

RISE Charter School

Year Ended June 30, 2022

Audited Financial Statements



RISE CHARTER SCHOOL
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..... 9

Notes to Financial Statements 11

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds..... 19

Schedule of Employer Contributions..... 21

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds..... 22

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 24

Other Reports

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*..... 26



Independent Auditor's Report

Board of Directors
RISE Charter School

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 RISE Charter School (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 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 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 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 September 8, 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
September 8, 2022

RISE CHARTER SCHOOL

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Current Assets	
Cash	\$303,832
Receivables:	
State Sources	39,022
Federal Sources	11,570
Total Current Assets	<u>354,424</u>
Noncurrent Assets	
Depreciable Net Capital Assets	1,751,012
Total Noncurrent Assets	<u>1,751,012</u>
Total Assets	<u>2,105,436</u>
Deferred Outflows of Resources	
Pension Items	70,704
Total Deferred Outflows of Resources	<u>70,704</u>
Total Assets and Deferred Outflows of Resources	<u>\$2,176,140</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$42,093
Salaries & Benefits Payable	104,938
Long-Term Liabilities, Current	66,843
Total Current Liabilities	<u>213,874</u>
Noncurrent Liabilities	
Long-Term Liabilities, Noncurrent	1,868,185
Total Noncurrent Liabilities	<u>1,868,185</u>
Total Liabilities	<u>2,082,059</u>
Net Position	
Net Investment in Capital Assets	(184,016)
Restricted:	
Special Programs	4,446
Unrestricted	273,651
Total Net Position	<u>94,081</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$2,176,140</u>

RISE CHARTER SCHOOL

Statement of Activities Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</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>Governmental Activities</u>
Governmental Activities					
Instructional Programs					
Elementary School	\$17,436		\$18,513	\$1,077	
Secondary School	890,753	\$2,710	550,017	(338,026)	
Special Education	27,371			(27,371)	
School Activity	525			(525)	
Support Service Programs					
Attendance - Guidance - Health	2,000		2,000	0	
Special Education Support Services	0			0	
Instruction Improvement	2,250			(2,250)	
Educational Media	0			0	
Instruction-Related Technology	35,489		39,935	4,446	
Board of Education	2,506			(2,506)	
District Administration	251,323			(251,323)	
School Administration	1,000		1,000	0	
Business Operation	0			0	
Buildings - Care	112,495			(112,495)	
Maintenance - Student Occupied	0			0	
Maintenance - Grounds	0			0	
Pupil-To-School Transportation	1,777			(1,777)	
Non-Instructional Programs					
Child Nutrition	0			0	
Capital Assets - Student Occupied	194,557			(194,557)	
Capital Assets - Non-Student Occupied	0			0	
Total	\$1,539,482	\$2,710	\$611,465	\$0	(925,307)
General Revenues					
Local Revenue				46	
State Revenue				1,019,342	
Federal Revenue				0	
Pension Revenue (Expense)				0	
Total				1,019,388	
Change in Net Position					
				94,081	
Net Position - Beginning					
				0	
Net Position - Ending					
				\$94,081	

RISE CHARTER SCHOOL
 Balance Sheet - Governmental Funds
 June 30, 2022

	<u>General Fund</u>	<u>CSP Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$287,010		\$16,822	\$303,832
Receivables:				
State Sources	39,022		0	39,022
Federal Sources		\$11,570	0	11,570
Prepaid Expenditures			0	0
Due From Other Funds	11,570		0	11,570
Total Assets	<u>\$337,602</u>	<u>\$11,570</u>	<u>\$16,822</u>	<u>\$365,994</u>
Liabilities				
Accounts Payable	\$29,717		\$12,376	\$42,093
Due To Other Funds		\$11,570	0	11,570
Salaries & Benefits Payable	104,938		0	104,938
Unspent Grant Allocation			0	0
Total Liabilities	<u>134,655</u>	<u>11,570</u>	<u>12,376</u>	<u>158,601</u>
Fund Balances				
Nonspendable			0	0
Restricted:				
Special Programs			4,446	4,446
Unassigned	202,947		0	202,947
Total Fund Balances	<u>202,947</u>	<u>0</u>	<u>4,446</u>	<u>207,393</u>
Total Liabilities and Fund Balances	<u>\$337,602</u>	<u>\$11,570</u>	<u>\$16,822</u>	<u>\$365,994</u>

RISE CHARTER SCHOOL
Balance Sheet - Governmental Funds
June 30, 2022

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

Total Governmental Fund Balances	\$207,393
---	-----------

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.	1,751,012
---	-----------

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	(1,935,028)
---	-------------

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.	70,704
---	--------

Net Position of Governmental Activities	<u><u>\$94,081</u></u>
--	------------------------

RISE CHARTER SCHOOL

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

	<u>General Fund</u>	<u>CSP Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local Revenue	\$257,157		\$0	\$257,157
State Revenue	1,019,342		41,935	1,061,277
Federal Revenue		\$294,918	20,211	315,129
Total Revenues	<u>1,276,499</u>	<u>294,918</u>	<u>62,146</u>	<u>1,633,563</u>
Expenditures				
Instructional Programs				
Elementary School	280	3,524	14,989	18,793
Secondary School	664,484	291,394	4,222	960,100
Special Education	27,371		0	27,371
School Activity	525		0	525
Support Service Programs				
Attendance - Guidance - Health			2,000	2,000
Special Education Support Services			0	0
Instruction Improvement	2,250		0	2,250
Educational Media			0	0
Instruction-Related Technology			35,489	35,489
Board of Education	2,506		0	2,506
District Administration	251,323		0	251,323
School Administration			1,000	1,000
Business Operation			0	0
Buildings - Care	123,036		0	123,036
Maintenance - Student Occupied			0	0
Maintenance - Grounds			0	0
Pupil-To-School Transportation	1,777		0	1,777
Non-Instructional Programs				
Child Nutrition			0	0
Capital Assets - Student Occupied			0	0
Capital Assets - Non-Student Occupied	1,945,569		0	1,945,569
Total Expenditures	<u>3,019,121</u>	<u>294,918</u>	<u>57,700</u>	<u>3,371,739</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,742,622)	0	4,446	(1,738,176)
Other Financing Sources (Uses)				
Proceeds from Lease	1,945,569			1,945,569
Transfers In			0	0
Transfers Out			0	0
Total Other Financing Sources (Uses)	<u>1,945,569</u>	<u>0</u>	<u>0</u>	<u>1,945,569</u>
Net Change in Fund Balances	<u>202,947</u>	<u>0</u>	<u>4,446</u>	<u>207,393</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$202,947</u>	<u>\$0</u>	<u>\$4,446</u>	<u>\$207,393</u>

RISE CHARTER SCHOOL

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

**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 \$207,393

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. 1,751,012

Proceeds from lease is a financing source in the governmental funds, but
increases long-term liabilities in the statement of net position. (1,945,569)

Repayment of lease principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
position. 10,541

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. 70,704

Change in Net Position of Governmental Activities \$94,081

RISE CHARTER SCHOOL
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – RISE Charter School (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

RISE CHARTER SCHOOL
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 CSP grant fund, which is used to account for certain funding for expansion of operations.

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 – Nearly all the cash balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash are reported in each fund as cash. Interest earned on pooled cash is paid to the general fund unless Idaho Code specifies otherwise.

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.

RISE CHARTER SCHOOL
Notes to Financial Statements

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.

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.

RISE CHARTER SCHOOL
Notes to Financial Statements

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.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

B. CASH

Cash consists of the following at year end:

Cash - Deposits	\$303,832
Total	<u><u>\$303,832</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$303,832 and the bank balances were \$331,323. Of the bank balances, \$250,000 was insured and the balance was uninsured and uncollateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, 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.

RISE CHARTER SCHOOL
Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Total
State Sources			
Foundation Program	\$39,022		\$39,022
Total	\$39,022		\$39,022
Federal Sources			
Special Programs		\$11,570	\$11,570
Total		\$11,570	\$11,570

D. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$0			\$0
Total	0	\$0	\$0	0
Depreciable/Amortizable Capital Assets				
Buildings	0			0
Equipment	0			0
Leased Buildings	0	1,945,569		1,945,569
Subtotal	0	1,945,569	0	1,945,569
Accumulated Depreciation				
Buildings	0			0
Equipment	0			0
Subtotal	0	0	0	0
Accumulated Amortization				
Leased Buildings	0	194,557		194,557
Subtotal	0	194,557	0	194,557
Total	0	1,751,012	0	1,751,012
Net Capital Assets	\$0	\$1,751,012	\$0	\$1,751,012

Amortization expense of \$194,557 was charged to the capital assets – student occupied program.

RISE CHARTER SCHOOL
Notes to Financial Statements

E. LONG-TERM LIABILITIES

At year end, the School's lease was as follows:

Lease for facilities for 10 years starting July 2021, due in payments whose annual total ranges from \$112,976 to \$345,000, with interest at 5.75%, paid through the general fund	<u>\$1,935,028</u>
Total	<u><u>\$1,935,028</u></u>

Future lease payments are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/23	\$66,843	\$110,367	\$177,210
6/30/24	108,384	105,616	214,000
6/30/25	154,636	98,364	253,000
6/30/26	204,641	88,359	293,000
6/30/27	231,029	75,971	307,000
6/30/28-31	1,169,495	151,505	1,321,000
Total	<u><u>\$1,935,028</u></u>	<u><u>\$630,182</u></u>	<u><u>\$2,565,210</u></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>
Lease	\$0	\$1,945,569	\$10,541	\$1,935,028	\$66,843
Total	<u><u>\$0</u></u>	<u><u>\$1,945,569</u></u>	<u><u>\$10,541</u></u>	<u><u>\$1,935,028</u></u>	<u><u>\$66,843</u></u>

Interest and related costs of \$102,435 were charged to the buildings – care 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

RISE CHARTER SCHOOL
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 \$70,704 for the year ended June 30, 2022.

Deferred Outflows of Resources Related to Pensions

At June 30, 2022, the School reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Employer contributions subsequent to the measurement date	\$70,704
Total	\$70,704

\$70,704 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.

RISE CHARTER SCHOOL
Notes to Financial Statements

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.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund	
Due To Fund	CSP Grant	Total
General	\$11,570	\$11,570
Total	\$11,570	\$11,570

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.

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

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			Amounts
	Original	Final		Positive
				(Negative)
Revenues				
Local Revenue	\$0	\$257,161	\$257,157	(\$4)
State Revenue	1,058,122	1,043,586	1,019,342	(24,244)
Federal Revenue	0	0	0	0
Total Revenues	<u>1,058,122</u>	<u>1,300,747</u>	<u>1,276,499</u>	<u>(24,248)</u>
Expenditures				
Instructional Programs				
Elementary School	489,609	14,000	280	13,720
Secondary School	31,250	605,723	664,484	(58,761)
Special Education	34,412	26,250	27,371	(1,121)
School Activity	0	500	525	(25)
Support Service Programs				
Attendance - Guidance - Health	0	0	0	0
Special Education Support Services	0	0	0	0
Instruction Improvement	24,880	16,800	2,250	14,550
Educational Media	0	0	0	0
Instruction-Related Technology	0	0	0	0
Board of Education	19,200	14,600	2,506	12,094
District Administration	252,059	231,517	251,323	(19,806)
School Administration	0	0	0	0
Business Operation	0	0	0	0
Buildings - Care	170,046	183,195	123,036	60,159
Maintenance - Student Occupied	0	0	0	0
Maintenance - Grounds	0	0	0	0
Pupil-To-School Transportation	5,000	5,000	1,777	3,223
Non-Instructional Programs				
Child Nutrition	3,125	3,125	0	3,125
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	1,945,569	(1,945,569)
Total Expenditures	<u>1,029,581</u>	<u>1,100,710</u>	<u>3,019,121</u>	<u>(1,918,411) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	28,541	200,037	(1,742,622)	(1,942,659)
Other Financing Sources (Uses)				
Proceeds from Lease	0	0	1,945,569	1,945,569
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,945,569</u>	<u>1,945,569</u>
Net Change in Fund Balances	28,541	200,037	202,947	2,910
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$28,541</u>	<u>\$200,037</u>	<u>\$202,947</u>	<u>\$2,910</u>

**Total expenditures (over) under appropriations.* (\$1,918,411)

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

CSP Grant	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance
	Original	Final		Positive (Negative)
Revenues				
Local Revenue	\$0	\$0	\$0	\$0
State Revenue	0	0	0	0
Federal Revenue	405,933	405,933	294,918	(111,015)
Total Revenues	<u>405,933</u>	<u>405,933</u>	<u>294,918</u>	<u>(111,015)</u>
Expenditures				
Instructional Programs				
Elementary School	8,557	8,557	3,524	5,033
Secondary School	360,746	360,746	291,394	69,352
Special Education	0	0	0	0
School Activity	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	0	0	0	0
Special Education Support Services	0	0	0	0
Instruction Improvement	0	0	0	0
Educational Media	0	0	0	0
Instruction-Related Technology	0	0	0	0
Board of Education	0	0	0	0
District Administration	36,630	36,630	0	36,630
School Administration	0	0	0	0
Business Operation	0	0	0	0
Buildings - Care	0	0	0	0
Maintenance - Student Occupied	0	0	0	0
Maintenance - Grounds	0	0	0	0
Pupil-To-School Transportation	0	0	0	0
Non-Instructional Programs				
Child Nutrition	0	0	0	0
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Total Expenditures	<u>405,933</u>	<u>405,933</u>	<u>294,918</u>	<u>111,015</u> *
Excess (Deficiency) of Revenues Over Expenditures				
	0	0	0	0
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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>

*Total expenditures (over) under appropriations.

\$111,015

RISE CHARTER SCHOOL
 Schedule of Employer Contributions
 PERSI - Base Plan

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
2022	\$70,704	\$70,704	\$0	\$592,161	11.94%

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

RISE CHARTER SCHOOL
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds			
	Technology	Substance Abuse	SLFRF	CRF Substitute Recruitment
Assets				
Cash	\$16,022	\$800		
Receivables:				
State Sources				
Federal Sources				
Prepaid Expenditures				
Due From Other Funds				
Total Assets	\$16,022	\$800	\$0	\$0
Liabilities				
Accounts Payable	\$11,576	\$800		
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	11,576	800	\$0	\$0
Fund Balances				
Unassigned				
Restricted:				
Special Programs	4,446			
Nonspendable				
Total Fund Balances	4,446	0	0	0
Total Liabilities and Fund Balances	\$16,022	\$800	\$0	\$0

RISE CHARTER SCHOOL
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Total
Assets	
Cash	\$16,822
Receivables:	
State Sources	0
Federal Sources	0
Prepaid Expenditures	0
Due From Other Funds	0
Total Assets	\$16,822
 Liabilities	
Accounts Payable	\$12,376
Due To Other Funds	0
Salaries & Benefits Payable	0
Unspent Grant Allocation	0
Total Liabilities	12,376
 Fund Balances	
Unassigned	0
Restricted:	
Special Programs	4,446
Nonspendable	0
Total Fund Balances	4,446
Total Liabilities and Fund Balances	\$16,822

RISE CHARTER SCHOOL

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

	Special Revenue Funds			
	Technology	Substance Abuse	SLFRF	CRF Substitute Recruitment
Revenues				
Local Revenue				
State Revenue	\$39,935	\$2,000		
Federal Revenue			\$15,989	\$4,222
Total Revenues	<u>39,935</u>	<u>2,000</u>	<u>15,989</u>	<u>4,222</u>
Expenditures				
Instructional Programs				
Elementary School			14,989	
Secondary School				4,222
Special Education				
School Activity				
Support Service Programs				
Attendance - Guidance - Health		2,000		
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology	35,489			
Board of Education				
District Administration				
School Administration			1,000	
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>35,489</u>	<u>2,000</u>	<u>15,989</u>	<u>4,222</u>
Excess (Deficiency) of Revenues Over Expenditures	4,446	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	4,446	0	0	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$4,446</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

	Total
Revenues	
Local Revenue	\$0
State Revenue	41,935
Federal Revenue	20,211
Total Revenues	62,146
Expenditures	
Instructional Programs	
Elementary School	14,989
Secondary School	4,222
Special Education	0
School Activity	0
Support Service Programs	
Attendance - Guidance - Health	2,000
Special Education Support Services	0
Instruction Improvement	0
Educational Media	0
Instruction-Related Technology	35,489
Board of Education	0
District Administration	0
School Administration	1,000
Business Operation	0
Buildings - Care	0
Maintenance - Student Occupied	0
Maintenance - Grounds	0
Pupil-To-School Transportation	0
Non-Instructional Programs	
Child Nutrition	0
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Total Expenditures	57,700
Excess (Deficiency) of Revenues Over Expenditures	4,446
Other Financing Sources (Uses)	
Transfers In	0
Transfers Out	0
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	4,446
Fund Balances - Beginning	0
Fund Balances - Ending	\$4,446



**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
RISE Charter School

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 RISE Charter School (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 September 8, 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
September 8, 2022