,210</u>	<u>\$0</u>	<u>\$0</u>	<u>\$288,857</u>	<u>\$289,210</u>

Northern Colorado Academy of Art & Knowledge  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2017

**FINANCIAL ANALYSIS OF THE ACADEMY'S ACTIVITIES**

The Academy's net position improved materially for both the year ending June 30, 2017 and the year ending June 30, 2016. For 2016, the net position improved by \$ 353. In 2016, the net position also improved by \$216,341.

**Results of Operations:**

For the fiscal year ended June 30, 2016 and 2017, the Academy wide results of operations were:

	Governmental Activities				Business-type Activities				Total			
	2016		2017		2016		2017		2016		2017	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>General revenue:</b>												
State and District aid- all sources	\$1,652,363	85.66%	\$1,425,130	86.39%	0.00%	0.00%	\$1,652,363	74.13%	\$1,425,130	86.39%		
Other	7,405	0.38%	7,366	0.45%	300,009	100.00%	0	0.00%	307,414	13.79%	7,366	0.45%
<b>Total general revenue</b>	<b>1,659,768</b>	<b>86.04%</b>	<b>1,432,496</b>	<b>86.84%</b>	<b>300,009</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>	<b>1,959,777</b>	<b>87.92%</b>	<b>1,432,496</b>	<b>86.84%</b>
<b>Program revenue:</b>												
Charges for services	143,173	7.42%	102,565	6.22%	0.00%	0.00%	143,173	6.42%	102,565	6.22%		
Operating grants - federal and state	126,026	6.53%	114,607	6.95%	0.00%	0.00%	126,026	5.65%	114,607	6.95%		
<b>Total program revenue</b>	<b>269,199</b>	<b>13.96%</b>	<b>217,172</b>	<b>13.16%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>269,199</b>	<b>12.08%</b>	<b>217,172</b>	<b>13.16%</b>
<b>Total revenue</b>	<b>1,928,967</b>	<b>100.00%</b>	<b>1,649,668</b>	<b>100.00%</b>	<b>300,009</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>	<b>2,228,976</b>	<b>100.00%</b>	<b>1,649,668</b>	<b>100.00%</b>
<b>Expenses:</b>												
Instruction and instructional services	819,065	45.52%	755,913	45.83%	0.00%	0.00%	819,065	40.70%	755,913	45.83%		
Support services	912,243	50.70%	862,890	52.32%	0.00%	0.00%	912,243	45.33%	862,890	52.32%		
Interest on long-term debt	0	0.00%	0	0.00%	0.00%	0.00%	0	0.00%	0	0.00%	0	0.00%
Food Service	62,024		30,512	1.85%								
Building Corporation	5,975	0.33%	0	0.00%	213,328	100.00%	0	0.00%	219,303	10.90%	0	0.00%
<b>Total expenses</b>	<b>1,799,307</b>	<b>100.00%</b>	<b>1,649,315</b>	<b>100.00%</b>	<b>213,328</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>	<b>2,012,635</b>	<b>100.00%</b>	<b>1,649,315</b>	<b>100.00%</b>
<b>Transfers:</b>												
Interfund Transfers	2,619		0		(2,619)		0					
<b>Increase (decrease) in net position</b>	<b>\$132,779</b>		<b>\$353</b>		<b>\$84,062</b>		<b>\$0</b>		<b>\$216,341</b>		<b>\$353</b>	

**A. Per Pupil Revenue (PPR)**

The Academy's PPR funding is determined by the following variables:

Per Pupil Funding: Annually, the State and the District set the per pupil funding based on a base funding amount as adjusted by a number of factors including a cost-of-living factor and an At-Risk demographics factor. The Northern Colorado Academy of Arts & Knowledge PPOR was \$ 6,940 per student for the 2015-16 school year and \$ 7,042 for the 2016-17 school year.

Student Enrollment: The Academy's student enrollment for the fall count of the 2015-16 was 254 students as compared 211 students for the fall of 2016-17. To calculate total state aid to be provided by the District funded PPR, enrollment is multiplied by the Academy's per pupil funding. It should be noted that Kindergarten students are only funded at 58% of the pupil allocation. The funded full time equivalent (FTE) student count after adjusting out .42 FTE for each kindergarten student was 229.6 students for 2015-16 and 194.62 for 2016-17.

**B. Major Fund Budgetary Highlights**

**General Fund Operations**

The Academy's only major governmental type fund is the General Fund. Expenditures and other financing uses from General Fund operations exceeded revenues and other financing sources by \$1,902 for the fiscal year ended June 30, 2017. Some budgetary highlights are as follows:

**Final Budget vs. Actual**

<u>Fiscal Year</u>	<u>Final Budget</u>	<u>Final Actual</u>
Revenues and Other Financing Sources		
2015-2016	1,963,624	1,918,965
2016-2017	1,642,516	1,639,668
Expenditures and Other Financing Sources		
2015-2016	2,126,598	1,779,151
2016-2017	1,705,018	1,641,570

**Original vs. Final Budget**

As a matter of practice, the Academy amends its budget periodically as needed during the school year. For the fiscal year 2016-17, the budget was amended in October 2016 and January 2017. The January 2017 budget amendment was the final budget for the fiscal year. The Academy Board does not budget for expenditures covered by grants or the grant revenue until an award allocation is received. The General Fund does not budget for debt financed capital outlays, if applicable, in the original budget.

**Changes from Original to Final General Budget**

Northern Colorado Academy of Art & Knowledge  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2017

**Revenues and Other Financing Sources**

Total Revenues Original Budget	\$1,983,728
Total Revenues Final Budget	<u>1,642,516</u>
Decrease in Budgeted Revenues	<u><u>\$341,212</u></u>

The Academy's final general fund revenues were less than the final budget by \$2,848 a variance of 0.17%.

The following are the significant changes in revenues from the original budget:

Certain funding levels were adjusted from preliminary estimates to actual amounts announced by the Colorado Department of Education.

The final budget student FTE count was reduced by 36 students.

**Expenditures and Other Financing Sources:**

The Academy's budget for expenditures changed as follows during the year:

Total Expenditures Original Budget	\$1,968,126
Total Expenditures Final Budget	<u>1,705,018</u>
Decrease in Budgeted Expenditures	<u><u>\$263,108</u></u>

The Academy's actual expenditures were less than final budget by \$ 63,448 a variance of 3.72%. These variances were primarily a result of the school board debating the pros and cons of employing their own employees, instead of their service provider employing everyone in the 2016 – 17 school year.

The following was the most significant change in expenditures from the original budget:

Leasing space for the school instead of owing the building.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

The Academy’s net investment in capital assets is \$91,310. This can be summarized as follows:

**B.**

	Beginning Balance	Additions	Disposals	Ending Balance
Depreciable capital assets	303,194	1,911	(32,900)	272,205
Less: Accumulated depreciation	<u>(204,139)</u>	<u>(9,656)</u>	<u>32,900</u>	<u>(180,895)</u>
Net investments in capital assets	<u>\$99,055</u>	<u>(\$7,745)</u>	<u>\$0</u>	<u>\$91,310</u>

For more information on capital assets, refer to Note 4 in the basic financial statements.

**C. Depreciation Expense**

GASB 34 requires governmental entities to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net position in the governmental-wide financial statements. Depreciation is not recognized in the governmental fund financial statements and has been noted as a reconciling item in the Academy’s financial statements.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset, less an estimated salvage value.

**D. Debt, Principal Payments**

During the 2015-16 the Academy has negotiated an agreement with Tatonka Education Services, Inc. over the outstanding debt left over from their prior management company. On June 30,

Northern Colorado Academy of Art & Knowledge  
 Management’s Discussion and Analysis  
 For Fiscal Year Ended June 30, 2017

2017, \$ 10,000 was forgiven. A summary of long-term debt service activities is a follows.

	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017
Tatonka Loan	<u>\$60,000</u>	<u>          </u>	<u>\$10,000</u>	<u>\$50,000</u>
Total	<u>\$60,000</u>	<u>\$0</u>	<u>\$10,000</u>	<u>\$50,000</u>

**E.**

**ECONOMIC FACTORS AND NEXT’S YEAR BUDGET**

The Preliminary Budget for 2017-18 Fiscal Year was adopted by the Board of Directors in June 2017. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management’s best estimates based on feedback from the State, the District and the community. Some key factors and estimates used in the 2017-18 preliminary budget process include:

- The Academy’s PPR funding had been estimated to be \$ 7,279 per pupil;
- Enrollment projections of 220 students in grades K-5 with a funded FTE of 203;
- Teaching staff, at maximum, would provide one teacher for every 25 students;
- Benefit costs would be based on group coverage rates through same providers the Academy used in FY 2016-17.

**CONTACTING THE ACADEMY’S MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Academy’s finances. If you have questions about this report or need additional information, contact the Administration Office, Northern Colorado Academy of Arts & Knowledge, 4800 Wheaton Dr., Fort Collins, Colorado.

## **BASIC FINANCIAL STATEMENTS**

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 338,983
Accounts receivable	25,304
Receivable from agency fund	6,278
Prepaid expenses	19,041
Capital assets, net of accumulated depreciation	91,310
Total assets	480,916
<b>LIABILITIES</b>	
Accounts payable and current liabilities	40,004
Accrued salaries and benefits	90,003
Unearned revenues	11,699
Long-term liabilities	
Due within one year	
Loan payable	50,000
Total liabilities	191,706
<b>NET POSITION</b>	
Investment in capital assets	91,310
Restricted for Tabor	47,700
Unrestricted	150,200
Total net position	\$ 289,210

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

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental activities:					
Instruction	755,913	\$ 94,346	\$ 82,054	\$ -	\$ (579,513)
Supporting services					
Pupil services	118,188	-	-	-	(118,188)
Instructional staff	27,205	-	-	-	(27,205)
General administration	133,968	-	-	-	(133,968)
School administration	211,895	-	-	-	(211,895)
Business services	24,105	-	-	-	(24,105)
Operation and maintenance	281,594	-	-	54,032	(227,562)
Central support services	54,512	-	-	-	(54,512)
Community Services	11,423	-	-	-	(11,423)
Food service operations	30,512	8,219	32,553	-	10,260
Total governmental activities	<u>1,649,315</u>	<u>102,565</u>	<u>114,607</u>	<u>54,032</u>	<u>(1,378,111)</u>
General revenues:					
Per pupil revenue					1,371,098
Earnings on investments					141
Other revenues					7,225
Total general revenues					<u>1,378,464</u>
Change in net position					353
Net position - beginning					<u>288,857</u>
Net position - ending					<u>\$ 289,210</u>

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

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE  
BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2017**

**ASSETS**

Cash and cash equivalents	\$	338,983
Accounts receivable		25,304
Receivable from agency fund		6,278
Prepaid expenses		19,041
		19,041
Total assets	\$	389,606

**LIABILITIES**

Accounts payable and other current liabilities	\$	40,004
Accrued salaries and benefits		90,003
Unearned revenue		11,699
		11,699
Total liabilities		141,706

**FUND BALANCES**

Nonspendable		19,041
Restricted for TABOR		47,700
Unassigned		181,159
		181,159
Total fund balances		247,900

Total liabilities and fund balances	\$	389,606
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The accompanying notes are an integral part of these financial statements.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE  
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - general fund	\$	247,900
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds, but are reported in the governmental activities of the Statement of Net Position.		91,310
Long term liabilities, including loans payable, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		<u>(50,000)</u>
Net position of governmental activities in the statement of net position	\$	<u><u>289,210</u></u>

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

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

**REVENUES**

Local sources	\$ 127,149
State sources	1,462,772
Federal sources	<u>49,747</u>
 Total revenues	 <u>1,639,668</u>

**EXPENDITURES**

Instruction	746,256
Pupil services	118,188
Instructional staff	27,205
General administration	133,968
School administration	213,806
Business services	24,105
Operation and maintenance	281,594
Central support services	54,512
Community services	1,164
Food service operations	<u>40,772</u>

Total expenditures	<u>1,641,570</u>
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Net change in fund balance	<u>(1,902)</u>
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Fund balance - beginning	<u>249,802</u>
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Fund balance - ending	<u><u>\$ 247,900</u></u>
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The accompanying notes are an integral part of these financial statements.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

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

Net change in fund balance - general fund:	\$	(1,902)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(7,745)
The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Likewise, debt forgiveness increases net position but provides no current financial resources in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt.		<u>10,000</u>
Change in net position of governmental activities	\$	<u><u>353</u></u>

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

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUND**  
**JUNE 30, 2017**

	<u>Student Activities</u>
<b>ASSETS</b>	
Cash	\$ 23,238
Total assets	<u>23,238</u>
<b>LIABILITIES</b>	
Due to student organizations	16,960
Payable to general fund	<u>6,278</u>
Total liabilities	<u>\$ 23,238</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Northern Colorado Academy of Arts & Knowledge d/b/a T.R. Paul Academy of Arts and Knowledge (the “School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school. In 2006, the School entered into a contract with the Colorado Charter School Institute (the “Institute”) to authorize the School’s charter. The current contract expires on June 30, 2021.

The financial statements of Northern Colorado Academy of Arts & Knowledge have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

*A. REPORTING ENTITY*

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

Based upon the application of these criteria, there are no organizations that should be included in the School’s reporting entity.

*B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS*

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. *Governmental activities* are normally supported by per pupil revenue and intergovernmental revenues. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the government’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS*

The emphasis of fund financial statements is on major funds. The School reports the following major fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the School reports the following fund type:

*Fiduciary Funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. The School has one fiduciary fund:

The *Agency Fund* is custodial in nature and does not present results of operations or a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)*

Intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE*

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

*Receivables*

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

*Prepaid expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Capital assets*

Capital assets, which include furniture and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The capitalization level for equipment is \$1,500. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets or remaining period of the lease, as applicable.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Capital assets (continued)*

Capital assets of the government are depreciated using the straight-line method over the following estimated useful lives:

Furniture and equipment	3 to 20 years
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*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

*Unearned Revenues*

Unearned revenues could include grants received before the eligibility requirements specified by the provider have been met. They also could include fees received for future period services.

*Long-term liabilities*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Net position flow assumption*

The School may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)*

*Fund balance classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – This classification includes amounts that are constrained by the School’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

**Unassigned** – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

*F. REVENUES AND EXPENDITURES/EXPENSES*

*Program revenues*

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all state equalization.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*G. ESTIMATES*

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*A. BUDGET INFORMATION*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.

Budgets are required by Colorado State Statute for all funds. During April, management submits to the Board of Directors a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to June 30, the budget is adopted by formal resolution.

Formal budgetary integration is employed as a management control device during the year for the Governmental funds. The appropriated budget is prepared by fund. The legal level of control is the fund level.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances and reserves as established by the Board of Directors. Variances between budget and actual result from the non-expenditure of reserves, nonoccurrence of anticipated events, and normal operating variances. The Board of Directors may authorize supplemental appropriations during the year. For budgetary management purposes, funds are appropriated for capital outlays.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

*Cash deposits with financial institutions*

*Custodial credit risk—deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the School’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the School’s deposits at June 30, 2017 was \$338,983 and the bank balances were \$338,783. Of the bank balances, the total balance was covered by federal deposit insurance. The collateral is pooled and held in trust for all uninsured deposits as a group.

*Investments*

Credit Risk

The School is authorized by Colorado statutes to invest in the following:

- ◆ Obligations of the United States and certain U.S. government agencies’ securities;
- ◆ Certain international agencies’ securities;
- ◆ General obligation and revenue bonds of U.S. local government entities;
- ◆ Bankers’ acceptances of certain banks;
- ◆ Certain commercial paper;
- ◆ Local government investment pools;
- ◆ Written repurchase agreements collateralized by certain authorized securities;
- ◆ Certain money market fund;
- ◆ Guaranteed investment contracts.

State law limits investments to those described above. The School does not have an investment policy that would further limit its investment choices.

At June 30, 2017 the School had no investments.

Deposits are reported in the financial statements as follows:

Cash	\$ 338,983
Agency fund cash	<u>23,238</u>
Total	<u>\$ 362,221</u>

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Depreciable assets:				
Furniture and equipment	\$ 303,194	\$ 1,911	\$ (32,900)	\$ 272,205
Less accumulated depreciation for:				
Furniture and equipment	<u>(204,139)</u>	<u>(9,656)</u>	<u>32,900</u>	<u>(180,895)</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 99,055</u>	<u>\$ (7,745)</u>	<u>\$ -</u>	<u>\$ 91,310</u>

Depreciation expense was charged to functions/programs as follows:

<i>Governmental activities</i>	
Instruction	<u>\$ 9,656</u>

**NOTE 5 – LONG-TERM LIABILITIES**

*Tatonka Loan*

On December 22, 2015 the School entered into the management agreement with Tatonka Education Services, Inc (TES). A loan modification agreement was executed to modify the outstanding \$70,000 debt that remained from the forgiveness of debt from the prior management company, Mosaica Education, Inc. \$10,000 was deducted from the outstanding principal on June 30, 2016. An additional principal sum of \$10,000 was deducted from the outstanding principal on June 30, 2017. The loan outstanding as of June 30, 2017 is \$50,000.

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Tatonka loan	<u>60,000</u>	<u>-</u>	<u>10,000</u>	<u>50,000</u>	<u>50,000</u>
Total governmental	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6 – OPERATING LEASES**

On December 17, 2014 the School entered into a lease for copiers which qualifies as an operating lease. The term of the lease is 60 months. The lease requires payments of \$1,085 per month. The rental expense for the year ended June 30, 2017 was \$13,020.

On December 1, 2015 the School entered into a lease agreement with Colorado Springs Early Colleges to lease the building located at 4512 McMurry Ave., Fort Collins, Colorado. The lease requires payments of \$11,582 per month and renews annually. The lease expense for the year ended June 30, 2017 was \$167,315.

**NOTE 7 – MANAGEMENT AGREEMENT**

On December 22, 2015 the School entered into the management agreement with Tatonka Education Services, Inc. (“TES”). The Agreement expired on June 30, 2017. The teachers and staff are employees of TES. Under the terms of the agreement, the School is required to pay TES an annual fee for services performed. The administrative fees earned by TES for the year ended June 30, 2017 were \$96,000.

**NOTE 8 - RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School carries commercial insurance for these risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the last year.

**NOTE 9 – CONCENTRATION OF RISK**

The School is funded directly by Colorado Charter School Institute (CSI) based on the Institute’s per pupil funding. For the fiscal year ended June 30, 2017, this funding along with pass-through grant funding accounted for approximately 92% of the School’s revenues.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

*GRANTS*

The School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the School, any such adjustments will not have a material adverse affect on the financial position of the School.

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11 – COMPLIANCE**

The School has complied with the requirements of the Financial Policies and Procedures Handbook for the 2017 audit period as required by Colorado Statute CRS 22-44-204(3).

**NOTE 12 - AMENDMENT TO COLORADO CONSTITUTION**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The School is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2017 there is a \$47,700 reservation of fund balance in the General Fund for the amendment.

The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the amendment. However, the School has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 13 – SUBSEQUENT EVENTS**

On July 3, 2017, the School entered into a new management agreement with TES. The term is for one year, through June 30, 2018. The agreement may be renewed for an additional period of one to five years. Under the terms of the Agreement, the School pays a monthly fee of \$8,000. Management fees increase if the student count exceeds 250 students.

The School moved to 4800 Wheaton Drive, Ft. Collins, Colorado and signed a new operating lease.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Local sources:				
Other local sources	\$ 223,447	\$ 140,878	\$ 127,008	\$ (13,870)
Interest on investments	110	155	141	(14)
Total local sources	<u>223,557</u>	<u>141,033</u>	<u>127,149</u>	<u>(13,884)</u>
State sources:				
State equalization	1,597,597	1,370,475	1,371,098	623
Capital construction grant	57,550	48,655	54,032	5,377
Other state sources	42,811	32,614	37,642	5,028
Total state sources	<u>1,697,958</u>	<u>1,451,744</u>	<u>1,462,772</u>	<u>11,028</u>
Federal sources				
Other federal sources	62,213	49,739	49,747	8
Total federal sources	<u>62,213</u>	<u>49,739</u>	<u>49,747</u>	<u>8</u>
Total revenues	<u>1,983,728</u>	<u>1,642,516</u>	<u>1,639,668</u>	<u>(2,848)</u>
<b>EXPENDITURES</b>				
Instruction	892,543	738,219	746,256	(8,037)
Pupil services	85,323	125,361	118,188	7,173
Instructional staff	19,998	16,461	27,205	(10,744)
General administration	175,904	156,014	133,968	22,046
School administration	240,175	236,381	213,806	22,575
Business services	27,260	28,920	24,105	4,815
Operation and maintenance	378,868	282,559	281,594	965
Central support services	61,541	63,018	54,512	8,506
Food services operations	63,571	45,142	40,772	4,370
Community services	-	-	1,164	(1,164)
Appropriated reserves	22,943	12,943	-	12,943
Total expenditures	<u>1,968,126</u>	<u>1,705,018</u>	<u>1,641,570</u>	<u>63,448</u>
Net change in fund balances	15,602	(62,502)	(1,902)	60,600
Fund balance - beginning	128,382	249,802	249,802	-
Fund balance - ending	<u>\$ 143,984</u>	<u>\$ 187,300</u>	<u>\$ 247,900</u>	<u>\$ 60,600</u>

See the accompanying Independent Auditors' Report.

## **OTHER SUPPLEMENTAL INFORMATION**

**NORTHERN COLORADO ACADEMY OF ARTS AND KNOWLEDGE  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>ASSETS</b>				
Cash	\$ 16,058	\$ 19,334	\$ 12,154	\$ 23,238
Receivable from General Fund	13,705	-	13,705	-
Total assets	<u>\$ 29,763</u>	<u>\$ 19,334</u>	<u>\$ 25,859</u>	<u>\$ 23,238</u>
<b>LIABILITIES</b>				
Payable to student organizations	\$ 29,763	\$ 13,056	\$ 25,859	\$ 16,960
Payable to general fund	-	6,278	-	6,278
Total liabilities	<u>\$ 29,763</u>	<u>\$ 19,334</u>	<u>\$ 25,859</u>	<u>\$ 23,238</u>

See the accompanying Independent Auditors' Report.